

1 **APPEARANCES:**

2                   **WAYNE L. SCHIEFELBEIN**, Gatlin, Schiefelbein  
3 and Cowdery, 3301 Thomasville Road, Suite 300,  
4 Tallahassee, Florida 32312, appearing on behalf of  
5 **Chesapeake Utilities Corporation, Florida Division.**

6                   **KENNETH A. HOFFMAN**, Rutledge, Ecenia,  
7 Underwood, Purnell and Hoffman, P. O. Box 511,  
8 215 South Monroe Street, Suite 420, Tallahassee,  
9 Florida 32302-0551, appearing on behalf of Florida  
10 **Public Utilities Company.**

11                   **JOHN ROGER HOWE**, Deputy Public Counsel,  
12 Office of Public Counsel, 111 West Madison Street,  
13 Room 812, Tallahassee, Florida 32399-1400, appearing  
14 on behalf of the **Citizens of the State of Florida.**

15                   **WILLIAM COCHRAN KEATING, IV**, FPSC Division  
16 of Legal Services, 2540 Shumard Oak Boulevard,  
17 Tallahassee, Florida, appearing on behalf of the  
18 **Commission Staff.**

19

20

21

22

23

24

25

I N D E X

MISCELLANEOUS

ITEM	PAGE NO.
CERTIFICATE OF REPORTER	89

WITNESSES

NAME	PAGE NO.
ANNE V. WOOD	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	10
RAYMOND A. DeMOINE	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	19
GEORGE BACHMAN	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	28
MARC L. SCHNEIDERMAN	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	33
BRIAN J. POWERS	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	38
W. EDWARD ELLIOT	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	42
L. DEFRAIN	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	63
J. MELENDY	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	70
STUART L. SHOAF	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	80

## EXHIBITS

NUMBER		ID.	ADMTD.
1	AVW-1	86	86
2	AVW-2	86	86
3	RAD-1	86	86
4	GMB-3	86	86
5	E-1	86	86
6	E-2	86	86
7	E-3	86	86
8	E-4	86	86
9	E-5	86	86
10	EE-1 and EE-2	86	86
11	EE-1 revised	86	86
12	LD-1 composite	86	86
13	LD-2 composite	86	86
14	JHM-2	86	86
15	SLS-1	86	86
16	SLS-2	86	86
17	SLS-3	86	86
18	SLS-4	86	86
19	SLS-5	86	86
20	SLS-6	86	86
21	Schedules A-1 through 7 and A-1/R	87	87



1 Tampa Electric Company in Dockets 980001, 2, and 7.

2           **MR. HOFFMAN:** Commissioner Clark, my name is  
3 Kenneth A. Hoffman of the law firm of Rutledge,  
4 Ecenia, Underwood, Purnell and Hoffman. Our address  
5 is P.O. Box 551, Tallahassee Florida 32302. I'm here  
6 this morning on behalf of Florida Public Utilities  
7 Company in Docket Nos. 980001, 0002, and 0003.

8           **MR. SCHIEFELBEIN:** Good morning,  
9 Commissioners. Wayne Schiefelbein, Gatlin,  
10 Schiefelbein & Cowdery, 3301 Thomasville Road,  
11 Suite 300, Tallahassee 32312 appearing on behalf of  
12 Chesapeake Utilities Corporation in the 02 and 03  
13 dockets.

14           **MR. CHILDS:** Commissioners, my name is  
15 Matthew Childs of the firm of Steel, Hector & Davis.  
16 I'm appearing on behalf of Florida Power & Light  
17 Company in the 01 and the 07 dockets.

18           **MR. HOWE:** Commissioners, I'm Roger Howe  
19 with the Office of Public Counsel, appearing on behalf  
20 of the citizens of the state of Florida in the 01, 02,  
21 03 and 07 dockets.

22           **MS. KAUFMAN:** Vicki Gordon Kaufman of the  
23 law firm McWhirter, Reeves, McGlothlin, Davidson,  
24 Rief & Bakas. I'm appearing for the Florida  
25 Industrial Power Users Group in the 01, 02 and 07

1 dockets.

2           **MS. PAUGH:** Leslie Paugh on behalf of  
3 Commission Staff in the 01 and 07 dockets.

4           **MR. KEATING:** Cochran Keating on behalf of  
5 Commission Staff in the 02 and 03 dockets.

6           **COMMISSIONER CLARK:** I'd like to indicate  
7 for the record we yesterday had a phone call from  
8 Ansley Watson who, I believe, represents People's Gas.  
9 We indicated to him at that time that we didn't think  
10 it was necessary for him to come to Tallahassee from  
11 Tampa to attend this hearing because it appeared to us  
12 that the testimony would be stipulated in and the  
13 results stipulated. So he's been excused from this  
14 hearing.

15           All right. Any other preliminary matters?  
16 Ms. Paugh, do you want to sort of give us a road map  
17 as to what we're going to do?

18           **MS. PAUGH:** Dockets 02, 03 and 07 are  
19 completely stipulated with the exception of the  
20 generic issue of annualization. It might be  
21 appropriate to take those dockets first so that those  
22 parties may be released, and then take up 01 last,  
23 which has outstanding issues.

24           **COMMISSIONER CLARK:** Joe, I know you've done  
25 this before, but for Commissioner Jacobs' benefit,

1 fortunately fuel adjustment and conservation cost  
2 recovery and environmental cost recovery, that we are  
3 usually able to work things out to the satisfaction of  
4 all parties; and what we do is stipulate the testimony  
5 into the record and then approve the stipulations that  
6 have been agreed to by all the parties.

7           What makes these cases different is that  
8 there has been a request to go to annual fuel  
9 adjustment proceedings. I had indicated, as  
10 prehearing officer, I thought that was an issue that  
11 should go to the full Commission.

12           What remains to be decided by the panel is,  
13 as I understand it, whether or not we should institute  
14 a six-month or nine-month adjustment for FP&L in  
15 anticipation of what the full Commission might do.

16           Have I characterized that correctly?

17           **MS. PAUGH:** That's correct. And with  
18 respect to all of the generic issues, there has been a  
19 ruling made to go to the full Commission, and a  
20 separate docket has been set up and it has been set  
21 for a workshop already.

22           **COMMISSIONER CLARK:** Okay. Well, if you  
23 would, would you walk me through the dockets you  
24 suggested? Was it 02, 03, and then 07.

25           **MS. PAUGH:** That's correct.

1                   **COMMISSIONER CLARK:** All right. Let's walk  
2 through those and get the testimony into the record  
3 and approve the stipulations that were offered.

4                                   \* \* \* \* \*

5                   **COMMISSIONER CLARK:** Moving now to 980003.

6                   **MR. KEATING:** Staff would recommend that the  
7 prefiled testimony of the witnesses listed on Page 5  
8 of the prehearing order be moved into the record as  
9 though read.

10                   **COMMISSIONER CLARK:** That testimony will be  
11 moved into the record as though read.

12

13

14

15

16

17

18

19

20

21

22

23

24

25

- 1 Q. Please state your name, occupation, and business address. 10
- 2 A. My name is Anne V. Wood. I am Accounting and Rates Manager of the Florida Division  
3 of Chesapeake Utilities Corporation. My business address is 1015 6th Street, N. W.,  
4 Winter Haven, Florida 33882.
- 5 Q. Describe briefly your educational background and relevant professional background.
- 6 A. I have a Bachelor of Arts Degree in Business Administration/Accounting from Franklin  
7 and Marshall College, Lancaster, Pennsylvania. I am also a licensed Certified Public  
8 Accountant in New Jersey but am inactive at this time. I was employed by Chesapeake  
9 Utilities Corporation in March, 1988 as a Corporate Accountant. In September 1989,  
10 I was promoted to the position of Accounting Manager for the Florida Division. In  
11 January 1993, I also assumed the responsibilities of Rates Manager.
- 12 Q. What is the purpose of your testimony?
- 13 A. The purpose of my testimony is to discuss the Florida Division's calculation of its  
14 levelized purchased gas cost factors for the twelve-month period April 1998 through  
15 March 1999.

16 Exhibits

- 17 Q. Would you please identify the Composite Exhibit which you are sponsoring with this  
18 testimony?
- 19 A. Yes. As Composite Exhibit AVW-2, I am sponsoring the following schedules with  
20 respect to the April 1998 through March 1999 levelized purchased gas cost factor  
21 projection:
- 22 E-1 - PGA Calculation, Original Estimate for the Projected Period April 1998 -  
23 March 1999. (Total Company)
- 24 E-1 - PGA Calculation, Original Estimate for the Projected Period April 1998 -  
25 March 1999 (Allocated Firm)

- 1 E-1 - PGA Calculation, Original Estimate for the Projected Period April 1998 -
- 2 March 1999 (Allocated Interruptible)
- 3 E-1/R - PGA Calculation, Revised Estimate for the Period April 1997 - March
- 4 1998 (Total Company)
- 5 E-1/R - PGA Calculation, Revised Estimate for the Period April 1997 - March
- 6 1998 (Allocated Firm)
- 7 E-1/R - PGA Calculation, Revised Estimate for the Period April 1997 - March
- 8 1998 (Allocated Interruptible)
- 9 E-2 - Calculation of True-up Amount for the Current Period April 1997 - March
- 10 1998
- 11 E-3 - Transportation Purchases for the Projected Period April 1998 - March 1999
- 12 E-4 - Calculation of True-up Amount, Projected Period April 1998 - March 1999
- 13 E-5 - Therm Sales and Customer Data for the Projected Period April 1998 -
- 14 March 1999

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

16 A. Yes, they were.

17 Revised Estimate April 1997 - March 1998

18 Q. What is the revised estimate of total purchased gas costs for the period April 1997 -  
19 March 1998?

20 A. The revised projection of purchased gas cost for the current period is \$10,074,944.

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

22 A. As shown on Schedule E-2, the company estimates the total gas revenue to be collected  
23 during the period to be \$10,587,820. This amount includes a collection of prior period  
24 undercollections in the amount of \$956,285. Therefore, the revenue collected to cover  
25 the current period's gas cost is estimated to be \$9,631,535.

- 1 Q. What is the revised true-up amount, including interest, estimated for the April 1997 -  
2 March 1998 period?
- 3 A. The company estimates the revised true-up, including interest, to be an undercollection  
4 of \$442,997.

5 April 1998 - March 1999 Projection

- 6 Q. How did you develop your projection of the Florida Division's cost of gas for the April  
7 1998 - March 1999 period?
- 8 A. Our first step was to estimate our supply requirements for each of the twelve months in  
9 the period. Our projected supply requirements are based on our projected sales and  
10 company use for each month. Once we develop our supply requirements, we can then  
11 determine how these requirements will be met. In other words, we match our estimated  
12 requirements with the gas supply that is available to us. All of our gas requirements will  
13 be met utilizing our "FTS" (firm transportation service) contract entitlement for the  
14 projected period of April 1998 - March 1999.
- 15 Q. Please describe the general steps for mechanics of projecting the total cost of gas for the  
16 April 1998 - March 1999 period.
- 17 A. As shown on Schedule E-1 (Total Company) lines 1 - 11, the total cost of gas consists  
18 of the cost of no-notice transportation service (NNTS) on FGT, the demand and  
19 commodity costs of firm transportation service (FTS) on FGT, and the commodity cost  
20 of gas estimated to be paid to our suppliers during the period.

