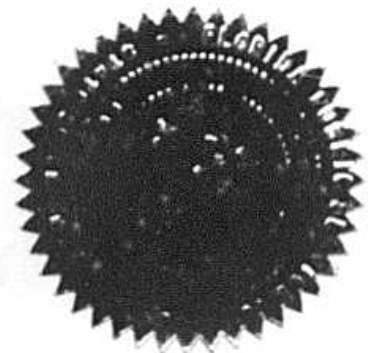


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of : DOCKET NO. 950003-GU
Purchased Gas Adjustment :
(PGA) True-Up :



PROCEEDINGS: HEARING

BEFORE: COMMISSIONER J. TERRY DEASON
COMMISSIONER JULIA L. JOHNSON
COMMISSIONER DIANE K. KIESLING

DATE: Wednesday, March 8, 1995

TIME: Commenced at 9:50 a.m.

PLACE: Fletcher Building
FPSC Hearing Room 106
101 East Gaines Street
Tallahassee, Florida

REPORTED BY: JOY KELLY, CSR, RPR
Chief, Bureau of Reporting
Official Commission Reporter

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1 APPEARANCES:

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13 (904) 487-2740, appearing on behalf of the **Commission**
14 **Staff**.

15 **PRENTICE P. PRUITT**, Florida Public Service
16 Commission, Office of General Counsel, 101 East Gaines
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I N D E X

WITNESSES

3	NAME	PAGE NO.
4	ANNE V. WOOD Prefiled Direct Testimony Inserted Into the Record by Stipulation	8
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EXHIBITS

1	NUMBER		IDENTIFIED	ADMITTED
3	1	(Wood) AVW-1	7	7
4	2	(Wood) AVW-2	7	7
5	3	(Chymiy) PJC-1	7	7
6	4	(Bachman) GMB-	7	7
7	5	(Bachman) GMB-3	7	7
8	6	(Grey) HMG-1	7	7
9	7	(Grey) HMG-2	7	7
10	8	(Melendy) JHM-02	7	7
11	9	(Kahl) EJK-1	7	7
12	10	(Kahl) EJK-2	7	7
13	11	(Shoaf) SJNG-2/E-1	7	7
14	12	(Shoaf) SJNG-1/E-2	7	7
15	13	(Shoaf) SJNG-1/E-3	7	7
16	14	(Shoaf) SJNG-1/E-4	7	7
17	15	(Shoaf) SJNG-1/A-1	7	7
18	16	(Goodwin) TG-1	7	7
19	17	(Goodwin) TG-2	7	7

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14 CERTIFICATE OF REPORTER

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P R O C E E D I N G S

(Hearing convened at 9:50 a.m.)

COMMISSIONER DEASON: Call the hearing to order. We'll begin by having the notice read.

MS. BROWN: By notice issued February 10th, 1995, this time and place was set for a hearing in the following dockets: Docket 950001-EI, fuel and purchased power cost recovery clause; Docket 950002-EG, energy conservation cost recovery cause; Docket 950003-GU, purchased gas cost recovery clause; and Docket 950007-EI, environmental cost recovery clause.

The purpose of the hearing is described in the notice.

COMMISSIONER DEASON: We'll take appearances.

MR. HOWE: Commissioners, I'm Roger Howe with the Office of Public Counsel, appearing on behalf of the Citizens of the state of Florida in the 01, 02, 03 and 07 dockets.

MR. McWHIRTER: Mr. Chairman, my name is John McWhirter of the firm of MpcWhirter Reeves, appearing on behalf of the Florida Industrial Power Users Group in the 1, 2, 3 and 7 dockets.

MS. ERSTLING: Sheila Erstling and Beth Culpepper representing Staff in the 02 and 03 dockets.

MR. PRUITT: I'm Prentice Pruitt, counselor to

1 the Commissioners.

2 COMMISSIONER DEASON: Okay. Very well.

3 * * * * *

4 COMMISSIONER DEASON: We will now proceed into
5 the 03 docket.

6 MR. McWHIRTER: Mr. Chairman, I'd like to make
7 an appearance in the 03 docket on behalf of City Gas.
8 John McWhirter of the firm of McWhirter Reeves and
9 McGlothlin here subbing for Ms. Kaufman.

10 COMMISSIONER DEASON: Very well.

11 MS. ERSTLING: Commissioners, in 950003-GU,
12 the purchased gas adjustment, all the issues have been
13 stipulated by the parties. The witnesses have been
14 excused. At this particular point we would like to
15 enter the prefiled testimony and the exhibits into the
16 record. The exhibits are numbered 1 through 17,
17 starting from the first, Exhibit AVW-1, and then
18 proceeding down.

19 COMMISSIONER DEASON: Okay. The exhibits
20 contained in the Prehearing Order will be identified as
21 exhibits numbers 1 through 17, and there has been
22 prefiled testimony submitted for nine witnesses, I
23 believe, and you are at this point moving that the
24 prefiled testimony for all nine witnesses be inserted
25 into the record; is that correct?

1 MS. ERSTLING: That is correct.

2 COMMISSIONER DEASON: Without objection, that
3 testimony will be inserted into the record. And you're
4 moving the admittance of Exhibits 1 through 17.

5 MS. ERSTLING: Yes.

6 COMMISSIONER DEASON: Without objection
7 Exhibits 1 through 17 in the 03 docket will be admitted.

8 (Exhibit Nos. 1 through 17 marked for
9 identification and received in evidence.)

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1 Q. Please state your name, occupation, and business address.

2 A. My name is Anne V. Wood. I am Accounting and Rates Manager
3 of the Florida Division of Chesapeake Utilities Corporation.
4 My business address is 1015 6th Street, N. W., Winter Haven,
5 Florida 33882.

6 Q. Describe briefly your educational background and relevant
7 professional background.

8 A. I have a Bachelor of Arts Degree in Business
9 Administration/Accounting from Franklin and Marshall
10 College, Lancaster, Pennsylvania. I am also a licensed
11 Certified Public Accountant in New Jersey but am inactive at
12 this time. I was employed by Chesapeake Utilities in March
13 of 1988 as a Corporate Accountant. In September 1989, I was
14 promoted to the position of Accounting Manager for the
15 Florida Division. In January 1993, I also assumed the
16 responsibilities of Rates Manager.

17 Q. What is the purpose of your testimony?

18 A. The purpose of my testimony is to discuss the final true-up
19 for the period October 1993 through September 1994.

20 Exhibits

21 Q. Would you please identify the Composite Exhibit which you
22 are sponsoring with this testimony?

23 A. Yes. As Composite Exhibit AVW-1, I am sponsoring the
24 following schedules with respect to the final true-up for
25 the period October 1993 through September 1994:

26 A-1/MT-AO - Comparison of Actual vs. Original Estimate of

1 the Purchased Gas Adjustment Cost Recovery Factor - October
2 1993 through March 1994.

3 A-2 - Calculation of True-Up and Interest Provision -
4 October 1993 through March 1994.

5 A-3 - Residential Bill Comparison for Monthly Usage of 30
6 Therms - October 1993 through March 1994.

7 A-4 - Therm Sales and Customer Data - October 1993 through
8 March 1994.

9 A-4 - Trans - Transportation System Supply - October 1993
10 through March 1994.

11 A-5 - Conversion Factor Calculation - October 1993 through
12 March 1994.

13 A-6 - Therm Sales and Customer Data - Compared to Prior Year
14 - October 1993 through March 1994.

15 A-7P(1) & (2) - Transportation Purchases - System Supply and
16 End Use - October 1993 through March 1994.

17 A-1 - Comparison of Actual Versus Original Estimate of the
18 Purchased Gas Adjustment Cost Recovery Factor - April 1994
19 through September 1994.

20 A-1(2) - Purchased Gas Adjustment Cost Recovery Clause
21 Calculation - Schedule A-1 Supporting Detail - April 1994
22 through September 1994.

23 A-2 - Calculation of True-up and Interest Provision - April
24 1994 through September 1994.

25 A-3 - Transportation Purchases - April 1994 through
26 September 1994.

1 A-4 - Transportation System Supply - April 1994 through
2 September 1994.

3 A-5 - Therm Sales and Customer Data - April 1994 through
4 September 1994.

5 A-6 - Conversion Factor Calculation - April 1994 through
6 September 1994.

7 A-7 - Final Fuel Over/Under Recovery - October 1993 through
8 September 1994.

9 Also attached are the individual PGA filings for the months
10 of October 1993 through September 1994.

11 Q. Were these schedules prepared under your direction and
12 supervision?

13 A. Yes, they were.

14 Final True-Up October 1993 - September 1994

15 Q. What were total therm sales for the period October 1993
16 through September 1994?

17 A. Total therm sales subject to the PGA were 35,680,112 therms.

18 Q. What were total therm purchases for the period October 1993
19 through September 1994?

20 A. Total therm purchases were 32,951,678 therms.

21 Q. What was the cost of gas to be recovered through the PGA for
22 the period October 1993 through September 1994?

23 A. The cost of gas purchased for the period was \$9,024,849.

24 Q. What was the amount of gas revenue collected for the period
25 October 1993 through September 1994?

26

- 1 A. The amount of gas revenue collected to cover the cost of gas
2 was \$9,888,603.
- 3 Q. What is the total true-up provision for the period October
4 1993 through September 1994?
- 5 A. The total true-up provision, including interest, is an
6 overrecovery of \$884,270 for the period.
- 7 Q. What is the amount of estimated true-up included for October
8 1993 through March 1994 in the April 1994 through March 1995
9 PGA factor calculation?
- 10 A. The amount of estimated true-up for the period October 1993
11 through March 1994 included in the April 1994 through March
12 1995 PGA factor calculation was an underrecovery of
13 \$118,541.
- 14 Q. What is the amount of estimated true-up for April 1994
15 through September 1994 included in the calculation of the
16 final true-up for the period?
- 17 A. The amount of estimated true-up for April 1994 through
18 September 1994 included in the calculation is an
19 overcollection of \$1,103 which represents interest for the
20 period.
- 21 Q. What is the final over/underrecovery for the October 1993
22 through September 1994 period to be included in the April
23 1995 through March 1996 projection?
- 24 A. The final overrecovery for the current period to be included
25 in the April 1995 through March 1996 projection is
26 \$1,001,708.

1 Q. Does this conclude your testimony?

2 A. Yes, it does.

3

1 Q. Please state your name, occupation, and business
2 address.

3 A. My name is Anne V. Wood. I am Accounting and Rates
4 Manager of the Florida Division of Chesapeake
5 Utilities Corporation. My business address is 1015
6 6th Street, N. W., Winter Haven, Florida 33882.

7 Q. Describe briefly your educational background and
8 relevant professional background.

9 A. I have a Bachelor of Arts Degree in Business
10 Administration/Accounting from Franklin and Marshall
11 College, Lancaster, Pennsylvania. I am also a
12 licensed Certified Public Accountant in New Jersey but
13 am inactive at this time. I was employed by
14 Chesapeake Utilities in March of 1988 as a Corporate
15 Accountant. In September 1989, I was promoted to the
16 position of Accounting Manager for the Florida
17 Division. In January 1993, I also assumed the
18 responsibilities of Rates Manager.

19 Q. What is the purpose of your testimony?

20 A. The purpose of my testimony is to discuss the Florida
21 Division's calculation of its levelized purchased gas
22 cost factors for the twelve-month period April 1995
23 through March 1996.

24 Exhibits

25 Q. Would you please identify the Composite Exhibit which

1 you are sponsoring with this testimony?

2 A. Yes. As Composite Exhibit AMV-2, I am sponsoring the
3 following schedules with respect to the April 1995
4 through March 1996 levelized purchased gas cost factor
5 projection:

6 E-1 - PGA Calculation, Original Estimate for the
7 Projected Period April 1995 - March 1996. (Total
8 Company)

9 E-1 - PGA Calculation, Original Estimate for the
10 Projected Period April 1995 - March 1996 (Firm Sales
11 Customers)

12 E-1 - PGA Calculation, Original Estimate for the
13 Projected Period April 1995 - March 1996
14 (Interruptible Sales Customers)

15 E-1/R - PGA Calculation, Revised Estimate for the
16 Period April 1994 - March 1995 (Total Company)

17 E-1/R - PGA Calculation, Revised Estimate for the
18 Period April 1994 - March 1995 (Allocated Firm)

19 E-1/R - PGA Calculation, Revised Estimate for the
20 Period April 1994 - March 1995 (Allocated
21 Interruptible)

22 E-2 - Calculation of True-up Amount for the
23 Current Period April 1994 - March 1995

24 E-3 - Transportation Purchases for the Projected
25 Period April 1995 - March 1996

1 E-4 - Calculation of True-up Amount, Projected
2 Period April 1995 - March 1996

3 E-5 - Therm Sales and Customer Data for the
4 Projected Period April 1995 - March 1996

5 Q. Were these schedules prepared under your direction and
6 supervision?

7 A. Yes, they were.

8 Revised Estimate April 1994 - March 1995

9 Q. What is the revised estimate of total purchased gas
10 costs for the period April 1994 - March 1995?

11 A. The revised projection of purchased gas cost for the
12 current period is \$8,018,973.

13 Q. What is the revised projection of gas revenue to be
14 collected for the current period?

15 A. As shown on Schedule E-2 the company estimates the
16 total gas revenue to be collected during the period to
17 be \$8,142,813. This amount includes a refund of prior
18 period overcollections in the amount of \$86,944.
19 Therefore, the revenue collected to cover the current
20 period's gas cost is estimated to be \$8,229,757.

