

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost recovery.

DOCKET NO. 20200004-GU
ORDER NO. PSC-2020-0412-PHO-GU
ISSUED: October 29, 2020

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 26, 2020 in Tallahassee, Florida, before Commissioner Andrew Fay, as Prehearing Officer.

APPEARANCES:

BETH KEATING, ESQUIRE, GREGORY M. MUNSON, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe St., Suite 601, Tallahassee, Florida 32301; and CHRISTOPHER T. WRIGHT, ESQUIRE, 700 Universe Boulevard, Juno Beach, Florida 33408
On behalf of FLORIDA CITY GAS (FCG).

BETH KEATING, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe St., Suite 601, Tallahassee, Florida 32301
On behalf of FLORIDA PUBLIC UTILITIES COMPANY (FPUC), FLORIDA PUBLIC UTILITIES COMPANY-FORT MEADE, FLORIDA PUBLIC UTILITIES COMPANY-INDIANTOWN DIVISION, FLORIDA DIVISION OF CHESAPEAKE UTILITIES CORPORATION (CUC) (jointly, CONSOLIDATED COMPANIES), and on behalf of SEBRING GAS SYSTEM (SEBRING).

ANDREW M. BROWN, ESQUIRE, and THOMAS R. FARRIOR Macfarlane Ferguson & McMullen, P. O. Box 1531, Tampa, Florida 33601-1531
On behalf of PEOPLES GAS SYSTEM (PGS).

ANDY SHOAF, ESQUIRE, P.O. Box 549, Port St. Joe, Florida 32457-0549
On behalf of ST. JOE NATURAL GAS COMPANY, INC. (SJNG).

CHARLES J. REHWINKEL, ESQUIRE, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of OFFICE OF PUBLIC COUNSEL (OPC).

GABRIELLA PASSIDOMO, 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.

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

Florida Public Service Commission General Counsel

I. CASE BACKGROUND

As part of the Commission's continuing natural gas conservation cost recovery clause proceedings, an administrative hearing is set for November 3-5, 2020. The clause proceedings allow gas companies to seek recovery of its costs for approved gas conservation programs on an annual basis, pursuant to Sections 366.80-366.83, Florida Statutes (F.S.), and Chapter 25-17, Florida Administrative Code (F.A.C.).

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.

State buildings are currently closed to the public and other restrictions on gathering remain in place due to COVID-19. Accordingly, the hearing will be conducted remotely, and all parties and witnesses shall be prepared to present argument and testimony by communications media technology. The Commission shall act as the host of the hearing and will use a combination of technologies to ensure full participation. The Commission will employ GoToMeeting as an audio and video platform for the hearing, which will include a telephone number for audio-only participation.

A GoToMeeting invitation shall be provided to counsel for each party. It shall be the responsibility of counsel to provide their clients, client representatives, and witnesses with the invitation, which will allow them to access the hearing, as necessary. Counsel for each party will also be provided the call-in number for audio participation.

Any member of the public who wants to observe or listen to the proceedings may do so by accessing the live video broadcast on each day of the hearing, which is available from the Commission website. Upon completion of the hearing, the archived video will also be available.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, 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 Subsection 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 follow the procedures for providing confidential electronic exhibits to the Commission Clerk prior to the hearing.
- (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 electronic exhibit.

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 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.

All witnesses have been excused with testimony and exhibits to be included in the record.

VI. ORDER OF WITNESSES

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
Miguel Bustos	FCG	1
Miguel Bustos	FCG	2-7, 8A, 8B, 9A, 9B, and 10
Curtis Young	Consolidated Companies	1
G. Scott Ranck	Consolidated Companies	2-7

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
Karen L. Bramley	PGS	1-8
Jerry H. Melendy	SEBRING	1
Jerry H. Melendy	SEBRING	2-7

VII. BASIC POSITIONS

FCG: FCG has appropriately calculated its true-up amounts and NGCCR Factors as shown in the Company's positions on Issue Nos. 1 through 7 below. The Company's proposed NGCCR 2021 Factors, final True-Up amount for 2019, and Actual/Estimated True-Up amount for 2020 are consistent with the Commission's methodology for calculating the net true-up and recovery factors for the gas conservation programs and, therefore, should be approved. Additionally, FCG has demonstrated that it is reasonable and appropriate to apply the NGCCR Factors to the GS-1250k and GS-11 M – GS-25M rate classes consistent with FCG's cost allocation methodology approved by the Commission to help avoid cross-subsidization and reduce the potential for free riders.

