

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Energy Conservation cost) DOCKET NO. 970002-EG
recovery clause.) ORDER NO. PSC-97-0181-PHO-EG
ISSUED: February 18, 1997

Pursuant to Notice, a Prehearing Conference was held on Wednesday, February 5, 1997, in Tallahassee, Florida, before Commissioner J. Terry Deason, as Prehearing Officer.

APPEARANCES:

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

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

JAMES A. MCGEE, Esquire, Post Office Box 14042, St. Petersburg, Florida 33733-4042
On behalf of Florida Power Corporation.

CHARLES A. GUYTON, Esquire, Steel Hector & Davis, 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301
On behalf of Florida Power & Light Company.

WILLIAM B. WILLINGHAM, Esquire, Rutledge, Ecenia, Underwood, Purnell & Hoffman, P.A., Post Office Box 551, Tallahassee, Florida 32302-0551
On behalf of Florida Public Utilities Company.

JEFFREY A. STONE, Esquire, and RUSSELL A. BADDERS, Esquire, Beggs & Lane, 700 Blount Building, 3 West Garden Street, Post Office Box 12950, Pensacola, Florida 32576-2950
On behalf of Gulf Power Company.

JAY LaVIA, Esquire, Landers & Parsons, 310 West College Avenue, Tallahassee, Florida 32302
On behalf of Peoples Gas System, Inc..

LEE L. WILLIS, Esquire, and JAMES D. BEASLEY, Esquire, Ausley & McMullen, Post Office Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company.

NORMAN H. HORTON, JR., Esquire, Messer, Caparello, Metz, Maida & Self, P.A., 215 South Monroe Street, Suite 701, Tallahassee, Florida 32302

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FPSC-RECORDS/REPORTING

On behalf of West Florida Natural Gas Company.

JOSEPH A. MCGLOTHLIN, Esquire, and VICKI GORDON KAUFMAN, Esquire, McWhirter Reeves, McGlothlin, Davidson, Rief & Bakas, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301

On behalf of Florida Industrial Power Users Group.

JOHN ROGER HOWE, Esquire, Deputy Public Counsel, 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.

LORNA R. WAGNER, Esquire, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

On behalf of the Commission Staff.

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 19 - 21, 1997, in this docket and in Docket Nos. 970001-EI, 970003-GU and 970007-EI. The hearing will address the issues set out in the body of this prehearing order.

The parties have reached agreement concerning all issues identified for resolution at the February 19 - 21, 1997, hearing. Therefore, the case will be presented to the panel as a stipulation.

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 Division of Records and Reporting'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

- * 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 those witnesses' testimony shall be identified as shown in Section VII of this Prehearing Order and admitted into the record.

<u>Witness</u>	<u>Appearing For</u>	<u>Issue #</u>
<u>Direct</u>		
* Carl Smith	City Gas	4, 5
* William M. Nettles	CUC	4, 5
* M.F. Jacob	FPC	1, 2
* K.H. Wieland	FPC	7
* Leonor Busto	FPL	1, 2
* M. Peacock	FPUC	1, 2
* Margaret D. Neyman	Gulf	1, 2
* Vernon I. Krutsinger	PGS	4, 5
* Debbie Stitt	SJNG	4, 5
* Howard T. Bryant	TECO	1, 2
* William Gray	WFNG	4, 5
* Ronald Sott	WFNG	4
* Tom Goodwin	WFNG	4

V. BASIC POSITIONS

CITY GAS: The Commission should determine that the appropriate adjusted net true-up for City Gas Company for the period October 1995 through September 1996 is \$452,184 overrecovery. The appropriate conservation cost factors for the period April 1997 through March 1998 are \$3.574

cents per therm for the RS class and \$0.950 cents per therm for the CS, CSLV, and CTS classes.

CUC: The Commission should approve CUC's final adjusted net true-up amount of (\$4,393) (overrecovery) for the period October 1, 1995 through September 30, 1996; the estimated true-up amount for the twelve months ending September 30, 1997; and the projected conservation program expenses for the period April 1, 1997 through March 31, 1998.

The Commission should approve the following ECCR factors for the following rate classes for application to bills rendered for meter readings taken between April 1, 1997 and March 31, 1998:

<u>Rate Class</u>	<u>ECCR Factor (cents per therm)</u>
GS Residential	3.624
GS Commercial	0.977
GS Commercial Large Volume	0.687
GS Industrial	0.379
Firm Transportation	0.366

FPC: None necessary.