21 The demand component of "NNTS" and "FTS" services (lines 2 and 5) is based  
22 on the Florida Division's contract levels with FGT and an estimation of FGT's demand  
23 rates for these two services. The demand rates utilized for NNTS, FTS-1, and FTS-2  
24 service for the period are the current rates in effect. During the period of April 1998 -  
25 March 1999, our "FTS" contract entitlement exceeds our monthly gas requirements.

1 Therefore, we will be paying demand charges in excess of the volumes actually  
2 transported for system supply. Whenever possible, the Florida Division will relinquish  
3 excess capacity in order to lower its gas cost to its ratepayers.

4 The commodity portions of transportation system supply are shown on Schedule  
5 E-1, lines 1 and 4. The commodity pipeline amount (line 1) is based on FGT's "FTS"  
6 commodity rate multiplied by the number of therms transported for system supply. The  
7 commodity rate utilized for the period is the current rate in effect.

8 The commodity other (line 4) is based on data shown on Schedule E-3 which  
9 details our projected direct supplier and/or producer purchases for the twelve-month  
10 period. We projected the "FTS" commodity cost on line 4 using a combination of  
11 analyses. We analyzed the 1996 and 1997 monthly prices of natural gas delivered to  
12 FGT by zone as reported in Inside FERC Gas Market Report. We also reviewed the  
13 recent NYMEX postings for the period January 1998 through March 1999. We  
14 developed our monthly index price of gas using the above data and allowing for seasonal  
15 trends and current market pricing. To this average, we added our suppliers' estimated  
16 margin and compressor fuel.

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

18 A. Firm sales were projected based on historical averages in each firm rate class. The  
19 interruptible sales projection was based on a combination of a survey method (i.e.,  
20 talking with the customer), historical consumption and management judgment. These  
21 projected therm sales are found on Schedule E-1, line 27. Company use volumes are  
22 shown on line 26.

23 Q. How did you project company use volumes?

24 A. Company use volumes were estimated based on our current level of compressed natural  
25 gas usage by company vehicles.

- 1 Q. Based on the projected total cost of gas and projected sales, what is the system-wide  
2 average cost per therm for the twelve-month period ended March 1999?
- 3 A. This figure is shown on Schedule E-1 (Total Company), line 40, and is 35.080 cents per  
4 therm. To arrive at the total PGA factor, the 35.080 cents per therm is adjusted for the  
5 estimated total true-up through March 1998 (shown on Schedule E-4) and for revenue-  
6 related taxes.
- 7 Q. What is the system-wide projected PGA factor for the period April 1998 - March 1999?
- 8 A. The projected system-wide PGA factor for the period is 35.586 cents per therm.
- 9 Q. The estimated total true-up for the twelve months ended March 1998 as calculated on  
10 Schedule E-4 is included in the projected PGA factor for the period April 1998 - March  
11 1999. Please explain how it was calculated.
- 12 A. The final true-up amount for the period April 1996 - March 1997 is added to the  
13 estimated end of period net true-up for April 1997 - March 1998. The April 1997 -  
14 March 1998 estimated true-up is based on eight months' actual data plus four months'  
15 projected data.
- 16 Q. What is the impact of the total true-up for the twelve months ended March 31, 1998 on  
17 the projected PGA factor for the April 1998 - March 1999 period?
- 18 A. The projected true-up as of March 31, 1998 is an overrecovery of \$44,555 (Schedule E-  
19 4). Dividing the overrecovery by the April 1998 - March 1999 projected therm sales of  
20 27,707,637 results in a refund of .161 cents per therm to be included in the proposed  
21 PGA factor.
- 22 Q. What is the maximum levelized purchased gas factor (cap) that you are proposing for the  
23 April 1998 - March 1999 period?
- 24 A. The maximum levelized purchased gas factor (cap) that we are proposing for the period  
25 is 41.823 cents per therm. This factor represents the projected firm "winter" average

1 cost of gas, plus the true-up and taxes. Allocation of demand and commodity costs  
2 between firm and interruptible rate classes results in projected PGA factors for the  
3 twelve-month period, including true-up and taxes, of 38.372 cents per therm and 30.958  
4 cents per therm for firm and interruptible classes, respectively, for the period. However,  
5 since the Company historically has experienced higher gas costs during the winter  
6 months, the Company has calculated a firm "winter" average cost of gas for the months  
7 of October 1998 through March 1999 for the purposes of establishing the maximum  
8 levelized purchased gas cost factor (cap). This methodology will allow us to minimize  
9 large underrecoveries during the winter months, but allow us to flex downward in the  
10 summer months in order to match current market conditions and manage overrecoveries  
11 as well.

12 Q. Does this conclude your testimony?

13 A. Yes, it does.

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

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

5 Q. Describe briefly your educational background and relevant professional background.

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

12 Q. What is the purpose of your testimony?

13 A. The purpose of my testimony is to discuss the final true-up for the period April 1996  
14 through March 1997.

#### 15 Exhibits

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

18 A. Yes. As Composite Exhibit AVW-1, I am sponsoring the following schedules with  
19 respect to the final true-up for the period April 1996 through March 1997:

20 A-1 - Comparison of Actual Versus Original Estimate of the Purchased Gas Adjustment  
21 Cost Recovery Factor - October 1996 through September 1997.

22 A-1(2) - Purchased Gas Adjustment Cost Recovery Clause Calculation - Schedule A-1  
23 Supporting Detail - October 1996 through September 1997.

24 A-2 - Calculation of True-up and Interest Provision - October 1996 through September  
25 1997.

- 1 A-3 - Transportation Purchases - October 1996 through September 1997.
- 2 A-4 - Transportation System Supply - October 1996 through September 1997.
- 3 A-5 - Therm Sales and Customer Data - October 1996 through September 1997.
- 4 A-6 - Conversion Factor Calculation - October 1996 through September 1997.
- 5 A-7 - Final Fuel Over/Under Recovery - April 1996 through March 1997.
- 6 Also attached are the individual PGA filings for the months of October 1996 through
- 7 September 1997.

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

9 A. Yes, they were.

10 Final True-Up April 1996 - March 1997

11 Q. What were total therm sales for the period April 1996 through March 1997?

12 A. Total therm sales subject to the PGA were 36,675,344 therms.

13 Q. What were total therm purchases for the period April 1996 through March 1997?

14 A. Total therm purchases were 33,921,230 therms.

15 Q. What was the cost of gas to be recovered through the PGA for the period April 1996  
16 through March 1997?

17 A. The cost of gas purchased for the period was \$12,057,530.

18 Q. What was the amount of gas revenue collected for the period April 1996 through March  
19 1997?

20 A. The amount of gas revenue collected to cover the cost of gas was \$11,708,915.

21 Q. What is the total true-up provision for the period April 1996 through March 1997?

22 A. The total true-up provision, including interest, is an underrecovery of \$328,249 for the  
23 period.

24 Q. What is the amount of estimated true-up included for April 1996 through March 1997  
25 in the April 1997 through March 1998 PGA factor calculation?

- 1 A. The amount of estimated true-up for the period April 1996 through March 1997 included  
2 in the April 1997 through March 1998 PGA factor calculation was an underrecovery of  
3 \$815,801.
- 4 Q. What is the final over/underrecovery for the April 1996 through March 1997 period to  
5 be included in the April 1998 through March 1999 projection?
- 6 A. The final overrecovery for the April 1996 through March 1997 period to be included in  
7 the April 1998 through March 1999 projection is \$487,552.
- 8 Q. Does this conclude your testimony?
- 9 A. Yes, it does.

1           **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                           **PREPARED DIRECT TESTIMONY**

3                                   **OF**

4                                           **RAYMOND A. DEMOINE**

5

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

7   A.   My name is Raymond A. DeMoine. My business address is One  
8        Elizabethtown Plaza, Union, New Jersey 07083.

9   **Q.   BY WHOM ARE YOU EMPLOYED, AND IN WHAT CAPACITY.**

10  A.   I am currently employed as Director of Rates and Regulatory Affairs for  
11        NUI Corporation which includes the Florida operating division, City  
12        Gas Company of Florida.

13  **Q.   PLEASE DESCRIBE YOUR PRIOR UTILITY RELATED**  
14        **EXPERIENCE.**

15  A.   Upon graduation from Rider College in 1983, I was employed by the  
16        State of New Jersey as an Auditor/Investigator with the Division of  
17        Criminal Justice. I audited various types of business entities, primarily  
18        for the detection of fraud. In December, 1986, I accepted a  
19        professional staff position with the certified public accounting firm of  
20        Arthur Young (now Ernst and Young), a worldwide accounting and  
21        consulting firm. My experience with this public accounting firm  
22        included auditing and consulting engagements on a variety of entities  
23        and exposure to varied accounting systems.

1           In July, 1989, I was hired as Administrator of External Reporting  
2 by Elizabethtown Gas Company. In that role, I was responsible for  
3 the coordination of the Accounting Department's efforts in all  
4 regulatory proceedings.

5           In March, 1995, I was promoted to Manager of Regulatory  
6 Affairs in the Company's Rate Department. In July, 1995, I assumed  
7 additional responsibility as Manager of Rates and Regulatory Affairs.  
8 In November, 1996, I was promoted to Director of Rates and  
9 Regulatory Affairs.

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

11 A. I received a Bachelor of Science in Commerce degree, with a major in  
12 Accounting, from Rider College in June, 1983. In June, 1990, I  
13 received a Master of Business Administration degree from Rider  
14 College. I am a Certified Public Accountant in the State of New  
15 Jersey, a member of the American Institute of Certified Public  
16 Accountants, and a member of the New Jersey State Society of  
17 Certified Public Accountants.

18 **Q. MR. DeMOINE, WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

19 A. The purpose of my testimony is to present the revised estimate of the  
20 Company's projection of gas costs for the period April 1997 through  
21 March 1998. I will describe, generally, the Company's projection of  
22 gas costs and the development of the maximum rate to be charged to  
23 customers for the period April 1998 through March 1999.

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

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

5 Q. CAN YOU EXPLAIN THE PROJECTION METHODOLOGY?

6 A. Yes. Under this methodology, which was adopted by Order No. PSC-  
7 93-0708-FOF-GU of this Commission on May 10, 1993, gas  
8 companies are to project their gas costs each twelve months for the  
9 ensuing twelve month period ending in March. A per therm rate is  
10 developed for the weighted average cost of gas (WACOG). This rate,  
11 based on the average of the winter and summer seasons, would lead  
12 to over or under-recoveries of gas costs in the two seasons. This  
13 problem is mitigated by establishing a maximum levelized purchased  
14 gas factor based on the Company's expected winter cost of gas,  
15 thereby eliminating a large under-recovery in that season. The  
16 Company is then able to flex downward in the summer in order to  
17 match market conditions and eliminate the potential for a large over-  
18 recovery for the remainder of the period.

