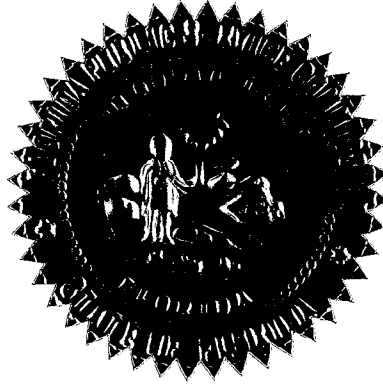


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060004-GU

In the Matter of

NATURAL GAS CONSERVATION
COST RECOVERY.



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PROCEEDINGS: HEARING

BEFORE: CHAIRMAN LISA POLAK EDGAR
COMMISSIONER J. TERRY DEASON
COMMISSIONER ISILIO ARRIAGA
COMMISSIONER MATTHEW M. CARTER, II
COMMISSIONER KATRINA J. TEW

DATE: Monday, November 6, 2006

TIME: Commenced at 9:30 a.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR
Official FPSC Reporter
(850) 413-6732

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

1 APPEARANCES:

2 BETH KEATING, ESQUIRE, Akerman Law Firm, 106 East
3 College Avenue, Suite 1200, Tallahassee, Florida 32301,
4 appearing on behalf of Florida City Gas.

5 NORMAN H. HORTON, JR., ESQUIRE, Messer Caparello &
6 Self, P.A., P.O. Box 1876, Tallahassee, Florida 32302-1876,
7 appearing on behalf of Florida Public Utilities Company.

8 KATHERINE FLEMING, ESQUIRE, FPSC General Counsel's
9 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida
10 32399-0850, appearing on behalf of the Commission Staff.

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I N D E X

WITNESSES

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EXHIBITS

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P R O C E E D I N G S

1
2 CHAIRMAN EDGAR: Good morning. Call this hearing,
3 hearings to order. I appreciate your patience. We have a lot
4 of paper to get organized this morning.

5 And I will begin by asking our staff to read the
6 notice.

7 MS. FLEMING: Pursuant to notice and supplemental
8 notice, this time and place have been set for a hearing in the
9 following dockets: 060003-GU, 060004-GU, 060002-EG, 060007-EI,
10 060001-EI, 060362-EI, and 041291-EI.

11 CHAIRMAN EDGAR: Thank you. Okay. We'll move on
12 next and take appearances to get us in the proper posture. And
13 I am going to ask you to go kind of slowly so that I can make
14 sure I've got the order. And also, if you would, please,
15 obviously identify the company that you're representing and the
16 docket numbers that you will be participating in. And we'll
17 begin to my left.

18 MR. BUTLER: Thank you, Madam Chairman.

19 John Butler and Bryan Anderson of Florida Power and
20 Light Company appearing in Dockets 060002, 060007, 060001,
21 060362, and 041291.

22 CHAIRMAN EDGAR: Thank you.

23 MR. HORTON: Good morning. Norman H. Horton, Jr.,
24 appearing for Florida Public Utilities Company in the 01, 02,
25 03, and 04 dockets.

1 CHAIRMAN EDGAR: Thank you.

2 MR. BURNETT: Good morning, Madam Chairman. John
3 Burnett on behalf of Progress Energy Florida appearing in the
4 01 and 02 dockets. I also have Gary Perko appearing in the
5 07 docket on behalf of Progress Energy Florida.

6 MR. BEASLEY: Good morning. James D. Beasley and
7 Lee L. Willis of the law firm of Ausley and McMullen
8 representing Tampa Electric Company in the 01, 02, and
9 07 dockets.

10 MR. STONE: Good morning. Jeffrey A. Stone, and with
11 me is Russell A. Badders and Steven R. Griffin of the law firm
12 Beggs and Lane. We represent Gulf Power Company in the 02, 07,
13 and 01 dockets.

14 MS. KEATING: Good morning. Beth Keating, Akerman
15 Senterfitt. I'm here this morning on behalf of Florida City
16 Gas in the 03 docket, and Florida City Gas and Chesapeake
17 Utilities in the 04 docket.

