

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment) DOCKET NO. 960003-GU
(PGA) True-Up.) ORDER NO. PSC-96-0236-PHO-GU
_____) FILED: February 19, 1996

Pursuant to Notice, a Prehearing Conference was held on Monday, February 12, 1996, in Tallahassee, Florida, before Commissioner J. Terry Deason, as Prehearing Officer.

APPEARANCES:

WAYNE L. SCHIEFELBEIN, Esquire, Gatlin Woods & Carlson,
1709-D Mahan Drive, Tallahassee, Florida 32308
On behalf of Chesapeake Utilities Corporation.

MICHAEL A. PALECKI, Esquire, 955 East 25th Street,
Hialeah, Florida 33013
On behalf of City Gas Company of Florida, a Division of
NUI Corporation.

NORMAN H. HORTON, JR., Esquire, Messer Caparello, Madsen,
Goldman & Metz, P.A., Post Office Box 1876, Tallahassee,
Florida 32302-1876
On behalf of Florida Public Utilities Company, Sebring
Gas System, Inc., South Florida Natural Gas Company and
West Florida Natural Gas Company.

BRIAN J. POWERS, General Manager, Post Office Box 8,
Indiantown, Florida 34956
On behalf of Indiantown Gas Company.

MATTHEW R. COSTA, Esquire, Macfarlane, Ausley, Ferguson,
& McMullen, P. O. Box 1531, Tampa, Florida 33601
On behalf of Peoples Gas System, Inc.

STUART L. SHOAF, President, Post Office Box 549, Port St.
Joe, Florida 32456-0549
On behalf of St. Joe Natural Gas Company.

JOHN ROGER HOWE, Esquire, Office of Public Counsel, c/o
The Florida Legislature, 111 West Madison Street, Room
812, Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida.

SHEILA L. ERSTLING, Esquire and MARY E. CULPEPPER,
Esquire, Florida Public Service Commission, 2540 Shumard
Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Commission Staff.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

PREHEARING ORDER

I. CASE BACKGROUND

As part of the Commission's continuing fuel and energy conservation cost, purchased gas cost, and environmental cost recovery proceedings, a hearing is set for February 21 - 22, 1996, in this docket and in Docket Nos. 960001-EI, 960002-EG and 960007-EI. The hearing will address the issues set out in the body of this prehearing order.

II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 366.093(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the

confidential nature of the information is preserved as required by statute.

- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Commission Clerk's confidential files.

Post-hearing procedures

Rule 25-22.056(3), Florida Administrative Code, requires each party to file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the prehearing order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. The rule also provides that if a party fails to file a post-hearing statement in

conformance with the rule, that party shall have waived all issues and may be dismissed from the proceeding.

A party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 60 pages, and shall be filed at the same time. The prehearing officer may modify the page limit for good cause shown. Please see Rule 25-22.056, Florida Administrative Code, for other requirements pertaining to post-hearing filings.

III. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

IV. ORDER OF WITNESSES

<u>Witness</u>	<u>Appearing For</u>	<u>Issues #</u>
<u>Direct</u>		
* A. V. Wood	Chesapeake	1 - 4
* Michael A. Palecki	City	1 - 5

<u>Witness</u>	<u>Appearing For</u>	<u>Issues #</u>
<u>Direct</u>		
* G. Bachman	FPUC	1 - 5
* Schneidermann	FPUC	1 - 5
* Brian J. Powers	Indiantown	1, 2, 3, 5
* W. Edward Elliott	Peoples	1 - 5
* J. Melendy	Sebring	1 - 5
* L. Defrain	SFNG	1 - 4
* Stuart Shoaf	SJNG	1 - 5
* T. Goodwin	WFNG	1 - 5

- * Witnesses whose names are preceded by an asterisk (*) have been excused. The parties have stipulated that the testimony of those witnesses will be inserted into the record as though read, and cross-examination will be waived. The parties have also stipulated that all exhibits submitted with the witnesses' testimony shall be identified as shown in Section VII of this Prehearing Order and admitted into the record.

