

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost recovery.

DOCKET NO. 140004-GU
ORDER NO. PSC-14-0586-PHO-GU
ISSUED: October 15, 2014

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 8, 2014, in Tallahassee, Florida, before Commissioner Julie I. Brown, as Prehearing Officer.

APPEARANCES:

BETH KEATING, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301

On behalf of the Florida Division of Chesapeake Utilities Corporation (CUC), Florida Public Utilities Company (FPUC), Florida Public Utilities Company – Indiantown Division (Indiantown), Florida Public Utilities Company- Fort Meade (Fort Meade), and Florida City Gas (FCG)

ANDREW M. BROWN and ASHLEY R. KELLGREN, ESQUIRES, Macfarlane Ferguson & McMullen, Post Office Box 1531, Tampa, Florida 33601-1531

On behalf of Peoples Gas System (PGS)

CHARLES A. SHOAF, Vice President

Post Office Box 549, Port St. Joe, Florida 32457

On behalf of St. Joe Natural Gas Company (SJNG)

NORMAN H. HORTON, JR. and ROBERT J. TELFER, III, ESQUIRES, Messer Caparello, P.A., Post Office Box 15579, Tallahassee, Florida 32317

On behalf of Sebring Gas System, Inc. (SGS)

CHARLES J. REHWINKEL, PATRICIA A. CHRISTENSEN, and J.R. KELLY, ESQUIRES, Office of Public Counsel c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400

On behalf of the Citizens of the State of Florida (OPC)

KELLEY F. CORBARI, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

On behalf of the Florida Public Service Commission (Staff)

MARY ANNE HELTON, ESQUIRE, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

Advisor to the Florida Public Service Commission

PREHEARING ORDER

I. CASE BACKGROUND

As part of the Florida Public Service Commission's (Commission) continuing natural gas conservation cost recovery clause proceedings, the Commission has set a hearing in this docket for October 22-24, 2014.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S. This hearing will be governed by said Chapter, Chapter 120, F.S., and Chapters 25-22 and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

While it is the policy of this Commission for all Commission hearings to be open to the public at all times, the Commission also recognizes its obligation pursuant to 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary Staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties and Staff has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand, which shall be limited to five minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

As a result of discussions at the Prehearing Conference, each witness whose name is preceded by an asterisk (*) will be excused from this hearing if no Commissioner assigned to this case seeks to cross-examine the particular witness. Parties shall be notified as soon as possible as to whether any such witness shall be required to be present at the hearing. The testimony of excused witnesses will be inserted into the record as though read, and all exhibits submitted with those witnesses' testimony shall be identified as shown in Section IX of this Prehearing Order and be admitted into the record.

<u>Witness</u>	<u>Proffered By</u>	<u>Issue(s) #</u>
<u>Direct</u>		
*Curtis Young	CUC	1
*Curtis Young	FPUC	1
*Curtis Young	Indiantown	1
*Curtis Young	Consolidated Companies (CUC, FPUC, Indiantown, Ft. Meade)	2 – 5
*Miguel Bustos	FCG	1 – 4
*Kandi M. Floyd	PGS	1 – 4
*Jerry H. Melendy, Jr.	Sebring	1 – 4
*Debbie K. Stitt	SJNG	1 – 4

VII. BASIC POSITIONS

CUC: The Commission should approve CUC's final net true-up for the period January through December 2013, the estimated true-up for the period January through December, 2014, and the projected conservation program expenses and recover factors for the period January through December, 2015.

FCG: The Company's true-up amounts and conservation cost recovery factors as shown in Issues 1 through 4 are appropriate and should be approved.

FPUC: The Commission should approve Florida Public Utilities Company's final net true-up for the period January through December 2013, the estimated true-up for the period January through December, 2014, and the projected conservation program expenses and recovery factors for the period January through December, 2015.

FPUC

INDIANTOWN: The Commission should approve Florida Public Utilities Company – Indiantown Division's final net true-up for the period January through December 2013, the estimated true-up for the period January through December, 2014, and the projected conservation program expenses and recovery factors for the period January through December, 2015.

FPUC

FORT MEADE: The Commission should approve Florida Public Utilities Company – Fort Meade's projected conservation program expenses and recovery factors for the period January through December, 2015.

OPC: None.

PGS: The Commission should approve PGS's final true-up amount of \$1,701,839 (under-recovery) for the period January 2013 through December 2013, and its projected conservation program expenses for the period January 1, 2014 through December 31, 2014, net of the estimated true-up.