FPL: FPL's proposed Conservation Cost Recovery Factors for the April 1997 through March 1998 recovery period and true-up amounts for prior periods should be approved.

FPUC: FPU has properly projected its costs and calculated its true-up amounts and conservation cost recovery factors. Those amounts and factors should be approved by the Commission.

GULF: It is the basic position of Gulf Power Company that the proposed ECCR factor presents the best estimate of Gulf's Conservation expense for the period April 1997 through March 1998, including the true-up calculations and other adjustments allowed by the Commission.

PGS: The Commission should approve Peoples's final end-of-period true-up amount of \$1,807,164 (overrecovery) for the period October 1, 1995 through September 30, 1996, and the projected conservation program expenses for the full annual period ending March 31, 1997.

The Commission should approve the following ECCR factors for the following rate classes to be applied to bills

rendered for meter readings taken between April 1, 1997
and March 31, 1998.

<u>Rate Class</u>	<u>ECCR Factor</u>
Residential	2.928 cents per therm
Commercial Street Lighting	0.361 cents per therm
Small Commercial	2.663 cents per therm
Commercial	1.055 cents per therm
Commercial - Large Volume 1	0.853 cents per therm
Commercial - Large Volume 2	0.622 cents per therm
Natural Gas Vehicle Service	0.282 cents per therm

SJNG: The Commission should approve the final adjusted net true-up amount for the twelve month period ending September 30, 1997 including interest, the projected conservation program expenses for the six month period ending March 31, 1998 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve month period ending March 31, 1998 as filed by SJNG.

TECO: The Commission should determine that Tampa Electric has properly calculated its conservation cost recovery true-up and projections and that the appropriate conservation cost recovery factor to be applied by Tampa Electric during the period April 1, 1997 through March 31, 1998 is 0.008 cents per KWH for Interruptible, 0.163 cents per KWH for Residential, 0.159 cents per KWH for General Service Non-Demand and Temporary Service, 0.133 cents per KWH for General Service Demand and Electric Vehicle - Experimental - Secondary, 0.132 cents per KWH for General Service Demand and Electric Vehicle - Experimental - Primary, 0.124 cents per KWH for General Service Large Demand and Firm Standby - Secondary, 0.123 cents per KWH for General Service Large Demand and Firm Standby - Primary, 0.121 cents per KWH for General Service Large Demand and Firm Standby - Subtransmission, and 0.063 cents per KWH for Lighting.

WFNG: West Florida Natural Gas Company has properly projected its costs and calculated its true-up amounts and conservation cost recovery factors. Its expenses and projections are prudent, and its conservation cost recovery factors should be approved by the Commission.

FIPUG: None at this time.

OPC: None at this time.

STAFF: The parties have reached agreement concerning all the issues in this case. Staff believes that the parties' stipulation is reasonable and recommends that it be approved by the Commission.

VI. ISSUES AND POSITIONS

The parties have reached agreement concerning all issues identified for resolution at the February 19 - 21, 1997, hearing. Therefore, the case will be presented to the panel as a stipulation.

**Generic Conservation Cost Recovery Clause Issues
For Electric Utilities**

STIPULATED

ISSUE 1: What are the appropriate end-of-period final true-up amounts for the period October, 1995 through September, 1996?

POSITION:

FPC:	\$20,173,657 over-recovery
FPL:	\$17,063,264 under-recovery
GPC:	\$290,415 over-recovery
TECO:	\$834,801 over-recovery
FPUC:	
(Marianna Division):	\$11,757 over-recovery
(Fernandina Division):	\$4,554 under-recovery

STIPULATED

ISSUE 2: What are the appropriate conservation cost recovery factors for the period April, 1996 through March, 1997?

POSITION:

Florida Power Corporation:

<u>Rate Class</u>	<u>ECCR Factor</u>
Residential:	0.280 cents/Kwh
GS Non-Demand:	0.249 cents/kWh
@ primary voltage:	0.247 cents/kWh
@ transmission voltage:	0.244 cents/kWh
GS 100% Load Factor:	0.182 cents/kWh
GS Demand:	0.213 cents/Kwh
@ primary voltage:	0.211 cents/kWh

@ transmission voltage:	0.209 cents/kWh
<u>Rate Class</u>	<u>ECCR Factor</u>
Curtaillable:	0.185 cents/kWh
@ primary voltage:	0.183 cents/kWh
@ transmission voltage:	0.181 cents/kWh
Interruptible:	0.176 cents/kWh
@ primary voltage:	0.174 cents/kWh
@ transmission voltage:	0.172 cents/kWh
Lighting:	0.089 cents/kWh