V. BASIC POSITIONS

CHESAPEAKE: The appropriate over (under) recovery amounts and purchased gas adjustment factor are as shown in the company's positions on Issues 1 - 4.

CITY: The Commission should determine that City Gas has properly calculated its Purchased Gas Adjustment true-up and that the appropriate purchased gas adjustment factor to be applied by City Gas during the period April 1996 through March 1997 is \$42.182 cents per therm.

FPUC: Florida Public Utilities Company has properly calculated its true-up amounts and projected gas costs. Its costs and projections are reasonable and its purchased gas cost recovery factors should be approved.

INDIANTOWN: No position at this time.

PEOPLES: The Commission should approve Peoples' final PGA true-up amount for the period April, 1994 through March, 1995 of \$4,372,789 (overrecovery), its estimated PGA true-up amount of \$5,890,774 (underrecovery) for the period April, 1995 through March, 1996, and its levelized PGA (cap) factor of \$38.469 per therm for application to customers' bills during the period April 1, 1996 through March 31, 1997.

SEBRING: Sebring Gas System, Inc. has properly calculated its true-up amounts and projected gas costs. Its costs and projections are reasonable and its purchased gas cost recovery factor should be approved.

SFNG: The appropriate over (under) recovery amounts and purchased gas adjustment factor are as shown in the company's positions on Issues 1 - 4.

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

WFNG: West Florida Natural Gas Company has properly calculated its true-up amounts and projected gas costs. Its costs and projections are reasonable and its purchased gas cost recovery factor should be approved.

OPC: None necessary.

STAFF: Staff makes no basic statement of position pending the evidence developed at hearing.

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VI. ISSUES AND POSITIONS

Generic Purchased Gas Adjustment Issues

STIPULATED

ISSUE 1: What are the appropriate final purchased gas adjustment true-up amounts for the period April, 1994 through March, 1995?

POSITION:

Chesapeake Utilities Corporation	\$642	Over-recovery
City Gas Company of Florida	\$46,056	Over-recovery
Florida Public Utilities	\$945,255	Under-recovery
Indiantown Gas Company	\$24,936	Over-recovery
Peoples Gas System, Inc.	\$4,372,789	Over-recovery
Sebring Gas System, Inc.	\$3,871	Under-recovery
St. Joe Natural Gas Company	\$38,950	Under-recovery
South Florida Natural Gas Company	\$71,061	Over-recovery
West Florida Natural Gas Company	\$431,650	Over-recovery

STIPULATED

ISSUE 2: What are the estimated purchased gas adjustment true-up amounts for the period April, 1995 through March, 1996?

POSITION:

Chesapeake Utilities Corporation	\$765,449	Over-recovery
City Gas Company of Florida	\$199,133	Under-recovery
Florida Public Utilities	\$1,371,194	Over-recovery
Indiantown Gas Company	\$51,847	Over-recovery
Peoples Gas System, Inc.	\$5,890,774	Under-recovery
Sebring Gas System, Inc.	\$53	Over-recovery

St. Joe Natural Gas Company	\$55,504	Under-recovery
South Florida Natural Gas Company	\$41,431	Over-recovery
West Florida Natural Gas Company	\$162,207	Under-recovery

STIPULATED

ISSUE 3: What are the total purchased gas adjustment true-up amounts to be collected during the period April, 1996 through March, 1997?

POSITION:

Chesapeake Utilities Corporation	\$766,091	Over-recovery
City Gas Company of Florida	\$153,077	Under-recovery
Florida Public Utilities	\$425,939	Over-recovery
Indiantown Gas Company	\$76,783	Over-recovery
Peoples Gas System, Inc.	\$1,517,985	Under-recovery
Sebring Gas System, Inc.	\$3,818	Under-recovery
St. Joe Natural Gas Company	\$94,454	Under-recovery
South Florida Natural Gas Company	\$112,492	Over-recovery
West Florida Natural Gas Company	\$269,443	Over-recovery

STIPULATED

ISSUE 4: What are the appropriate levelized purchased gas cost recovery (cap) factors for the period April, 1996 through March, 1997?