21 Q. What is the revised true-up amount, including
22 interest, estimated for the April 1994 - March 1995
23 period?

24 A. The company estimates the revised true-up, including
25 interest, to be an overcollection of \$254,409.

April 1995 - March 1996 Projection

- 1
- 2 Q. How did you develop your projection of the Florida
3 Division's cost of gas for the April 1995 - March 1996
4 period?
- 5 A. Our first step was to estimate our supply requirements
6 for each of the twelve months in the period. Our
7 projected supply requirements are based on our
8 projected sales and company use for each month. Once
9 we develop our supply requirements, we can then
10 determine how these requirements will be met. In
11 other words, we match our estimated requirements with
12 the gas supply that is available to us. All of our
13 gas requirements will be met utilizing our "FTS" (firm
14 transportation service) contract entitlement for the
15 projected period of April 1995 - March 1996.
- 16 Q. Please describe the general steps or mechanics of
17 projecting the total cost of gas for the April 1995 -
18 March 1996 period.
- 19 A. As shown on Schedule E-1 (Total Company) lines 1 - 11,
20 the total cost of gas consists of the cost of no-
21 notice transportation service (NNTS) on FGT, the
22 demand and commodity costs of firm transportation
23 service (FTS) on FGT, and the commodity cost of gas
24 estimated to be paid to our suppliers during the
25 period.

1 The demand component of "NNTS" and "FTS" services
2 (lines 2 and 5) is based on the Florida Division's
3 contract levels with FGT and an estimation of FGT's
4 demand rates for these two services. The demand rates
5 utilized for NNTS and FTS-1 service for the months of
6 April 1995 through June 1995 are the current rates in
7 effect. The rates utilized for July 1995 through
8 March 1996 are the rates proposed by FGT in its rate
9 case filed December 30, 1994. The demand rate
10 utilized for FTS-2 service is FGT's Phase III demand
11 rate estimated to be in effect February 1995. During
12 the period of April 1995 - March 1996, our "FTS"
13 contract entitlement exceeds our monthly gas
14 requirements. Therefore, we will be paying demand
15 charges in excess of the volumes actually transported
16 for system supply. Whenever possible, the Florida
17 Division will relinquish excess capacity in order to
18 lower its gas cost to its ratepayers.

19 The commodity portions of transportation system
20 supply are shown on Schedule E-1, lines 1 and 4. The
21 commodity pipeline amount (line 1) is based on FGT's
22 "FTS" commodity rate multiplied by the number of
23 therms transported for system supply. The commodity
24 rate utilized for the months of April 1995 through
25 June 1995 is the current rate in effect. The rate

1 utilized for the months of July 1995 through March
2 1996 is the rate proposed by FGT in its current rate
3 case.

4 The commodity other (line 4) is based on data
5 shown on Schedule E-3 which details our projected
6 direct supplier and/or producer purchases for the
7 twelve-month period. We projected the "FTS" commodity
8 cost on line 4 using a combination of analyses. We
9 analyzed the 1993 and 1994 monthly prices of natural
10 gas delivered to FGT by zone as reported in Inside
11 FERC Gas Market Report. We also reviewed the recent
12 NYMEX postings for the twelve months ended December
13 1995. Since August 1994, natural gas prices have been
14 substantially lower than previous periods. Recent
15 NYMEX postings indicate that this trend may continue.
16 However, we believe that gas prices could quickly
17 return to more "normal" prices in the next year. As
18 a result, for the purpose of establishing the annual
19 purchased gas factor, we have estimated the index
20 price of gas to be slightly higher than the average of
21 actual 1993 and 1994 prices. To this average, we
22 added our suppliers' estimated margin.

23 Q. How did you project total firm and interruptible
24 sales?

25 A. Firm sales were projected based on historical averages

- 1 in each firm rate class. The interruptible sales
2 projection was based on a combination of a survey
3 method (i.e., talking with the customer), historical
4 consumption and management judgment. These projected
5 therm sales are found on Schedule E-1, line 27.
6 Company use volumes are shown on line 26.
- 7 Q. How did you project company use volumes?
- 8 A. Company use volumes were estimated based on our
9 current level of compressed natural gas usage by
10 company vehicles.
- 11 Q. Based on the projected total cost of gas and projected
12 sales, what is the system-wide average cost per therm
13 for the twelve-month period ended March 1996?
- 14 A. This figure is shown on Schedule E-1 (Total Company),
15 line 40, and is 31.163 cents per therm. To arrive at
16 the total PGA factor, the 31.163 cents per therm is
17 adjusted for the estimated total true-up through March
18 1995 (shown on Schedule E-4) and for revenue-related
19 taxes.
- 20 Q. What is the system-wide projected PGA factor for the
21 period April 1995 - March 1996?
- 22 A. The projected system-wide PGA factor for the period is
23 30.397 cents per therm.
- 24 Q. The estimated total true-up for the twelve months
25 ended March 1995 as calculated on Schedule E-4 is

1 included in the projected PGA factor for the period
2 April 1995 - March 1996. Please explain how it was
3 calculated.

4 A. The final true-up amount for the period October 1993 -
5 March 1994 is added to the estimated end of period net
6 true-up for April 1994 - March 1995. The April 1994 -
7 March 1995 estimated true-up is based on eight months'
8 actual data plus four months' projected data.

9 Q. What is the impact of the total true-up for the twelve
10 months ended March 31, 1995 on the projected PGA
11 factor for the April 1995 - March 1996 period?

12 A. The projected true-up as of March 31, 1995 is an
13 overrecovery of \$471,634 (Schedule E-4). Dividing the
14 overrecovery by the April 1995 - March 1996 projected
15 therm sales of 35,303,930 results in a refund of 1.336
16 cents per therm to be included in the proposed PGA
17 factor.

18 Q. What is the maximum levelized purchased gas factor
19 (cap) that you are proposing for the April 1995 -
20 March 1996 period?

21 A. The maximum levelized purchased gas factor (cap) that
22 we are proposing for the period is 37.675 cents per
23 therm. This factor represents the projected firm
24 "winter" average cost of gas, plus the true-up and
25 taxes. Allocation of demand and commodity costs

1 between firm and interruptible rate classes results in
2 projected PGA factors for the twelve-month period,
3 including true-up and taxes, of 35.289 cents per therm
4 and 26.033 cents per therm for firm and interruptible
5 classes, respectively, for the period. However, since
6 the Company historically has experienced higher gas
7 costs during the winter months, the Company has
8 calculated a firm "winter" average cost of gas for the
9 months of October 1995 through March 1996 for the
10 purposes of establishing the maximum levelized
11 purchased gas cost factor (cap). This methodology
12 will allow us to minimize large underrecoveries during
13 the winter months, but allow us to flex downward in
14 the summer months in order to match current market
15 conditions and manage overrecoveries as well.

16 Q. Does this conclude your testimony?

17 A. Yes, it does.

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 PREPARED DIRECT TESTIMONY

3 OF

4 PAUL J. CHYMIY

5 ON BEHALF OF CITY GAS COMPANY OF FLORIDA

6 DOCKET NO. 950003-GU

7 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

8 A. My name is Paul J. Chymiy. My business address is One
9 Elizabethtown Plaza, Union, New Jersey 07083.

10 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

11 A. I am currently employed by NUI Corporation (NUI) as
12 Director of Planning within its Gas Supply and Planning
13 Department, which provides support and services to all
14 divisions of NUI, including City Gas Company of Florida
15 (City Gas). I have held this position since April 1992.

16 **Q. WHAT ARE YOUR RESPONSIBILITIES IN THAT POSITION?**

17 A. My responsibilities as Director of Planning include
18 supervision of the Manager, Forecasting and Analysis. My
19 department is responsible for analyzing and forecasting
20 gas demand from gas sales and services on a short and
21 long term basis. These activities include analyzing
22 demand profiles of the NUI operating divisions' various
23 customer classes, planning and coordinating forecasts of
24 new customer growth and market demand assumptions, and
25 developing short and long term forecasts of gas demand

1 used by the NUI operating divisions for planning
2 purposes. In my position, I am also responsible for the
3 analysis and evaluation of gas service options and the
4 development of long and short term gas service strategies
5 and plans for the NUI operating divisions.

6 **Q. PLEASE DESCRIBE YOUR PRIOR PROFESSIONAL EXPERIENCE.**

7 A. From September 1983 to January 1986, I was employed by
8 NUI's Elizabethtown division as a Staff Attorney. In
9 January 1986 I was promoted to the position of Senior
10 Attorney. In Elizabethtown's Legal Department I was
11 responsible for, among other things, general coordination
12 of Elizabethtown's position in federal regulatory
13 proceedings in concert with Elizabethtown's Washington
14 D.C. counsel and review of long and short term gas supply
15 and transportation agreements.

16 In July 1988 I was promoted to the position of
17 Manager of Gas Supply. Among my responsibilities in that
18 role were involvement in long and short term supply
19 planning and gas acquisition, negotiation of long term
20 gas supply and service agreements, and supervision of the
21 Administrator of Gas Acquisition and Coordinator, Gas
22 Supply. In July 1991 I assumed the position of Manager
23 of Planning in the Gas Supply and Planning Department.
24 In April 1992 I was promoted to my current position.

25 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

1 A. I received a Bachelor of Science degree in Civil
2 Engineering from the New Jersey Institute of Technology
3 in 1980 and a Juris Doctor degree from the Rutgers School
4 of Law, Newark in 1983.

5 Q. PLEASE DESCRIBE YOUR PROFESSIONAL MEMBERSHIPS.

6 A. During my tenure with NUI, I have served on the
7 Associated Gas Distributor's Operating Committee and have
8 retained membership in the Federal Energy Bar
9 Association. I am also a member of the American Gas
10 Association's Statistics and Load Forecast Methods
11 Committee. Recently, I served on the Gas Utility
12 Subcommittee of the Industrial Advisory Council of the
13 New Jersey Energy Master Plan Committee.

14 Q. HAVE YOU PRESENTED TESTIMONY TO THIS COMMISSION?

15 A. Yes. I submitted prefiled rebuttal testimony in City
16 Gas' last general base rate proceeding before this
17 Commission in Docket No. 940276-GU. That case reached
18 a stipulated settlement.

19 Q. MR. CHYMIY, WHAT IS THE PURPOSE OF YOUR TESTIMONY?

20 A. The purpose of my testimony is to present the revised
21 estimate of the Company's projection of gas costs for
22 the period October, 1994 through March, 1995. I will
23 describe generally the Company's projection of gas
24 costs and the development of the maximum rate to be
25 charged to customers for the period April, 1995 through

1 March, 1996.

2 **Q. HAS THE COMPANY PREPARED THE FORMS AS PRESCRIBED BY**
3 **THIS COMMISSION FOR THIS PURPOSE?**

4 A. Yes. The forms prescribed by the Commission are being
5 filed at this time. Copies are attached to my
6 testimony.

7 **Q. CAN YOU EXPLAIN THE PROJECTION METHODOLOGY?**

8 A. Yes. Under this methodology, which was adopted by Order
9 No. PSC-93-0708-FOF-GU of this Commission on May 10,
10 1993, gas companies are to project their gas costs each
11 twelve months for the ensuing twelve-month period
12 ending in March. The rate per therm that is developed
13 for the weighted average cost of gas (WACOG) then
14 becomes the maximum rate that can be charged, but
15 companies have the flexibility to change the rate
16 downward or upward to reflect the current prices and
17 market conditions, so long as the authorized cap is not
18 exceeded, and so long as proper notice is given to the
19 Commission.

20 **Q. WHAT IF THE ACTUAL COST EXCEEDS THE MAXIMUM RATE AS**
21 **PROJECTED?**

22 A. If re-projected gas costs for the remaining period
23 exceed projected recoveries by at least 10% for the
24 twelve-month period, a mid-course correction may
25 formally be requested by the Company.

1 Q. WHAT HAPPENS TO THE DIFFERENCES THAT RESULT FROM MIS-
2 ESTIMATES, THAT IS, THE MISMATCHES BETWEEN ACTUAL AND
3 ESTIMATED COSTS?

