

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost recovery.

DOCKET NO. 160004-GU
ORDER NO. PSC-16-0470-PHO-GU
ISSUED: October 19, 2016

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 11, 2016, 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 Public Utilities Company (FPUC), the Florida Division of Chesapeake Utilities Corporation (CUC), Florida Public Utilities Company-Indiantown Division (Indiantown), and Florida Public Utilities – Fort Meade (Fort Meade) (jointly referred to as the Consolidated Companies)

GREGORY M. MUNSON, ESQUIRE, Gunster, Yoakley & Stewart, P.A.,
215 South Monroe Street, Suite 601, Tallahassee, Florida 32301
On behalf of the Florida City Gas (FCG).

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On behalf of Peoples Gas System (PGS)

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Messer Caparello, P.A.,
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On behalf of Sebring Gas System Inc. (SGS).

CHARLES A. SHOAF, VICE PRESIDENT
Post Office Box 549, Port St. Joe, Florida 32457
On behalf of St. Joe Natural Gas Company (SJNG)

J.R. KELLY, CHARLES J. REHWINKEL, PATRICIA CHRISTENSEN, ERIK SAYLER and STEPHANIE MORSE, ESQUIRES, Office of Public Counsel
c/o The Florida Legislature, 111 West Madison Street, Room 812,
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On behalf of the Citizens of the State of Florida (OPC)

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On behalf of the Florida Public Service Commission (Staff).

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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 2-4, 2016.

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

Each witness whose name is preceded by a plus sign (+) will present direct and rebuttal testimony together.

Witness	Proffered By	Issue #
<u>Direct</u>		
Curtis Young	FPUC (Consolidated Companies)	Issue 1 (True Up for 2015)
Kira I. Lake	FPUC (Consolidated Companies)	Issues 2 – 5 (Actual/Estimated True-up Amount for 2016; cost recovery factors; effective date)
Miguel Bustos	FCG	Issues 1 – 5
Kandi M. Floyd	PGS	Issues 1 – 5
Jerry H. Melendy, Jr.	SGS	Issues 1 – 5
Debbie Stitt	SJNG	Issues 1 – 5

VII. BASIC POSITIONS

FPUC

Consolidated Companies: The Commission should approve the Consolidated Companies' respective final net true-ups for the period January through December 2015, the estimated true-up for the period January through December, 2016, and the projected conservation program expenses and recovery factors for the period January through December, 2017.

FCG: The Company's true-up amounts and conservation cost recovery factors as shown in Issues 1 through 5 are appropriate and should be approved.

PGS: The Commission should approve PGS's final true-up amount of \$2,136,452 (overrecovery) for the period January 2015 through December 2015, and its projected conservation program expenses for the period January 1, 2016 through December 31, 2016, net of the estimated true-up.

The Commission should approve the following ECCR factors for the following rate classes for the period January 2017 through December 2017:

Rate Class	ECCR Factor (per therm)
Residential	\$0.07853
Residential Standby Generator	\$0.07853
Small General Service	\$0.04763
Commercial Standby Generator	\$0.02353
General Service 1	\$0.02353
General Service 2	\$0.01715
General Service 3	\$0.01414
General Service 4	\$0.01056
General Service 5	\$0.00776
Natural Gas Vehicle Service	\$0.01455
Commercial Street Lighting (Floyd)	\$0.01244

SGS: 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.

SJNG: The Commission should approve the final adjusted net true-up amount for the twelve-month period ending December 31, 2015 including interest, the projected conservation program expenses for the twelve-month period ending Dec 31, 2017 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve-month period ending December 31, 2017 as filed by SJNG.

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 Interveners provide evidence to the contrary. Regardless of whether the Commission has previously approved a program 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 2015 through December 2015?**

POSITION: The appropriate final conservation cost recovery true-up amounts for the January 2015 through December 2015 are as follows:

FPUC Consolidated Companies	\$ 1,403,735	Under-recovery
FCG	\$ 139,132	Over-recovery
PGS	\$ 2,136,462	Over-recovery
SGS	\$ 3,047	Under-recovery
SJNG	\$ 5,525	Under-recovery

OPC: No position.

PROPOSED STIPULATION

ISSUE 2: **What are the total conservation cost recovery amounts to be collected during the period January 2017 through December 2017?**

POSITION: The appropriate total conservation cost recover amounts to be collected during the period January 2017 through December 2017 are as follows:

FPUC Consolidated Companies (FPUC, CUC, Indiantown, Ft. Meade)	\$ 6,562,854
FCG	\$ 5,082,136
PGS	\$ 13,102,649
SGS	\$ 48,315
SJNG	\$ 180,522

OPC: No position.

PROPOSED STIPULATION

ISSUE 3: **What are the conservation cost recovery factors for the period January 2017 through December 2017?**

POSITION: The appropriate conservation cost recovery factors for the period January 2017 through December 2017 are as follows:

FPUC AND FORT MEADE	Rate Class	ECCR Factor
	Residential	\$ 0.13261 / therm
	Commercial Small CVPD	\$ 0.08015 / therm
FPUC only	Commercial Small (Gen Srv GS2 & GS Transportation >600)	\$ 0.06255 / therm
	Commercial Large (Large Vol & LV Transportation <,> 50,000 units)	\$ 0.05098 / therm
FPUC only	Natural Gas Vehicles	\$ 0.02456 / therm