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

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

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

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

9 Q. ARE ANY FGT RATE CHANGES PROPOSED WHICH ARE  
10 REFLECTED IN THIS FILING?

11 A. No.

12 Q. CAN YOU SUMMARIZE THE CONTENTS OF THE SCHEDULES  
13 SUBMITTED AS PART OF THIS FILING?

14 A. Yes. For the projected period, April 1998 through March 1999, we  
15 estimate the gas purchases for resale will be 76,636,040 therms at a  
16 total cost of \$33,191,077, with a resulting WACOG of 43.310 cents per  
17 therm (before the application of the true-up factor and the regulatory  
18 assessment fee). The difference between the estimated actual and  
19 actual true-up for the prior period, April 1996 through March 1997, is  
20 an over-recovery of \$1,589,426. The projected true-up for the current  
21 period, April 1997 through March 1998 is an under-recovery of  
22 \$1,636,421. The total true-up as shown on Schedule E-4 is an under-  
23 recovery of \$46,995 for a true-up factor of 0.061 cents per therm that

1 would be applied during the projected period. This true-up factor  
 2 increases the gas cost factor during the April 1998 through March  
 3 1999 period to 43.371 cents per therm (before the regulatory  
 4 assessment fee). With the regulatory assessment fee added, the PGA  
 5 factor is 43.534 cents per therm based on the average of the winter  
 6 and summer seasons. City Gas, however, has chosen to establish a  
 7 maximum levelized purchased gas factor based on the Company's  
 8 expected winter cost of gas as follows:

9 Winter Average

10	Total Cost (Line 11)	\$19,736,988
11	Total Therm Sales (Line 27)	42,017,890
12	(11/27)	\$0.46973
13	True-up	\$0.00061
14	Before Regulatory Assessment	\$0.47034
15	Revenue Tax Factor	1.00376
16	Purchased Gas Factor	\$0.47211

17 As shown above, the maximum levelized purchased gas factor based  
 18 on the Company's expected winter cost of gas is 47.034 cents per  
 19 therm before the regulatory assessment fee. This is the maximum  
 20 gas cost factor that City Gas may charge its customers for the period  
 21 April 1998 through March 1999.

22 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

23 A. Yes, it does.

1  
2 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
3 DIRECT TESTIMONY OF  
4 RAYMOND A. DeMOINE  
5 ON BEHALF OF CITY GAS COMPANY OF FLORIDA  
6 (A DIVISION OF NUI CORPORATION)  
7 DOCKET NC. 970003-GU  
8

9 **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS:**

10 A. My name is Raymond A. DeMoine. My business address is NUI Corporation,  
11 One Elizabethtown Plaza, Union, New Jersey 07083.

12  
13 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

14  
15 A. I am employed by NUI Corporation ("NUI") as Director, Rates and Regulatory  
16 Affairs. City Gas Company of Florida ("City Gas" or "the Company") is an  
17 operating division of NUI Corporation.

18  
19 **Q. BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND AND**  
20 **EMPLOYMENT EXPERIENCE.**

21  
22 A. I received a Bachelor of Science in Commerce degree, with a major in  
23 Accounting, from Rider College in June 1983. In June of 1990, I received a  
24 Master of Business Administration degree from Rider College. I am a Certified  
25 Public Accountant in the State of New Jersey, and a member of the American  
26 Institute of Certified Public Accountants and the New Jersey Society of Certified  
27 Public Accountants.  
28  
29  
30  
31

1  
2 Upon graduation from Rider College in 1983, I was employed by the State of  
3 New Jersey as an Auditor/Investigator with the Division of Criminal Justice. I  
4 audited various types of business entities, primarily for the detection of fraud. In  
5 December of 1986, I accepted a professional staff position with the Certified  
6 Public Accounting Firm of Arthur Young (currently Ernst and Young), a  
7 worldwide accounting and consulting firm. My experience with this public  
8 accounting firm included auditing and consulting engagements on a variety of  
9 entities and exposure to various accounting systems.

10 In July 1989, I was hired as Administrator of External Reporting by  
11 Elizabethtown Gas Company, NUI's New Jersey Division. In that role, I was  
12 responsible for the coordination of the Accounting Department's efforts in all  
13 regulatory filings.

14 In August 1993, I was assigned to NUI's Florida Division, City Gas Company of  
15 Florida to coordinate the analysis, filing and prosecution of its 1994 base rate  
16 case. In March 1995, I was promoted to Manager of Regulatory Affairs. In July  
17 1995, I assumed a supervisory roll for all rate and regulatory matters in  
18 Elizabethtown's Rate Department.

19 On October 1, 1995, NUI centralized certain functions, which included the utility  
20 rate and pricing function. Therefore, I now have responsibility for the rate and  
21 pricing function in each of NUI's utility jurisdictions. In November 1996, I was  
22 promoted to Director of Rates and Regulatory Affairs.

23  
24 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY**

25 **A.** The purpose of my testimony is to present the comparison of Actual versus  
26 Original estimate of the purchased gas adjustment cost recovery factory and true-  
27 up provision for the period April, 1996 through March, 1997 for City Gas.

28  
29 **Q. HAS THE COMPANY PREPARED THE FORMS PRESCRIBED BY THIS**  
30 **COMMISSION FOR THIS PURPOSE?**

1 A. Yes. The forms prescribed by the Commission, Schedules A-1 through A-6 for  
2 the months of April 1996 through March 1997, Schedule A-7 is attached to my  
3 testimony.

4  
5 **Q. HAS CITY GAS PREPARED A SCHEDULE WHICH SHOWS THE**  
6 **ACTUAL GAS COSTS ASSOCIATED WITH THE GAS ADJUSTMENT**  
7 **COST RECOVERY FACTOR?**

8  
9 A. Yes. City Gas prepared Schedule A-7, attached, which describes the total fuel  
10 cost for the period in question, recovery of such cost from ratepayers through the  
11 Gas Adjustment Cost Recovery Factor, and remaining over or under-recovery of  
12 gas cost.

13  
14 **Q. WHAT WAS THE TOTAL GAS COST INCURRED BY THE COMPANY**  
15 **DURING THE TWELVE MONTHS ENDED MARCH 31, 1997?**

16  
17 A. As shown on Schedule A-7, Line 1, the total cost of gas for the twelve months  
18 ended March 31, 1997 is \$33,831,528.

19  
20 **Q. WHAT WAS THE TOTAL AMOUNT OF GAS COST RECOVERED BY**  
21 **THE COMPANY DURING THE TWELVE MONTHS ENDED**  
22 **MARCH 31, 1997?**

23  
24 A. The Company recovered \$32,183,473.

25  
26 **Q. WHAT IS THE COMPANY'S ACTUAL TRUE-UP FOR THE TWELVE**  
27 **MONTHS ENDED MARCH 31, 1997?**

28  
29 A. The actual true-up amount, including interest, is an under-recovery of \$1,701,469.

30

1 Q. CAN YOU EXPLAIN HOW YOU ARRIVED AT THAT AMOUNT OF  
2 UNDER-RECOVERY?

3

4 A. Yes. As shown on Schedule A-7, the total fuel revenues for the period are  
5 \$32,183,473 and the total fuel cost is \$33,831,528. The difference between the  
6 fuel cost and fuel recoveries is an under-recovery of \$1,648,055. The interest  
7 provision for the period an under-recovery of \$53,414. The sum of these two  
8 under-recoveries is \$1,701,469.

9

10 Q. WHAT IS THE FINAL OVER/UNDER RECOVERY FOR THE APRIL  
11 1996 THROUGH MARCH 1997 PERIOD TO BE INCLUDED IN THE 1998  
12 -1999 PROJECTION?

13

14 A. The final over recovery for the period of April 1996 through March 1997 to be  
15 included in the 1998 - 1999 projection is \$1,589,426.

16

17 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

18

19 A. Yes.

20

21

22

23

24

25

26

27

28

29

30

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 970003-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 and in what capacity?
- 4 A. I am employed by Florida Public Utilities Company as the Director of
- 5 Accounting.
- 6 Q. What is the purpose of your testimony at this time?
- 7 A. To advise the Commission of the actual over/under recovery of the Purchased Gas
- 8 Adjustment for the period April 1, 1996 through March 31, 1997. As compared to
- 9 the true-up amount previously reported for that period which was based on eight
- 10 months actual and four months estimated.
- 11 Q. Please state the actual amount of over/under recovery of the Purchased Gas
- 12 Adjustment for April 1, 1996 through March 31, 1997.
- 13 A. The Company over-recovered \$521,524 during April 1996 through March 1997.
- 14 This amount is substantiated on Schedules A-2 and A-7.
- 15 Q. How does this amount compare with the estimated true-up amount which was
- 16 allowed by the Commission during the February 1997 hearing?
- 17 A. We had estimated an under-recovery of \$41,418 as of March 1997.

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

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

4 Q. Does this conclude your testimony?

5 A. Yes

6

7 GMB-PGA-11-97.TEST

8 disk PGA 12/96

9

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 980003-GU  
DETERMINATION OF PURCHASED  
GAS/COST RECOVERY FACTOR

Direct Testimony of  
George Bachman  
C., 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 contained
- 9 in composite exhibit GMB-3 which supports the April 1998 - March 1999
- 10 projected purchased gas adjustments for our consolidated gas division. In
- 11 addition, I will advise the Commission of the projected differences between the
- 12 revenues collected and the purchased gas costs allowed in developing the
- 13 levelized purchased gas adjustment for the periods April 1996 - March 1997 and
- 14 April 1997 - March 1998. From these two periods I will establish a "true-up"
- 15 amount to be collected or refunded during April 1998 - March 1999.
- 16 Q. Were the schedules filed by your Company completed under your direction?
- 17 A. Yes.

- 1 Q. Which of the staff's set of schedules has your Company completed and filed?
- 2 A. We have prepared and previously filed True-Up Schedules A-1, A-2, A-3, A-4, A-  
3 5, A-6, and A-7 in addition to filing composite exhibit GMB-3 which contains  
4 Schedules E1, E1/R, E2, and E3, E4 and E5 for our consolidated gas division.  
5 These schedules support the calculation of the purchased gas adjustment factors  
6 for April 1998 - March 1999.
- 7 Q. Have the April 1997 - March 1998 projections been revised?
- 8 A. Yes. The revisions for December 1997 - March 1998 are shown on Schedule  
9 E1/R.
- 10 Q. Does this conclude your testimony?
- 11 A. Yes.

12 **PURCHASED GAS ADJUSTMENT ISSUES**

13 **ISSUE 1:** What is the appropriate final purchased gas adjustment true-up  
14 amount for the period April 1996 through March 1997?

15 **COMPANY POSITION:** The final purchased gas adjustment true-up amount  
16 for the period April 1996 - March 1997 is an over-recovery of \$562,942.

17 **ISSUE 2:** What is the estimated purchased gas adjustment true-up amount for  
18 the period April 1997 through March 1998?