Consolidated

Companies: The Commission should approve the Consolidated Companies' respective final net true-ups for the period January through December 2019, the estimated true-up for the period January through December, 2020, and the projected conservation program expenses and recovery factors for the period January through December, 2021.

PGS: The Commission should determine that Peoples Gas System has properly calculated its conservation cost recovery true-up and projections and the natural gas conservation cost recovery factors set forth in the testimony and exhibits of Witness Karen L. Bramley during the period January 2021 through December 2021.

SEBRING: The Commission should approve Sebring's respective final net true-ups for the period January through December 2019, the estimated true-up for the period January through December, 2020, and the projected conservation program expenses and recovery factors for the period January through December, 2021.

SJNG: The Commission should approve the final adjusted net true-up amount for the twelve-month period ending December 31, 2020 including interest, the projected conservation program expenses for the twelve-month period ending Dec 31, 2021 and the Conservation Cost Recovery Factors to be applied to customer bills

rendered for the twelve-month period ending December 31, 2021 as filed by SJNG.

OPC: The utilities bear the burden of proof to justify the recovery of costs they request in this docket. The utilities must carry this burden regardless of whether or not the Interveners provide evidence to the contrary. Further, the utilities bear the burden of proof to support their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought. Even if the Commission has previously approved a program, recovery of a cost, factor, or adjustment as meeting the Commission's *own* requirements, the utilities still bear the burden of demonstrating that the costs submitted for final recovery meet any statutory test(s) and are reasonable in amount and prudently incurred. Further, recovery of even prudently incurred costs is constrained by the Commission's obligation to set fair, just, and reasonable rates. Further, pursuant to Section 366.01, Florida Statutes, the provisions of Chapter 366 must be liberally construed to protect the public welfare.

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

The parties' positions on the issues are set forth below; however, as set forth at Section X of this Order, stipulations have been proposed for each of these issues.

ISSUE 1: **What are the final conservation cost recovery adjustment true-up amounts for the January 2019 through December 2019?**

FCG: The final net true-up amount (including interest, adjustments, and the estimated under-recovery) for the period January 2019 through December 2019 is an under-recovery of \$454,477. *See* FCG Exhibit MB-1. (*FCG witness Bustos*)

Consolidated

Companies: The Consolidated Companies under-recovered \$193,938, as compared to the estimated under-recovery of 96,411, resulting in an adjusted end of period total true up amount of an under-recovery of \$97,527.

PGS: An adjusted net true-up under-recovery of \$343,120, including interest. (Witness: Bramley)

SEBRING: Final adjusted true up amount for the period is an under-recovery of \$2,945.

SJNG: An over-recovery of \$12,036.

OPC: The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer's bill is based on clause recovery in this docket and others. The Commission has not held a contested proceeding where testimony from witnesses was heard and discussed in open hearing. The OPC does not accept that, given these circumstances, that the costs proposed for final true-up can necessarily be deemed prudent.

STAFF: Staff has no position at this time.

ISSUE 2: What are the appropriate conservation adjustment actual/estimated true-up amounts for the period January 2020 through December 2020?

FCG: The Actual/Estimated True-Up (based on actual data for six months and projected data for six months) for the current period January 2020 through December 2020 is an under-recovery of \$291,790. *See* FCG Exhibit MB-2, Schedule C-3, page 4, line 8. The interest on this under-recovery is \$3,402. *See* FCG Exhibit MB-2, Schedule C-3, page 5, line 10. (*FCG witness Bustos*)

Consolidated

Companies: The projected true-up for the period January 2020 through December 2020 is an under-recovery of \$710,598.

PGS: An under-recovery of \$807,578, including interest. (Witness: Bramley)

SEBRING: The appropriate actual/estimated true up for the period, net of the prior period adjustment, is an over-recovery of \$4,829.

SJNG: Conservation adjustment actual/estimated true-up is \$118,560 under-recovery.

OPC: The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer's bill is based on clause recovery in this docket and others. The Commission has not held a contested proceeding where testimony from witnesses was heard and discussed in open hearing. The OPC does not accept that, given these circumstances, that the estimated/actual costs proposed for recovery can necessarily be deemed reasonable.

