

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost recovery.

DOCKET NO. 150004-GU
ORDER NO. PSC-15-0508-PHO-GU
ISSUED: October 28, 2015

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 19, 2015, in Tallahassee, Florida, before Commissioner Art Graham, 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).

ANSLEY WATSON, JR. 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, ESQUIRE, Messer Caparello, P.A., Post Office Box
15579, Tallahassee, Florida 32317
On behalf of Sebring Gas System Inc. (SGS).

CHARLES J. REHWINKEL, ESQUIRE, 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)

LESLIE AMES, 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, 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 Commission's continuing natural gas conservation cost recovery clause proceedings, an administrative hearing is set for November 2-5, 2015. The parties have reached agreement concerning all issues identified for resolution at this hearing, with OPC taking no position. Staff is prepared to present the panel with a recommendation at the hearing for approval of the stipulated positions set forth herein. The Commission may render a bench decision in this matter.

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.). This hearing will be governed by said Chapter and Chapters 25-7, 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.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 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 Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing that has not been filed as prefiled testimony or prefiled exhibits, 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. Summaries of testimony 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

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
*Curtis Young ¹	FPUC	Issue 1
*Curtis Young	Indiantown	Issue 1
*Curtis Young	CUC	Issue 1
*Curtis Young	Consolidated Companies ²	Issues 2 – 5
*Miguel Bustos	FCG	1-4
*Kandi M. Floyd	PGS	1-4
*Debbie Stitt	SJNG	
*Jerry H. Melendy, Jr.	SGS	1 - 5

VII. BASIC POSITIONS

FPUC: The Commission should approve the Consolidated Companies' respective final net true-ups for the period January through December 2014, the estimated true-up for the period January through December, 2015, and the projected conservation program expenses and recovery factors for the period January through December, 2016.

CUC: The Commission should approve the Consolidated Companies' respective final net true-ups for the period January through December 2014, the estimated true-up for the period January through December, 2015, and the projected conservation program expenses and recovery factors for the period January through December, 2016.

FPUC
INDIANTOWN: The Commission should approve the Consolidated Companies' respective final net true-ups for the period January through December 2014, the estimated true-up for the period January through December, 2015, and the

¹ Revised May 14, 2015.

² Revised August 28, 2015.

projected conservation program expenses and recovery factors for the period January through December, 2016.

FPUC

FORT MEADE:

The Commission should approve the Consolidated Companies' respective final net true-ups for the period January through December 2014, the estimated true-up for the period January through December, 2015, and the projected conservation program expenses and recovery factors for the period January through December, 2016.

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.

PGS:

The Commission should approve PGS's final true-up amount of \$309,546 (overrecovery) for the period January 2014 through December 2014, and its projected conservation program expenses for the period January 1, 2015 through December 31, 2015, net of the estimated true-up.

The Commission should approve the following ECCR factors for the following rate classes for the period January 2016 through December 2016:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.06421
Residential Standby Generator	\$0.06421
Small General Service	\$0.04522
Commercial Standby Generator	\$0.02222
General Service 1	\$0.02222
General Service 2	\$0.01629
General Service 3	\$0.01339
General Service 4	\$0.01005
General Service 5	\$0.00732
Natural Gas Vehicle Service	\$0.01454
Commercial Street Lighting (Floyd)	\$0.01180

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 Dec 31, 2016 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve month period ending December 31, 2016 as filed by SJNG.

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

OPC: The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission's requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred.

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 stated herein.

VIII. ISSUES AND POSITIONS

PROPOSED STIPULATION

ISSUE 1: **What are the final conservation cost recovery true-up amounts for the period January 2014 through December 2014?**

POSITION: The appropriate final conservation cost recovery true-up amounts for the January 2014 through December 2014 are as follows:

FPUC	\$648,399 Under-recovery
CUC	\$399,372 Under-recovery
FPUC Indiantown	\$8,765 Under-recovery
FCG	\$30,343 Over-recovery
PGS	\$309,546 Over-recovery
SJNG	\$48,666 Under-recovery
Sebring	\$15,466 Under-recovery

OPC: The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission's requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final

recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

PROPOSED STIPULATION

ISSUE 2: **What are the total conservation cost recovery amounts to be collected during the period January 2016 through December 2016?**

POSITION: The appropriate total conservation cost recover amounts to be collected during the period January 2016 through December 2016 are as follows:

Consolidated Companies (CUC, FPUC, Indiantown, Ft. Meade)	\$7,323,049
FCG	\$5,045,381
PGS	\$12,099,834
SJNG	\$183,819
Sebring	\$28,775

OPC: The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenor provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission's requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

PROPOSED STIPULATION

ISSUE 3: **What are the conservation cost recovery factors for the period January 2016 through December 2016?**

POSITION: The appropriate conservation cost recovery factors for the period January 2016 through December 2016 are as follows:

FPUC and Fort Meade	Rate Class	ECCR Factor
	Residential (FPUC, Fort Meade)	\$ 0.14796/therm
	Commercial small (FPUC only) CVPD	\$ 0.08788/therm
	Commercial Small (FPUC only) (Gen Srv GS2 & GS Transportation >600)	\$ 0.06987/therm
	Commercial Large (FPUC, Fort Meade) (Large Vol & LV Transportation <,> 50,000 units)	\$ 0.05706/therm
CUC	Rate Class	ECCR Factor
	FTS-A	\$ 0.34633 /therm
	FTS-B	\$ 0.26565 /therm
	FTS-1	\$ 0.22795 /therm
	FTS-2	\$ 0.12678 /therm
	FTS-2.1	\$ 0.09281 /therm
	FTS-3	\$ 0.07680 /therm
	FTS-3.1	\$ 0.06147 /therm
	FTS-4	\$ 0.05173 /therm
	FTS-5	\$ 0.04561/therm
	FTS-6	\$ 0.03638 /therm
	FTS-7	\$ 0.02669 /therm
	FTS-8	\$ 0.02309 /therm
	FTS-9	\$ 0.01947 /therm
	FTS-10	\$ 0.01849 /therm
	FTS-11	\$ 0.01587 /therm
	FTS-12	\$ 0.01198 /therm

The Company also seeks approval of the following experimental per bill Conservation Cost Recovery Adjustment (Experimental) factors:

CUC	Rate Class	ECCR Factor (\$/bill)
	FTS-A	\$2.30
	FTS-B	\$3.02
	FTS-1	\$3.84
	FTS-2	\$7.62
	FTS-2.1	\$10.93
	FTS-3	\$28.10
	FTS-3.1	\$36.55

FPUC INDIANTOWN	Rate Class	ECCR Factor
	TS-1	\$ 0.13840 /therm
	TS-2	\$ 0.02243 /therm
	TS-3	\$ 0.05210 /therm
	TS-4	\$ 0.00739 /therm

FCG	Rate Class	ECCR Factor
	GS-1, GS-100, GS-220, RSG, CSG (Sales & Transportation)	\$ 0.15163 /therm
	GS-600 (Sales & Transportation)	\$ 0.07531 /therm
	GS-1200 (Sales & Transportation)	\$0.04493 /therm
	GS-6000 (Sales & Transportation)	\$0.03736 /therm
	GS-25000 (Sales & Transportation)	\$0.03701 /therm
	GS-60000 (Sales & Transportation)	\$0.03583 /therm
	Gas Lights	\$0.07212 /therm
	GS-120000 (Sales & Transportation)	\$0.02517 /therm
	GS-250000 (Sales & Transportation)	\$0.02401 /therm

PGS	Rate Class	ECCR Factor
	Residential	\$0.06421 /therm
	Residential-Standby Generator	\$0.06421 /therm
	Small General Service	\$0.04522 /therm
	Commercial Standby Generator	\$0.02222 /therm
	General Service-1	\$0.02222 /therm
	General Service-2	\$0.01629 /therm
	General Service-3	\$0.01339 /therm
	General Service-4	\$0.01005 /therm
	General Service-5	\$0.00732 /therm
	Natural Gas Vehicle Service	\$0.01454 /therm
	Commercial Street Lighting	\$0.01180 /therm
SJNG	Rate Class	ECCR Factor
	RS-1	\$0.34483 /therm
	RS-2	\$0.21639 /therm
	RS-3	\$0.15564 /therm
	GS-1	\$0.14949 /therm
	GS-2	\$0.07090 /therm
	FTS-4	\$0.03216 /therm
SEBRING	Rate Class	ECCR Factor
	TS-1	\$0.10326 /therm
	TS-2	\$0.05260 /therm
	TS-3	\$0.02942 /therm
	TS-4	\$0.02582 /therm

OPC: The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission's requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

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 2016 through December 2016. Billing cycles may start before January 1, 2016 and the last cycle may be read after December 31, 2016, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

OPC: No position.

PROPOSED STIPULATION

ISSUE 5: **Should the Commission approve revised tariffs reflecting the natural gas conservation cost recovery amounts and establishing natural gas conservation cost recovery factors determined to be appropriate in this proceeding?**

POSITIONS: Yes. The Commission should approve revised tariffs reflecting the natural gas cost recovery amounts and establishing natural gas conservation cost recovery factors determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision. (Floyd)

OPC: The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission's requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and

prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>Description</u>	
<u>Direct</u>			
Name	Utility/Staff	ABC-1	
Curtis Young	FPUC	CDY-1 ³	Schedules CT1-CT6
Curtis Young	Indiantown	CDY-2	Schedules CT1-CT6
Curtis Young	CUC	CDY-3	Schedules CT1-CT6
Curtis Young	Consolidated Companies	CDY-4	Schedules C-1 through C-5
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-1	Conservation cost recovery true-up data (January 2014 - December 2014) consisting of Schedules CT-1 through CT-6
Kandi M. Floyd	PGS	KMF-2	Data for development of conservation cost recovery factors (January 1 - December 31, 2016), consisting of Schedules C-1 through C-5
Debbie Stitt	SJNG	DKS-1 (Revised)	Schedules CT-1, CT-2, CT-3, CT-4, and CT-5
Debbie Stitt	SJNG	DKS-2	Schedules C1, C2, C3, and C4.

³ Revised August 28, 2015.

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Jerry H. Melendy, Jr.	SGS	JHM-1	Schedules CT-1, CT-2, CT-3, CT-4, CT-5, CT-6, filed May 5, 2015, Schedules C-1, C-2, C-3, and C-4, filed August 25, 2015

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 of no more than 50 words, 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; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. 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.

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

It is therefore,

ORDERED by Commissioner Art Graham, 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 Chairman Art Graham, as Prehearing Officer, this 28th day of October, 2015.



ART GRAHAM
Chairman and Prehearing Officer
Florida Public Service Commission
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Tallahassee, Florida 32399
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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.