19 **COMPANY POSITION:** We have estimated that we will have under-  
20 recovered \$420,363 for the period April 1997 - March 1998.

21 **ISSUE 3:** What is the total purchased gas adjustment true-up amount to be  
22 refunded during the period April 1998 through March 1999?

1        **COMPANY POSITION:**    The total net over-recovery to be refunded during  
2        the period April 1998 - March 1999 is \$142,590.

3        **ISSUE 4:**        What is the appropriate levelized purchased gas adjustment  
4        recovery (cap) factor for the period April 1998 through March 1999?

5        **COMPANY POSITION:**    The Purchased Gas Cost Recovery Factor will be a  
6        maximum of \$49.293¢ per therm.

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

9        **COMPANY POSITION:**    The factor should be effective for all meter readings  
10       on or after April 1, 1998, beginning with the first or applicable billing cycle for  
11       the period April 1998 - March 1999.

12

13

14

15

16       GMB-PGA-2-98.TEST

17       disk PGA 12/96

18

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 980003-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 (FPU) as the Manager of Engineering and Gas Supply.
- 7 Q. How long have you been employed by FPU?
- 8 A. Since February 1989.
- 9 Q. Have you previously testified before this  
10 Commission?
- 11 A. Yes, I testified in each of the Company's Purchased  
12 Gas Cost Recovery Dockets dating back to Docket  
13 Number 910003-GU, as well as Docket Numbers 940620-  
14 GU and 900151-GU, the Company's last two (2)  
15 filings for rate relief for its gas operations.
- 16 Q. What are the subject matters of your testimony in  
17 this proceeding?
- 18 A. My testimony will relate to three specific matters:  
19 forecasts of gas sales, forecasts of the pipeline  
20 charges and commodity costs of gas to be purchased

1 by the Company and the revisions to the original  
2 December 1997 through March 1998 projections.

3 Q. What is the projection period for this filing?

4 A. The projection period starts on April 1, 1998 and  
5 ends on March 31, 1999.

6 Q. Please generally describe how the forecasts of gas  
7 sales were developed for the projection period.

8 A. Florida Public Utilities developed its gas sales  
9 projections based on a January 1993 through July  
10 1997 study period. The Company compiled a  
11 database, sorted by rate classifications, which  
12 consisted of the historical monthly customer  
13 consumption and the historical monthly customer  
14 counts experienced during the study period.  
15 Detailed analyses were performed on the database.  
16 From these data, projections of customer counts  
17 were constructed by applying the historical average  
18 monthly rates of customer growth to the actual July  
19 1997 customer count. July 1997 is set as a pivot  
20 point to ensure consistency between this filing and  
21 the Company's budget preparation procedures. The  
22 historical average monthly consumption per  
23 customer, by rate classification, was computed as  
24 part of this study. The product of the projected  
25 monthly customer count and historical average  
26 monthly consumption, by rate classification,

1 yielded the Company's projection of gas  
2 requirements. Minor adjustments were made by the  
3 Company's Marketing Department for variations in  
4 growth which were not adequately represented by  
5 historical trends. Gas requirements for company  
6 use were based on historical factors developed by  
7 the Company's Accounting Department. These  
8 projections were compiled and sorted to determine  
9 the total projected sales to the traditional non-  
10 transportation firm and the interruptible classes  
11 of customers for the twelve month period of this  
12 filing.

13 Q. Please describe how the forecasts of pipeline  
14 charges and commodity costs of gas were developed  
15 for the projection period.

16 A. The purchases for the gas cost projection model  
17 were based on using Marketing's projection of  
18 sales. Florida Gas Transmission Company's (FGT)  
19 FTS-1, FTS-2, NNTS-1 and ITS-1 effective charges  
20 (including surcharges) and fuel rates, at the time  
21 the projections were made, were used for the entire  
22 projection period. The expected cost of natural  
23 gas purchased by FPU and delivered to FGT, for  
24 transportation to the Company and for FGT's 3.05%  
25 fuel use, during the projection period was  
26 developed using the highest monthly New York

1 Mercantile Exchange (NYMEX) natural gas futures  
2 closing prices for like months since June 1992,  
3 inflated by 25% due to pricing volatility. The  
4 forecasts of the commodity cost of gas also takes  
5 into account the average basis differential between  
6 the NYMEX projection and historic cash markets as  
7 well as premiums and discounts, by zone, for term  
8 gas supplies.

9 Q. Please describe how the forecasts of the weighted  
10 average costs of gas were developed for the  
11 projection period.

12 A. FPU's sales to traditional non-transportation firm  
13 and interruptible customers were allocated all of  
14 the monthly pipeline demand costs and were  
15 allocated all of the projected pipeline and  
16 supplier commodity costs. The sum of these costs  
17 were divided by the projected sales level to said  
18 customers resulting in the projected weighted  
19 average cost of gas for traditional non-  
20 transportation firm customers and interruptible  
21 customers and ultimately the Purchased Gas Cost  
22 Recovery Factor (PGCRF) shown on Schedule E-1.  
23 Capacity shortfalls, if any, would be satisfied  
24 with the most economic dispatch combination of  
25 acquired capacity relinquished by another FGT  
26 shipper and/or gas and capacity repackaged and

1 delivered by another FGT capacity holder.  
2 Obviously, if other services become available and  
3 it is more economic to dispatch supplies under  
4 those services, the Company will utilize those  
5 services as part of its portfolio.

6 Q. Why was the December 1997 through March 1998  
7 original projections revised?

8 A. The gas costs for this period were re-projected  
9 based on the latest available gas pricing  
10 information. This will enable the Company's re-  
11 projections to be even closer to the market than  
12 the original projections.

13 Q. Does this conclude your prepared direct testimony?

14 A. Yes.

15

16

17

18

19

20

21

22

23

24

25

26

- 1 Q. Please state your name, business address, by whom you are employed and in  
2 what capacity.
- 3 A. My name is Brian J. Powers and my business address is 16600 S.W. Warfield  
4 Blvd., Indiantown, Florida 34956. I am employed by Indiantown Gas Company  
5 in the capacity of General Manager.
- 6 Q. What are your responsibilities in that position?
- 7 A. I am responsible for the general operation of the company including:  
8 rates, regulatory matters, budget preparation, pension plan, gas  
9 management, E.D.P., safety compliance, construction, and service  
10 department.
- 11 Q. What is the purpose of your testimony?
- 12 A. To briefly discuss the final true-up for the period April 96 - March 97.
- 13 Q. What were the total therm sales for the period April 96 - March 97?
- 14 A. Total therm sales were 11,211,663 therms.
- 15 Q. What were the total therm purchases for the period April 96 - March 97?
- 16 A. Total therm purchases were 10,831,070 therms.
- 17 Q. What was the cost of gas to be recovered through the PGA for the period  
18 April 96 - March 97?
- 19 A. The total actual fuel cost for the period April 96 - March 97 was  
20 \$3,529,998.
- 21 Q. What was the total amount collected for the period April 96 - March 97?
- 22 A. The total actual fuel revenue was \$3,634,500.
- 23 Q. What is the total true-up provision for the period April 96 - March 97?
- 24 A. The total true-up provision, including interest, is an overrecovery of  
25 \$105,317.

1 Q. What is the amount of estimated true-up for the period April 96 - March 97  
2 included in the March 98 projection calculation?

3 A. The total estimated true-up was a \$108,520 overrecovery.

4 Q. What is the final over/underrecovery for the period April 96 - March 97?

5 A. The final underrecovery for the period April 96 - March 97 is \$3,203  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

INDIANTOWN GAS COMPANY  
DOCKET NO. 980003-GU

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

BRIAN J. POWER<sup>o</sup>1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

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

A. My name is Brian J. Powers and my business address is 16600 S.W. Warfield Blvd., Indiantown, Florida 34956. I am General Manager of Indiantown Gas Company.

Q. What are your responsibilities in that position?

A. I am responsible for the general operation of the company including: rates, regulatory matters, budget preparation, gas management, E.D.P., billing and service department.

Q. What is the purpose of your testimony.

A. To briefly summarize the projected levelized maximum purchased gas cost recovery factor (LPGCR) calculations for the period April 1998 through March 1999.

Q. Have you prepared any exhibits in conjunction with your testimony?

A. Yes. Schedules E-1, E-2, E-3, E-4 and E-5 were filed on January 9, 1998.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

Q. Please explain the calculation for the total true-up amount to be collected or refunded during the April 1998 through March 1999 period.

A. We have projected that at the end of March 1998, based on eight months actual, we will have under-recovered \$46,102 for the April 1997 through March 1998 period. Also at the end of March 1998, we will have under-recovered \$3,202 for the April 1996 through March 1997 period. The total net under-recovery to be collected during the April 1998 through March 1999 period is \$49,304. Based on estimated sales for the period April 1998 through March 1999, it will be necessary to add .0984 cents per therm to collect this under-recovery. See Schedule E-4 for details of this computation.

Q. What (LPCGR) Factor does Indiantown Gas Company seek approval through its petition for the period April 1, 1998 through March 31, 1999?

A. \$0.38026 per therm.

Q. Does t' conclude your testimony?

A. Yes

- 1 Q. Please state your name and business address.
- 2 A. My name is W. Edward Elliott. My business address  
3 is 702 N. Franklin Street, Tampa, Florida 33602.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am Manager of Gas Accounting for Tampa Electric  
6 Company d/b/a Peoples Gas System ("Peoples").
- 7 Q. Please summarize your educational background and  
8 professional qualifications.
- 9 A. I graduated from the University of South Florida in  
10 1972 with the degree of Bachelor of Arts in  
11 Accounting. I have over 9 years of experience in  
12 the utility field.
- 13 Q. What are your primary responsibilities in your  
14 present position with Peoples?
- 15 A. As Manager of Gas Accounting, I am responsible for  
16 recording the Company's cost of gas.
- 17 Q. Have you previously testified in regulatory  
18 proceedings?
- 19 A. No.
- 20 Q. Have you prepared or caused to be prepared certain  
21 schedules for use in this proceeding?
- 22 A. Yes. As Composite Exhibit EE-1, I prepared the  
23 following schedules with respect to the final true-  
24 up for the period April 1996 through March  
25 1997:

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

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

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

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

10           A-4 -- Transportation system supply;

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

12           A-6 -- Conversion factor calculation; and

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

14           The referenced schedules comprising  
15 Composite Exhibit EE-1 include data for Peoples'  
16 entire system, except systems under the former West  
17 Florida Natural Gas Co.

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 1996  
23 through March 1997?