POSITION:

Chesapeake Utilities Corporation	35.159 cents-per-therm
City Gas Company of Florida	42.184 cents-per-therm
Florida Public Utilities	38.519 cents-per-therm

Indiantown Gas Company	34.824 cents-per-therm
Peoples Gas System, Inc.	38.469 cents-per-therm
Sebring Gas System, Inc.	35.607 cents-per-therm
St. Joe Natural Gas Company	34.600 cents-per-therm
South Florida Natural Gas Company	27.000 cents-per-therm
West Florida Natural Gas Company	33.300 cents-per-therm

STIPULATED

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

POSITION: The factor should be effective for all meter readings on or after April 1, 1996, beginning with the first or applicable billing cycle for the period April, 1996 through March, 1997.

Company-Specific Purchased Gas Adjustment Issues

No company-specific issues.

VII. **EXHIBIT LIST**

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Wood	Chesapeake	<u>(AVW - 1)</u>	April 1994 - March 1995 True-Up, Schedules A1 through A-7
Wood	Chesapeake	<u>(AVW - 2)</u>	April 1996 - March 1997 PGA Factor, Schedules E1 through E-5
Palecki	City	<u>(MAP - 1)</u>	Schedules E-1, E-1/R, E2, E3, E-4, E-5 and A-7

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Bachman	FPUC	<u>(GBM - 1)</u>	Schedules, A-1, A-1/R, A-1 flex down, A-1 Supporting Detail A-2, A-3, A-4, A-5, A-6 and A-7 for the months April, 1994 through March 1995
Bachman	FPUC	<u>(GBM - 2)</u>	Schedules E-1, E-1/R, E-2, E-3, E-4, And E-5
Powers	Indiantown	<u>(BJP - 1)</u>	Schedules E-1, E-2, E-3, E-4 and E-5
Elliott	Peoples	<u>(EE - 1)</u>	Calculation of final true-up for April 1994 - March 1995 (Schedules A-1 through A-6)
Elliott	Peoples	<u>(EE - 2)</u>	Calculation of estimated true-up for April 1995 - March 1996; total true-up for April 1996 - March 1997; Calculation of PGA factor for April 1996 - March 1997 (Schedules E-1 through E-5)
Melendy	Sebring	<u>(JHM - 2)</u>	Schedules E-1, E-1R, E-2, E-3, E-4 and E-5
Defrain	SFNG	<u>(LD - 1)</u>	April 1994 - March 1995 True-Up, Schedules A1 through A-7
Defrain	SFNG	<u>(LD - 2)</u>	April 1996 - March 1997 PGA Factor, Schedules E1 through E-5
Shoaf	SJNG	<u>(SJNG - 1)</u>	PGA Summary of estimates for the projected period (E-1)
Shoaf	SJNG	<u>(SJNG - 2)</u>	Calculation of true-up amount current period (8 months actual, 4 months estimated) (E-2)

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Shoaf	SJNG	<u>(SJNG - 3)</u>	Transportation purchases system supply and end use for the projected period (E-3)
Shoaf	SJNG	<u>(SJNG - 4)</u>	Calculation of true-up amount for the projected period based on the prior period and current period (2 months actual, 4 months estimated) (E-4)
Shoaf	SJNG	<u>(SJNG - 5)</u>	PGA Adjustment - Calculation of True-Up
Goodwin	WFNG	<u>(TG - 1)</u>	Schedules A-1, A-1 Supporting Detail, A-1R, A-1F, A-1F/R, A-2, A-3, A-4, A-5, A-6 and A-7
Goodwin	WFNG	<u>(TG - 2)</u>	Schedules E-1, E-1/R, E-2, E-3, E-4 and E-5

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

VIII. PROPOSED STIPULATIONS

All issues in this docket have been stipulated. Parties are in agreement as to true-up amounts and purchased gas cost recovery (cap) factors.

IX. PENDING MOTIONS

No pending motions at this time.

It is therefore,

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

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DOCKET NO. 960003-GU
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By ORDER of Commissioner J. Terry Deason, as Prehearing Officer, this 19th day of February, 1996.



J. Terry Deason, Commissioner
and Prehearing Officer

(S E A L)

SLE/BC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.