18 MR. BECK: Good morning, Madam Chairman. My name is
19 Charlie Beck with the Office of Public Counsel. I'd also like
20 to make appearances for Harold McLean, Public Counsel, as well
21 as Joe McGlothlin and Patty Christensen. We're appearing on
22 behalf of the Citizens of Florida in the 01, 02, 03, 0362, and
23 07 dockets.

24 MR. WRIGHT: Good morning, Madam Chairman and
25 Commissioners. I'm Schef Wright, and I would also like to

1 enter an appearance for my partner John T. LaVia, III, as
2 reflected in the prehearing orders. We are appearing on behalf
3 of the Florida Retail Federation in the 060001 docket,
4 060362 docket, and 060007 docket. Thank you.

5 CAPTAIN WILLIAMS: Good morning. I'm Captain Damund
6 Williams, and I'm here representing the Federal Executive
7 Agencies in the 01 docket.

8 MR. McWHIRTER: My name is John McWhirter. I'm
9 appearing on behalf of the Florida Industrial Power Users
10 Group, and we have intervened in the 01 docket, the 02 docket,
11 the 07 docket, and the 0362 docket.

12 MR. TWOMEY: Madam Chair, Commissioners, good
13 morning. Mike Twomey on behalf of AARP. AARP has intervened
14 in the 01 docket as well as the 362 docket. Thank you.

15 MR. SHREVE: Good morning. Jack Shreve appearing on
16 behalf of Attorney General Charlie Crist, appearing in the
17 060362 docket. I would also like to enter an appearance for
18 Cecilia Bradley.

19 CHAIRMAN EDGAR: Thank you. Is there anybody else?
20 No. All right. Thank you very much.

21 MR. KEATING: Chairman Edgar, I believe the Staff
22 Counsel should make appearances, but we were waiting to make
23 sure there was no one else in the audience.

24 CHAIRMAN EDGAR: Mr. Keating.

25 MR. KEATING: Cochran Keating on behalf of the

1 Commission in the 01, 0362, and 041291 dockets.

2 MS. BROWN: Martha Carter Brown on behalf of the
3 Commission in the 07 docket.

4 MS. FLEMING: Katherine Fleming on behalf of the
5 Commission in the 02, 03, and 04 dockets.

6 MS. BENNETT: Lisa Bennett appearing on behalf of the
7 Public Service Commission in the 01, 362, and 041291 dockets.

8 * * * * *

9 CHAIRMAN EDGAR: And we will move on here in just a
10 moment to the 04 docket.

11 Ms. Fleming.

12 MS. FLEMING: In the 04 dockets there are proposed
13 stipulations on all issues and all witnesses have been excused.
14 Therefore, staff recommends that the prefiled testimony of all
15 witnesses listed on Page 4 of the prehearing order be inserted
16 into the record as though read.

17 CHAIRMAN EDGAR: The prefiled testimony will be
18 inserted into the record as though read.

19 MS. FLEMING: Staff has also prepared a Comprehensive
20 Exhibit List that includes all prefiled testimony. This list
21 has been provided to all the parties in the docket. Staff
22 would move Exhibits 1 through 12 as set forth in the chart into
23 the record.

24 CHAIRMAN EDGAR: The exhibits will be so marked and
25 moved into the record.

1 (Exhibits 1 through 12 marked for identification and
2 admitted into the record.)

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 In Re: Conservation Cost Recovery Clause

3 DIRECT TESTIMONY OF BRIAN S. BILINSKI

4 On Behalf of5 Chesapeake Utilities Corporation

6 DOCKET NO. 060004-GU

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

9 A. My name is Brian S. Bilinski. My business address is 1015 6th Street N.W.,
10 Winter Haven, Florida, 33881. I am employed by Chesapeake Utilities
11 Corporation ("Chesapeake") as the Senior Financial Analyst.

12 Q. Are you familiar with the energy conservation programs of Chesapeake and
13 the revenues and costs that are associated with these programs?

14 A. Yes.

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

16 A. The purpose of my testimony is to present data and summaries concerning the
17 planned and actual accomplishments of Chesapeake's energy conservation
18 programs during the period January 2005 through December 2005. Data
19 related to calculation of the true-up for this period is also included.