STAFF: Staff has no position at this time.

ISSUE 3: What are the appropriate total conservation adjustment true-up amounts to be collected/refunded from January 2021 through December 2021?

FCG: The total net true-up (inclusive of the final true-up for 2019, the Actual/Estimated True-Up for 2020, and interest) to be collected from January 2021 through December 2021 is an under-recovery of \$749,669. *See FCG Exhibit MB-2, Schedule C-3, page 4, line 12. (FCG witness Bustos)*

Consolidated

Companies: The projected net true-up is an under-recovery of \$808,125.

PGS: A collection of \$1,150,698, including interest. (Witness: Bramley)

SEBRING: The appropriate amount is an over-recovery of \$1,884.

SJNG: The total conservation adjustment true-up amount to be collected is \$106,524 under-recovery.

OPC: The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer's bill is based on clause recovery in this docket and others. The Commission has not held a contested proceeding where testimony from witnesses was heard and discussed in open hearing. The OPC does not accept that, given these circumstances, that the costs proposed for final true-up can necessarily be deemed prudent and thus collected.

STAFF: Staff has no position at this time.

ISSUE 4: What is the total conservation cost recovery amounts to be collected during the period January 2021 through December 2021?

FCG: Applying the total net true-up results in a total of \$6,540,349 of energy conservation program costs to be collected during the period January 2021 through December 2021. *See FCG Exhibit MB-2, Schedule C-1. (FCG witness Bustos)*

Consolidated

Companies: A total of \$3,991,575 remains to be recovered during the period January 1, 2021 through December 31, 2021.

PGS: \$18,782,204 (including current period estimated true-up). (Witness: Bramley)

SEBRING: The projected conservation costs for January 2021 through December 2021 are projected to be \$27,934, which results in a total amount of \$26,050 to be recovered during the period January 2021 through December 2021.

SJNG: The true-up amount to be collected is \$254,349 under-recovery.

OPC: The OPC is not in agreement that the Companies have demonstrated that they have met their burden to demonstrate that costs are reasonable and prudent. A significant percentage of the costs on a customer's bill is based on clause recovery in this docket and others. The Commission has not held a contested proceeding where testimony from witnesses was heard and discussed in open hearing. The OPC does not accept that, given these circumstances, that the costs proposed for recovery can necessarily be deemed reasonable or prudent and thus collected.

STAFF: Staff has no position at this time.

ISSUE 5: What are the conservation cost recovery factors for the period January 2021 through December 2021?

FCG: The appropriate factors are:

<u>Rate Class</u>	<u>CCR Factor (\$/per therm)</u>
RS-1	\$0.26401
RS-100	\$0.14211
RS-600	\$0.08400
GS-1	\$0.05728
GS-6K	\$0.04197
GS-25K	\$0.04136
Gas Lights	\$0.06523
GS-120K	\$0.02629
GS1250K	\$0.01863
GS-11M – GS-25M	\$0.01094

See FCG Exhibit MB-2, Schedule C-1. (FCG witness Bustos)

Consolidated

Companies: The appropriate factors are:

CUC: The appropriate factors are:

<u>Rate Class</u>	<u>Adjustment Factor (dollars per therm)</u>
FTS-A	\$0.18991
FTS-B	\$0.14315
FTS-1	\$0.12747

FTS-2	\$0.06564
FTS-2.1	\$0.04827
FTS-3	\$0.04341
FTS-3.1	\$0.03171
FTS-4	\$0.02651
FTS-5	\$0.02285
FTS-6	\$0.01928
FTS-7	\$0.01295
FTS-8	\$0.01175
FTS-9	\$0.00981
FTS-10	\$0.00936
FTS-11	\$0.00737
FTS-12	\$0.00651

The Consolidated Companies also seek approval of the following experimental per bill Conservation Cost Recovery Adjustment (Experimental) factors for Chesapeake:

<u>Rate Class</u>	<u>ECCR Factor (\$ per bill)</u>
FTS-A	\$1.16
FTS-B	\$1.52
FTS-1	\$1.90
FTS-2	\$3.88
FTS-2.1	\$5.51
FTS-3	\$13.35
FTS-3.1	\$18.57

FPUC and FPU-Fort Meade:

The appropriate factors are:

<u>Rate Class</u>	<u>Adjustment Factor (dollars per therm)</u>
RESIDENTIAL (FPU,Fort Meade)	\$0.07642
COMMERCIAL SMALL (FPU.Fort Meade) (Gen Srv GS1 & GS Transportation <600)	\$0.04805
COMMERCIAL SMALL (FPU, Fort Meade) (Gen Srv GS2 & GS Transportation >600)	\$0.03549
COMM. LRG VOLUME (FPU, Fort Meade) (Large Vol & LV Transportation <,> 50,000 units)	\$0.02965
Natural Gas Vehicles	\$0.01278

Indiantown: The appropriate factors are:

<u>Rate Class</u>	<u>Adjustment Factor (dollars per therm)</u>
TS1 (INDIANTOWN DIVISION)	\$0.07366
TS2 (INDIANTOWN DIVISION)	\$0.01021
TS3 (INDIANTOWN DIVISION)	\$0.01727
TS4 (INDIANTOWN DIVISION)	\$0.0000

PGS: For the period January 2021 through December 2021 the cost recovery factors are as follows:

<u>Rate Schedule</u>	<u>Cost Recovery Factors (Dollars per Therm)</u>
RS & RS-SG & RS-GHP	0.09591
SGS	0.06210
GS-1 & CS-SG & CS-GHP	0.03043
GS-2	0.02224
GS-3	0.01840
GS-4	0.01353
GS-5	0.00996
NGVS	0.01957
CSLS	0.01603

(Witness: Bramley)

SEBRING: Sebring's proposed conservation cost recovery factors for 2021 are:

TS-1	\$.10222
TS-2	\$.03987
TS-3	\$.02533
TS-4	\$.02339

SJNG:	<u>Rate Class</u>	<u>Rate/\$Per Therm</u>
	RS-1	\$0.90626
	RS-2	\$0.57353
	RS-3	\$0.47108
	GS-1	\$0.40182
	GS-2	\$0.15167
	GS-4/TS-4	\$0.12696

OPC: No position at this time; however, the factors should be based on costs deemed reasonable and or prudent after a hearing.

STAFF: Staff has no position at this time.

ISSUE 6: **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?**

FCG: Yes. The Commission should approve revised tariffs reflecting the new energy conservation cost recovery charges 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. (*FCG witness Bustos*)

Consolidated

Companies: Yes. The Commission should approve revised tariffs reflecting the natural gas conservation cost recovery amounts and establishing 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.

PGS: Yes, the Commission should approve revised tariffs reflecting the energy conservation cost recovery amounts and establishing energy conservation cost recovery factors determined to be appropriate in this proceeding. (Witness: Bramley)

SEBRING: Yes. The Commission should approve revised tariffs reflecting the new energy conservation cost charges 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.

SJNG: Yes. The Commission should approve revised tariffs reflecting the new Conservation Cost Recovery charges determined to be appropriate in the proceeding.

OPC: No position at this time; however, the factors contained in the tariff(s) should be based on costs deemed reasonable and or prudent after a hearing.

STAFF: Staff has no position at this time.

ISSUE 7: **What should be the effective date of the new conservation cost recovery factors for billing purposes?**

FCG: The new conservation cost recovery factors should be effective beginning the first billing cycle in January 2021 through the last billing cycle in December 2021, and continuing until modified by subsequent order of this Commission. (*FCG witness Bustos*)

Consolidated

Companies: The factors should be effective beginning with the specified conservation cost recovery cycle and thereafter for the period January 2021 through December 2021. Billing cycles may start before January 1, 2021 and the last cycle may be read after December 31, 2021, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

PGS: The factors should be effective beginning with the specified conservation cost recovery cycle and thereafter for the period January 2021 through December 2021. Billing cycles may start before January 1, 2021, and the last cycle may be read after December 31, 2021, so long as each customer is billed for 12 months regardless of when the factors became effective. (Witness: Bramley)

SEBRING: The new conservation cost recovery factors should be effective for all meter readings on or after January 1, 2021 and should apply to bills rendered for meter readings taken between January 1, 2021 and December 31, 2021.

SJNG: The effective date should be January 1, 2021.

OPC: No position.

STAFF: Staff has no position at this time.