4 A. The forms take this into consideration. Form E-2 from
5 the set of present schedules calculates the projected
6 differences using estimated figures, and form E-4 from
7 the set of revised schedules calculates the final
8 true-up using actual figures. These differences are
9 flowed back to customers through the true-up factor
10 included in gas costs billed in the subsequent twelve-
11 month period.

12 Q. PLEASE DESCRIBE ANY CHANGES TO CITY GAS' SUPPLY
13 PORTFOLIO THAT AFFECT THIS PGA FILING.

14 A. Three principal changes have taken place with regard to
15 City Gas' supply portfolio which result in enhanced
16 reliability and security of service to City Gas'
17 customers.

18 First, as of November 1994, City Gas entered into
19 two agreements for firm gas supply, thereby reducing
20 its reliance on short-term, best efforts supplies. A
21 one year agreement for 5,000 dth/day, will essentially
22 satisfy, on an annual basis, a threshold level of firm
23 residential demand. In addition, to further ensure
24 supply availability during the peak periods of national
25 gas consumption, November through March, City Gas

1 entered into a second firm gas supply agreement for up
2 to 8,000 dth/day to meet additional firm winter demand
3 above the threshold level. City Gas expects to
4 continue with these, or similar agreements, during the
5 PGA period.

6 Second, City Gas has been able to reinforce its
7 supply position through the availability of certain
8 common resources of NUI Corporation. City Gas can now
9 supplement its supply to mitigate potential flowing
10 supply curtailment or meet peak requirements by calling
11 on gas supplies from production area storage facilities
12 leased by NUI.

13 Third, City Gas expects that as of February 1,
14 1995, the Florida Gas Transmission (FGT) Phase III
15 expansion program will be in-service. The FGT FTS-2
16 service which will become available at that time will
17 enable City Gas to meet the requirements of its
18 customers over the longer term.

19 **Q. ARE ANY FGT RATE CHANGES PROPOSED WHICH ARE REFLECTED**
20 **IN THIS FILING?**

21 **A.** Yes. On December 30, 1994 FGT filed a petition before
22 the Federal Energy Regulatory Commission (FERC) in
23 Docket No. RP-95-103-000 for, among other things, a
24 rate increase. The proposed FGT rates have been
25 reflected in the this filing as of July 1, 1995.

1 Q. CAN YOU SUMMARIZE THE CONTENTS OF THE SCHEDULES
2 SUBMITTED AS PART OF THIS FILING?

3 A. Yes. For the projected period April, 1995 through
4 March, 1996, we estimate that gas purchases for resale
5 will be 90,978,917 therms at a total cost of
6 \$35,185,421, with a resulting WACOG of \$.38674 per
7 therm (before the application of the true-up factor and
8 the regulatory assessment fee). The difference between
9 the estimated actual and actual true-up for the prior
10 period October, 1993 through March, 1994 is an
11 underrecovery of \$1,173,451. The projected true-up for
12 the current period October, 1994 through March, 1995 is
13 an overrecovery of \$1,204,067. The total true-up as
14 shown on Schedule E-4 is an overrecovery of \$30,616,
15 for a true-up factor of \$.00034 per therm that would
16 be applied during the projected period. This true-up
17 factor reduces the gas cost factor during the April,
18 1995 through March, 1996 period, to \$.38640 per therm
19 (before the regulatory assessment fee). With the
20 regulatory assessment fee added, the PGA factor is
21 \$.38785. This is the maximum gas cost factor that City
22 Gas could charge its customers for the period April,
23 1995 through March, 1996.

24 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

25 A. Yes, it does.

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OK 39

29-39

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 940003-GU
DETERMINATION OF FINAL PURCHASED
GAS ADJUSTMENT TRUE-UP AMOUNTS

Direct Testimony of
George Bachman
On Behalf of
Florida Public Utilities Company

- 1 Q. Please state your name and business address.
- 2 A. George Bachman, my business address is 401 S. Dixie Highway,
3 West Palm Beach, FL 33401.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am employed by Florida Public Utilities Company as the
6 Accounting Manager.
- 7 Q. What is the purpose of your testimony at this time?
- 8 A. To advise the Commission of the actual over/under recovery of
9 the Purchased Gas Adjustment for the period October 1, 1993
10 through March 31, 1994. As compared to the true-up amount
11 previously reported for that period which was based on two
12 months actual and four months estimated.
- 13 Q. Please state the actual amount of over/under recovery of the
14 Purchased Gas Adjustment for October 1, 1993 through March 31,
15 1994.
- 16 A. The Company over-recovered \$221,381 during October 1993 through
17 March 1994. This amount is substantiated on Schedules A-2 and
18 A-8.
- 19 Q. How does this amount compare with the estimated true-up amount
20 which was allowed by the Commission during the February 1994
21 hearing?

1 A. We had estimated an over-recovery of \$798,041 as of March 31,
2 1994.

3 Q. Have you prepared any exhibits at this time?

4 A. We prepared and pre-filed Schedules A-1, A-2, A-3, A-4, A-5, A-
5 6, A-7, and A-8.

6 Q. Does this conclude your testimony?

7 A. Yes.

8

9 disk #19

10 GMBTESTI.PGA

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950003-GU
DETERMINATION OF PURCHASED
GAS/COST RECOVERY FACTOR

Direct Testimony of
George Bachman
On Behalf of
Florida Public Utilities Company

- 1 Q. Please state your name and business address.
- 2 A. George Bachman, 401 South Dixie Highway, West Palm Beach, Fl 33401.
- 3 Q. By whom are you employed?
- 4 A. I am employed by Florida Public Utilities Company.
- 5 Q. Have you previously testified in this Docket?
- 6 A. Yes.
- 7 Q. What is the purpose of your testimony at this time?
- 8 A. I will summarize our projected gas recoveries computations which are
- 9 contained in composite exhibit GMB-3 which supports the April 1995 - March
- 10 1996 projected purchased gas adjustments for our consolidated gas division.
- 11 In addition, I will advise the Commission of the projected differences between
- 12 the revenues collected and the purchased gas costs allowed in developing the
- 13 levelized purchased gas adjustment for the periods October 1993 - March
- 14 1994 and April 1994 - March 1995. From these two periods I will establish a
- 15 "true-up" amount to be collected or refunded during April 1995 - March 1996.

1 Q. Were the schedules filed by your Company completed under your direction?

2 A. Yes.

3 Q. Which of the staff's set of schedules has your Company completed and filed?

4 A. We have prepared and pre-filed True-Up Schedules A-1, A-2, A-3, A-4, A-5,
5 A-6, A-7 and A-8 in addition to composite exhibit GMB-3 which contains
6 Schedules E1, E1/R, E2, E3, E4 and E5 for our consolidated gas division.
7 These schedules support the calculation of the purchased gas adjustment
8 factors for April 1995 - March 1996.

9 Q. Please state the actual amount of over/under recovery of the Purchased Gas
10 Adjustment for the period October 1, 1993 through March 31, 1994.

11 A. The Company over-recovered \$221,381 during that period. This amount is
12 substantiated on Schedules A-2, A-8 and E-4.

13 Q. How does this amount compare with the estimated true-up amount which was
14 allowed by the Commission during the February 1994 hearing?

15 A. We had estimated an over-recovery of \$798,041 for the October 1993 - March
16 1994 period.

17 Q. Please address the calculation of the total true-up amount to be collected or
18 refunded during the April 1995 - March 1996 period.

19 Q. We have projected that at the end of March 1995, based on eight months
20 actual and four months estimated, we will have over-recovered \$1,976,191
21 for the April 1994 - March 1995 period. The remaining true-up for the period

1 October 1993 - March 1994 is a under-recovery of \$576,660. See schedules
2 E2 and E4 for details of these calculations. The total net over-recovery to be
3 refunded during the April 1995 - March 1996 period is \$1,399,531. Based on
4 estimated sales for the period April 1995 - March 1996, it will be necessary to
5 subtract 3.412¢ per therm to refund this over-recovery. See schedule E4 for
6 details of this computation.

7 Q. What are the levelized Purchased Gas Cost Recovery Factors to be used in the
8 April 1995 through March 1996 period?

9 A. The Purchased Gas Cost Recovery Factor will be a maximum of 40.211¢ per
10 therm. This rate is shown on Schedule E-1. This rate includes our projected
11 cost of gas purchased, projected sales, prior period true-up and revenue tax
12 factors.

13 Q. Does this conclude your testimony?

14 A. Yes

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 950003-GU
DETERMINATION OF PURCHASED
GAS/COST RECOVERY FACTOR

Direct Testimony of
Marc L. Schneidermann
on Behalf of
Florida Public Utilities Company

- 1 Q. Please state your name and business address.
- 2 A. Marc L. Schneidermann, 401 South Dixie Highway,
3 West Palm Beach, FL 33402.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am employed by Florida Public Utilities Company
6 as the Manager of Engineering and Gas Supply.
- 7 Q. How long have you been employed by Florida Public
8 Utilities Company?
- 9 A. Since February 1989.
- 10 Q. Have you previously testified before this
11 Commission?
- 12 A. Yes, I testified in the Purchased Gas Cost
13 Recovery Dockets Numbers 940003-GU, 930003-GU,
14 920003-GU and 910003-GU as well as Docket Numbers
15 940620-GU and 900151-GU, the most recent filings
16 for rate relief for the Company's gas operations.
- 17 Q. What are the subject matters of your testimony in
18 this proceeding?
- 19 A. My testimony will relate to three specific
20 matters. First, I am responsible for the
21 forecasting of the Company's natural gas sales for

1 the twelve month projection period of April 1995
2 through March 1996. Second, I am also responsible
3 for forecasting the demand, transportation and
4 commodity costs of gas to be purchased by the
5 Company. Third, I am also responsible for
6 developing the projected weighted average cost of
7 gas for the Company's traditional non-
8 transportation firm and interruptible classes of
9 customers.

10 Q. Please generally describe how the estimates of gas
11 sales were developed for the projection period.

12 A. Florida Public Utilities developed its gas sales
13 projections based on a January 1990 through April
14 1994 study period. The Company compiled a
15 database, sorted by rate classifications, which
16 consisted of the historical monthly customer
17 consumption and the historical monthly customer
18 count experienced during the study period.
19 Detailed analyses were performed on the database.
20 From these data, projections of customer counts
21 were constructed by applying the historical
22 average monthly rates of customer growth to the
23 actual April 1994 customer count. The historical
24 average monthly consumption per customer, by rate
25 classification, was computed as part of this
26 study.

1 The product of the projected monthly customer
2 count and historical average monthly consumption,
3 by rate classification, yielded the Company's
4 projection of gas requirements. Minor adjustments
5 were made by the Company's gas division managers
6 and marketing director for variations in growth
7 which were not adequately represented by
8 historical trends. Gas requirements for company
9 use were based on an historical factor of 0.18% of
10 the Company's total natural gas sales. This
11 factor was developed by the Company's Accounting
12 Department. These projections were compiled and
13 sorted to determine the total projected sales to
14 the traditional non-transportation firm and the
15 interruptible classes of customers for the twelve
16 month period of this filing.

17 Q. Please describe how the forecasts of gas costs
18 were developed for the projection period.

19 A. As of November 1, 1993 Florida Public Utilities
20 Company converted 100% of its FGT General Service
21 (Rate G) demand to FGT's Firm Transportation
22 Service (Rate FTS-1) demand. For the projection
23 period, the FGT FTS-1, FTS-2, NNTS-1, PTS-1 and
24 ITS-1 rates were projected to be 110% of the
25 Florida Gas Transmission Company's tariff rates as
26 listed in FGT's tariff Sheets Nos. 8A and 8D

1 effective February 1, 1995. Additionally, FPU has
2 nominated certain demand levels from FGT for its
3 Phase III expansion. It is expected that Phase
4 III will be in service as soon as February 1, 1995
5 and FPU will be assessed the appropriate Phase III
6 costs. Said costs will be collected by FPU from
7 its traditional non-transportation firm and
8 interruptible customers except for demand costs
9 designated for Lake Worth Utilities. The expected
10 cost of natural gas purchased by FPU and delivered
11 to FGT, for transportation to the Company and for
12 FGT's 3.0% compressor fuel use, during the
13 projection period was assumed to be 125% of the
14 higher of the historical contract determination
15 Zone 3 prices as posted in *Natural Gas Week* (bid
16 week issue) and *Inside FERC Gas Market Report*
17 (first issue of each month) corresponding to the
18 maximum of the monthly price posted during the
19 prior year and the next prior year for each
20 particular projected month.