24       A.   As shown on Schedule A-7, p. 8 of 85 in EE-1, the  
25 cost of gas purchased, adjusted for company use,

- 1 was \$113,272,914.
- 2 Q. What was the amount of gas revenue collected for  
3 the period April 1996 through March 1997?
- 4 A. The amount of gas revenue collected to cover the  
5 cost of gas was \$110,5<sup>0</sup>1,182.
- 6 Q. What was the final true-up amount for the period  
7 April 1996 through March 1997?
- 8 A. The final true-up amount for the period, including  
9 interest and including adjustments of \$544,582 for  
10 April 1996, \$29,578 for May 1996, \$109,893 for July  
11 1996, and \$15,512 for February 1997, is an  
12 underrecovery of \$1,908,392.
- 13 Q. Is this amount net of the estimated true-up for the  
14 period April 1996 through March 1997, which is  
15 included in the April 1997 through March 1998 PGA  
16 factor calculation?
- 17 A. No. The final true-up net of the estimated true-up  
18 for the period April 1996 through March 1997 is an  
19 underrecovery of \$3,808,090.
- 20 Q. Is this the final underrecovery amount to be  
21 included in the April 1998 through March 1999  
22 projection?
- 23 A. Yes.
- 24 Q. Does this conclude your testimony?
- 25 A. Yes.

- 1 Q. Please state your name and business address.
- 2 A. My name is W. Edward Elliott. My business address  
3 is 702 N. Franklin Street, Tampa, Florida 33602.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am Manager of Gas Accounting for Tampa Electric  
6 Company d/b/a Peoples Gas System for the former  
7 West Florida Natural Gas Co.
- 8 Q. Please summarize your educational background and  
9 professional qualifications.
- 10 A. I graduated from the University of South Florida in  
11 1972 with the degree of Bachelor of Arts in  
12 Accounting. I have over 9 years of experience in  
13 the utility field.
- 14 Q. What are your primary responsibilities in your  
15 present position?
- 16 A. As Manager of Gas Accounting, I am responsible for  
17 recording the Company's cost of gas.
- 18 Q. Have you previously testified in regulatory  
19 proceedings?
- 20 A. No.
- 21 Q. Have you prepared or caused to be prepared certain  
22 schedules for use in this proceeding?
- 23 A. Yes. As Composite Exhibit EE-2, I prepared the  
24 following schedules with respect to the final true-  
25 up for the period April 1996 through March

1 1997:

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

5 A-1F/R -- Comparison of actual versus flex  
6 estimate of the purchased gas adjustment cost  
7 recovery factor;

8 A-1 -- Supporting Detail -- Purchased gas  
9 adjustment cost recovery clause calculation;

10 A-2 -- Calculation of true-up and interest  
11 provision;

12 A-3 -- Transportation purchases - system  
13 supply and end use;

14 A-4 -- Transportation system supply;

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

16 A-6 -- Conversion factor calculation; and

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

18 The referenced schedules comprising  
19 Composite Exhibit EE-2 include data for the entire  
20 system for the former West Florida Natural Gas Co.

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

23 A. Yes.

24 Q. What was West Florida Natural Gas Co.'s cost of gas  
25 to be recovered through the PGA clause for the

- 1 period April 1996 through March 1997?
- 2 A. As shown on Schedule A-7, p. 8 of 91 in EE-2, the  
3 cost of gas purchased, adjusted for company use,  
4 was \$10,234,739.
- 5 Q. What was the amount of gas revenue collected for  
6 the period April 1996 through March 1997?
- 7 A. The amount of gas revenue collected to cover the  
8 cost of gas was \$9,703,771.
- 9 Q. What was the final true-up amount for the period  
10 April 1996 through March 1997?
- 11 A. The final true-up amount for the period is an  
12 underrecovery of \$541,854.
- 13 Q. Is this amount net of the estimated true-up for the  
14 period April 1996 through March 1997, which is  
15 included in the April 1997 through March 1998 PGA  
16 factor calculation?
- 17 A. No. The final true-up net of the estimated true-up  
18 for the period April 1996 through March 1997 is an  
19 underrecovery of \$103,669.
- 20 Q. Is this the final underrecovery amount to be  
21 included in the April 1998 through March 1999  
22 projection?
- 23 A. Yes.
- 24 Q. Does this conclude your testimony?
- 25 A. Yes.

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**2                                   **PREPARED DIRECT TESTIMONY**3                                                           **OF**4                                                           **W. EDWARD ELLIOTT**5  
6   **Q.**   Please state your name and business address.7  
8   **A.**   My name is W. Edward Elliott. My business address is 702  
9       N. Franklin Street, Tampa, Florida 33601.10  
11   **Q.**   By whom are you employed and in what capacity?12  
13   **A.**   I am Manager of Gas Accounting for Peoples Gas System.  
14       ("Peoples").15  
16   **Q.**   Please summarize your educational background and  
17       professional qualifications.18  
19   **A.**   I graduated from the University of South Florida in 1972  
20       with the degree of Bachelor of Arts in Accounting. I have  
21       over 9 years of experience in the utility field.22  
23   **Q.**   What are your primary responsibilities in your present  
24       position with Peoples?

25

- 1   **A.**   As Manager of Gas Accounting, I am responsible for  
2       recording the Company's costs for natural gas and upstream  
3       pipeline capacity and preparing filings associated with the  
4       recovery of these costs through the Purchased Gas  
5       Adjustment ("PGA").  
6
- 7   **Q.**   Have you previously testified in regulatory proceedings?  
8
- 9   **A.**   Yes. I have submitted testimony on several occasions  
10      supporting Peoples' Purchased Gas Adjustment.  
11
- 12   **Q.**   What is the purpose of your testimony in this docket?  
13
- 14   **A.**   The purpose of my testimony is to describe generally the  
15      components of Peoples' cost of purchased gas and upstream  
16      pipeline capacity. In my testimony, I also explain how  
17      Peoples' projected weighted average cost of gas ("WACOG")  
18      for the April 1998 through March 1999 period was determined  
19      and the resulting requested maximum PGA ("Cap").  
20
- 21   **Q.**   Please summarize your testimony.  
22
- 23   **A.**   I will address the following areas:  
24       1.   How Peoples will obtain its gas supplies during the  
25       projected period.

- 1 2. Estimates and adjustments used to determine the amount  
2 of gas to be purchased from Peoples' various available  
3 sources of supply during the projected period.
- 4 3. Projections and assumptions used to estimate the  
5 purchase price to be paid by Peoples for such gas  
6 supplies.
- 7 4. The components and assumptions used to develop  
8 Schedules E-3 (A) through (G) of Composite Exhibit EE-  
9 3.
- 10 5. The components and assumptions used to develop  
11 Schedule E-1 of Composite Exhibit EE-3, including how  
12 Peoples' projected WACOG was determined. The  
13 projected WACOG is applicable to all customers served  
14 by Peoples Gas System, including those customers who  
15 were previously served by the former West Florida  
16 Natural Gas Company.
- 17
- 18 Q. Have you prepared or caused to be prepared certain  
19 schedules for use in this proceeding?  
20
- 21 A. Yes. Composite Exhibit EE-3 was prepared by me or under my  
22 supervision.  
23
- 24 Q. Please describe how Peoples will obtain its gas supplies  
25 during the projected period of April 1998 through March

1 1999.

2

3 A. All natural gas delivered through Peoples' distribution  
4 system is received through two interstate pipelines. Gas  
5 is delivered by Florida Gas Transmission Company ("FGT")  
6 and, in Peoples' Jacksonville Division, also by South  
7 Georgia Natural Gas Company ("South Georgia").

8

9 Q. In general, how does Peoples determine its sources of  
10 supply?

11

12 A. Peoples evaluates, selects and utilizes sources of natural  
13 gas supply on the basis of its "best value" gas acquisition  
14 strategy. For a source of supply to be identified as a  
15 "best value," it must offer the best combination of price,  
16 reliability of supply and dependable operations, consistent  
17 with Peoples' obligation as a public utility to provide  
18 safe, adequate and efficient service to the general public.  
19 Through a competitive bidding process, Peoples has  
20 developed, and is continuing to enhance, a portfolio of  
21 supply sources which reflect a balance between cost,  
22 reliability and operational flexibility. Peoples obtains  
23 its gas entirely as third party supplies which include both  
24 firm and interruptible purchases, various pricing  
25 mechanisms, and various purchase periods, including spot,

1 short term and long term arrangements.

2

3 Q. Could Peoples purchase all third party supplies in advance  
4 for a long term at the lowest available fixed price in  
5 order to provide increased stability to its cost of gas?

6

7 A. No. Peoples' quantity requirements for system supply gas  
8 at its gate stations vary significantly from year to year,  
9 season to season, month to month, and, in particular, from  
10 day to day. Often, the demand for gas on the Peoples  
11 system can vary dramatically within a month from the lowest  
12 to the highest requirement of its customers. In addition,  
13 Peoples transports more than 60% of its throughput of gas  
14 for end-user customers who purchase their own supplies  
15 directly from producers and marketers. Peoples, therefore,  
16 receives large quantities of customer-owned gas at its city  
17 gate stations on a relatively uniform basis from day to day  
18 within a month. The actual takes of gas out of the Peoples  
19 system by those same transporting customers can, and do,  
20 vary significantly from day to day. Since a significant  
21 portion of the total throughput volumes is received by  
22 Peoples at a uniform daily rate, Peoples is forced to  
23 increase or decrease the purchases of its own system supply  
24 volumes by significant increments in order to maintain a  
25 balance between receipts and deliveries of gas each day.

1 As a consequence, Peoples must buy a significant portion of  
2 its total system requirements under swing contract  
3 arrangements, and meet extreme variations in delivered  
4 volumes by relying on swing gas, peaking gas, pipeline  
5 balancing charge volumes, pipeline penalty charge volumes  
6 and pipeline no notice service at the prevailing rates for  
7 such services.

8  
9 **Q.** How did Peoples estimate the amount of gas to be purchased  
10 from various sources during the projected period of April  
11 1998 through March 1999?

12  
13 **A.** People's projected amount of gas to be purchased is based  
14 upon the total actual throughput of therms delivered to  
15 customers during a "base period", including both sales of  
16 Peoples' system supply and transportation deliveries of  
17 third party gas purchased by end-users of Peoples. Total  
18 throughput was then reduced by all volumes purchased or  
19 transported for major electric power generation, since such  
20 usage is expected to be delivered entirely as  
21 transportation volumes during the projection period. Then,  
22 the throughput was adjusted for anticipated customer growth  
23 and normal weather.