COMPANY-SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES

Florida City Gas

ISSUE 8: **Should the Commission approve FCG's Petition to establish a conservation cost recovery factor for the GS-1250K rate class, and if so, what is the appropriate conservation cost recovery factor for the period January 2021 through December 2021?**

FCG: Yes. During the last two years, FCG has increased its technical support of its industrial customers, including for rate class GS-1250K, which support includes energy efficiency technology guidance and energy conservation program solutions, cost benefit analysis and on-site visits. The costs associated with such technical support are recovered through the NGCCR Factors. Additionally, all industrial customers, including the GS-1250K rate class, are eligible to participate in FCG's commercial and industrial programs (Programs 9 through 11 in Schedule C-5 of Exhibit MB-2). There currently are eight (8) industrial customers receiving service under the GS-1250K tariff rate, and there are two (2) potential new customers that may become active customers in 2021 at a GS-1250K level or above. Although the customers in rate class GS-1250K are

currently eligible for and do receive these benefits today, they have not previously been charged a NGCCR Factor. FCG's request to apply the NGCCR Factors to the GS-1250K rate class is intended to help avoid cross subsidization by other rate classes and reduce the potential for free riders that benefit from but do not pay for the applicable energy conservation programs. Consistent with FCG's cost allocation methodology approved by the Commission, FCG submits that the appropriate NGCCR Factor to be applied to the GS-1250K rate class for the period January 2021 through December 2021 is \$0.01863 per therm. If FCG's request is denied, FCG would need to close its energy conservation programs and discontinue providing conservation and efficiency related technical support for the GS-1250K rate class in order to avoid free ridership and cross subsidization by other rate classes. (*FCG witness Bustos*)

Consolidated

Companies: No position.

PGS: No position.

SEBRING: No position.

SJNG: No position.

OPC: No position at this time; however, the factors should be based on costs deemed reasonable and or prudent after a hearing.

STAFF: Staff has no position at this time.

ISSUE 9: **Should the Commission approve FCG's Petition to establish a conservation cost recovery factor for the GS11M-GS25M rate class, and if so, what is the appropriate conservation cost recovery factor for the period January 2021 through December 2021?**

FCG: Yes. During the last two years, FCG has increased its technical support of its industrial customers, including for rate classes GS-11M – GS-25M, which support includes energy efficiency technology guidance and energy conservation program solutions, cost benefit analysis and on-site visits. The costs associated with such technical support are recovered through the NGCCR Factors. Additionally, all industrial customers, including the GS-11M – GS-25M rate classes, are eligible to participate in FCG's commercial and industrial programs (Programs 9 through 11 in Schedule C-5 of Exhibit MB-2). Currently there are no industrial customers in the GS-11M – GS-25M rate classes but, based on conversations with potential customers, FCG projects that there could be one (1) potential new customer in 2021 at a GS-11M level or above. Currently, the NGCCR Factor is not applied to the GS-11M – GS-25M rate classes because FCG has not previously projected

any customers in these rate classes. FCG's request to apply the NGCCR Factors to the GS-11M – GS-25M rate classes is intended to help avoid cross subsidization by other rate classes and reduce the potential for free riders that benefit from but do not pay for the applicable energy conservation programs. Consistent with FCG's cost allocation methodology approved by the Commission, FCG submits that the appropriate NGCCR Factor to be applied to the GS-11M – GS-25M rate classes for the period January 2021 through December 2021 is \$0.01094 per therm. If FCG's request is denied, FCG would need to close its energy conservation programs and discontinue providing conservation and efficiency related technical support for the GS-11M – GS-25M rate classes in order to avoid free ridership and cross subsidization by other rate classes. (*FCG witness Bustos*)

Consolidated

Companies: No position.

PGS: No position.

SEBRING: No position.

SJNG: No position.

OPC: No position at this time; however, the factors should be based on costs deemed reasonable and or prudent after a hearing

STAFF: Staff has no position at this time.

ISSUE 10: Should this docket be closed?

FCG: Yes. This docket should be closed upon the issuance of an appropriate order approving Company's proposed 2021 NGCCR Factors for application to bills beginning the first billing cycle in January 2021 through the last billing cycle in December 2021, and continuing until modified by subsequent order of the Commission. (*FCG witness Bustos*)

Consolidated

Companies: This is an ongoing proceeding; however, upon the conclusion of this year's proceeding, this docket should be closed and a new docket should be opened to address cost recovery for 2021.