- 21 Q. Please describe how the forecasts of the weighted
22 average costs of gas were developed for the
23 projection period.
- 24 A. Florida Public Utilities Company and its largest
25 single customer, Lake Worth Utilities, have agreed
26 to have the Company contract for firm

1 transportation services (FTS-1 and FTS-2) demand
2 levels on behalf of Lake Worth Utilities. All
3 demand costs, commodity costs associated with the
4 dedicated firm transportation services demand
5 levels for Lake Worth Utilities are excluded from
6 the Purchase Gas Cost Recovery Factor (PGCRF).
7 Lake Worth Utilities will reimburse the Company
8 for 100% of said actual costs.
9 Absent costs dedicated to transportation
10 customers, FPU's sales to traditional non-
11 transportation firm and interruptible customers
12 were allocated all of the monthly pipeline demand
13 costs and were allocated all of the projected
14 pipeline and supplier commodity costs. The sum of
15 these costs were divided by the projected sales
16 level to said customers resulting in the projected
17 weighted average cost of gas for traditional non-
18 transportation firm customers and interruptible
19 customers and ultimately the PGCRF shown on
20 Schedule E-1.
21 Capacity shortfalls, if any, would be satisfied
22 with the most economic dispatch combination of
23 acquired FTS-1 and/or FTS-2 demand levels
24 relinquished by another FGT shipper, Rate ITS-1
25 services and/or PTS-1 services whenever required -
26 and available. Obviously, if other services

1 become available and it is more economic to
2 dispatch supplies under those services, the
3 Company will utilize those services as part of its
4 portfolio.

5 Q. Does this conclude your prepared direct testimony?

6 A. Yes.

- 1 Q. Please state your name and business address.
- 2 A. My name is Hugh M. Grey, III. My business address
3 is Suite 1700, 111 East Madison Street, Tampa,
4 Florida 33602.
- 5 Q. By whom are you employed and in what capacity?
- 6 A. I am Director of Gas Transportation and Rates for
7 Peoples Gas System, Inc. ("Peoples").
- 8 Q. Please summarize your educational background and
9 professional qualifications.
- 10 A. I graduated from Duke University in 1970 with the
11 degree of Bachelor of Science in Engineering. I am
12 a Registered Professional Engineer in the
13 Commonwealth of Pennsylvania. In 1980, I was
14 designated a Chartered Industrial Gas Consultant by
15 the American Gas Association and the Institute of
16 Gas Technology. I have 20 years of experience in
17 the utility field as well as four years of
18 engineering and energy consulting.
- 19 Q. What are your primary responsibilities in your
20 present position with Peoples?
- 21 A. As Director of Gas Transportation and Rates, I am
22 responsible for the Company's marketing and rate-
23 related services, including the acquisition and
24 transportation of Peoples' system gas supply, end-
25 use contract negotiation and maintenance, liaison

1 with end-use transportation customers, producers
2 and other suppliers, supply and demand forecasting
3 and planning, rate design, rate related records and
4 presentations, and coordination of pipeline and
5 Company gas supply operations.

6 Q. Have you previously testified in regulatory
7 proceedings?

8 A. Yes. I have presented testimony before the Florida
9 Public Service Commission in Docket Nos. 910003-GU,
10 910653-GU, 911150-GU and 920003-GU. I have also
11 presented testimony before the Pennsylvania Public
12 Utility Commission, the West Virginia Public
13 Service Commission and the Federal Energy
14 Regulatory Commission.

15 Q. What is the purpose of your testimony in this
16 docket?

17 A. The purpose of my testimony is to describe
18 generally the components of Peoples' cost of
19 purchased gas, and to explain how Peoples'
20 projected weighted average cost of gas ("WACOG")
21 for the April 1995 through March 1996 period was
22 determined.

23 Q. Please summarize your testimony.

24 A. I will address the following areas:

25 1. How and where Peoples will obtain its gas

- 1 supplies during the projected period.
- 2 2. How Peoples provides transportation to
- 3 certain end-users who purchase gas from
- 4 suppliers other than Peoples.
- 5 3. Estimates and adjustments used to
- 6 determine the amount of gas to be
- 7 purchased from Peoples' various available
- 8 sources of supply during the projected
- 9 period.
- 10 4. Projections and assumptions used to
- 11 estimate the purchase price to be paid by
- 12 Peoples for such gas supplies.
- 13 5. The components and assumptions used to
- 14 develop Schedules E-3 (A) through (G) of
- 15 Composite Exhibit HMG-2.
- 16 6. The components and assumptions used to
- 17 develop Schedule E-1 of Composite
- 18 Exhibit HMG-2, including how Peoples'
- 19 projected WACOG was determined.
- 20 Q. Have you prepared or caused to be prepared certain
- 21 schedules for use in this proceeding?
- 22 A. Yes. Composite Exhibit HMG-2 was prepared by me or
- 23 under my supervision.
- 24 Q. Please describe how Peoples will obtain its gas
- 25 supplies during the projected period of April 1995

1 process and converted all remaining FGT sales
2 service to transportation service.

3 Q. What is the significance of November 1, 1993?

4 A. That is the effective date of FGT's restructuring,
5 as required by the FERC's Orders 636, 636-A and
6 636-B.

7 Q. In general, how does Peoples determine its sources
8 of supply?

9 A. Peoples evaluates sources of supply on the basis of
10 its "best value" gas acquisition strategy. For a
11 source of supply to be identified as a "best
12 value," it must offer the best combination of
13 price, reliability of supply and dependable
14 operations, consistent with Peoples' obligation as
15 a public utility to provide safe, adequate and
16 efficient service to the general public. Toward
17 this end, Peoples has developed, and is continuing
18 to enhance, a portfolio of supply sources which
19 reflect a balance between cost, reliability and
20 operational flexibility. Before November 1, 1993,
21 this supply portfolio included purchases of firm
22 and preferred interruptible sales service volumes
23 from FGT as well as purchases from suppliers other
24 than FGT which were delivered to Peoples either for
25 transportation at various receipt points on the FGT

1 system in Texas and Louisiana, or directly into the
2 Peoples system via the South Georgia gate station
3 near Jacksonville. On and after November 1, 1993,
4 all purchases of firm and preferred interruptible
5 sales service have been eliminated since they are
6 no longer available from FGT. From that date
7 forward Peoples has obtained its gas entirely from
8 third party supplies which include both firm and
9 interruptible purchases, various pricing mechanisms
10 and purchase periods, and include spot, short term
11 and long term arrangements.

12 Q. Why doesn't Peoples purchase all third party
13 supplies from one source at one location?

14 A. For several reasons. Due to both operational and
15 regulatory considerations, access to the delivery
16 capacities of individual receipt point
17 interconnects among various interstate and
18 intrastate pipeline systems is limited. There are
19 significant differences between receipt points in
20 terms of the cost of gas, reliability of
21 deliveries, choice of producer or marketer, the
22 availability of firm or interruptible supply, and
23 administrative considerations such as scheduling
24 and balancing. Also, purchasing third party
25 supplies at multiple receipt points helps to reduce

1 the risk of loss of supply in the event of line
2 breaks, compressor failures, construction problems
3 or other force majeure events.

4 In addition, there can be wide variations in
5 quality among the supply sources themselves.
6 Different producers and marketers offer varying
7 degrees of reliability, and differ in terms of cost
8 and types of purchasing arrangements available.
9 Some provide additional services such as upstream
10 pipeline transportation arrangements, the ability
11 to aggregate supplies from a variety of sources and
12 the flexibility to reroute gas to an alternate
13 receipt point when pipeline operating problems
14 occur. Finally, some suppliers are just easier to
15 work with, and provide better service and
16 responsiveness than others.

17 Q. Why doesn't Peoples purchase all third party
18 supplies in advance for a long term at the lowest
19 available fixed price in order to avoid rising gas
20 prices and provide increased stability to its cost
21 of gas?

22 A. Peoples' requirements for system supply gas at its
23 gate stations vary significantly, not only from
24 season to season or month to month, but from day to
25 day as well. Often, the demand for gas on the

1 Peoples system can vary dramatically within a month
2 from the lowest to the highest requirement of its
3 customers. In addition, since Peoples transports a
4 large portion of its throughput of gas for end-user
5 customers who purchase their own supplies directly
6 from producers and marketers, Peoples receives
7 large quantities of transportation gas purchased by
8 its transportation customers for delivery to
9 Peoples' gate stations on a relatively uniform
10 basis from day to day within a month, while the
11 actual takes of gas out of the Peoples system by
12 its transporting customers at their end-use meters
13 can and does vary significantly from day to day.
14 In other words, since a significant portion of the
15 total throughput volumes is received by Peoples at
16 a uniform daily rate, Peoples is forced to increase
17 or decrease the purchases of its own system supply
18 volumes by significant increments in order to
19 maintain a balance between receipts and deliveries
20 of gas each day. As a consequence, Peoples must
21 buy a significant portion of its total system
22 requirements under swing contract arrangements, and
23 meet extreme variations in delivered volumes by
24 relying on swing gas, peaking gas, pipeline
25 balancing charge volumes and pipeline no notice

- 1 service at the prevailing rates for such services.
- 2 Q. Please explain how Peoples' end-use transportation
3 customers purchase their own third-party gas for
4 transportation to and on the Peoples system?
- 5 A. A number of Peoples' interruptible customers are
6 purchasing a portion of their supplies from third
7 parties at various FGT receipt points. The volumes
8 are transported on the FGT system using either the
9 end-users' own FGT transportation contract capacity
10 or Peoples' FGT transportation contract capacity.
- 11 Q. Please explain how and why Peoples permits its end-
12 users to transport gas on FGT using Peoples' firm
13 transportation contract capacity.
- 14 A. When FGT became an open access pipeline on August
15 1, 1990, only a limited amount of firm
16 transportation service was available to FGT's
17 customers. While FGT's sales service customers
18 have been permitted to continue converting sales
19 service to transportation service until the process
20 was completed on November 1, 1993, virtually no
21 additional firm transportation service has been
22 made available or will become available prior to
23 the in-service date of FGT's Phase III expansion.
24 Typically, the FGT pipeline is capacity constrained
25 during most of the year. This means that only firm

1 service and some preferred service volumes can flow
2 through the pipeline. Occasionally, during mild
3 "shoulder" months of the year, or during periods
4 when residual oil prices are exceptionally low
5 compared with natural gas prices, some
6 interruptible capacity is available and, during
7 those periods, interruptible transportation service
8 is available. Several of Peoples' end-users who
9 transport have interruptible transportation
10 contracts with FGT and occasionally transport third
11 party gas on an interruptible basis. Most of
12 Peoples' end-users have no firm transportation
13 contract capacity of their own on FGT and,
14 therefore, have elected to obtain access to firm
15 transportation on FGT by utilizing a limited
16 portion of Peoples' own firm capacity.

17 Peoples has provided firm transportation
18 contract capacity to a number of end-users to move
19 their third party gas from FGT receipt points to
20 various Peoples gate stations from which Peoples
21 provides transportation on its distribution system
22 to the end-users' gas burning facilities. By
23 providing its end-users access to transportation,
24 Peoples is providing them with a means to obtain
25 more competitively priced energy, which helps

1 assure they will remain on the Peoples system, thus
2 retaining or increasing throughput to the benefit
3 of all of Peoples' ratepayers.

4 Q. How does Peoples recover the cost of Peoples' FGT
5 firm transportation capacity used by Peoples' end-
6 users?

7 A. Prior to November 1, 1993, all end-users who used
8 Peoples' firm transportation capacity on FGT
9 reimbursed Peoples dollar-for-dollar for both FTS-1
10 reservation and usage charges, as well as any and
11 all other related FGT charges which are associated
12 with transportation on behalf of those end-users.
13 Beginning November 1, 1993, most of Peoples' end-
14 use transportation customers have elected to
15 acquire firm capacity from Peoples through the
16 Order 636 capacity release program of FGT and
17 therefore pay FGT directly for their use of
18 Peoples' firm capacity.

19 Q. How did Peoples estimate the amount of gas to be
20 purchased from various sources during the projected
21 period of April 1995 through March 1996 ?

22 A. We began with total actual throughput of therms
23 delivered to customers during a "base period" of
24 April 1993 through March 1994, including both sales
25 of Peoples' system supply and transportation

1 deliveries of third party gas purchased by end-
2 users of Peoples. Next, all volumes purchased or
3 transported for major electric power generation
4 were deducted, since such usage is expected to be
5 delivered entirely as transportation volumes during
6 the projection period.

7 Q. What adjustments were made to the remaining actual
8 system throughput volumes?

9 A. Peoples anticipates additional end-users will be
10 converted from sales to transportation service
11 during the projection period. The total actual
12 system throughput, less major electric power
13 generation volumes, was decreased to allow for such
14 conversions to transportation. The resulting
15 remaining amount, therefore, is adjusted projected
16 period throughput.