CUC	Rate Class	ECCR Factor
	FTS-A	\$ 0.31789 / therm
	FTS-B	\$ 0.24033 / therm
	FTS-1	\$ 0.20824 / therm
	FTS-2	\$ 0.11396 / therm
	FTS-2.1	\$ 0.08428 / therm
	FTS-3	\$ 0.07097 / therm
	FTS-3.1	\$ 0.05494 / therm
	FTS-4	\$ 0.04647 / therm
	FTS-5	\$ 0.04069 / therm
	FTS-6	\$ 0.03327 / therm
	FTS-7	\$ 0.02370 / therm
	FTS-8	\$ 0.02174 / therm
	FTS-9	\$ 0.01747 / therm
	FTS-10	\$ 0.01707 / therm
	FTS-11	\$ 0.01450 / therm
	FTS-12	\$ 0.01095 / therm

In accordance with Order No. PSC-07-0427-TRF-GU, issued May 15, 2007, in Docket No. 060675-GU, CUC also seeks approval of the following experimental per bill Conservation Cost Recovery Adjustment (Experimental) factors:

CUC <i>Experimental</i>	Rate Class	ECCR Factor (\$/bill)
	FTS-A	\$2.05
	FTS-B	\$2.70
	FTS-1	\$3.41
	FTS-2	\$6.81
	FTS-2.1	\$9.67
	FTS-3	\$24.56
	FTS-3.1	\$32.81

FPUC INDIANTOWN	Rate Class	ECCR Factor
	TS-1	\$ 0.12751 / therm
	TS-2	\$ 0.01977 / therm
	TS-3	\$ 0.05049 / therm
	TS-4	\$ 0.06300 / therm

FCG	Rate Class	ECCR Factor
	GS-1, GS-100, GS-220, RSG, CSG (Sales & Transportation)	\$ 0.15168 /therm
	GS-600 (Sales & Transportation)	\$ 0.07245 / therm
	GS-1200 (Sales & Transportation)	\$ 0.04464 / therm
	GS-6000 (Sales & Transportation)	\$ 0.03712 / therm
	GS-25000 (Sales & Transportation)	\$ 0.03673 / therm
	GS-60000 (Sales & Transportation)	\$ 0.03515 / therm
	Gas Lights	\$ 0.07147 / therm
	GS-120000 (Sales & Transportation)	\$ 0.02549 / therm
	GS-250000 (Sales & Transportation)	\$ 0.02374 / therm

PGS	Rate Class	ECCR Factor
	Residential	\$ 0.07853 / therm
	Residential-Standby Generator	\$ 0.07853 / therm
	Small General Service	\$ 0.04763 / therm
	Commercial Standby Generator	\$ 0.02353 / therm
	General Service-1	\$ 0.02353 / therm
	General Service-2	\$ 0.01715 / therm
	General Service-3	\$ 0.01414 / therm
	General Service-4	\$ 0.01056 / therm
	General Service-5	\$ 0.00776 / therm
	Natural Gas Vehicle Service	\$ 0.01455 / therm
	Commercial Street Lighting	\$ 0.01244 / therm

SEBRING	Rate Class	ECCR Factor
	TS-1	\$ 0.19897 / therm
	TS-2	\$ 0.08761 / therm
	TS-3	\$ 0.05151 / therm
	TS-4	\$ 0.04456 / therm

SJNG	Rate Class	ECCR Factor
	RS-1	\$ 0.40001 / therm
	RS-2	\$ 0.24504 / therm
	RS-3	\$ 0.18566 / therm
	GS-1	\$ 0.16949 / therm
	GS-2	\$ 0.07674 / therm
	FTS-4	\$ 0.03555 / therm

OPC: No position.

PROPOSED STIPULATION

ISSUE 4: **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?**

POSITION: 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.

OPC: No position.

PROPOSED STIPULATION

ISSUE 5: **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 2017 through December 2017. Billing cycles may start before January 1, 2017 and the last cycle may be read after December 31, 2017, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

OPC: No position.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
<u>Direct</u>			
Curtis Young	FPUC (Consolidated Companies)	CDY-1	Schedules CT1 – CT6 (True-Up Variance Analysis)
Kira I. Lake	FPUC (Consolidated Companies)	KIL-1	Schedules C-1 through C-4 (Projections: Estimated ECCR charges by rate class)

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Miguel Bustos	FCG	MB-1	Schedules CT-1, CT-2, CT-3, and CT-6 ¹
Miguel Bustos	FCG	MB-2	Schedules C-1, C-2, C-3, and C-5 ²
Kandi M. Floyd	PGS	KMF-1 ³ (Revised)	Schedules CT-1 through CT-6 (Conservation cost recovery true-up data January 2015 - December 2015)
Kandi M. Floyd	PGS	KMF-2	Schedules C-1 through C-5 (Data for development of conservation cost recovery factors January 1 - December 31, 2017)
Debbie Stitt	SJNG	DKS-1	Schedules CT-1, CT-2, CT-3, CT-4, and CT-5
Debbie Stitt	SJNG	DKS-2	Schedules C1, C2, C3, and C4.
Jerry H. Melendy, Jr.	SGS	JHM-1	Schedules C-1, C-2, C-3, C-4, C-5 and CT-6 (filed May 2, 2016); and Schedules C-1, C-2, C-3, and C-4 (filed August 23, 2016)

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.

¹ FCG Omitted Schedule CT-6 filed on July 22, 2016 (Document No. 05508-16).

² FCG Amended Petition for Approval of Conservation Cost Recovery Factors and Amended Direct Testimony and corrected Exhibit MB-2 filed October 4, 2016 (Document No. 07989-16).

³ PGS Amended Petition for Approval of True-Up Amount (for the period January through December 2015) and Revised KMF-1 Exhibit filed August 26, 2016 (Document No. 07056-16).

XI. PENDING MOTIONS

There are no outstanding 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 three minutes per party.

St. Joe Natural Gas Company's request to be excused from the Prehearing Conference and Hearing in this docket is 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 Commissioner Art Graham, as Prehearing Officer, this 19th day
of October, 2016.



ART GRAHAM
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.

SAC-KFC

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.