Florida Power & Light Company:

<u>Rate Class</u>	<u>ECCR Factor</u>
RS-1:	0.262 cents/kWh
GS-1:	0.240 cents/kWh
GSD-1:	0.220 cents/kWh
OS-2:	0.179 cents/kWh
GSLD-1 / CS-1:	0.216 cents/kWh
GSLD-2 / CS-2:	0.207 cents/kWh
GSLD-3 / CS-3:	0.201 cents/kWh
ISST-1D:	0.163 cents/kWh
SST-1T:	0.303 cents/kWh
SST-1D:	0.176 cents/kWh
CILCD/CILCG:	0.205 cents/kWh
CILCT:	0.187 cents/kWh
MET:	0.228 cents/kWh
OL-1 / SL-1:	0.121 cents/kWh
SL-2:	0.197 cents/kWh

Tampa Electric Company:

<u>Rate Class</u>	<u>ECCR Factor</u>
Interruptible:	0.008 cents/kWh
Residential:	0.163 cents/kWh
GS, TS Non-Demand:	0.159 cents/kWh
GSD, EV-X @ secondary:	0.133 cents/kWh
GSD, EV-X @ primary:	0.132 cents/kWh
GSLD, SBF @ secondary:	0.124 cents/kWh
GSLD, SBF @ primary:	0.123 cents/kWh
GSLD, SBF	
@ sub-transmission:	0.121 cents/kWh
Lighting:	0.063 cents/kWh

Florida Public Utilities Company:

<u>Rate Class</u>	<u>ECCR Factor</u>
Marianna Division:	0.081 cents/kWh
Fernandina Division:	0.079 cents/kWh

<u>Gulf:</u>	<u>Rate Class</u>	<u>ECCR Factor</u>
	RS, RST	0.035 cents per kWh
	GS, GST	0.034 cents per kWh
	GSD, GSDT	0.034 cents per kWh
	LP, LPT	0.033 cents per kWh
	PX, PXT, RTP	0.032 cents per kWh
	OSI, OSII	0.033 cents per kWh
	OSIII	0.034 cents per kWh
	OSIV	0.035 cents per kWh
	SBS	0.032 cents per kWh

STIPULATED

ISSUE 3: Should cost recovery be made subject to true-up among the various rate classes pending outcome of Docket No. 970046-EI?

POSITION: This issue has been removed from the 970002-EG hearing and will be addressed in Docket No. 970046-EI.

Generic Conservation Cost Recovery Clause Issues
For Gas Utilities

STIPULATED

ISSUE 4: What is the final end-of-the-period true up amount for the period October 1, 1995 through September 30, 1996?

POSITION:

CGC:	(452,184)	Overrecovery
CUC:	(4,393)	Overrecovery
PGS:	(1,807,164)	Overrecovery
SJNG:	(20,992)	Overrecovery
WFNG:	(222,988)	Overrecovery

STIPULATED

ISSUE 5: What is the appropriate conservation cost recovery factors for the period April 1997 through March 1998?

POSITION:

CGC:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	.03574 dollars/therm
	Commercial - CS, CSLV, CTS	.00950 dollars/therm
	Gas Lighting - GL	.64332 dollars/lamp/month

CUC:	<u>Rate Class</u>	<u>ECCR Factor</u>
	GS Residential	.03624 dollars/therm
	GS Commercial	.00977 dollars/therm
	GS Commercial LV	.00687 dollars/therm
	GS Industrial	.00379 dollars/therm
	Firm Transportation	.00366 dollars/therm

PGS:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	.02928 dollars/therm
	Commercial St. Lighting	.00361 dollars/therm
	Commercial Small Volume	.02663 dollars/therm
	Commercial	.01055 dollars/therm
	Commercial Large Volume 1	.00853 dollars/therm
	Commercial Large Volume 2	.00622 dollars/therm
	NGVS	.00282 dollars/therm

SJNG:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	.01363 dollars/therm
	Commercial	.01815 dollars/therm
	Commercial LG Volume	.01292 dollars/therm

WFNG:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	.04740 dollars/therm
	Commercial	.01607 dollars/therm
	Commercial LG Volume	.01204 dollars/therm
	Commercial LG Volume Trans	.01204 dollars/therm
	Industrial	.00285 dollars/therm
	Firm Transportation	.00285 dollars/therm
	Special Contract	.00285 dollars/therm

Generic Company Issues

STIPULATED

ISSUE 6: Should utilities be allowed to recover costs on a prospective basis through the ECCR for studies or analyses comparing natural gas applications and electric applications to each other?