17 Q. What other adjustments were then made?

18 A. Based on the amount of firm transportation capacity
19 expected to be used by end-users, total estimated
20 end-user transportation volumes (other than for
21 major electric generation) for the projection
22 period were deducted from the adjusted projected
23 throughput. The remaining amount represents the
24 total estimated amount of system supply volumes to
25 be purchased by Peoples from third party sources

1 for transportation through FGT and SGNG. Separate
2 estimates, based on available transportation
3 capacity, were made for the following categories of
4 purchases by Peoples:

- 5 1. Third party transportation volumes
6 purchased for direct delivery at the
7 South Georgia gate station near
8 Jacksonville.
- 9 2. Third party transportation volumes
10 purchased at various FGT receipt points
11 and transported to Peoples' gate stations
12 via firm FTS-1 and FTS-2 transportation
13 service.
- 14 3. Third party transportation volumes
15 purchased at various FGT receipt points
16 and transported to Peoples' gate stations
17 via preferred interruptible PTS-1
18 transportation service.
- 19 4. No Firm or Preferred Interruptible sales
20 service volumes will be purchased from
21 FGT at Peoples' gate stations after
22 November 1, 1993 since those sales
23 services have been eliminated.
- 24 5. No Notice Transportation Service (NNTS)
25 and FGT Balancing Charge volumes will be

1 purchased on FGT Alert Days when Peoples
2 is required by FGT to keep actual
3 deliveries within scheduled deliveries
4 (within tariff tolerance levels).

5 Q. How were the No Notice Transportation Service
6 (NNTS) and FGT Balancing Charge volumes -- item 5
7 above -- determined?

8 A. Peoples purchases its allocated quantity of NNTS
9 whether or not the service is actually used. FGT
10 Balancing Charge volumes may be purchased on as
11 many as 10 days per month during the projected
12 period.

13 Q. Does Peoples expect to utilize all of its available
14 firm transportation capacity during the projection
15 period?

16 A. That depends on the amount of gas purchased or
17 transported for electric power generation. The
18 projection period volumes are based upon the
19 assumption that the demand for gas from such
20 markets will be weak as a result of lower oil
21 prices, higher gas prices, and the uncertainties
22 inherent in forecasting demand for gas for electric
23 generation.

24 Q. How did you estimate the purchase price to be paid
25 by Peoples for each of its available sources of

- 1 supply?
- 2 A. The estimating procedures used for each category of
- 3 purchases by Peoples are as follows:
- 4 1. Third party direct transportation volumes
- 5 were estimated based on an evaluation of
- 6 published prices for the last several
- 7 years for spot gas delivered to the FGT
- 8 and Southern Natural Gas Company
- 9 ("SONAT") systems and futures market
- 10 prices for the projection period of April
- 11 1995 through March 1996. These prices
- 12 were then adjusted to reflect the
- 13 potential for unexpected increases in
- 14 natural gas prices from the base period
- 15 to the projection period.
- 16 2. NNTS and FGT Balancing Charge volumes
- 17 purchased from FGT were estimated based
- 18 on FGT's most current rates on file with
- 19 the FERC and reasonable expectations for
- 20 the possible cost of alternate fuels used
- 21 by FGT's Swing Service Providers.
- 22 Q. Referring to Schedules E-3 (A) through (G) of
- 23 Composite Exhibit HMG-2, please explain the
- 24 components of these schedules and the assumptions
- 25 which were made in developing the Company's

1 projections.

2 A. Schedule E-3 (G) is a compilation of the monthly
3 data which appear on Schedules E-3 (A) through (F)
4 for the corresponding months of April 1995 through
5 March 1996.

6 In Schedules E-3 (A) through (F), Column (A)
7 indicates the applicable month for all data on the
8 page.

9 In Column (B), "FGT" indicates that the
10 volumes are to be purchased from third party
11 suppliers for delivery via FGT transportation.
12 "SEMINOLE" indicates that the volumes are to be
13 purchased from a third party supplier for delivery
14 via SONAT and South Georgia Natural Gas ("South
15 Georgia"). "THIRD PARTY" indicates that the
16 volumes are to be purchased directly from various
17 third party suppliers for delivery into FGT or
18 SONAT.

19 In Column (C), "PGS" means the purchase will
20 be for Peoples' system supply and will become part
21 of Peoples' total WACOG. None of the costs of gas
22 or transportation for end-use purchases by end-use
23 customers of Peoples are included in Peoples'
24 WACOG.

25 In Column (D), purchases of pipeline

1 transportation services from FGT under Rate
2 Schedule FTS-1 and FTS-2 are split into two
3 components, commodity (or "usage") and demand (or
4 "reservation"). Both Peoples and end-users pay the
5 usage charge based on the actual amount of gas
6 transported. The FTS-1 and FTS-2 commodity costs
7 shown include all related transportation charges
8 including usage, fuel, ACA and GRI. The FTS-1 and
9 FTS-2 demand component is a fixed charge based on
10 the maximum daily quantity of FTS-1 and FTS-2 firm
11 transportation capacity reserved. End-users
12 reimburse Peoples or directly pay FGT for all FTS-1
13 reservation charges associated with the
14 transportation capacity which Peoples reserves and
15 uses on their behalf. Similarly, the
16 transportation rates of SONAT and South Georgia
17 also consist of two components, a usage charge and
18 a reservation charge.

19 Also in Column (D), "NO NOTICE TRANSPORTATION
20 SERVICE" (or "NNTS") means FGT's no notice service
21 provided to Peoples on a fixed charge basis for use
22 when Peoples' actual use exceeds scheduled
23 quantities. "SWING SERVICE" means the demand and
24 commodity component of the cost of third party
25 supplies purchased to meet Peoples "swing"

1 requirements for supply which fluctuate on a day-
2 to-day basis. "COMMODITY" means third party
3 purchases of gas transported on FGT, SONAT or South
4 Georgia, and does not include any purchases of
5 sales volumes from FGT.

6 Column (E) shows the monthly quantity in
7 therms of gas purchased by Peoples for each
8 category of system supply.

9 Column (F) shows the gas purchased by end-
10 users for transportation.

11 Column (G) is the total of Columns (E) and (F)
12 in each row.

13 Columns (H), (I), (J) and (K) show the
14 corresponding third party supplier commodity costs,
15 pipeline transportation commodity costs, pipeline
16 transportation reservation costs, and other charges
17 (e.g., balancing charges), respectively. These
18 costs are determined using the actual amounts paid
19 by Peoples. In the case of end-user
20 transportation, these costs are reimbursed to
21 Peoples or paid directly to FGT. All ACA, GRI and
22 fuel charges are included in the commodity costs in
23 Column (I) and, therefore, are not shown in Column
24 (K).

25 Column (L) in each row is the sum of Columns

1 (H), (I), (J) and (K) divided by Column (G).

2 Q. Referring to Schedule E-1 of Composite Exhibit
3 HMG-2, please explain the components of these
4 schedules and the assumptions which were made in
5 developing the Company's projections.

6 A. Schedule E-1 consists of three pages. Page 1
7 relates to Cost of Gas Purchased, Page 2 relates to
8 Therms Purchased, and Page 3 relates to Cents per
9 Therm, or Cost of Gas Purchased divided by Therms
10 Purchased.

11 The categories or items on lines 1 through 14
12 on Page 1 correspond to the similar categories or
13 items on lines 15 through 27 on Page 2, and to the
14 similar categories or items on lines 28 through 45
15 on page 3.

16 The data shown on Page 1 through Page 3 of
17 Schedule E-1 are taken directly from Schedules E-3
18 (A) through (F) for the months of April 1995
19 through March 1996. The average cost per therm for
20 the total projected period for each item is listed
21 in lines 28 through 37 on Page 3 of Schedule E-1.

22 Q. What information is presented on Schedule E-1/R of
23 Composite Exhibit HMG-2?

24 A. Schedule E-1/R of Composite Exhibit HMG-2 shows
25 eight months actual and four months estimated data

- 1 for the current period from April 1994 through
2 March 1995.
- 3 Q. What information is presented on Schedule E-2 of
4 Composite Exhibit HMG-2?
- 5 A. Schedule E-2 of Composite Exhibit HMG-2 shows the
6 amount of the prior period over/underrecoveries of
7 gas costs which are included in the current PGA
8 calculation.
- 9 Q. What is the purpose of Schedule E-4 of Composite
10 Exhibit HMG-2?
- 11 A. Schedule E-4 of Composite Exhibit HMG-2 simply
12 shows the calculation of the estimated true-up
13 amount for the April 1994 through March 1995
14 period. It is based on actual data for eight
15 months and four months of projected data.
- 16 Q. What information is contained on Schedule E-5 of
17 Composite Exhibit HMG-2?
- 18 A. Schedule E-5 of Composite Exhibit HMG-2 is
19 statistical data which includes the projected therm
20 sales and numbers of customers by customer class
21 for the period from April 1995 through March 1996.
- 22 Q. Does this conclude your testimony?
- 23 A. Yes, it does.

- 1 Q. Please state your name and business address.
- 2 A. My name is Hugh M. Grey, III. My business address
3 is Suite 1700, 111 East Madison Street, Tampa,
4 Florida 33602.
- 5 Q. By whom are you employed and in what capacity?
- 6 A. I am Director of Gas Transportation and Rates for
7 Peoples Gas System, Inc. ("Peoples").
- 8 Q. Please summarize your educational background and
9 professional qualifications.
- 10 A. I graduated from Duke University in 1970 with the
11 degree of Bachelor of Science in Engineering. I am
12 a Registered Professional Engineer in the
13 Commonwealth of Pennsylvania. In 1980, I was
14 designated a Chartered Industrial Gas Consultant by
15 the American Gas Association and the Institute of
16 Gas Technology. I have over 20 years of experience
17 in the utility field as well as four years of
18 engineering and energy consulting.
- 19 Q. What are your primary responsibilities in your
20 present position with Peoples?
- 21 A. As Director of Gas Transportation and Rates, I am
22 responsible for the Company's transportation and
23 marketing-related services, including the
24 acquisition and transportation of Peoples' system
25 gas supply, end-use contract negotiation and

1 maintenance, liaison with end-use transportation
2 customers, producers and other suppliers, supply
3 and demand forecasting and planning, transportation
4 of customer-owned gas, various rate and rate design
5 matters, and coordination of pipeline and Company
6 gas supply operations.

7 Q. Have you previously testified in regulatory
8 proceedings?

9 A. Yes. I have presented testimony before the Florida
10 Public Service Commission in Docket Nos. 910003-GU,
11 910653-GU and 911150-GU, and in this docket at all
12 hearings since 1991. I have also presented
13 testimony before the Pennsylvania Public Utility
14 Commission, the West Virginia Public Service
15 Commission and the Federal Energy Regulatory
16 Commission.

17 Q. Have you prepared or caused to be prepared certain
18 schedules for use in this proceeding?

19 A. Yes. As Composite Exhibit HMG-1, I am sponsoring
20 the following schedules with respect to the final
21 true-up for the period October 1993 through March
22 1994:

23 A-1/MF-AO -- Comparison of actual versus
24 original estimate of the purchased gas adjustment
25 cost recovery factor;

- 1 A-1 Supporting Detail -- Purchased gas
2 adjustment cost recovery clause calculation;
- 3 A-2 -- Calculation of true-up and interest
4 provision;
- 5 A-3 -- Residential bill comparison for monthly
6 usage of 30 therms;
- 7 A-4 -- Therm sales and customer data;
- 8 A-5 -- Conversion factor calculation;
- 9 A-6 -- Therm sales and customer data compared
10 to prior year;
- 11 A-7P -- Transportation purchases - system
12 supply and end use;
- 13 A-9 -- Transportation Purchases - G demand end
14 use;
- 15 A-10 -- Florida Gas Transmission - system
16 supply; and
- 17 A-8 -- Final fuel over/(under) recovery.
- 18 The referenced schedules comprising Composite
19 Exhibit HMG-1 include data for Peoples' entire
20 system.
- 21 Q. Were these schedules prepared under your direction
22 and supervision?
- 23 A. Yes.
- 24 Q. What was Peoples' cost of gas to be recovered
25 through the PGA clause for the period October 1993

- 1 through March 1994?
- 2 A. As shown on Schedule A-8, p. 53 of 95 in HMG-1, the
3 cost of gas purchased, adjusted for company use,
4 was \$62,098,737.
- 5 Q. What was the amount of gas revenue collected for
6 the period October 1993 through March 1994?
- 7 A. The amount of gas revenue collected to cover the
8 cost of gas was \$56,660,366.
- 9 Q. What was the final true-up amount for the period
10 October 1993 through March 1994?
- 11 A. The final true-up amount, including interest, for
12 the period is an underrecovery of \$5,369,038.
- 13 Q. Is this amount net of the estimated true-up for the
14 period October 1993 through March 1994, which is
15 included in the April 1994 through March 1995 PGA
16 factor calculation?
- 17 A. No. The final true-up net of the estimated true-up
18 for the period October 1993 through March 1994 is
19 an overrecovery of \$326,822.
- 20 Q. Is this the final overrecovery amount to be
21 included in the April 1995 through March 1996
22 projection?
- 23 A. No. Composite Exhibit HMG-1 also includes the
24 following schedules with respect to the final true-
25 up for the period April 1994 through September

1 1994:

2 A-1 -- Comparison of actual versus original
3 estimate of the purchased gas adjustment cost
4 recovery factor;

5 A-1 Supporting Detail -- Purchased gas
6 adjustment cost recovery clause calculation;

7 A-2 -- Calculation of true-up and interest
8 provision;

9 A-3 -- Transportation purchases - system
10 supply and end use;

11 A-4 -- Transportation system supply;

12 A-5 -- Therm sales and customer data;

13 A-6 -- Conversion factor calculation; and

14 A-7 -- Final fuel over/(under) recovery.

15 The referenced schedules comprising composite
16 Exhibit HMG-1 include data for Peoples' entire
17 system.

18 Q. Were these schedules prepared under your direction
19 and supervision?

20 A. Yes.

21 Q. What was Peoples' cost of gas to be recovered
22 through the PGA clause for the period April 1994
23 through September 1994?