PGS: Yes, Docket No. 20200004-GU should be closed once the Commission's decisions on all of the issues in the docket have become final and the Commission has concluded that the docket has otherwise met the requirements for closure. (Witness: Bramley)

SEBRING: Recognizing that this is an ongoing cost recovery docket, this docket should be closed after the time for filing an appeal has run, and a new docket should be opened for gas conservation cost recovery in 2021.

SJNG: Yes please.

OPC: No position.

STAFF: Staff has no position at this time.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
<u>Direct</u>			
Miguel Bustos	FCG	MB-1	Calculation of FCG’s final NGCCR True-Up amount related to the twelve-month period ended December 31, 2019
Miguel Bustos	FCG	MB-2	Commission prescribed forms supporting calculation of FCG’s Actual/Estimated True-Up amount for the current period January 2020 through December 2020 and FCG’s proposed 2021 NGCCR Factors
Curtis Young	Consolidated Companies	CDY-1	True-Up Variance Analysis [Schedules CT1-CT6]
G. Scott Ranck	Consolidated Companies	GSR-1	Projections: Estimated ECCR charges by rate class [Schedules C-1 through C-4]
Karen L. Bramley	PGS	KLB-1	Schedules supporting cost recovery factor, actual January 2019 – December 2019

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Karen L. Bramley	PGS	KLB-2	Schedules supporting conservation costs projected for the period January 2021 – December 2021
Jerry Melendy	SEBRING	JHM-1	True-Up Variance Analysis [Schedules CT1-CT6]
Jerry Melendy	SEBRING	JHM-2	Projections: Estimated ECCR charges by rate class [Schedules C-1 through C-4]
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

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

X. PROPOSED STIPULATIONS

There are proposed Type 2 stipulations¹ as stated below.

FCG, the Consolidated Companies, PGS, Sebring, SJNG, and Commission staff support the proposed stipulations. The OPC position on each Type 2 stipulation is as follows:

OPC takes no position on these issues nor does it have the burden of proof related to them. As such, the OPC represents that it will not contest or oppose the Commission taking action approving a proposed stipulation between the Company and another party or staff as a final resolution of the issue. No person is authorized to state that the OPC is a participant in, or party to, a stipulation on these issues, either in this docket, in an order of the Commission or in a representation to a Court.

All witnesses are excused with testimony and exhibits to be included in the record.

¹ A Type 2 stipulation occurs on an issue when the utility and the staff, or the utility and at least one party adversarial to the utility, agree on the resolution of the issue and the remaining parties (including staff if they do not join in the agreement) do not object to the Commission relying on the agreed language to resolve that issue in a final order.

ISSUE 1: What are the final conservation cost recovery adjustment true-up amounts for the January 2019 through December 2019?**POSITION:** The appropriate final conservation cost recovery true-up amounts for the period January 2019 through December 2019 are as follows:

FCG	\$454,477	Under-recovery
Consolidated Companies	\$97,527	Under-recovery
PGS	\$343,120	Under-recovery
Sebring	\$2,945	Under-recovery
SJNG	\$12,036	Over-recovery

ISSUE 2: What are the appropriate conservation adjustment actual/estimated true-up amounts for the period January 2020 through December 2020?**POSITION:** The appropriate conservation cost adjustment actual/estimated true-up amounts for the period January 2020 through December 2020 are as follows:

FCG	\$295,192	Under-recovery
Consolidated Companies	\$710,598	Under-recovery
PGS	\$807,578	Under-recovery
Sebring	\$4,829	Over-recovery
SJNG	\$118,560	Under-recovery

ISSUE 3: What are the appropriate total conservation adjustment true-up amounts to be collected/refunded from January 2021 through December 2021?**POSITION:** The appropriate total conservation adjustment true-up amounts to be collected/refunded from January 2020 through December 2020 are as follows:

FCG	\$749,669	Under-recovery
Consolidated Companies	\$808,125	Under-recovery
PGS	\$1,150,698	Under-recovery
Sebring	\$1,884	Over-recovery
SJNG	\$106,524	Under-recovery

ISSUE 4: What is the total conservation cost recovery amounts to be collected during the period January 2021 through December 2021?**POSITION:** The total conservation cost recovery amounts to be collected during the period January 2021 through December 2021 are as follows:

FCG	\$6,540,349
Consolidated Companies	\$3,991,575

PGS	\$18,782,204
Sebring	\$26,050
SJNG	\$254,349

ISSUE 5: What are the conservation cost recovery factors for the period January 2021 through December 2021?