24  
25 **Q.** What adjustments were made to the remaining actual system

1 throughput volumes?  
2

3 **A.** Peoples anticipates additional end-users will be converted  
4 from sales to transportation service during the projection  
5 period. The total remaining actual system throughput was  
6 decreased to allow for such conversions to transportation.  
7 The resulting remaining amount, therefore, is the adjusted  
8 projected period throughput.  
9

10 **Q.** What other adjustments were made?  
11

12 **A.** Based on the amount of firm transportation capacity  
13 expected to be used by end-users, total estimated end-user  
14 transportation volumes (other than for major electric  
15 generation) for the projection period were deducted from  
16 the adjusted projected throughput. The remaining amount  
17 represents the total estimated amount of system supply  
18 volumes to be purchased by Peoples from third party sources  
19 for transportation through FGT and SGNG. Separate  
20 estimates, based on available transportation capacity, were  
21 made for the following categories of purchases by Peoples:  
22 1. Third party transportation volumes purchased for  
23 direct delivery at the South Georgia gate station near  
24 Jacksonville.  
25 2. Third party transportation volumes purchased at

- 1 various FGT receipt points and transported to Peoples'  
2 gate stations via firm FTS-1 and FTS-2 transportation  
3 service.
- 4 3. No Notice Transportation Service (NNTS), FGT Balancing  
5 Charge volumes and FGT Operational Flow Order Penalty  
6 Charge Volumes will be utilized on FGT Alert Days and  
7 Operational Flow Order Days, if necessary, when  
8 Peoples is required by FGT to keep actual deliveries  
9 within scheduled deliveries (within tariff tolerance  
10 levels).
- 11
- 12 Q. How were the No Notice Transportation Service (NNTS), FGT  
13 Balancing Charge volumes and FGT Penalty Charge volumes --  
14 item 5 above -- determined?
- 15
- 16 A. Peoples must purchase its allocated quantity of NNTS  
17 whether or not the service is actually used. FGT Balancing  
18 Charge volumes may be purchased on as many as 10 days per  
19 month during the projected period.
- 20
- 21 Q. Does Peoples expect to utilize all of its available firm  
22 transportation capacity during the projection period?
- 23
- 24 A. That depends on the amount of gas purchased or transported  
25 for electric power generation and the level of market

1 demand for firm transportation capacity in the pipeline  
2 capacity release market.

3

4 Q. How did you estimate the purchase price to be paid by  
5 Peoples for each of its available sources of supply?

6

7 A. The estimating procedures used for each category of  
8 purchases by Peoples are as follows:

9 1. Third party direct transportation volumes were  
10 estimated based on an evaluation of published prices  
11 for the last several years for spot gas delivered to  
12 the FGT and Southern Natural Gas Company ("SONAT")  
13 systems and futures market prices for the projection  
14 period of April 1998 through March 1999. These prices  
15 were then adjusted to reflect the potential for  
16 unexpected increases in natural gas prices in the  
17 projection period.

18 2. NNTS, FGT Balancing Charge and FGT Penalty Charge  
19 volumes purchased from FGT were estimated based on  
20 FGT's most current rates on file with the FERC and  
21 reasonable expectations for the possible cost of gas  
22 utilized by FGT as provided for in the recently  
23 effective Balancing Tools Settlement.

24

25 Q. Referring to Schedules E-3 (A) through (G) of Composite

1 Exhibit EE-3, please explain the components of these  
2 schedules and the assumptions which were made in developing  
3 the Company's projections.  
4

- 5 **A.** Schedule E-3 (G) is a compilation of the monthly data which  
6 appear on Schedules E-3 (A) through (F) for the  
7 corresponding months of April 1998 through March 1999.  
8

9 In Schedules E-3 (A) through (F), Column (A) indicates the  
10 applicable month for all data on the page.  
11

12 In Column (B), "FGT" indicates that the volumes are to be  
13 purchased from third party suppliers for delivery via FGT  
14 transportation. "MARKETER" indicates that the volumes are  
15 to be purchased from a third party supplier for delivery  
16 via SONAT and South Georgia Natural Gas ("South Georgia").  
17 "THIRD PARTY" indicates that the volumes are to be  
18 purchased directly from various third party suppliers for  
19 delivery into FGT or SONAT.  
20

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

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

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

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

5  
6 Column (E) shows the monthly quantity in therms of gas  
7 purchased by Peoples for each category of system supply.

8  
9 Column (F) shows the gas purchased by end-users for  
10 transportation.

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

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

24  
25 Column (L) in each row is the sum of Columns (H), (I), (J)

1 and (K) divided by Column (G).  
2

3 **Q.** Referring to Schedule E-1 of Composite Exhibit EE-3,  
4 please explain the components of these schedules and the  
5 assumptions which were made in developing the Company's  
6 projections.  
7

8 **A.** Schedule E-1 consists of three pages. Page 1 relates to  
9 Cost of Gas Purchased, Page 2 relates to Therms Purchased,  
10 and Page 3 relates to Cents per Therm, or Cost of Gas  
11 Purchased divided by Therms Purchased.  
12

13 The categories or items on lines 1 through 14 on Page 1  
14 correspond to the similar categories or items on lines 15  
15 through 27 on Page 2, and to the similar categories or  
16 items on lines 28 through 45 on page 3.  
17

18 The data shown on Page 1 through Page 3 of Schedule E-1 are  
19 taken directly from Schedules E-3 (A) through (F) for the  
20 months of April 1998 through March 1999. The average cost  
21 per therm for the total projected period for each item is  
22 listed in lines 28 through 37 on Page 3 of Schedule E-1.  
23

24 **Q.** What information is presented on Schedule E-1/R of  
25 Composite Exhibit EE-3?

- 1   **A.**   Schedule E-1/R of Composite Exhibit EE-3 shows eight months  
2       actual and four months estimated data for the current  
3       period from April 1997 through March 1998.  
4
- 5   **Q.**   What information is presented on Schedule E-2 of Composite  
6       Exhibit EE-3?  
7
- 8   **A.**   Schedule E-2 of Composite Exhibit EE-3 shows the amount of  
9       the prior period over/underrecoveries of gas costs which  
10      are included in the current PGA calculation.  
11
- 12   **Q.**   What is the purpose of Schedule E-4 of Composite Exhibit  
13      EE-3?  
14
- 15   **A.**   Schedule E-4 of Composite Exhibit EE-3 simply shows the  
16      calculation of the estimated true-up amount for the April  
17      1997 through March 1998 period. It is based on actual data  
18      for eight months and four months of projected data.  
19
- 20   **Q.**   What information is contained on Schedule E-5 of Composite  
21      Exhibit EE-3?  
22
- 23   **A.**   Schedule E-5 of Composite Exhibit EE-3 is statistical data  
24      which includes the projected therm sales and numbers of  
25      customers by customer class for the period from April 1998

1 through March 1999.

2

3 Q. How has the merger of Peoples Gas System and West Florida  
4 Natural Gas Company on June 30, 1997 been accounted for in  
5 the projected WACOG?

6

7 A. Beginning in April 1998, the gas supply and pipeline  
8 capacity for the previously separate companies will be  
9 integrated and operated as a single system. The estimate  
10 costs and projected therms used in exhibit EE-3 reflect the  
11 combined gas supply, pipeline transportation, and customer  
12 usage for the two merged natural gas utilities. The  
13 resulting WACOG is a single value applicable to all of  
14 Peoples Gas System, including customers in regions formerly  
15 served by West Florida Natural Gas Company. Similarly,  
16 beginning with the April 1998 monthly actual gas cost  
17 filing, all future Purchased Gas Adjustment filings will be  
18 for the integrated system.

19

20 Q. Does this conclude your testimony?

21

22 A. Yes, it does.

23

24

25

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

63

2 A. My name is Lou J. Deffrain. I am Secretary-Treasurer of South Florida Natural Gas Co.  
3 ("SFNG"). My business address is 101 Northwest 202 Terrace, Miami, Florida 33169.

4 Q. What is the purpose of your testimony?

5 A. The purpose of my testimony is to discuss the final true-up for the period April 1996  
6 through March 1997.

7 Exhibits

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

10 A. Yes. As Composite Exhibit LD-1, I am sponsoring the following schedules with respect  
11 to the final true-up for the period April 1996 through March 1997:

12 A-1 - Comparison of Actual Versus Original Estimate of the Purchased Gas Adjustment  
13 Cost Recovery Factor - October 1996 through September 1997.

14 A-2 - Calculation of True-up and Interest Provision - October 1996 through September  
15 1997.

16 A-3 - Transportation Purchases - October 1996 through September 1997.

17 A-4 - Transportation System Supply - October 1996 through September 1997.

18 A-5 - Therm Sales and Customer Data - October 1996 through September 1997.

19 A-6 - Conversion Factor Calculation - October 1996 through September 1997.

20 A-7 - Final Fuel Over/Under Recovery - April 1996 through March 1997.

21 Also attached are the individual PGA filings for the months of October 1996 through  
22 September 1997.

23 Final True-up April 1996 - March 1997

24 Q. What were total therm sales for the period April 1996 - March 1997?

25 A. Total therm sales subject to the PGA were 2,417,903 therms.

- 1 Q. What were total therm purchases for the period April 1996 through March 1997? 64
- 2 A. Total therm purchases were 2,400,620 therms.
- 3 Q. What was the cost of gas to be recovered through the PGA for the period April 1996
- 4 through March 1997?
- 5 A. The cost of gas purchased for the period was \$845,121.
- 6 Q. What was the amount of gas revenue collected for the period April 1996 through March
- 7 1997?
- 8 A. The amount of gas revenue collected to cover the cost of gas was \$880,076.
- 9 Q. What is the total true-up provision for the period April 1996 through March 1997?
- 10 A. The total true-up provision, including interest, is an overrecovery of \$38,889 for the
- 11 period.
- 12 Q. What is the amount of estimated true-up included for April 1996 through March 1997
- 13 in the April 1997 through March 1998 PGA factor calculation?
- 14 A. The amount of estimated true-up for the period April 1996 through March 1997 included
- 15 in the April 1997 through March 1998 PGA factor calculation was an undercollection
- 16 of \$75,329.
- 17 Q. What is the final over-underrecovery for the April 1996 through March 1997 period to
- 18 be included in the April 1998 through March 1999 projection?
- 19 A. The final overrecovery for the current period to be included in the April 1998 through
- 20 March 1999 projection is \$114,218.
- 21 Q. Does this conclude your testimony?
- 22 A. Yes, it does.

- 1 Q. Please state your name, occupation, and business address.
- 2 A. My name is Lou J. Defrain. I am Secretary-Treasurer of South Florida Natural  
3 Gas Co. ("SFNG"). My business address is 101 Northwest 202 Terrace, Miami,  
4 Florida.
- 5 Q. What is the purpose of your testimony?
- 6 A. The purpose of my testimony is to discuss SFNG's calculation of its levelized  
7 purchased gas adjustment factor for the period April 1, 1998 through March 31,  
8 1999.
- 9 Q. Would you please identify the Composite Exhibit which you are sponsoring with  
10 this testimony?
- 11 A. Yes. As Composite Exhibit LD-1, I am sponsoring Schedules E-1, E-1/R, E-2,  
12 E-3, E-4, and E-5.
- 13 Q. Were these schedules prepared under your direction and supervision?
- 14 A. Yes, they were.
- 15 Revised Estimate April 1997 - March 1998
- 16 Q. What is the revised estimate of total purchased gas costs for the period April  
17 1997 - March 1998?
- 18 A. The revised projection of purchased gas cost for the current period is \$787,993.
- 19 Q. What is the revised projection of gas revenue to be collected for the current  
20 period?
- 21 A. As shown on Schedule E-2, the company estimates the total gas revenue to be

1 collected during the period to be \$888,155. This amount includes a collection of  
2 prior period undercollections in the amount of \$84,906. Therefore, the revenue  
3 collected to cover the current period's gas cost is estimated to be \$803,249.