24 A. As shown in Schedule A-7, p. 8 of 95 in HMG-1, the
25 cost of gas purchased, adjusted for company use was

- 1 \$43,492,968.
- 2 Q. What was the amount of gas revenue collected for
3 the period April 1994 through September 1994?
- 4 A. The amount of gas revenue collected to cover the
5 cost of gas was \$43,562,703.
- 6 Q. What was the final true-up amount for the period
7 April 1994 through September 1994?
- 8 A. The final true-up amount, including interest and
9 including adjustments of \$2,540,996 and \$25,743
10 (See Schedule A-2 for May 1994 and June 1994,
11 respectively) for the period is an overrecovery of
12 \$2,674,712.
- 13 Q. Is this amount net of the estimated true-up for the
14 period April 1994 through September 1994, which is
15 included in the April 1994 through March 1995 PGA
16 factor calculation?
- 17 A. Yes.
- 18 Q. Is this the final overrecovery amount to be
19 included in the April 1995 through March 1996
20 projection?
- 21 A. Yes.
- 22 Q. Does this conclude your testimony?
- 23 A. Yes.

DOCKET NO. 940003-GU

SEBRING GAS SYSTEM, INC.
DOCKET NO. 940003-GU
FILED NOVEMBER 29, 1994

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 PREPARED DIRECT TESTIMONY

3 OF

4 JERRY H. MELENDY, JR.

5

6 Q Please state your name, business address, by whom you are
7 employed and in what capacity.

8 A My name is Jerry H. Melendy, Jr., my business address is
9 3515 U.S. Highway 27, South, Sebring, Florida 33870-5452.

10 I am the Vice President of Sebring Gas System, Inc. (the Company),
11 a Florida Corporation.

12 Q What are your responsibilities in that position?

13 A I am responsible for all areas of finance, rates, accounting
14 and taxes as well as general management responsibilities
15 of the company.

16 Q Please state your educational background.

17 A I have an Associate of Arts degree from Polk Community
18 College. I have a Bachelor of Arts degree from the University
19 of South Florida.

- 1 Q. What is the purpose of your testimony?
- 2 A. The purpose of my testimony is to present the final true-up
3 for the period October, 1993 through September, 1994.
- 4 Q. Has the Company prepared the Schedules as prescribed by
5 this Commission for this purpose?
- 6 A. Yes, it has. The Schedules prescribed by the Commission are
7 being filed at this time. Copies are attached to my testimony.
- 8 Q. Would you please identify the Schedules which you are filing?
- 9 A. Yes. The Schedules are identified as Composite Exhibit JHM-1
10 and are as follows:
- 11 A-1 - COMPARISON OF ACTUAL VERSUS ORIGINAL
12 ESTIMATE OF THE PURCHASED GAS ADJUSTMENT
13 COST RECOVERY FACTOR - OCTOBER 1993 THROUGH
14 MARCH 1994.
- 15 A-2 - CALCULATION OF TRUE-UP AND INTEREST
16 PROVISION - OCTOBER 1993 THROUGH MARCH 1994.
- 17 A-3 - RESIDENTIAL BILL COMPARISON FOR MONTHLY
18 USEAGE OF 30 THERMS - OCTOBER 1993 THROUGH
19 MARCH 1994.
- 20 A-4 - THERM SALES AND CUSTOMER DATA - OCTOBER
21 1993 THROUGH MARCH 1994.
- 22 A-5 - CONVERSION FACTOR CALCULATION - OCTOBER
23 1993 THROUGH MARCH 1994.
- 24 A-6 - THERM SALES AND CUSTOMER DATA - COMPARED
25 TO PRIOR YEAR - OCTOBER 1993 THROUGH MARCH 1994.
- 26 A-7 - TRANSPORTATION PURCHASES - SYSTEM SUPPLY

- 1 AND END USE - OCTOBER 1993 THROUGH MARCH 1994
2 A-1 - COMPARISON OF ACRUAL VERSUS ORIGINAL
3 ESTIMATE OF THE PURCHASED GAS ADJUSTMENT
4 COST RECOVERY FACTOR - APRIL 1994 THROUGH
5 SEPTEMBER 1994.
6 A-2 - CALCULATION OF TRUE-UP AND INTEREST
7 PROVISION - APRIL 1994 THROUGH SEPTEMBER
8 1994.
9 A-3 - TRANSPORTATION PURCHASES - APRIL 1994
10 THROUGH SEPTEMBER 1994.
11 A-4 - TRANSPORTATION SYSTEM SUPPLY - APRIL
12 1994 THROUGH SEPTEMBER 1994.
13 A-5 - THERM SALES AND CUSTOMER DATA - APRIL 1994
14 THROUGH SEPTEMBER 1994.
15 A-6 - CONVERSION FACTOR CALCULARION - APRIL
16 1994 THROUGH SEPTEMBER 1994.
17 A-7 - FINAL FUEL OVER/UNDER RECOVERY - APRIL
18 1994 THROUGH SEPTEMBER 1994.

19 Also attached are the individual PGA filings for the months of
20 October 1993 through September 1994.

21 Q Were these schedules prepared under your direction and
22 supervision ?

23 A Yes they were. Beginning in April 1994, the PGA schedules were
24 prepared by myself. Prior to this, the schedules were prepared by
25 my consultants, Regulated Industry Consultants, with my furnishing
26 the data and final approval.

- 1 Q. What were the total therm sales for the period October 1993
2 through September 1994?
- 3 A. The total therm sales for the period October 1993 through
4 September 1994 was 504,432.
- 5 Q. What were the total therm purchases for the period October
6 1993 through September 1994?
- 7 A. The total therm purchases for the period October 1993
8 through September 1994 were 515,550.
- 9 Q. What was the cost of gas to be recovered through the PGA
10 for the period October 1993 through September 1994?
- 11 A. The cost of gas purchased for the period October 1993 through
12 September 1994 was \$155,919.
- 13 Q. What was the amount of gas revenue collected for the period
14 October 1993 through September 1994?
- 15 A. The amount of gas revenue collected to cover the cost of gas
16 for the period October 1993 through September 1994 was
17 \$172,508.
- 18 Q. What is the total true-up provision for the period October 1993
19 through September 1994?
- 20 A. The total true-up provision, including interest, for the period
21 October 1993 through September 1994, is an overrecovery of
22 \$17,369.
- 23 Q. What is the amount of estimated true-up included for October
24 1993 through march 1994 included in the April 1994 through
25 march 1995 PGA factor calculation?
- 26 A. The amount of estimated true-up for the period October 1993

- 1 through March 1994 included in the April 1994 through March
2 1995 PGA factor calculation was an underrecovery of \$14,375.
- 3 Q. What is the amount of estimated true-up for April 1994 through
4 September 1994 included in the calculation of the final true-up
5 for the period?
- 6 A. The amount of estimated true-up for April 1994 through
7 September 1994 included in the calculation is \$0.
- 8 Q. What is the final over/underrecovery for the period October
09 1993 through September 1994 to be included in the April
10 1995 through march 1996 projection?
- 11 A. The final overrecovery for the current period to be included
12 in the April 1995 through march 1996 projection is \$31,744.
- 13 Q. Does this conclude your testimony?
- 14 A. Yes it does.

- 1 Q. Please state your name, business address, by whom you are
2 employed and in what capacity.
- 3 A. My name is Jerry H. Melendy, Jr., my business address is
4 3515 U.S. Highway 27, South, Sebring, Florida 33870-5452.
5 I am the Vice President of Sebring Gas System, Inc. (the Company),
6 a Florida Corporation.
- 7 Q. What are your responsibilities in that position?
- 8 A. I am responsible for all areas of finance, rates, accounting
9 and taxes as well as general management responsibilities
10 of the company.
- 11 Q. Please state your educational background.
- 12 A. I have an Associate of Arts degree from Polk Community
13 College. I have a Bachelor of Arts degree from the University
14 of South Florida.
- 15 Q. What is the purpose of your testimony?
- 16 A. The purpose of my testimony is to present the calculation of Sebring Gas
17 System's levelized purchased gas cost for the upcoming twelve-month
18 period April 1995 through March 1996.
- 19 Q. Has the Company prepared the Schedules as prescribed by
20 this Commission for this purpose?
- 21 A. Yes, it has. The Schedules prescribed by the Commission are
22 being filed at this time. Copies are attached to my testimony.
- 23 Q. Would you please identify the Schedules which you are filing?
- 24 A. Yes. The Schedules are identified as Composite Exhibit JHM-1

1 and are as follows:

2 E-1 - PURCHASED GAS ADJUSTMENT COST RECOVERY
3 CLAUSE CALCULATION, Original Estimate for the Projected
4 Period April 1995 through March 1996.

5 E-1/R - PURCHASED GAS ADJUSTMENT COST RECOVERY
6 CLAUSE CALCULATION, Revised Estimate for the Period April 1994
7 through March 1995.

8 E-2 - CALCULATION OF TRUE-UP AMOUNT for the
9 Current Period April 1994 through March 1995.

10 E-3 - TRANSPORTATION PURCHASES, SYSTEM SUPPLY
11 AND USE for the Period April 1995 through March 1996. Because
12 Sebring Gas does not purchase transportation gas, this schedule, although
13 included in this filing, is not applicable.

14 E-4 - CALCULATION OF TRUE-UP AMOUNT,
15 PROJECTED PERIOD April 1995 through March 1996.

16 E-5 - THERM SALES AND CUSTOMER DATA for
17 the Projected Period April 1995 through March 1996.

18 Q. Were these schedules prepared under your direction and
19 supervision?

20 A. Yes, they were.

21 REVISED ESTIMATES FOR THE PERIOD
22 APRIL 1995 - MARCH 1996

23 Q. What is the revised estimate of total purchased gas cost for the
24 period April 1994 through March 1995?

25 A. The revised estimate of purchased gas cost for the current period

- 1 April 1994 through March 1995 is \$157,282.
- 2 Q. What is the revised estimate of gas revenue to be collected for the
3 current period April 1994 through March 1995?
- 4 A. The revised estimate of gas revenue to be collected for the current
5 period April 1994 through March 1995 is \$149,633. This figure includes
6 a refund of prior period overcollections in the amount of \$2,316,
7 which makes the revenue collected to cover the current period's
8 gas cost estimate total \$151,949.
- 9
- 10 Q. What is the revised true-up amount, including interest,
11 estimated for the current period April 1994 through March
12 1995?
- 13 A. The company's estimate for the revised true-up, including
14 interest, to be an undercollection of \$4,367.
- 15 PROJECTIONS FOR THE PERIOD
16 APRIL 1995 THROUGH MARCH 1996
- 17 Q. How was the projections for the period April 1995 through
18 March 1996 determined?
- 19 A. The estimated gas supply requirements for each month of the
20 twelve month period were determined initially. These requirement
21 estimates were based upon the estimated sales to ultimate customers
22 for the period.
- 23 Q. What steps were used to determine the estimated cost of gas for the
24 projected period April 1995 through March 1996?
- 25 A. As reported on Schedule E-1, lines 1 through 11, the total cost of

1 gas consists of the cost of no-notice transportation service (NNTS)
2 on FGT, the demand and commodity costs of firm transportation service
3 (FTS) on FGT, the commodity cost of gas paid to our supplier,
4 Peninsula Energy Services Co. (PESCO) and the cost of gas
5 transportation as billed by the City of Sebring.

6 The demand portion of "NNTS" and "FTS" services (lines 2 and 5
7 of Schedules E-1 E1/R) is based on Sebring Gas System's contract
8 with FGT and an estimate of FGT's demand rates for these two
9 services. The demand rates used for NNTS and FTS-1 service for
10 the months April 1995 through June 1995 are the current rates in
11 effect. The rates used for the months July 1995 through March 1996
12 are the rates proposed by FGT for that period of time.

13 The commodity portion of the Cost of Gas Purchased is shown
14 as Lines 1 and 4 of Schedule E-1. The Commodity Pipeline amount
15 (line 1) is based on FGT's "FTS" Commodity Rate multiplied by the
16 amount of therms transported for our system supply. The rate utilized
17 for the projected period April 1995 through March 1996 are the
18 current rates in effect.