20 Q. Have you prepared summaries of Chesapeake's conservation programs and
21 the costs associated with them?

22 A. Yes. Summaries of the seven programs in connection with which Chesapeake
23 incurred recoverable costs during the period January 2005 through December

1 2005 are contained in Schedule CT-6 of Exhibit BSB-1. Included are our
2 Residential Home Builder Program, Residential Appliance Replacement
3 Program, Residential Propane Distribution Program, Residential Water Heater
4 Retention Program, Natural Gas Space Conditioning for Residential Homes
5 Program, Gas Space Conditioning Program, and the Conservation Education
6 Program.

7 Q. Have you prepared schedules which show the expenditures associated with
8 Chesapeake's energy conservation programs for the periods you have
9 mentioned?

10 A. Yes. Schedule CT-2 page 1, Exhibit BSB-1 shows actual expenses
11 for the period, and also shows a comparison of the actual program costs and
12 true-up with the estimated costs and true-up submitted at the November 2005
13 hearing in this docket.

14 Q. What was the total cost incurred by Chesapeake in connection with the seven
15 programs during the twelve months ending December 2005?

16 A. As shown in Exhibit BSB-1, Schedule CT-2, page 2, total program costs were
17 \$1,164,373. This total is \$43,018 more than our projection of the program
18 costs for the twelve month period.

19 Q. Have you prepared, for the twelve month period involved, a schedule which
20 shows the variance of actual from projected costs by categories of expenses.

21 A. Yes. Schedule CT-2, page 3, of Exhibit BSB-1 shows these variances.

22 Q. What is Chesapeake's adjusted net true-up for the twelve months ended
23 December 2005?

1 A. As shown on Schedule CT-2, page 1, we originally estimated an
2 underrecovery, including interest, of \$217,207. This projected true-up
3 amount was based on conservation revenues of \$907,973 for the period
4 January 2005 through December 2005. However, the approved energy
5 conservation rates for transportation services during this period actually
6 yielded conservation revenues of \$906,724, or \$1,249 under projection.
7 Expenses for the period were \$43,018 more than projected. The total
8 difference, including interest of \$736, is \$45,003.

9 Q. Is this adjusted net true-up of \$45,003 an overrecovery or an underrecovery?

10 A. An underrecovery, as shown on Schedule CT-1 of Exhibit BSB-1.

11 Q. Does this conclude your testimony?

12 A. Yes, it does.

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 In Re: Natural Gas Conservation Cost Recovery

3 DIRECT TESTIMONY OF BRIAN S. BILINSKI

4 On behalf of5 The Florida Division of Chesapeake Utilities Corporation6 DOCKET NO. 060004-GU

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

8 A. My name is Brian S. Bilinski. I am the Senior Financial Analyst of the Florida Division of
9 Chesapeake Utilities Corporation. My business address is 1015 6th Street, N. W., Winter
10 Haven, Florida 33881.

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

12 A. I have a Bachelor's of Science degree in Accounting from St. Peter's College in Jersey City,
13 New Jersey and a Master's in Business Administration from Stetson University in Deland,
14 Florida. I have been employed in the water and wastewater industry in Florida for over twenty
15 years. I was first employed by the Florida Division of Chesapeake Utilities Corporation in June
16 2002 as the Accounting and Rates Manager.17 Q. Are you familiar with the energy conservation programs of the Company and costs which have
18 been, and are projected to be, incurred in their implementation?

19 A. Yes.

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

21 A. To describe generally the expenditures made and projected to be made in implementing,
22 promoting, and operating the Company's energy conservation programs. This will include
23 recoverable costs incurred in January through August 2006 and projections of program costs to
24 be incurred from September through December 2006. It will also include projected
25 conservation costs for the period January through December 2007, with a calculation of the

1 conservation adjustment factors to be applied to the customers' bills during the collection period
2 of January 1, 2007 through December 31, 2007.

3 Q. Have you prepared summaries of the Company's conservation programs and the costs
4 associated with these programs?

5 A. Yes. Summaries of the seven programs are contained in Schedule C-4 of Exhibit BSB-2.
6 Included are the Residential Home Builder Program, the Residential Appliance Replacement
7 Program, the Residential Propane Distribution Program, the Residential Water Heater Retention
8 Program, the Natural Gas Space Conditioning for Residential Homes Program, the Gas Space
9 Conditioning Program, and the Conservation Education Program.