The Commission should approve the following ECCR factors for the following rate classes for the period January 2015 through December 2015:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.09207
Residential Standby Generator	\$0.09207
Small General Service	\$0.05398
Commercial Standby Generator	\$0.02767
General Service 1	\$0.02767
General Service 2	\$0.02010
General Service 3	\$0.01666
General Service 4	\$0.01243
General Service 5	\$0.00908
Commercial Street Lighting	\$0.01459
Natural Gas Vehicle Service	\$0.01737

SJNG: The Commission should approve the final adjusted net true-up amount for the twelve month period ending December 31, 2014 including interest, the

projected conservation program expenses for the twelve month period ending December 31, 2015 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve month period ending December 31, 2015 as filed by SJNG.

SEBRING: Sebring has projected its costs and calculated its true-up amounts and conservation cost recovery factors. Those amounts and factors should be approved by the Commission.

STAFF: Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VIII. ISSUES AND POSITIONS

PROPOSED STIPULATION

ISSUE 1: **What are the final conservation cost recovery true-up amounts for the period January 2013 through December 2013?**

POSITION: The appropriate final conservation cost recovery true-up amounts for the period January 2013 through December 2013 are as follows:

Chesapeake (CUC)	\$80,810	Under-recovery
Florida City Gas (FCG)	\$1,697,819	Over-recovery
Florida Public Utilities Company (FPUC)	\$7,883	Over-recovery
Indiantown Gas Company (Indiantown)	\$2,731	Over-recovery
Peoples Gas System (PGS)	\$1,701,839	Under-recovery
St. Joe Natural Gas (SJNG)	\$52,833	Under-recovery
Sebring Gas System, Inc. (Sebring)	\$5,238	Over-recovery

PROPOSED STIPULATION

ISSUE 2: **What are the total conservation cost recovery amounts to be collected during the period January 2015 through December 2015?**

POSITION: The appropriate total conservation cost recovery amounts to be collected during the period January 2015 through December 2014 are as follows:

Consolidated Companies (CUC, FPUC, Indiantown, Ft. Meade)	\$5,046,643
Florida City Gas (FCG)	\$4,791,999
Peoples Gas System (PGS)	\$14,565,181
St. Joe Natural Gas (SJNG)	\$113,557
Sebring Gas System, Inc. (Sebring)	\$48,121

PROPOSED STIPULATION

ISSUE 3: **What are the conservation cost recovery factors for the period January 2015 through December 2015?**

POSITION: The appropriate conservation cost recovery factors for the period January 2015 through December 2015 are as follows:

CUC	Rate Class	ECCR Factor
	FTS-A	25.336 cents/term
	FTS-B	19.798 cents/term
	FTS-1	16.933 cents/term
	FTS-2	9.302 cents/term
	FTS-2.1	6.821 cents/term
	FTS-3	5.892 cents/term
	FTS-3.1	4.672 cents/term
	FTS-4	3.945 cents/term
	FTS-5	3.429 cents/term
	FTS-6	2.668 cents/term
	FTS-7	2.031 cents/term
	FTS-8	1.746 cents/term
	FTS-9	1.484 cents/term
	FTS-10	1.450 cents/term
	FTS-11	1.218 cents/term
	FTS-12	.811 cents/term

In accordance with Order No. PSC-07-0427-TRF-GU, issued May 15, 2007, in Docket No. 060675-GU, optional fixed rates are available to CUC customers in the following rate schedules:

CUC	Rate Class	ECCR Factor (\$ per Bill)
	FTS-A	\$ 1.74
	FTS-B	\$ 2.27
	FTS-1	\$ 2.89
	FTS-2	\$ 5.79
	FTS-2.1	\$ 8.35
	FTS-3	\$ 20.69
	FTS-3.1	\$ 27.09

FCG	Rate Class	ECCR Factor
	GS-1, GS-100, GS-220	14.392 cents/therm
	GS-600	7.223 cents/therm
	GS-1200	4.286 cents/therm
	GS-6000	3.565 cents/therm
	GS-25000	3.546 cents/therm
	GS-60000	3.484 cents/therm
	GS-120000	2.409 cents/therm
	GS-250000	2.283 cents/therm
	Gas Lights	6.888 cents/therm

FPUC	Rate Class	ECCR Factor
	Residential	11.097 cents/therm
	General Service & GS Transportation (GS1)	7.164 cents/therm
	General Service & GS Transportation (GS2)	5.218 cents/therm
	Large Volume Service	4.307 cents/therm

FORT MEADE	Rate Class	ECCR Factor
	Residential	11.097 cents/therm
	General Service & GS Transportation (GS1)	7.164 cents/therm
	General Service & GS Transportation (GS2)	5.218 cents/therm
	Large Volume Service	4.307 cents/therm

INDIANTOWN	Rate Class	ECCR Factor
	TS-1	10.242 cents/therm
	TS-2	1.670 cents/therm
	TS-3	8.305 cents/therm
	TS-4	0.504 cents/therm

