

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased gas adjustment (PGA) true-up.

DOCKET NO. 20180003-GU  
ORDER NO. PSC-2018-0518-PHO-GU  
ISSUED: November 1, 2018

PREHEARING ORDER

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 23, 2018, in Tallahassee, Florida, before Commissioner Gary F. Clark, as Prehearing Officer.

APPEARANCES:

GREGORY M. MUNSON, and CHRIS WRIGHT, ESQUIRES, Gunster Law Firm, 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301  
On behalf of Florida City Gas (FCG).

BETH KEATING, ESQUIRE, Gunster Law Firm., 215 South Monroe Street., Suite 601, Tallahassee, Florida 32301  
On behalf of FCG, Florida Public Utilities Company and Florida Public Utilities Company – Fort Meade (FPUC).

ANDREW M. BROWN, and ANSLEY WATSON, JR., ESQUIRES, Macfarlane Ferguson & McMullen, Post Office Box 1531, Tampa, Florida 33601-1531  
On behalf of Peoples Gas System (PGS).

JAMES BEASLEY, Ausley McMullen Law Firm, 123 South Calhoun Street, Post Office Box 391, Tallahassee, Florida 32302  
On behalf of PGS

ANDY SHOAF, VICE PRESIDENT, St. Joe Natural Gas Company Incorporated, Post Office Box 549, Port St. Joe, Florida 32457-0549  
On behalf of St. Joe's Natural Gas (SJNG).

CHARLES REHWINKEL, and PATRICIA A. CHRISTENSEN, ESQUIRES, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400  
On behalf of Citizens of the State of Florida (OPC).

KURT SCHRADER, and JENNIFER CRAWFORD, ESQUIRES, 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.

KEITH HETRICK, ESQUIRE, General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

General Counsel to the Florida Public Service Commission.

## **PREHEARING ORDER**

### **I. CASE BACKGROUND**

The Purchased Gas Adjustment Cost Recovery Clause provides for recovery of prudently incurred costs of purchased gas and upstream pipeline capacity. As part of the Commission's continuing purchased gas adjustment true-up proceedings, an administrative hearing in this docket is set for November 5-7, 2018.

### **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 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 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 three 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. Each witness whose name is followed by an asterisk (\*) is excused from the hearing.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
Kenny R Smith	FCG	1
Miguel Bustos	FCG	1- 7
Geoffrey A. Wight	FPUC	1 - 6
Kira Lake	FPUC	3 - 4
Kandi M. Floyd	PGS	1 - 6
Andy Shoaf*	SJNG	1 - 6

## **VII. BASIC POSITIONS**

**FCG:** Florida City Gas has appropriately calculated its true-up amounts, maximum levelized PGA Factor, and PGA tax savings credit as shown in the Company's positions on Issues 1-7.

**FPUC:** FPUC has appropriately calculated its true-up amounts and purchased gas adjustment factor as shown in the Company's positions on Issues 1-6 and asks that the Commission approve the Company's proposed PGA Factor for 2019.

**PGS:** The Commission should approve PGS's final PGA true-up amount of \$669,716 over-recovery for the period January 2017 through December 2017; its actual/estimated PGA true-up amount of \$1,596,468 over-recovery for the period January 2018 through December 2018; and its levelized PGA (cap) factor of \$1.02968 per therm for the period January 2019 through December 2019. (Floyd)

**SJNG:** The appropriate over (under) recovery amounts and purchased gas adjustment factors are shown in the company's positions on Issues 1 – 5.

**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.

## **VIII. ISSUES AND POSITIONS**

### **PROPOSED STIPULATION**

**ISSUE 1:** What are the final purchased gas adjustment true-up amounts for the period January 2017 through December 2017?

**POSITION:**

Florida City Gas	\$1,160,543	Over-recovery
Florida Public Utilities	\$220,953	Over-recovery
Peoples Gas System	\$669,716	Over-recovery
St. Joe Natural Gas Company	\$4,617	Under-recovery

**OPC:** No position.

**PROPOSED STIPULATION**

**ISSUE 2:** What are the actual/estimated purchased gas adjustment true-up amounts for the period January 2018 through December 2018?

**POSITION:**

Florida City Gas	\$1,578,371	Under-recovery
Florida Public Utilities	\$2,505,604	Over-recovery
Peoples Gas System	\$1,596,468	Over-recovery
St. Joe Natural Gas Company	\$123,976	Over-recovery

**OPC:** No position.

**PROPOSED STIPULATION**

**ISSUE 3:** What are the total purchased gas adjustment true-up amounts to be collected during the period January 2019 through December 2019?

**POSITION:**

Florida City Gas	\$417,828	Under-recovery
Florida Public Utilities	\$2,726,557	Over-recovery
Peoples Gas System	\$2,266,183	Over-recovery
St. Joe Natural Gas Company	\$119,359	Over-recovery

**OPC:** No position.

**PROPOSED STIPULATION**

**ISSUE 4:** What are the levelized purchased gas cost recovery (cap) factors for the period January 2019 through December 2019?