10 Q. Have you prepared schedules that show the expenditures associated with the Company's energy
11 conservation programs for the periods you have mentioned?

12 A. Yes, Schedule C-3, Exhibit BSB-2 shows actual expenses for the months January through
13 August 2006. Projections for September through December 2006 are also shown on Schedule
14 C-3. Projected expenses for the January through December 2007 period are shown on Schedule
15 C-2 of Exhibit BSB-2.

16 Q. Have you prepared schedules that show revenues for the period January through December
17 2006?

18 A. Yes. Schedule C-3 (Page 4 of 5) shows actual revenues for the months January through August
19 2005. Projections for September through December 2006 are also shown on Schedule C-3
20 (Page 4 of 5).

21 Q. Have you prepared a schedule that shows the calculation of the Company's proposed
22 conservation adjustment factors to be applied during billing periods from January 1, 2007
23 through December 31, 2007?

24 A. Yes. Schedule C-1 of Exhibit BSB-2 shows this calculation. Net program cost estimates for the
25 period January 1, 2007 through December 31, 2007 are used. The estimated true-up amount

1 from Schedule C-3 (Page 4 of 5, Line 12) of Exhibit BSB-2, being an underrecovery, was added
2 to the total of the projected costs for the twelve-month period. The total amount was then
3 divided among the Company's rate classes, excluding customers who are on market-based rates,
4 based on total projected contribution. The results were then divided by the projected gas
5 throughput for each rate class for the twelve-month period ending December 31, 2007. The
6 resulting factors are shown on Schedule C-1 of Exhibit BSB-2.

7 Q. Does this conclude your testimony?

8 A. Yes, it does.

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DIRECT TESTIMONY OF RAMIRO SICRE

3 ON BEHALF OF

4 FLORIDA CITY GAS

5 DOCKET NO. 060004-GU

6 MAY 1, 2006

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

10
11 A. My name is Ramiro Sicre and my business address is 955 East 25th
12 Street, Hialeah, Florida 33013-3498. I am employed by Florida City Gas as
13 Manager of Market Development.

14
15 **Q. Please describe your educational and employment background.**

16
17 A. I began working for City Gas in 1980. Since that time I have been
18 employed in various capacities. I have held the positions of Meter Reading
19 Manager and Measurement Superintendent. In 1990, I assumed the position of
20 Sales Manager for the Miami division. In 2004, I assumed my present position as
21 Manager of Market Development for the Florida division. My education in the
22 natural gas business includes specialized courses in areas such as distribution,
23 regulation and measurement conducted by the Institute of Gas Technology, the
24 American Gas Association and other professional industry groups. I attended

1 Miami Dade College from 1978 to 1980. I am past councilman and currently sit
2 on the planning and zoning board for the City of Hialeah, Florida.

3 **Q. Are you familiar with the energy conservation programs of Florida**
4 **City Gas?**

5

6 A. Yes, I am.

7

8 **Q. Are you familiar with the costs that have been incurred and that are**
9 **projected to be incurred by Florida City Gas in implementing its**
10 **energy conservation programs?**

11

12 A. Yes, I am.

13

14 **Q. What is the purpose of your testimony in this docket?**

15 A. To submit the recoverable costs incurred during the period ending
16 December 31, 2005, and to identify the final true-up amount related to that
17 period.

18

19 **Q. Has Florida City Gas prepared schedules which show the**
20 **expenditures associated with its energy conservation programs for**
21 **the period you have mentioned?**

22

23 A. Yes. I have prepared and filed together with this testimony Exhibit RS-1
24 consisting of Schedules CT-1, CT-2 and CT-3.