4 Q. What is the revised true-up amount, including interest, estimated for the April  
5 1997 - March 1998 period?

6 A. The company estimates the revised true-up, including interest, to be an  
7 overcollection of \$23,344.

8 April 1998 - March 1999 Projection

9 Q. How did you develop your projection of SFNG's cost of gas for the April 1998 -  
10 March 1999 period?

11 A. Our first step was to estimate our supply requirements for each of the twelve  
12 months in the period. Our projected supply requirements are based on our  
13 projected sales and company use for each month. Once we develop our supply  
14 requirements, we can then determine how these requirements will be met. In  
15 other words, we match our estimated requirements with the gas supply that is  
16 available to us. All of our gas requirements will be met utilizing firm  
17 transportation service on FGT for the projected period of April 1998 - March  
18 1999. Due to the complexity of transporting on FGT's system after  
19 implementation of FERC Order 636, and the new gas control requirements on all  
20 transporters, we have contracted with an energy services firm who furnishes our  
21 gas supply, arranges for transportation of the supply to our system, monitors

1 volumes and adjusts receipts/deliveries as necessary, and makes all nominations  
2 and balancing arrangements.

3 Q. Please describe the general steps or mechanics of projecting the total cost of gas  
4 for the April 1998 - March 1999 period.

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

9 The cost of NNTS service (line 2) is based on SFNG's contract level with  
10 FGT and an estimation of FGT's reservation charge for this service. The  
11 reservation charge utilized for the period is the current rate in effect.

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

16 The commodity other (line 4) is based on data shown on Schedule E-3  
17 which details our projected direct supplier purchases for the twelve-month  
18 period. We projected the "FTS" commodity cost on line 4 using a combination  
19 of analyses. We analyzed the 1996 and 1997 monthly prices of natural gas  
20 delivered to FGT by zone as reported in Inside FERC Gas Market Report. We  
21 also reviewed the recent NYMEX postings for the period January 1998 through

1 March 1999. We developed our monthly index price of gas using the above data  
2 and allowing for seasonal trends and current market pricing. To this index, we  
3 added compressor fuel and our supplier's estimated margin for first of the month  
4 pricing and swing service.

5 The demand component of SFNG's cost of gas (line 5) for the months of  
6 April 1998 - March 1999 is calculated by multiplying SFNG's contract level for  
7 capacity with FGT by FGT's current FTS demand rate.

8 Q. Based on the projected total cost of gas and projected sales, what is the weighted  
9 average cost per therm for the twelve-month period ended March 1999?

10 A. This figure is shown on Schedule E-1, line 40, and is 33.057 cents per therm. To  
11 arrive at the total PGA factor, the 33.057 cents per therm is adjusted for the  
12 estimated total true-up through March 1998 (shown on Schedule E-4) and for  
13 revenue-related taxes.

14 Q. What is the projected PGA factor for the period April 1998 - March 1999?

15 A. The projected PGA factor for the period is 27.780 cents per therm.

16 Q. The estimated total true-up for the twelve months ended March 1998 as  
17 calculated on Schedule E-4 is included in the projected PGA factor for the period  
18 April 1998 - March 1999. Please explain how it was calculated.

19 A. The final true-up amount for the period April 1996 - March 1997 is added to the  
20 estimated end of period net true-up for April 1997 - March 1998. The April  
21 1997 - March 1998 estimated true-up is based on eight months' actual data plus

- 1 four months' projected data.
- 2 Q. What is the impact of the total true-up for the twelve months ended March 31,  
3 1998 on the projected PGA factor for the April 1998 - March 1999 period?
- 4 A. The projected true-up as of March 31, 1998 is an overrecovery of \$137,562  
5 (Schedule E-4). Dividing the overrecovery by the April 1998 - March 1999  
6 projected therm sales of 2,556,201 results in a refund of 5.38 cents per therm  
7 to be included in the proposed PGA factor.
- 8 Q. What is the maximum levelized purchased gas factor (cap) that you are proposing  
9 for the April 1998 - March 1999 period?
- 10 A. The maximum levelized purchased gas factor (cap) that we are proposing for the  
11 period is 27.780 cents per therm.
- 12 Q. Does this conclude your testimony?
- 13 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 1998 through March 1999.
- 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 Purchased Gas Adjustment Schedules presently filed  
25 are as follows:

1 E-1 - PURCHASED GAS ADJUSTMENT COST RECOVERY  
2 CLAUSE CALCULATION, Original Estimate for the Projected  
3 Period April 1998 through March 1999.

4 E-1/R - PURCHASED GAS ADJUSTMENT COST RECOVERY  
5 CLAUSE CALCULATION, Revised Estimate for the Period April 1997  
6 through March 1998.

7 E-2 - CALCULATION OF TRUE-UP AMOUNT for the  
8 Current Period April 1997 through March 1998.

9 E-3 - TRANSPORTATION PURCHASES, SYSTEM SUPPLY  
10 AND USE for the Period April 1998 through March 1999. Because  
11 Sebring Gas does not purchase transportation gas, this schedule, although  
12 included in this filing, is not applicable.

13 E-4 - CALCULATION OF TRUE-UP AMOUNT,  
14 PROJECTED PERIOD April 1998 through March 1999.

15 E-5 - THERM SALES AND CUSTOMER DATA for  
16 the Projected Period April 1998 through March 1999.

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

19 A. Yes, they were.

20 REVISED ESTIMATES FOR THE PERIOD  
21 APRIL 1997 - MARCH 1998

22 Q. What is the revised estimate of total purchased gas cost for the  
23 period April 1997 through March 1998?

24 A. The revised estimate of purchased gas cost for the current period  
25 April 1997 through March 1997 is \$236,543.

1 Q. What is the revised estimate of gas revenue to be collected for the  
2 current period April 1997 through March 1998?

3 A. The revised estimate of gas revenue to be collected for the current  
4 period April 1997 through March 1998 is \$226,965.

5 Q. What is the revised true-up amount, including interest,  
6 estimated for the current period April 1997 through March  
7 1998?

8 A. The Company's estimate for the revised true-up, including  
9 interest, to be an undercollection of \$4,621.

10 PROJECTIONS FOR THE PERIOD

11 APRIL 1998 THROUGH MARCH 1999

12 Q. How was the projections for the period April 1998 through  
13 March 1999 determined?

14 A. The estimated gas supply requirements for each month of the  
15 twelve month period were determined initially. These requirement  
16 estimates were based upon the estimated sales to ultimate customers  
17 for the period.

18 Q. What steps were used to determine the estimated cost of gas for the  
19 projected period April 1998 through March 1999?

20 A. As reported on Schedule E-1, lines 1 through 11, the total cost of  
21 gas consists of the cost of demand and commodity costs of firm  
22 transportation service(FTS) on FGT, the commodity cost of gas paid to  
23 our supplier, Peninsula Energy Services Co. (PESCO) and the cost of gas  
24 transportation as billed by TECO (People's Gas System). The demand  
25 portion of the services (line 5 of Schedules E-1 & E-1/R) is based on

1           Sebring Gas System's contract with FGT and an estimate of FGT's demand  
2           rates for these services. The commodity portion of the Cost of Gas  
3           Purchased is shown as Lines 1 and 4 of Schedule E-1.  
4           The rate utilized for the projected period April 1998 through March 1999  
5           are the current rates in effect by PESCO.  
6           The Commodity (Other), (line 4) is based on amount of therms  
7           purchased by Sebring Gas, multiplied by the current rate per therm,  
8           plus a management fee. The rate is based upon the price paid by  
9           our supplier PESCO, plus the management fee of \$250.00 per month.  
10          The management fee allows Sebring Gas to benefit from the  
11          research of the gas procurement department of PESCO for  
12          obtaining the best gas price. Because of Sebring Gas' small  
13          size and lack of experience in acquiring gas, the best use of the  
14          Company's funds and resources is to contract PESCO to  
15          provide gas for the company.  
16          Other charges for the Cost of Gas Purchased is represented on  
17          Line 6 of Schedule E-1. This figure consists of a charge for  
18          transportation by the TECO (People's Gas), any Western Division  
19          Revenue Sharing Credit from FGT and PGA Reporting Fees.  
20          TECO (People's Gas) transports the company's gas supply through  
21          a 7 mile pipeline connected to FGT's gatestation in Avon Park  
22          and ending at Sebring Gas' gatestation in Sebring. The pipeline  
23          is presently owned by Tampa Electric Company (TECO), who  
24          operates and maintains the section of transmission line. The rate for  
25          transportation is based on a contract with the TECO for MCFs

1 transported.

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

3 A. The company has only firm sales at this time. Subsequently,  
4 the total sales and firm sales are the same. The total sales were  
5 determined by using historical averages for both classes, residential  
6 and commercial, customers, with a growth factor added. The total  
7 sales are shown on Line 27 of Schedule E-1. The total estimated  
8 sales for the Projected period April 1998 through March 1999 is  
9 650,662 therms.

10 Q. What is the company's average cost per therm for the Projected  
11 period April 1998 through March 1999?

12 A. Shown on Line 40 of Schedule E-1, the company's average cost  
13 of gas for the Projected period April 1998 through March 1999  
14 is estimated to be 44.614 cents per therm. To arrive at the Total  
15 PGA Factor, the average cost of gas is adjusted for the estimated  
16 total true-up through March 1998, as shown on Schedule E-4,  
17 and for revenue-related taxes.

18 Q. What is the projected PGA Factor for the Projected period  
19 April 1998 through March 1999?

20 A. The projected PGA Factor for the projected period is 44.614  
21 cents per therm, as shown on Line 45 of Schedule E-1.

22 Q. The estimated total true-up for the period April 1997 through  
23 March 1998, as shown on Schedule E-4 is included in the  
24 projected PGA Factor for the period April 1998 through March  
25 1999. How was the figure calculated?