POSITION: This issue is deferred until the next Conservation Cost Recovery Clause (Docket No. 980002-EG) hearing to allow parties an opportunity to file testimony regarding this issue.

Company-Specific Issues

Florida Power Corporation (FPC)

STIPULATED

ISSUE 7: Is \$3,808,441 the appropriate Revenue Decoupling over-recovery amount for the years 1995 and 1996?

POSITION: Yes, \$3,808,441 is the appropriate decoupling over-recovery balance to use in establishing the ECCR factor.

This amount includes the 1995 decoupling over recovery balance of \$17,213,782 which the Commission allowed FPC to retain during 1996 for the purpose of conducting a bidding process among its contract QFs. The QF contract buy out proposals brought before the Commission have not required the use of the 1995 decoupling over recovery balance and is being refunded to residential ratepayers plus accrued interest.

This amount also includes an adjustment of (\$6,643,117) to the original 1995 over recovery balance to reflect changes in economic conditions in accordance with Commission Order No. PSC-95-0097-FOF-EI, a 1996 decoupling over recovery amount of \$10,344,843, a (\$18,481,665) mid-year 1996 credit to ECCR to help offset the effect of FPC's mid-course correction in fuel and purchase power cost recovery factors, and total 1995 and 1996 accrued interest of \$1,374,598.

VII. EXHIBIT LIST

- * Witnesses whose names are preceded by an asterisk (*) have been excused. All exhibits submitted with those witnesses' testimony shall be identified and admitted into the record.

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
* Smith	City Gas	_____ (CS - 1)	Schedules C-1, C-2, C-3, C-4, and C-5*
* Nettles	CUC	_____ (WMN - 1)	True-up variance analysis (Schedules CT1 through CT1)
* Nettles	CUC	_____ (WMN - 2)	Projections Recovery Clause Calculation; Estimated ECCR charges by rate classification; (Schedule C1; Schedule C2; Schedule C3; Schedule C4)
* Jacob	FPC	_____ (MFJ - 1)	Summary of Estimated Cost Recovery Clause Calculations
* Wieland	FPC	_____ (KHW - 1)	Decoupling True-up Balance Calculation and Revised Exhibit 6

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
* Busto	FPL	<u>(FAA - 1)</u>	Schedules CT-1 through CT-6
* Busto	FPL	<u>(LB - 1)</u>	Schedules C-1 through C-5
* Peacock	FPUC	<u>(MAP - 1)</u>	Schedules C-1, C-2, C-3 and C-4 (Marianna and Fernandina Beach Divisions) - Composite
* Peacock	FPUC	<u>(MAP - 2)</u>	Schedule C-5 (Marianna and Fernandina Beach Divisions) - Composite
* Neyman	Gulf	<u>(MDN - 1)</u>	Schedules CT-1 through CT-6
* Neyman	Gulf	<u>(MDN - 2)</u>	Schedules C-1 through C-5
* Krutsinger	PGS	<u>(VIK - 1)</u>	Conservation Cost Recovery True-up Data
* Krutsinger	PGS	<u>(VIK - 2)</u>	ECCR Program and Cost Data and ECCR Factor Calculations
* Stitt	SJNG	<u>(DS -)</u>	Schedules C1 - C4
* Bryant	TECO	<u>(HTB - 1)</u>	Schedules supporting cost recovery factor, actual October 1995 through September 1996
* Bryant	TECO	<u>(HTB - 2)</u>	Schedules supporting conservation costs projected for the period April 1, 1997 through March 31, 1998
* Gray	WFNG	<u>(WBG - 1)</u>	Schedules CT-1 through CT-6 - Composite

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
* Gray	WFNG	<u> </u> (WBG - 2)	Schedules C-1, C-2, C-3 and C-5 - Composite

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

VIII. PROPOSED STIPULATIONS

All issues have been stipulated.

IX. PENDING MOTIONS

No pending motions.

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.

By ORDER of Commissioner J. Terry Deason, as Prehearing Officer, this 18th day of February, 1997.



J. TERRY DEASON, Commissioner and
Prehearing Officer

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, 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.