25

1 **Q. What amount did Florida City Gas spend on conservation programs**
2 **during this period?**

3
4 **A. \$2,181,887.**

5
6 **Q. What is the final true-up amount associated with the period**
7 **ending December 31, 2005?**

8
9 **A. An under-recovery of \$32,206.**

10
11 **Q. Does this conclude your testimony?**

12
13 **A. Yes, it does.**

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DIRECT TESTIMONY OF RAMIRO SICRE

3 ON BEHALF OF

4 FLORIDA CITY GAS

5 DOCKET NO. 060004-GU

6 September 15, 2006

7

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

10

11 A. My name is Ramiro Sicre and my business address is 955 East 25th Street, Hialeah,
12 Florida 33013-3498. I am employed by Florida City Gas as Manager of Market
13 Development.

14

15 **Q. Are you familiar with the energy conservation programs of Florida City Gas?**

16

17 A. Yes, I am.

18

19 **Q. Are you familiar with the costs that have been incurred and are projected to be**
20 **incurred by Florida City Gas in implementing its energy conservation programs?**

21

22 A. Yes, I am.

23

24

25

1 **Q. What is the purpose of your testimony in this docket?**

2

3 A. To submit the conservation cost recovery true-up for the final true-up period January 1,
4 2005 through December 31, 2005, and for the actual and estimated period of January 1,
5 2006, through December 31, 2006. I will also present the total level of costs Florida City
6 Gas seeks to recover through its conservation factors during the period January 1, 2007
7 through December 31, 2007, as well as the conservation factors which, when applied to
8 our customer's bills during the period January 1, 2007 through December 31, 2007, will
9 permit recovery of total ECCR costs.

10

11 **Q. What is the Company's estimated true-up for the period January 1, 2006 through**
12 **December 31, 2006?**

13

14 A. An over-recovery of \$848,406. This amount is calculated on page 4 of Schedule C-3 and
15 takes into account the final audited true-up for the year ended December 31, 2005, which
16 was an over-recovery of \$1,192,546, including interest.

17

18 **Q. What is the total cost Florida City Gas seeks to recover during the period January 1,**
19 **2007 through December 31, 2007?**

20 A. \$1,589,220. This represents the projected costs of \$2,437,626 to be incurred during 2007,
21 plus the estimated true-up of \$(848,406) for calendar year 2006.

22

23

24

25

1 **Q. What conservation factors does Florida City Gas need to permit recovery of these**
2 **costs?**

3

4	A.	GS-1, GS-100, GS-220 (Sales & Transportation)	\$0.04574
5		GS-600 (Sales & Transportation)	\$0.02637
6		GS-1200 (Sales & Transportation)	\$0.01425
7		GS-6k (Sales & Transportation)	\$0.01185
8		GS-25000 (Sales & Transportation)	\$0.01180
9		GS-60000 (Sales & Transportation)	\$0.01155
10		Gas Lights	\$0.02329
11		GS-120000 (Sales & Transportation)	\$0.00811
12		GS-250000 (Sales & Transportation)	\$0.00765

13

14 **Q. Has Florida City Gas prepared schedules to support its requested Conservation**
15 **Cost Recovery Factor?**

16

17 A. Yes. I have prepared and filed together with this testimony Schedules C-1 through C-3 as
18 prescribed by Commission Staff.

19

20 **Q. Does this conclude your testimony?**

21

22 A. Yes, it does.

1 through December 2006?

2 A. As reflected in the Schedule C-3, Page 4 of 5, the
3 True-up amount for the Consolidated Natural Gas
4 Division is an over-recovery of \$123,243.

5 Q. What are the resulting net total projected
6 conservation costs to be recovered during this
7 projection period?

8 A. The total costs to be recovered are \$2,476,757.

9 Q. What is the Conservation Adjustment Factor necessary
10 to recover these projected net total costs?

11 A. The Conservation Adjustment Factors per therm for
12 the Consolidated Natural Gas Division are:

13	Residential	\$.08982
14	General Service and	
15	GS Transportation	\$.03943
16	Large Volume Service and	
17	LV Transportation <50,000	\$.02755
18	Large Volume Transportation	
19	Service >50,000	\$.02755

20 Q. Are there any exhibits that you wish to sponsor in
21 this proceeding?

22 A. Yes. I wish to sponsor as Exhibits Schedules C1,
23 C-2, C-3, and C-5 (Composite Prehearing
24 Identification Number MSS-2), which have been filed
25 with this testimony.