19 The Commodity (Other), (line 4) is based on amount of therms
20 purchased by Sebring Gas, multiplied by the current rate per therm,
21 plus a management fee. The rate is based upon the price paid by
22 our supplier PESCO, plus the management fee of \$.005 per therm.

23 The management fee allow Sebring Gas to benefit from the work
24 research of the gas procurement department of PESCO for
25 obtaining the best gas price. Because of Sebring Gas' small

1 size and lack of experience in acquiring gas, the best use of the
2 company's funds and resources is to contract PESCO to
3 provide gas for the company.

4 Other charges for the Cost of Gas Purchased is represented on
5 Line 6 of Schedule E-1. This figure consists of a charge for
6 transportation by the City of Sebring, any Western Division
7 Revenue Sharing Credit from FGT and PGA Reporting Fees.
8 The City of Sebring transports the company's gas supply through
9 a 7 mile pipeline connected to FGT's gatestation in Avon Park
10 and ending at Sebring Gas' gatestation in Sebring. The pipeline
11 is presently owned by Tampa Electric Company (TECO), who
12 allows the City of Sebring to operate and maintain. The rate for
13 transportation is based on a contract with the city for \$.035 per
14 MCF transported. The PGA Preparation Fee is estimated to be
15 \$750.00 per month, as levied by our outside CPA firm, Ryals,
16 Brimmer, Burek and Keelan.

17 Q. How was the projected total firm sales determined?

18 A. The company has only firm sales at this time. Subsequently,
19 the total sales and firm sales are the same. The total sales were
20 determined by using historical averages for both classes, residential
21 and commercial, customers, with a growth factor added. The total
22 sales are shown on Line 27 of Schedule E-1. The total estimated
23 sales for the Projected period April 1995 through March 1995 is
24 606,619 therms.

25 Q. What is the company's average cost per therm for the Projected

- 1 period April 1995 through March 1996?
- 2 A. Show on Line 40 of Schedule E-1, the company's average cost
3 of gas for the Projected period April 1995 through March 1996
4 is estimated to be 38.163 cents per therm. to arrive at the Total
5 PGA Factor, the average cost of gas is adjusted for the estimated
6 total true-up through March 1995, as shown on Schedule E-4,
7 and for revenue-related taxes.
- 8 Q. What is the projected PGA Factor for the Projected period
April 1995 through March 1996?
- 9 A. The projected PGA Factor for the projected period is 37.072
10 cents per therm, as shown on Line 45 of Schedule E-1.
- 11 Q. The estimated total true-up for the period April 1994 through
12 March 1995, as shown on Schedule E-4 is included in the
13 projected PGA Factor for the period April 1995 through March
14 1996. How was the figure calculated?
- 15 A. The final true-up amount for the period October 1993 through
16 March 1994 is added to the estimated end of period net true-up
17 for April 1994 through March 1995. The April 1994 through
18 March 1995 estimated true-up is based on eight months' actual
19 plus four months' projected data.
- 20 Q. What is the impact of the total true-up for the period April 1994
21 through March 1995 on the projected PGA Factor for the
22 Projected period April 1995 through March 1996?
- 23 A. The projected true-up for the period, ending March 1995 is
24 overrecovery of \$10,835, which is shown on line 4, Column
25 6 of Schedule E-4. Dividing the overrecovery of \$10,835 by

1 the projected therm sales of 606,616 therms results in a
2 refund of 1.786 cents per therm to be included in the proposed
3 PGA Factor.

4 Q. What is the maximum levelized purchased gas factor (cap)
5 that you are proposing for the projected period April 1995
6 through March 1996?

7 A. The maximum levelized purchased gas factor (cap) that Sebring
8 Gas is proposing for the period is 40.193 cents per therm.
9 This factor represents the estimated average cost of gas for the
10 six winter months, October through March, of 37.653 per therm,
11 plus the projected period's true-up of 1.786 per therm, and the
12 total of the two figures multiplied by the tax revenue factor 1.01911.
13 Because the company has experienced higher winter costs for gas
14 and through projections supplied by our supplier, PESCO, we
15 anticipate this trend to continue for the projected period. The higher
16 winter average for the cost of gas dictates that the proposed
17 maximum levelized purchased gas cost factor (cap) be as it is.
18 Using the proposed cap will allow Sebring Gas to possibility
19 avoid large overrecoveries during the winter months when purchased
20 gas prices are highest. This procedure, combined with the ability
21 to flex down the rates when gas prices become lower will allow Sebring
22 Gas to operate at it's highest financial efficiency and provide our
23 ratepayers with gas prices more realistically with actual costs.

24 Q. Does this conclude your testimony?

25 A. Yes, it does.

1 Q. Please state your name, occupation, and business address.

2 A. My name is E. J. Kahl. I am Vice President, Finance, of
3 South Florida Natural Gas Co. ("SFNG"). My business
4 address is 101 Northwest 202 Terrace, Miami, Florida 33269.

5 Q. What is the purpose of your testimony?

6 A. The purpose of my testimony is to discuss the final true-up
7 for the period October 1993 through September 1994.

8 Exhibits

9 Q. Would you please identify the Composite Exhibit which you
10 are sponsoring with this testimony?

11 A. Yes. As Composite Exhibit EJK-1, I am sponsoring the
12 following schedules with respect to the final true-up for
13 the period October 1993 through September 1994:

14 A-1/MF-AO - Comparison of Actual vs. Original Estimate of
15 the Purchased Gas Adjustment Cost Recovery Factor - October
16 1993 through March 1994.

17 A-2 - Calculation of True-Up and Interest Provision -
18 October 1993 through March 1994.

19 A-3 - Residential Bill Comparison for Monthly Usage of 30
20 Therms - October 1993 through March 1994.

21 A-4 - Therm Sales and Customer Data - October 1993 through
22 March 1994.

23 A-5 - Conversion Factor Calculation - October 1993 through
24 March 1994.

25 A-6 - Therm Sales and Customer Data - Compared to Prior Year
26 - October 1993 through March 1994.

- 1 A-7P(1) - Transportation Purchases - System Supply and End
2 Use - October 1993 through March 1994.
- 3 A-1 - Comparison of Actual Versus Original Estimate of the
4 Purchased Gas Adjustment Cost Recovery Factor - April 1994
5 through September 1994.
- 6 A-2 - Calculation of True-up and Interest Provision - April
7 1994 through September 1994.
- 8 A-3 - Transportation Purchases - April 1994 through
9 September 1994.
- 10 A-4 - Transportation System Supply - April 1994 through
11 September 1994.
- 12 A-5 - Therm Sales and Customer Data - April 1994 through
13 September 1994.
- 14 A-6 - Conversion Factor Calculation - April 1994 through
15 September 1994.
- 16 A-7 - Final Fuel Over/Under Recovery - October 1993 through
17 September 1994.

18 Also attached are the individual PGA filings for the months
19 of October 1993 through September 1994.

20 Final True-Up October 1993 - September 1994

- 21 Q. What were total therm sales for the period October 1993
22 through September 1994?
- 23 A. Total therm sales subject to the PGA were 2,144,599 therms.
- 24 Q. What were total therm purchases for the period October 1993
25 through September 1994?
- 26 A. Total therm purchases were 2,099,280 therms.

- 1 Q. What was the cost of gas to be recovered through the PGA for
2 the period October 1993 through September 1994?
- 3 A. The cost of gas purchased for the period was \$497,549.
- 4 Q. What was the amount of gas revenue collected for the period
5 October 1993 through September 1994?
- 6 A. The amount of gas revenue collected to cover the cost of gas
7 was \$669,225.
- 8 Q. What is the total true-up provision for the period October
9 1993 through September 1994?
- 10 A. The total true-up provision, including interest, is an
11 overrecovery of \$174,215 for the period.
- 12 Q. What is the amount of estimated true-up included for October
13 1993 through March 1994 in the April 1994 through March 1995
14 PGA factor calculation?
- 15 A. The amount of estimated true-up for the period October 1993
16 through March 1994 included in the April 1994 through March
17 1995 PGA factor calculation was an overcollection of
18 \$51,041.
- 19 Q. What is the amount of estimated true-up for April 1994
20 through September 1994 included in the calculation of the
21 final true-up for the period?
- 22 A. The amount of estimated true-up for April 1994 through
23 September 1994 included in the calculation is an
24 overcollection of \$774 which represents interest for the
25 period.
26

1 Q. What is the final over/underrecovery for the October 1993
2 through September 1994 period to be included in the April
3 1995 through March 1996 projection?

4 A. The final overrecovery for the current period to be included
5 in the April 1995 through March 1996 projection is \$122,400.

6 Q. Does this conclude your testimony?

7 A. Yes, it does.

8

1 Q. Please state your name, occupation, and business
2 address.

3 A. My name is E. J. Kahl. I am Vice-President, Finance
4 of South Florida Natural Gas Co. ("SFNG"). My
5 business address is 101 Northwest 202 Terrace, Miami,
6 Florida.

7 Q. What is the purpose of your testimony?

8 A. The purpose of my testimony is to discuss the
9 projected true-up for the period April 1, 1995 through
10 March 31, 1996.

11 Q. Would you please identify the Composite Exhibit which
12 you are sponsoring with this testimony?

13 A. Yes. As Composite Exhibit EJK-2, I am sponsoring
14 Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5.

15 Q. Were these schedules prepared under your direction and
16 supervision?

17 A. Yes, they were.

18 Revised Estimate April 1994 - March 1995

19 Q. What is the revised estimate of total purchased gas
20 costs for the period April 1994 - March 1995?

21 A. The revised projection of purchased gas cost for the
22 current period is \$379,269.

23 Q. What is the revised projection of gas revenue to be
24 collected for the current period?

25 A. As shown on Schedule E-2, the company estimates the

1 total gas revenue to be collected during the period to
2 be \$494,458. This amount includes a refund of prior
3 period overcollections in the amount of \$61,210.
4 Therefore, the revenue collected to cover the current
5 period's gas cost is estimated to be \$555,668.

6 Q. What is the revised true-up amount, including
7 interest, estimated for the April 1994 - March 1995
8 period?

9 A. The company estimates the revised true-up, including
10 interest, to be an overcollection of \$183,178.

11 April 1995 - March 1996 Projection

12 Q. How did you develop your projection of SFNG's cost of
13 gas for the April 1995 - March 1996 period?

14 A. Our first step was to estimate our supply requirements
15 for each of the twelve months in the period. Our
16 projected supply requirements are based on our
17 projected sales and company use for each month. Once
18 we develop our supply requirements, we can then
19 determine how these requirements will be met. In
20 other words, we match our estimated requirements with
21 the gas supply that is available to us. All of our
22 gas requirements will be met utilizing firm
23 transportation service on FGT for the projected period
24 of April 1995 - March 1996. Due to the complexity of
25 transporting on FGT's system after implementation of

1 FERC Order 636, and the new gas control requirements
2 on all transporters, we have contracted with an energy
3 services firm who furnishes our gas supply, arranges
4 for transportation of the supply to our system,
5 monitors volumes and adjusts receipts/deliveries as
6 necessary, and makes all nominations and balancing
7 arrangements.

8 Q. Please describe the general steps or mechanics of
9 projecting the total cost of gas for the April 1995 -
10 March 1996 period.

11 A. As shown on Schedule E-1 lines 1 - 11, the total cost
12 of gas consists of the cost of no-notice
13 transportation service (NNTS) on FGT, the demand and
14 commodity costs of firm transportation service (FTS)
15 on FGT, and the commodity cost of gas estimated to be
16 paid to our supplier during the period.

17 The cost of NNTS service (line 2) is based on
18 SFNG's contract level with FGT and an estimation of
19 FGT's reservation charge for this service. The
20 reservation charge utilized for the months of April
21 1995 through June 1995 is the current rate in effect.
22 The reservation charge utilized for the months of July
23 1995 through March 1996 is the rate proposed by FGT in
24 its current rate case.

25 The demand and commodity portions of

1 transportation system supply are shown on Schedule E-
2 1, lines 1, 4, and 5. The commodity pipeline amount
3 (line 1) is based on FGT's FTS commodity rate (current
4 and proposed) multiplied by the number of therms
5 projected to be transported for system supply.

6 The commodity other (line 4) is based on data
7 shown on Schedule E-3 which details our projected
8 direct supplier purchases for the twelve-month period.
9 We projected the "FTS" commodity cost on line 4 using
10 a combination of analyses. We analyzed the 1993 and
11 1994 monthly prices of natural gas delivered to FGT by
12 zone as reported in Inside FERC Gas Market Report. We
13 also reviewed the recent NYMEX postings for the twelve
14 months ended December 1995. Since August 1994,
15 natural gas prices have been substantially lower than
16 previous periods. Recent NYMEX postings indicate that
17 this trend may continue. However, we believe that gas
18 prices could quickly return to more "normal" prices in
19 the next year. As a result, for the purpose of
20 establishing the annual purchased gas factor, we have
21 estimated the index price of gas to be slightly higher
22 than the average of actual 1993 and 1994 prices. To
23 this average, we added our supplier's estimated margin
24 for first of the month pricing and swing service.