- 1     A.     The final true-up amount for the period April 1996 through  
2           March 1997 is added to the estimated end of period net true-up  
3           for April 1997 through March 1998. The April 1997 through  
4           March 1998 estimated true-up is based on eight months' actual  
5           plus four months' projected data.
- 6     Q.     What is the impact of the total true-up for the period April 1997  
7           through March 1998 on the projected PGA Factor for the  
8           Projected period April 1998 through March 1999?
- 9     A.     The projected true-up for the period, ending March 1998 is an  
10          underrecovery of \$4,621, which is shown on line 4, Column  
11          4 of Schedule E-4. Dividing the underrecovery of \$13,952 by  
12          the projected therm sales of 650,662 therms results in a  
13          collection of 2.1443 cents per therm to be included in the proposed  
14          PGA Factor.
- 15    Q.     What is the maximum levelized purchased gas factor (cap)  
16          that you are proposing for the projected period April 1998  
17          through March 1999?
- 18    A.     The maximum levelized purchased gas factor (cap) that Sebring  
19          Gas is proposing for the period is 44.614 cents per therm.
- 20    Q.     Does this conclude your testimony?
- 21    A.     Yes, it does
- 22  
23  
24  
25

- 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 final true-up  
17 for the period APRIL 1996 through MARCH 1997.
- 18 Q. Has the Company prepared the Schedules as prescribed by  
19 this Commission for this purpose?
- 20 A. Yes, it has. The Schedules prescribed by the Commission are  
21 being filed at this time. Copies are attached to my testimony.
- 22 Q. Would you please identify the Schedules which you are filing?
- 23 A. Yes. The Schedules are identified as Composite Exhibit JHM-1  
24 and are as follows:  
25 A-1 - COMPARISON OF ACTUAL VERSUS ORIGINAL

1 ESTIMATE OF THE PURCHASED GAS ADJUSTMENT  
2 COST RECOVERY FACTOR - APRIL 1996 THROUGH  
3 MARCH 1997.  
4 A-1S - PURCHASED GAS ADJUSTMENT COST RECOVERY  
5 CLAUSE CALCULATION SCHEDULE A-1 SUPPORTING  
6 DETAIL - APRIL 1996 THROUGH MARCH 1997  
7 A-2 - CALCULATION OF TRUE-UP AND INTEREST  
8 PROVISION - APRIL 1996 THROUGH MARCH 1997.  
9 A-3 - TRANSPORTATION PURCHASES SYSTEM  
10 SUPPLY AND END USE - APRIL 1996 THROUGH  
11 MARCH 1997. This form is not applicable for Sebring Gas System.  
12 A-4 - TRANSPORTATION SYSTEM SUPPLY - APRIL  
13 1996 THROUGH MARCH 1997. Also not applicable for Sebring.  
14 A-5 - THERM SALES AND CUSTOMER DATA- APRIL  
15 1996 THROUGH MARCH 1997.  
16 A-6 - CONVERSION FACTOR CALCULATION  
17 APRIL 1996 THROUGH MARCH 1997.  
18 A-7 - FINAL FUEL OVER/UNDER RECOVERY - APRIL 1996  
19 THROUGH MARCH 1997.  
20 Also attached are the INDIVIDUAL PGA filings for the months of  
21 October 1996 through September 1997. These filing include, along  
22 with the above mentioned PGA Schedules, copies of the Company's  
23 commodity gas bill, the Company's charge for No Notice Reservation,  
24 the Company's Billing Transaction and the Company's transportation  
25 charges.

- 1 Q. Were these schedules prepared under your direction and  
2 supervision ?
- 3 A. Yes they were. Beginning in April 1994, the PGA schedules were  
4 prepared by myself. Prior to this, the schedules were prepared by  
5 my consultants, Regulated Industry Consultants, with my furnishing  
6 the data and final approval.
- 7 Q. What were the total therm sales for the period April 1996  
8 through March 1997?
- 9 A. The total therm sales for the period April 1996 through  
10 March 1997 were 548,714.
- 11 Q. What were the total therm purchases for the period April  
12 1996 through March 1997?
- 13 A. The total therm purchases for the period April 1996  
14 through March 1997 were 453,480.
- 15 Q. What was the cost of gas to be recovered through the PGA  
16 for the period April 1996 through March 1997?
- 17 A. The cost of gas purchased for the period April 1996 through  
18 March 1997 was \$176,499.
- 19 Q. What was the amount of gas revenue collected for the period  
20 April 1996 through March 1997?
- 21 A. The amount of gas revenue collected to cover the cost of gas  
22 for the period April 1996 through March 1997 was  
23 \$175,445, as reflected in Schedule A-7, Line 2.
- 24 Q. What is the total true-up provision for the period April 1996  
25 through March 1997?

- 1 A The total true-up provision, including interest, for the period  
2 April 1996 through March 1997, is an underrecovery of  
3 \$710, as reflected in Schedule A-7, Line 5.
- 4 Q What is the final estimated true-up to be included in the April  
5 1998 through March 1999 PGA factor calculation?
- 6 A The final estimated true-up to be included in the April 1998  
7 through March 1999 PGA factor calculation is an underrecovery  
8 of \$9,331, as indicated in Schedule A-7, Line 7, which is  
9 the underrecovery of \$710 for the period April 1996 through March  
10 1997, Schedule A-7, Line 5, less the estimated overrecovery of  
11 \$8,621 for the period April 1997 through March 1998, Schedule  
12 A-7, Line 6.
- 13 Q Does this conclude your testimony?
- 14 A Yes it does.



1           A-1 detail.

2           A-2 - Calculation of True-Up and Interest Provision

3           A-3 - Transportation Purchases System Supply and End

4           Use.

5           A-4 - Transportation System Supply.

6           A-5 - Therm Sales and Customer Data.

7           A-6 - Conversion Factor Calculation

8           A-7 - Final Fuel Over/Under Recovery.

9    Q.    Were these schedules prepared under your direction and

10           supervision?

11   A.    Yes, they were.

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Final True-Up April 1996 - March 1997

- 1
- 2 Q. What were the total therm sales for the period April
- 3 1996 through March 1997?
- 4 A. Total therm sales were 7,618,366 therms.
- 5 Q. What were total therm purchases for the period April
- 6 1996 through March 1997?
- 7 A. Total therm purchases were 7,987,050.
- 8 Q. What was the cost of gas to be recovered through
- 9 the PGA for the period April 1996 through March 1997?
- 10 A. The cost of gas purchased for April 1996 through
- 11 March 1997 was \$3,190,258.
- 12 Q. What was the amount of gas revenue collected for the
- 13 period April 1996 through March 1997?
- 14 A. The amount of gas revenue collected to cover the cost
- 15 of gas was \$2,836,919.
- 16 Q. What is the total true-up provision for the period
- 17 April 1996 through March 1997?
- 18 A. The total true-up provision, including interest, is an
- 19 underrecovery of \$359,550.75 for the period.
- 20 Q. What is the amount of estimated true-up included for
- 21 April 1996 through March 1997 in the April 1997 through
- 22 March 1998 PGA factor calculation?
- 23 A. The amount of estimated true-up for the period April
- 24 through March 1997 included in the April 1997 through
- 25 March 1998 PGA factor calculation was an underrecovery

1           of \$379,791.00.

2       Q.   What is the final over/underrecovery for the April 1996  
3           through March 1997 period to be included in the  
4           April 1998 through March 1999 projection?

5       A.   The final overrecovery for the current period to be  
6           included in the April 1998 through March 1999 pro-  
7           jection is \$20,240.25.

8       Q.   Does this conclude your testimony?

9       A.   Yes

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

1  
2  
3 In Re: Purchased Gas Recovery ) Docket No. 980003-GU  
4 \_\_\_\_\_ ) Submitted for filing  
January 9, 1998

5  
6 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 testimony?

15 A. My purpose is to submit known and estimated gas  
16 costs and therm sales from April 1, 1998 through  
17 March 31, 1999, used in developing the maximum twelve  
18 month levelized purchased gas cost factor to be applied  
19 to customer bills from April 1, 1998 through  
20 March 31, 1999.

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

23 A. Yes, I have prepared and filed on Jan. 9, 1998  
24 Schedules E-1 through E-5.

25 Q. What Purchased Gas Cost Recovery Factor does

1 St. Joe Natural Gas seek approval through its  
2 petition for the period April 1, 1998 through March  
3 31, 1999?

4 A. 68.000 cents per therm

5 Q. Does this conclude your testimony?

6 A. Yes

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1           **MR. KEATING:** And the exhibits being on  
2 Page 10 of the prehearing order.

3           **COMMISSIONER CLARK:** All right. AVW-1 will  
4 be Exhibit 1. AVW-2 will be Exhibit 2.

5           RAD-1, Exhibit 3. GMB-3 will be Exhibit 4.

6           E-1 will be Exhibit 5. E-2 will be  
7 Exhibit 6. E-3 will be Exhibit 7. E-4 will be  
8 Exhibit 8. E-5 will be Exhibit 9.

9           EE-1 will be exhibit -- I guess the combined  
10 Exhibit EE-1 and EE-2 will be Exhibit 10. EE-1  
11 revised will be Exhibit 11.

12           LD-1, noted as a composite exhibit, will be  
13 Exhibit 12. LD-2, noted as a composite exhibit, will  
14 be Exhibit 13.

15           JHM-2, noted as a composite exhibit will be  
16 Exhibit 14.

17           SLS-1 will be Exhibit 15. SLS-2 will be  
18 Exhibit 16. SLS-3 will be Exhibit 17. SLS-4 will be  
19 Exhibit 18. SLS-5 will be Exhibit 19, and SLS-6 will  
20 be Exhibit 20.

21           And indicate those exhibits are admitted  
22 into the record.

23           (Exhibits 1-20 marked for identification and  
24 received in evidence.)

25           **MR. HOFFMAN:** Commissioner Clark, I'm not

1 sure if we gave an exhibit number to the A schedules  
2 on Page 10 for Florida Public Utilities, because they  
3 were not identified in the prefiled with the specific  
4 number. I think these are the schedules that are  
5 filed on a monthly basis, and just for the record, we  
6 might want to give those like Exhibit 21.

7 **COMMISSIONER CLARK:** I just skipped over  
8 them because I didn't see any number. All right.  
9 They're attached to Bachman's testimony.

10 **MR. HOFFMAN:** They're not attached. They're  
11 filed on a monthly basis.

12 **COMMISSIONER CLARK:** Then we will show  
13 Schedules A, A-1/R, A-1 and all the schedules listed  
14 for Florida Public Utilities on Page 10 as Exhibit 21.

15 (Exhibit 21 marked for identification and  
16 received in evidence.)

17 **MR. HOFFMAN:** Thank you.

18 **COMMISSIONER CLARK:** And at this point  
19 should I entertain a motion to move Issues 11  
20 through 4 -- to approve stipulated Issues 1 through 4?

21 **MR. KEATING:** That would be Issues 1  
22 through 5.

23 **COMMISSIONER CLARK:** Thank you.

24 **COMMISSIONER GARCIA:** Second.

25 **COMMISSIONER CLARK:** Show that approved

1 unanimously.

2 (Whereupon the discussion of Docket

3 No. 980003 concluded.)

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 STATE OF FLORIDA)  
2 COUNTY OF LEON )

## CERTIFICATE OF REPORTER

3 I, H. RUTHE POTAMI, CSR, RPR Official  
4 Commission Reporter,

5 DO HEREBY CERTIFY that the Hearing in Docket  
6 No. 980003-GU was heard by the Florida Public Service  
7 Commission at the time and place herein stated; it is  
8 further

9 CERTIFIED that I stenographically reported  
10 the said proceedings; that the same has been  
11 transcribed under my direct supervision; and that this  
12 transcript, consisting of 88 pages, constitutes a true  
13 transcription of my notes of said proceedings  
14 and the insertion of the prescribed prefiled testimony  
15 of the witnesses.

16 DATED this 2nd day of March, 1998.

17

18

19

20

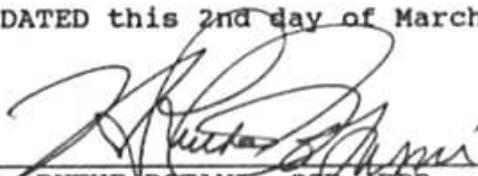
21

22

23

24

25

  
H. RUTHE POTAMI, CSR, RPR  
Official Commission Reporter  
(904) 413-6732