1 Q. How does Florida Public Utilities plan to promote
2 the Commission approved conservation programs to
3 customers?

4 A. These programs will be promoted through the
5 implementation of the company's "Good Cents"
6 branding.

7 Q. What is the "Good Cents" branding?

8 A. "Good Cents" is a nationally recognized, licensed
9 energy conservation branding program. This program
10 is fuel neutral by design and has been successfully
11 utilized by approximately 300 electric and natural
12 gas utilities located across 38 states from Maine,
13 to Florida to California and Washington. In the
14 winter of 2000, Florida Public Utilities expanded
15 its 20 year old branding license arrangement to
16 include the Commission approved natural gas
17 conservation programs.

18 Q. How does Florida Public Utilities utilize this
19 branding?

20 A. The Company uses the "Good Cents" branding to create
21 an awareness of its energy conservation and fuel
22 neutral programs among consumers, businesses,
23 builders and developers. Florida Public Utilities
24 will leverage the high visibility brand, well
25 established national image of quality, value and

1 savings, established public awareness (nearly 30%
2 national average) and proven promotional lift
3 (average 11%) to build participation in our
4 residential and commercial energy conservation
5 programs. We will apply the branding strategy to
6 promotional activities via broadcast and print
7 media, educational events and collateral
8 materials. Through this branding, end users and
9 specifiers can readily identify where to obtain
10 energy expertise to assist them with their energy
11 decisions.

12 Q. Does Florida Public Utilities Company expect to make
13 any modifications to the manner in which it promotes
14 the approved energy conservation programs during the
15 period January 1, 2007 through December 31, 2007?

16 A. Yes. In addition to continued participation in the
17 statewide GetGasFL.com advertising campaign, Florida
18 Public Utilities Company filed with the Commission
19 (Docket No. 060415-GU) to update its residential gas
20 conservation programs. This measure was approved by
21 the Commission on August 15, 2006, with an
22 anticipated implementation date of October 1, 2006.

- 23 1. GoodCents Home Program (Residential New Construction)
- 24 2. GoodCents Appliance Improvement Program (Replacement,
25 Electric to Gas conversion)

- 1 3. GoodCents Conservation Education Program (Education and
2 Seminars)
- 3 4. GoodCents Space Conditioning Program (Space Conditioning
4 Systems)
- 5 5. GoodCents Energy Survey (Residential Conservation Service,
6 Energy Survey)
- 7 6. GoodCents Appliance Upgrade (Retention, Gas to Gas
8 Program)
- 9 7. GoodCents Builder and Contractor Program
10 (Dealer/Contractor)
- 11 8. GoodCents Commercial Energy Survey (Commercial
12 Conservation)
- 13 9. GoodCents Natural Gas Service Reactivation (Residential
14 Service Reactivation Program)

15 The GetGasFL.com advertising campaign promotes the
16 energy conservation benefits of gas through the use
17 of multiple media outlets. The campaign directs
18 consumers to common web site. The web site contains
19 additional benefits on the utilization of gas, the
20 availability of gas by region, and contact
21 information, as well as specifics about the energy
22 conservation programs offered.

23 The strengthened GoodCents branding will also direct
24 consumers toward improved web site information
25 services and will be supported in the field by

1 expanded manpower resources and conservation
2 services.

3 Q. Does the campaign meet the guidelines for recovery
4 under Rule 25-17.015, Energy Conservation Cost
5 Recovery?

6 A. Yes, the campaign meets the guidelines established
7 by Rule 25-17.015, Energy Conservation Cost
8 Recovery.

9 Q. Has Florida Public Utilities Company included the
10 estimated cost of the campaign in the projected
11 costs associated with the conservation programs?

12 A. Yes, the estimated cost of the campaign and services
13 are included in the budget projections for 2007.

14 Q. Does this conclude your testimony?

15 A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 060004-GU
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Direct Testimony of
MARC S. SEAGRAVE

On Behalf of
FLORIDA PUBLIC UTILITIES COMPANY

1 Q. Please state your name and business address.

2 A. Marc S. Seagrave: my business address is 401 S. Dixie Highway,
3 West Palm Beach, Florida 33401.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Florida Public Utilities Company as Director of
6 Marketing and Sales.