**POSITION:**

Florida City Gas	71.734 cents per therm
Florida Public Utilities	98.066 cents per therm
Peoples Gas System	102.968 cents per therm
St. Joe Natural Gas Company	81.5 cents per therm

**OPC:** No position.

**PROPOSED STIPULATION**

**ISSUE 5:**     **What should the effective date of the new purchased gas adjustment charge for billing purposes be?**

**POSITION:** The charge should be effective for all meter readings on or after January 1, 2019, beginning with the first or applicable billing cycle, for the period of January 2019 through December 2019.

**OPC:**            No position.

**PROPOSED STIPULATION**

**ISSUE 6:**     **Should the Commission approve revised tariffs reflecting the new purchased gas adjustment charges determined to be appropriate in this proceeding?**

**POSITION:** The Commission should approve revised tariffs reflecting the new purchased gas adjustment charges as 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 8:**     **Should this docket be closed?**

**POSITION:** No. While a separate docket number is assigned each year for administrative convenience this is a continuing docket and should remain open.

**COMPANY – SPECIFIC ISSUE**

**FLORIDA CITY GAS**

**PROPOSED STIPULATION**

**ISSUE 7:<sup>1</sup> Should the 2019 PGA tax savings credit proposed by FCG be applied to customers' bills in 2019?**

**POSITION:** The Commission's order approving the 2019 maximum levelized PGA Factor should authorize and direct, on the condition that the 2018 EADIT Agreement currently pending before the Commission in Docket No.20180154-GU is subsequently approved by the Commission, FCG to apply a levelized PGA credit for January 2019 through December 2019 that is consistent with that EADIT Agreement.

**IX. EXHIBIT LIST**

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
			<u>Direct</u>
Miguel Bustos	FCG	KRS-1	Calculation of FCG's final PGA true-up amount related to the twelve-month period ended December 31, 2017
Miguel Bustos	FCG	MB-2	Commission prescribed forms supporting calculation of FCG's proposed 2019 maximum levelized PGA Factor
Miguel Bustos	FCG	MB-3	Calculation of proposed PGA tax savings credit
Miguel Bustos	FCG	MB-4	Pro forma tariffs reflecting proposed PGA tax savings credit.

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<sup>1</sup> Issue No. 7 is the subject of FCG's Agreed Motion to Accept Supplemental Direct Testimony, which was served on October 9, 2018 (due to the closure of the Commission's offices due to Hurricane Michael, however, this Motion was not officially filed until October 15, 2018). This is an issue that is specific to FCG, and was added as an additional issue in the proceeding upon FCG's Agreed Motion being granted at the Prehearing Conference. *See* Section XIV of this Prehearing Order below.



<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Wight	FPUC	GAW-1	Final Fuel Over/Under Recovery (Schedule A-7)
Wight	FPUC	GAW-2	Schedules E-1, E-1/R, E-2, E-3, E-4, E-5
Kandi Floyd	PGS	KMF-1	Calculation of final true-up for January 2017- December 2017 (Schedule A-7)
Kandi Floyd	PGS	KMF-2	Calculation of estimated true-up for January 2018 December 2018; total true-up for January 2017 - December 2017); calculation of PGA factor for January 2019 - December 2019 (Schedules E-1 through E-5)
Andy Shoaf	SJNG	CAS-1 A-7	Final True-Up for the Period January 2017 through December 2017 (Schedule A-7)
Andy Shoaf	SJNG	CAS-2 E-1	PGA Summary of estimates for the projected period.
Andy Shoaf	SJNG	CAS-3 E-2	Calculation of true-up amount current period (7 months actual 5 months estimated)
Andy Shoaf	SJNG	CAS-4 E-3	Transportation (CAS-4) purchases system supply and end use for the projected period.
Andy Shoaf	SJNG	CAS-5 E-4	Calculation of true-up amount for the projected period based on the prior period and Current period (7 mths actual, 5 mths estimated)
Andy Shoaf	SJNG	CAS-6 E-5	Therm Sales and Customer Data (for the projected period)

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Andy Shoaf	SJNG	CAS-7 E-1/R	Reprojected PGA for Current Period (7 mths actual, 5 mths estimated)

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

**X. PROPOSED STIPULATIONS**

There are proposed stipulations on all issues as identified in each issue in Section VIII.

**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 40 pages and shall be filed at the same time.

**XIV. RULINGS**

Opening statements, if any, shall not exceed 3 minutes per party.

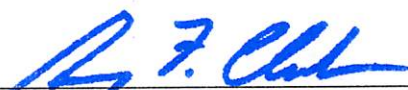
St. Joe Natural Gas Company has been excused from attending the Prehearing Conference in this docket.

FCG's Agreed Motion to accept supplemental direct testimony, filed on October 15, 2018, is granted.

It is therefore,

ORDERED by Commissioner Gary F. Clark, 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 Gary F. Clark, as Prehearing Officer, this 1st day of November, 2018.



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GARY F. CLARK  
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.

KMS

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

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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.