PGS	Rate Class	ECCR Factor
	RS	9.207 cents/therm
	RS-SG	9.207 cents/therm
	SGS	5.398 cents/therm
	CS-SG & GS-1	2.767 cents/therm
	GS-2	2.010 cents/therm
	GS-3	1.666 cents/therm
	GS-4	1.243 cents/therm
	GS-5	0.908 cents/therm
	CSLS	1.459 cents/therm
	NGVS	1.737 cents/therm

SJNG	Rate Class	ECCR Factor
	RS-1	23.810 cents/therm
	RS-2	15.181 cents/therm
	RS-3	11.480 cents/therm
	GS-1	11.064 cents/therm
	GS-2	4.696 cents/therm
	FTS-4	2.125 cents/therm

SEBRING	Rate Class	ECCR Factor
	TS-1	15.287 cents/therm
	TS-2	5.978 cents/therm
	TS-3	4.734 cents/therm
	TS-4	4.253 cents/therm

PROPOSED STIPULATION

ISSUE 4: What should be the effective date of the new conservation cost recovery factors for billing purposes?

POSITION: The factors should be effective beginning with the specified conservation cost recovery cycle and thereafter for the period January 2015 through December 2015. Billing cycles may start before January 1, 2015, and the last cycle may be read after December 31, 2015, so that each customer is billed for twelve (12) months regardless of when the adjustment factor became effective.

COMPANY SPECIFIC CONSERVATION COST RECOVERY ISSUES

Florida Public Utilities Company

Florida Public Utilities Company-Indiantown

Florida Public Utilities Company-Fort Meade

Florida Division of Chesapeake Utilities Corporation

PROPOSED STIPULATION

ISSUE 5: **Should Florida Public Utilities Company, Florida Public Utilities Company-Indiantown, Florida Public Utilities Company-Fort Meade, and the Florida Division of Chesapeake Utilities Corporation be permitted to consolidate the conservation programs of its various divisions?**

POSITION: Yes. Consolidation of the conservation programs is expected to result in administrative efficiencies and reduce costs associated with maintaining separate accounting records and separate programs for each company or division. By consolidating the programs, each company division will offer the same conservation programs. The individual companies will still maintain separate conservation rates until such time as the base rates are consolidated through a rate proceeding. Program costs, under the Consolidated Company's proposal, will be allocated to the separate base rates according to the share of base revenues each rate provides to the consolidated natural gas unit.

The proposed consolidation of the conservation programs is not a change in practice regarding the manner in which the Commission determines cost-effectiveness of conservation programs. Commission Staff will continue to review and audit all conservation programs for cost-effectiveness.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>Description</u>
<u>Direct</u>		
Curtis Young	FPUC	CDY-1 True-Up Variance Analysis [Schedules CT1-CT6]
Curtis Young	Indiantown	CDY-2 True-Up Variance Analysis [Schedules CT1-CT6]
Curtis Young	CUC	CDY-3 True-Up Variance Analysis [Schedules CT1-CT6]

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Curtis Young	Consolidated Companies (CUC, FPUC, Indiantown, Ft. Meade)	CDY-4	Projections: Estimated ECCR charges by rate class [Schedules C-1 through C-4]
Miguel Bustos	FCG	MB-1	Schedules CT-1, CT-2, CT-3, and CT-6
Miguel Bustos	FCG	MB-2	Schedules C-1, C-2, C-3, and C-5
Kandi M. Floyd	PGS	KMF-2	Data for development of conservation cost recovery factors (January 1 - December 31, 2015), consisting of Schedules C-1 through C-5
Jerry H. Melendy, Jr.	Sebring	JHM-1	Schedules CT-1, CT-2, CT-3, CT-4, CT-5, CT-6
Jerry H. Melendy, Jr.	Sebring	JHM-2	Revised Schedules C-1, C-2, C-3, and C-4
Debbie K. Stitt	SJNG	DKS-1	Schedules CT-1, CT-2, CT-3, CT-4, and CT-5
Debbie K. Stitt	SJNG	DKS-2	Schedules C1, C2, C3, and C4

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

The parties have stipulated to all issues, with OPC taking no position. OPC does not object to, but does not join, the proposed stipulations.

XI. PENDING MOTIONS

There are no pending motions at this time

XII. PENDING CONFIDENTIALITY MATTERS

There are no pending confidentiality matters at this time.

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 20 pages and shall be filed at the same time.

XIV. RULINGS

Opening statements, if any, shall not exceed five minutes per party.

St. Joe Natural Gas Company and Peoples Gas System's requests to be excused from the Prehearing Conference and Hearing in this docket are hereby granted.

It is therefore, hereby

ORDERED by Commissioner Julie I. Brown, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Julie I. Brown, as Prehearing Officer, this 15th day of October, 2014.



JULIE I. BROWN
Commissioner and Prehearing Officer
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.