7 Q. What is the purpose of your testimony at this time?

8 A. To advise the Commission of the actual over/under recovery of the
9 Conservation costs for the period January 1, 2005 through
10 December 31, 2005 as compared to the amount previously reported
11 for that period which was based on eight months actual and four
12 months estimated data.

13 Q. Please state the actual amount of over/under recovery of
14 Conservation Program costs for the gas divisions of Florida
15 Public Utilities Company for January 1, 2005 through December 31,
16 2005.

1 A. The Company under-recovered \$64,618 during that period. This
2 amount is substantiated on Schedule CT-3, page 2 of 3,
3 Calculation of True-up and Interest Provision.

4 Q. How does this amount compare with the estimated true-up amount
5 which was allowed by the Commission?

6 A. We had estimated that we would under-recover \$26,258 as of
7 December 31, 2005.

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

9 A. We have prepared and pre-filled Schedules CT-1, CT-2, CT-3, CT-4,
10 CT-5 and CT-6 (Composite Exhibit MSS-1).

11 Q. Does this conclude your testimony?

12 A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060004-GU

DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Direct Testimony of

MARC S. SEAGRAVE

On Behalf of

FLORIDA PUBLIC UTILITIES COMPANY

- 1 Q. Please state your name and business address.
- 2 A. Marc S. Seagrave: my business address is 401 S. Dixie Highway,
3 West Palm Beach, Florida 33401.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am employed by Florida Public Utilities Company as Director of
6 Marketing and Sales.
- 7 Q. What is the purpose of your testimony at this time?
- 8 A. To advise the Commission of the actual over/under recovery of the
9 Conservation costs for the period January 1, 2005 through
10 December 31, 2005 as compared to the amount previously reported
11 for that period which was based on eight months actual and four
12 months estimated data.
- 13 Q. Please state the actual amount of over/under recovery of
14 Conservation Program costs for the gas divisions of Florida
15 Public Utilities Company for January 1, 2005 through December 31,
16 2005.

1 A. The Company under-recovered \$64,473 during that period. This
2 amount is substantiated on Schedule CT-3, page 2 of 3,
3 Calculation of True-up and Interest Provision.

4 Q. How does this amount compare with the estimated true-up amount
5 which was allowed by the Commission?

6 A. We had estimated that we would under-recover \$26,258 as of
7 December 31, 2005.

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

9 A. We have prepared and pre-filled Schedules CT-1, CT-2, CT-3, CT-4,
10 CT-5 and CT-6 (Composite Exhibit MSS-1).

11 Q. Does this conclude your testimony?

12 A. Yes.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**2 **PREPARED DIRECT TESTIMONY**3 **OF**4 **KANDI M. FLOYD**

5
6 Q. Please state your name, business address, by whom you are employed, and in what
7 capacity?

8
9 A. My name is Kandi M. Floyd. My business address is Peoples Gas System, 702 North
10 Franklin Street, P.O. Box 2562, Tampa, Florida 33601-2562. I am employed by
11 Peoples Gas System ("Peoples" or "Company") and am the Manager of State
12 Regulatory.

13
14 Q. Please describe your educational and employment background.

15
16 A. I have a Bachelor of Arts Degree in Business Administration from Saint Leo College.
17 From 1995 to 1997, I was employed in a series of positions within the regulatory
18 affairs department of Tampa Electric Company. In 1998, I joined Peoples Gas System
19 as a Regulatory Coordinator in the Regulatory and Gas Supply Department. In 2001, I
20 became the Energy Conservation / Regulatory Administrator and in 2003 became the
21 Manager of State Regulatory for Peoples Gas System. In this role, I am responsible
22 for coordinating and overseeing all Energy Conservation Cost Recovery ("ECCR")
23 Clause activities along with various Regulatory activities for Peoples.

24
25 Q. What is the purpose of your testimony in this docket?

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A. My testimony addresses Peoples' conservation programs, the expenses that Peoples has incurred, the revenues recovered by Peoples through the ECCR clause from January 2006 through August 2006, and the costs that Peoples seeks to recover through the ECCR clause in 2007.