25 The demand component of SFNG's cost of gas (line

1 5) for the months of April 1995 - June 1995 is based
2 on FGT's current FTS demand rate multiplied by the
3 projected transportation volumes. For the months of
4 July 1995 through March 1996, we utilized FGT's
5 proposed FTS demand rate to estimate the demand
6 component. To facilitate system management, SFNG has
7 temporarily relinquished all of its capacity on FGT to
8 the energy services firm who only charges SFNG for the
9 demand cost for therms actually transported.
10 Therefore, SFNG incurs no excess demand charges in its
11 cost of gas.

12 Q. Based on the projected total cost of gas and projected
13 sales, what is the weighted average cost per therm for
14 the twelve-month period ended March 1996?

15 A. This figure is shown on Schedule E-1, line 40, and is
16 28.111 cents per therm. To arrive at the total PGA
17 factor, the 28.111 cents per therm is adjusted for the
18 estimated total true-up through March 1995 (shown on
19 Schedule E-4) and for revenue-related taxes.

20 Q. What is the projected PGA factor for the period April
21 1995 - March 1996?

22 A. The projected PGA factor for the period is 21.077
23 cents per therm.

24 Q. The estimated total true-up for the twelve months
25 ended March 1995 as calculated on Schedule E-4 is

- 1 included in the projected PGA factor for the period
2 April 1995 - March 1996. Please explain how it was
3 calculated.
- 4 A. The final true-up amount for the period October 1993 -
5 March 1994 is added to the estimated end of period net
6 true-up for April 1994 - March 1995. The April 1994 -
7 March 1995 estimated true-up is based on eight months'
8 actual data plus four months' projected data.
- 9 Q. What is the impact of the total true-up for the twelve
10 months ended March 31, 1995 on the projected PGA
11 factor for the April 1995 - March 1996 period?
- 12 A. The projected true-up as of March 31, 1994 is an
13 overrecovery of \$144,832 (Schedule E-4). Dividing the
14 overrecovery by the April 1995 - March 1996 projected
15 therm sales of 2,036,298 results in a refund of 7.113
16 cents per therm to be included in the proposed PGA
17 factor.
- 18 Q. What is the maximum levelized purchased gas factor
19 (cap) that you are proposing for the April 1995 -
20 March 1996 period?
- 21 A. The maximum levelized purchased gas factor (cap) that
22 we are proposing for the period is 21.077 cents per
23 therm.
- 24 Q. Does this conclude your testimony?
- 25 A. Yes, it does.

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2
3 In Re: Purchased Gas Recovery)

Docket No. 950003-GU
Submitted for filing
February 17, 1995

4 _____)
5
6 3RD REVISED DIRECT TESTIMONY OF STUART L. SHOAF ON
7 BEHALF OF ST. JOE NATURAL GAS COMPANY, INC.
8 =====

9 Q. Please state your name, business address, by whom
10 you are employed and in what capacity.

11 A. Stuart L. Shoaf, 301 Long Avenue, Port St. Joe,
12 Florida 32456, St. Joe Natural Gas Company in the
13 capacity of President and Regulatory Affairs.

14 Q. What is the purpose of your 3rd revised testimony?

15 A. My purpose is to submit known and estimated gas
16 costs and therm sales from April 1, 1995 through
17 March 31, 1996, used in developing the maximum twelve
18 month levelized purchased gas cost factor to be applied
19 to customer bills from April 1, 1995 through
20 March 31, 1996.

21 Q. Have you prepared any exhibits in conjunction with
22 your 3rd revised testimony?

23 A. Yes, I have prepared and filed on Feb. 17, 1995
24 1st Revised Schedule E-2 and 2nd revised E-4.

25 Q. What Revised Purchased Gas Cost Recovery Factor does

1 St. Joe Natural Gas seek approval through its 3rd revised
2 petition for the period April 1, 1995 through March
3 31, 1996?

4 A. 30.600 cents per therm

5 Q. Does this conclude your 3rd revised testimony?

6 A. Yes

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1 A-5, A-6 and revised A-7. A-1 support schedules are
2 included where applicable.

3 Q. Were these schedules prepared under your direction and
4 supervision?

5 A. Yes, they were. The schedules are attached to my
6 testimony and identified as composite exhibit TG-1.

7 Q. What were the total therm sales for the period October
8 1993 through March 1994 and for the period April 1994
9 through September 1994?

10 A. Total therm sales excluding end-use transportation
11 volumes for the period October 1993 through March 1994
12 were 17,161,393 including 15,391,540 firm sales and
13 1,769,853 interruptible sales. For the period April 1994
14 through September 1994 total therm sales were 9,421,377
15 including 8,321,116 firm sales and 1,100,261
16 interruptible sales.

17 Q. What were total therm purchases during the periods
18 October 1993 through March 1994 and April 1994 through
19 September 1994?

20 A. Therm purchases excluding end-use transportation volumes
21 for October 1993 through March 1994 were 18,997,365 and
22 for April 1994 through September 1994 were 9,698,110.

23 Q. What was the cost of gas to be recovered through the
24 purchased gas cost recovery clause for the periods
25 October 1993 through March 1994 and April 1994 through

1 September 1994?

2 A. The cost of gas purchased for the period October 1993
3 through March 1994 was \$6,272,780, and for April 1994
4 through September 1994 it was \$2,103,456.

5 Q. What was the amount of gas revenue collected for the
6 periods October 1993 through March 1994 and April 1994
7 through September 1994?

8 A. The amount of gas revenue collected for the period
9 October 1993 through March 1994 was \$5,929,889 and for
10 the period April 1994 through September 1994 was
11 \$2,304,027.

12 Q. What is the total true-up provision for the periods
13 October 1993 through March 1994 and April 1994 through
14 September 1994?

15 A. The true-up provision, as shown on schedule A-7, for the
16 period October 1993 through March 1994 is an
17 underrecovery of \$329,323 and for the period April 1994
18 through September 1994 an overrecovery of \$201,261. This
19 equates to a total underrecovery of \$128,062.

20 Q. Does this conclude your testimony?

21 A. Yes.

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 DOCKET NO. 950003-GU
3 DIRECT TESTIMONY
4 OF
5 TOM GOODWIN
6 ON BEHALF OF
7 WEST FLORIDA NATURAL GAS COMPANY

- 8 Q. Please state your name and address.
- 9 A. My name is Tom Goodwin. My business address is 301
10 Maple Avenue, Panama City, Florida. I am employed
11 as Coordinator of Gas Management by West Florida
12 Natural Gas Company. My responsibilities include
13 the development of therm sales projections,
14 calculation of PGA true-up factors, and calculation
15 of the monthly weighted average cost of gas
16 (WACOG).
- 17 Q. What is the purpose of your testimony?
- 18 A. The purpose of my testimony is to describe how the
19 sales estimate of 27,964,069 therms for the period
20 April 1995 through March 1996 was determined and to
21 explain the factors considered in the development
22 of our maximum PGA factor for this period.
- 23 Q. Please explain how the sales estimate was
24 developed.
- 25 A. The estimate of 27,964,069 therms consists of

1 projected firm gas sales totaling 25,714,069 therms
2 and over-run sales from system supply to our
3 transportation customers totaling 2,250,000 therms.
4 In arriving at the firm sales estimate, a projected
5 growth factor of 3% for residential consumption and
6 2% for commercial consumption was applied to the
7 average sales for the past two (2) annual periods.
8 Firm industrial sales reflect the projected
9 addition of a small co-generation load. Sales of
10 overrun gas to our transportation customers, in
11 excess of their firm transportation entitlements,
12 is expected to decrease substantially due to the
13 availability of additional transportation capacity
14 for these customers through the capacity release
15 system now in effect.

16 Q. Please explain the development of the maximum PGA
17 factor.

18 A. Development of a maximum PGA factor for this annual
19 projection required consideration of all known and
20 anticipated factors affecting the actual total cost
21 of gas supply. Factors such as credits for
22 capacity relinquishment and possible penalty
23 charges or credits from FGT were not considered in
24 this estimate. Total cost of gas has been
25 determined by multiplying estimated purchases from

1 all sources by the appropriate estimated commodity
2 charge rate. Reservation charges have been
3 calculated for pipeline transportation based on
4 revised contract levels and entitlements. Usage
5 and reservation rates are as reflected in Florida
6 Gas Transmission's latest filed tariff sheets. I
7 have also included expected costs associated with
8 no-notice transportation entitlements. My
9 estimates are based on known and/or anticipated
10 rates and past seasonal trends, with the
11 expectation that mid-course adjustments may be
12 required. The calculated total estimated cost of
13 gas supply has been divided by estimated total
14 system supply gas received, which considers the
15 effect of transportation fuel usage at 2.17% to
16 arrive at the average cost per therm, which was
17 then adjusted for true-up and taxes to develop the
18 purchased gas cost recovery factor.

19 Q. What are the true-ups for the period October 1,
20 1993 through March 31, 1994 and the period April 1,
21 1994 through March 31, 1995?

22 A. Our true-up was an underrecovery of \$329,323 for
23 the period October 1, 1993 through March 31, 1994.
24 The estimated true-up for the period April 1, 1994
25 through March 31, 1995 is a underrecovery of

- 1 \$1,020,347 based upon eight months actual and four
2 months estimated data.
- 3 Q. What is the total true-up for the projected period
4 April 1, 1995 through March 31, 1996?
- 5 A. The final total true-up for the projected period
6 April 1, 1995 through March 31, 1996 is an
7 overrecovery of \$270,355 as detailed in Schedule E-
8 4. A true-up refund factor of 0.967 cents per
9 therm has been calculated for the period, as is
10 also shown on Schedule E-4.
- 11 Q. What is the total purchased gas cost recovery
12 factor to be applied to customer bills during the
13 period April 1995 through March 1996?
- 14 A. We project the maximum purchased gas cost recovery
15 factor, including WACOG, true-up factor, and
16 related taxes to be 36.460 cents per therm for the
17 April 1995 through March 1996 period.
- 18 Q. Are you sponsoring any schedules in this Docket?
- 19 A. Yes, I am sponsoring schedules E-1/R, E-2, E-3, and
20 E-5 for the current period, and E-1, E-3, E-4 and
21 E-5 for the projected period.
- 22 A. Does this conclude your testimony?
- 23 A. Yes.

1 COMMISSIONER DEASON: And all issues have been
2 stipulated; is that correct?

3 MS. ERSTLING: That is correct. And Staff
4 recommends that the Commission approve the issues as
5 they have been stipulated.

6 CHAIRMAN CLARK: I so move.

7 COMMISSIONER JOHNSON: Second.

8 COMMISSIONER DEASON: Approval of the
9 stipulations for all issues have been moved and
10 seconded. Without objection, hearing no objection, show
11 that those stipulations are approved, and that should
12 conclude the 03 docket.

13 (Thereupon, the hearing concluded at 10:00
14 a..m.)

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1 STATE OF FLORIDA)

2 :
3 COUNTY OF LEON)

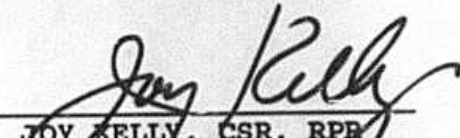
CERTIFICATE OF REPORTER

4 I, JOY KELLY, CSR, RPR, Chief of the Bureau of
5 Reporting and Official Commission Reporter,

6 DO HEREBY CERTIFY that the hearing in Docket
7 No. 950003-GU was heard by the Florida Public Service
8 Commission at the time and place herein stated; it is
9 further

10 CERTIFIED that I stenographically reported the
11 said proceedings; that the same has been transcribed
12 under my direct supervision, and that this transcript,
13 consisting of 97 pages, constitutes a true transcription
14 of my notes of said proceedings.

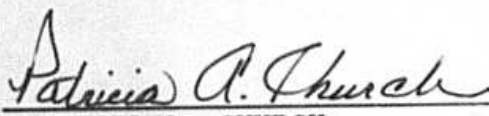
15 DATED this 13th day of March, 1995.

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JOY KELLY, CSR, RPR
Chief, Bureau of Reporting
(904) 488-5981

STATE OF FLORIDA)

:
COUNTY OF LEON)

The foregoing certificate was acknowledged
before me this 13th day of March, 1995, by JOY KELLY,
who is personally known to me.


PATRICIA A. CHURCH
Notary Public - State of Florida
My Commission No. CC-90785
Notary Public, State of Florida
My Commission Expires April 20, 1995
Bonded Thru Troy Fain - Insurance Inc.