POSITION: The appropriate conservation cost recovery factors for the period January 2021 through December 2021 are as follows:

FCG: The appropriate factors are:

<u>Rate Class</u>	<u>CCR Factor (\$/per therm)</u>
RS-1	\$0.26401
RS-100	\$0.14211
RS-600	\$0.08400
GS-1	\$0.05728
GS-6K	\$0.04197
GS-25K	\$0.04136
Gas Lights	\$0.06523
GS-120K	\$0.02629
GS1250K	\$0.01863
GS-11M – GS-25M	\$0.01094

See FCG Exhibit MB-2, Schedule C-1. (FCG witness Bustos)

Consolidated

Companies: The appropriate factors are:

CUC:

<u>Rate Class</u>	<u>Adjustment Factor (dollars per therm)</u>
FTS-A	\$0.18991
FTS-B	\$0.14315
FTS-1	\$0.12747
FTS-2	\$0.06564
FTS-2.1	\$0.04827
FTS-3	\$0.04341
FTS-3.1	\$0.03171
FTS-4	\$0.02651
FTS-5	\$0.02285
FTS-6	\$0.01928
FTS-7	\$0.01295
FTS-8	\$0.01175
FTS-9	\$0.00981

FTS-10	\$0.00936
FTS-11	\$0.00737
FTS-12	\$0.00651

The Consolidated Companies also seek approval of the following experimental per bill Conservation Cost Recovery Adjustment (Experimental) factors for Chesapeake:

<u>Rate Class</u>	<u>ECCR Factor (\$ per bill)</u>
FTS-A	\$1.16
FTS-B	\$1.52
FTS-1	\$1.90
FTS-2	\$3.88
FTS-2.1	\$5.51
FTS-3	\$13.35
FTS-3.1	\$18.57

FPUC and FPU-Fort Meade:

<u>Rate Class</u>	<u>Adjustment Factor (dollars per therm)</u>
RESIDENTIAL (FPU,Fort Meade)	\$0.07642
COMMERCIAL SMALL (FPU,Fort Meade) (Gen Srv GS1 & GS Transportation <600)	\$0.04805
COMMERCIAL SMALL (FPU, Fort Meade) (Gen Srv GS2 & GS Transportation >600)	\$0.03549
COMM. LRG VOLUME (FPU, Fort Meade) (Large Vol & LV Transportation <,> 50,000 units)	\$0.02965
Natural Gas Vehicles	\$0.01278

Indiantown:

<u>Rate Class</u>	<u>Adjustment Factor (dollars per therm)</u>
TS1 (INDIANTOWN DIVISION)	\$0.07366
TS2 (INDIANTOWN DIVISION)	\$0.01021
TS3 (INDIANTOWN DIVISION)	\$0.01727
TS4 (INDIANTOWN DIVISION)	\$0.0000

PGS: For the period January 2021 through December 2021 the cost recovery factors are as follows:

<u>Rate Schedule</u>	<u>Cost Recovery Factors (Dollars per Therm)</u>
RS & RS-SG & RS-GHP	0.09591
SGS	0.06210
GS-1 & CS-SG & CS-GHP	0.03043
GS-2	0.02224
GS-3	0.01840
GS-4	0.01353
GS-5	0.00996
NGVS	0.01957
CSLS	0.01603

SEBRING: Sebring's proposed conservation cost recovery factors for 2021 are:

TS-1	\$.10222
TS-2	\$.03987
TS-3	\$.02533
TS-4	\$.02339

SJNG:	<u>Rate Class</u>	<u>Rate/\$Per Therm</u>
	RS-1	\$0.90626
	RS-2	\$0.57353
	RS-3	\$0.47108
	GS-1	\$0.40182
	GS-2	\$0.15167
	GS-4/TS-4	\$0.12696

ISSUE 6: 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 new energy conservation cost charges 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.

