

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Purchased gas adjustment (PGA) true-up. || DOCKET NO. 040003-GU

DATED: OCTOBER 15, 2004

STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-04-0171-PCO-GU, filed February 19, 2004, the Staff of the Florida Public Service Commission files its Prehearing Statement.

a. All Known Witnesses

Staff does not intend to call any witnesses.

b. All Known Exhibits

Staff does not intend to sponsor any exhibits, but reserves the right to use exhibits for the purpose of cross-examination.

c. Staff's Statement of Basic Position

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

d. Staff's Position on the Issues

Generic Purchased Gas Adjustment Issues

**ISSUE 1:** What are the appropriate final purchased gas adjustment true-up amounts for the period January 2003 through December 2003?

**POSITION:**

City Gas Company of Florida	\$1,313,819	Overrecovery
Florida Public Utilities	\$338,902	Overrecovery
Peoples Gas System, Inc.	\$7,268,762	Underrecovery
St. Joe Natural Gas Company	\$40,749	Overrecovery

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**ISSUE 2:** What are the estimated purchased gas adjustment true-up amounts for the period January 2004 through December 2004?

**POSITION:**

City Gas Company of Florida	\$1,873,845	Overrecovery
Florida Public Utilities	\$3,165	Underrecovery
Peoples Gas System, Inc.	\$10,448,229	Overrecovery
St. Joe Natural Gas Company	\$45,220	Overrecovery

**ISSUE 3:** What are the total purchased gas adjustment true-up amounts to be collected during the period January 2005 through December 2005?

**POSITION:**

City Gas Company of Florida	\$3,187,664	Overrecovery
Florida Public Utilities	\$335,737	Overrecovery
Peoples Gas System, Inc.	\$3,179,465	Overrecovery
St. Joe Natural Gas Company	\$85,969	Overrecovery

**ISSUE 4:** What are the appropriate levelized purchased gas cost recovery (cap) factors for the period January 2005 through December 2005?

**POSITION:**

City Gas Company of Florida	94.952 cents per therm
Florida Public Utilities	89.181 cents per therm
Peoples Gas System, Inc.	99.037 cents per therm
St. Joe Natural Gas Company	76.500 cents per therm

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

**POSITION:** The factor should be effective for all meter readings on or after January 1, 2005, beginning with the first or applicable billing cycle for the period January 2005 through December 2005.

**Company-Specific Purchased Gas Adjustment Issues**

**CITY GAS**

**ISSUE 6:** Should an adjustment be made to City Gas Company of Florida's True-up for gas sales and purchases made during the period 1997-2003?

**POSITION:** Yes. Based on staff's audit report, City Gas Company of Florida's True-up refund for the projected period of January through December 2005 should be increased by \$2,683,344 plus \$209,997 in interest, which has the effect of reducing the factor by \$0.06822. This adjustment is based upon a staff audit report pertaining to transactions involving off-system sales and purchases during the time period covering the fiscal year ending September 30, 1997 through the fiscal year ending September 30, 2003. Accordingly, these transactions are appropriately accounted for and no future adjustments or investigations relating to these transactions will be necessary.

e. **Pending Motions**

Staff has no pending motions.

f. **Pending Confidentiality Claims or Requests**


Staff is aware of two pending confidentiality requests: 1) Document No. 05962-04; and 2) Document No. 10225-04.

g. **Compliance with Order No. PSC-04-0003-PCO-GU and Order No. PSC-04-0171-PCO-GU.**

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

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Respectfully submitted this 15th day of October, 2004.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Staff's Prehearing Statement has been furnished by U. S. Mail this 15<sup>th</sup> day of October 2004, to the following:

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