ISSUE 7: 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 2021 through December 2021. Billing cycles may start before January 1, 2021 and the last cycle may be read after December 31, 2021, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

COMPANY-SPECIFIC ENVIRONMENTAL COST RECOVERY ISSUES

Florida City Gas

ISSUE 8: Should the Commission approve FCG's Petition to establish a conservation cost recovery factor for the GS-1250K rate class, and if so, what is the appropriate conservation cost recovery factor for the period January 2021 through December 2021?

POSITION: Yes. The Commission should approve FCG's Petition to establish a conservation cost recovery factor for the GS-1250K rate class, and the appropriate conservation cost recovery factor for the period January 2021 through December 2021 should be 0.01863 dollars per therm.

ISSUE 9: Should the Commission approve FCG's Petition to establish a conservation cost recovery factor for the GS11M-GS25M rate class, and if so, what is the appropriate conservation cost recovery factor for the period January 2021 through December 2021?

POSITION: Yes. The Commission should approve FCG's Petition to establish a conservation cost recovery factor for the GS-11M-GS25M rate class, and the appropriate conservation cost recovery factor for the period January 2021 through December 2021 should be 0.01094 dollars per therm.

ISSUE 10: Should this docket be closed?

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

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; 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 five minutes per party.

Each witness shall be given three minutes for a summary of their testimony.

The parties shall provide cross-examination exhibits, including impeachment exhibits, to the Commission Clerk by the close of business on **October 27, 2020**, following the procedures set forth in Attachment A. The exhibits that are pre-filed and designated as cross-examination or impeachment exhibits will not be viewed by opposing witnesses or opposing counsel or otherwise have their contents or identity communicated to such witnesses or counsel.

It is therefore,

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

ORDER NO. PSC-2020-0412-PHO-GU

DOCKET NO. 20200004-GU

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By ORDER of Commissioner Andrew Giles Fay, as Prehearing Officer, this 29th day of October, 2020.



ANDREW GILES FAY

Commissioner and Prehearing Officer

Florida Public Service Commission

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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.

GAP

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.

ATTACHMENT A

Requirements related to providing Cross-Examination Exhibits prior to Hearing

By October 27, 2020, each party must provide the Commission Clerk an electronic copy of all cross-examination exhibits, including impeachment exhibits, the party plans to use during the hearing. All cross-examination exhibits must be provided to the Clerk's Office on either USB flash drives or CDs. Confidential documents must be placed on one USB flash drive or CD, and non-confidential exhibits must be placed on a different or separate USB flash drive or CD. This is because the Clerk's Office will process the confidential exhibits, and will transmit all non-confidential exhibits to the General Counsel's Office for processing. All USB flash drives or CDs provided to the Clerk's Office must be clearly labeled as confidential or non-confidential, and the label must also include the Docket Number(s) and the name of the party providing the exhibits.

Each party must also provide to the Clerk by October 27, 2020, a table listing the exhibit numbers and short titles of each cross-examination exhibit provided to the Clerk. Pursuant to Rule 25-22.006(3), F.A.C., a notice of intent to request confidential classification must be filed for all confidential information.

Each party must pre-number each exhibit with the following sequential numbering system that clearly denotes confidential exhibits. For example, DEF will pre-identify its cross-examination exhibits DEF-1, DEF-2, DEF-3, etc. All confidential exhibits must include the letter "C" placed after the number. Thus, if DEF's third exhibit is confidential, it will be labeled DEF-3C.

Each exhibit must be saved as a separate electronic file, and each file must be labeled with the exhibit number that reflects the information contained in the exhibit. The exhibit number will serve as the filename in the virtual folder during the hearing. Each exhibit must also include a cover page that includes the exhibit number. In addition, each exhibit must include sequentially numbered pages. The page numbers must be placed in the upper right-hand corner of each page.

The confidential and non-confidential cross-examination exhibits will be made available to the parties in virtual folders the day before the hearing. The cross-examination exhibits will be made available to the parties for the sole purpose of providing the witnesses and their counsel with the opportunity to print the exhibits or download them to their electronic devices for use during the hearing.² The parties must not view or read the exhibits prior to the hearing. Parties will be provided usernames and passwords by Commission staff that will give them access to the confidential exhibits and any other confidential information that will be used during the hearing. By October 27, 2020, parties must provide the Commission Clerk with the list of names of those persons who should be given a user name and password to access confidential information.

² Microsoft Chrome is the best internet browser to use to access the virtual folder.