First, my testimony describes generally the actual and projected expenditures made for the purpose of implementing, promoting and operating Peoples' energy conservation programs for the current period. This information includes the adjusted net true-up amounts associated with those programs for the period January 2005 through December 2005. Next, my testimony addresses the actual costs incurred from January 2006 through August 2006, and revised projections of program costs that Peoples expects to incur from September 2006 through December 2006. In addition, my testimony presents projected conservation program costs for the period January 2007 through December 2007.

Finally, my testimony presents the calculation of the conservation cost recovery adjustment factors to be applied to customers' bills during the period beginning with the first billing cycle for January 2007 and continuing through the last billing cycle for December 2007.

Q. Has Peoples made any revisions to its current Energy Conservation Programs?

A. Peoples filed with the Florida Public Service Commission on June 26, 2006, its request for approval to modify its current approved energy conservation programs.

1 The filing was assigned Docket No. 060478-EG. Peoples' petition in that docket
2 seeks approval from the Commission to re-title certain programs, to modify the
3 allowances payable under certain of its existing programs, and to make the programs
4 as modified available to customers in the Company's Non-West Florida Region
5 available to customers in its West Florida Region, thereby eliminating the former West
6 Florida Region programs. If the relief requested by the Company is granted by the
7 Commission, it will result in a single set of conservation programs, which will be
8 applicable throughout the areas served by the Company.

9
10 Because the Staff Recommendation on the petition is scheduled as an item on the
11 September 19th Commission agenda, and as of the time this testimony must be filed no
12 decision has yet been made, we have based this projection filing on the allowance
13 amounts for which Peoples has sought approval in its petition for approval of
14 conservation program modifications. If the Commission should request that we
15 present a projection filing for 2007 based on the separate conservation programs of
16 both the former Peoples Gas System, Inc. and the former West Florida Natural Gas
17 Company, then the Company will submit that filing.

18
19 Q. Are you sponsoring any exhibits with your testimony?

20
21 A. Yes. I am sponsoring three exhibits produced under my direction and supervision.
22 Exhibit ____ (KMF-1) contains the conservation cost recovery true-up data for the
23 period January 2005 through December 2005 for Peoples' non-West Florida Region,
24 and Exhibit ____ (KMF-2) contains similar information for the same period for the
25 West Florida Region. Exhibit ____ (KMF-3) contains the conservation cost recovery

1 true-up data for the period January 2006 through August 2006 as well as re-projected
2 expenses for the period September 2006 through December 2006 for Peoples' non-
3 West Florida Region, and its West Florida Region (which have been combined for
4 purposes of this filing). In addition, Exhibit ____ (KMF-3) consists of Schedules C-1
5 through C-5, which contain information related to the calculation of the ECCR factors
6 to be applied to customers' bills during the period January 2007 through December
7 2007 throughout Peoples' Florida service areas.

8
9 Q. Have you prepared schedules showing the expenditures associated with Peoples'
10 energy conservation programs for the period January 2005 through December 2005?

11
12 A. Yes. Actual expenses for the period January 2005 through December 2005 for
13 Peoples' non-West Florida Region are shown on Schedule CT-2, page 2, of Exhibit
14 ____ (KMF-1). Actual expenses for that period for the West Florida Region are shown
15 on Schedule CT-2, page 2, of Exhibit ____ (KMF-2). In each of these exhibits,
16 Schedule CT-2, page 1 presents a comparison of the actual program costs and true-up
17 amount to the projected costs and true-up amount for the same period.

18
19 Q. What are the Company's true-up amounts for the period January 2005 through
20 December 2005?

21
22 A. With respect to Peoples' non-West Florida Region, as shown on Schedule CT-1 of
23 Exhibit ____ (KMF-1), the end-of-period net true-up for the period is an overrecovery
24 of \$2,343,999 including both principal and interest. The projected true-up for the
25 period, as approved by Commission Order No. PSC-05-1176-FOF-GU, was an

1 overrecovery of \$1,717,975 (including interest). Subtracting the projected true-up
2 overrecovery from the actual overrecovery yields the adjusted net true-up of \$626,024
3 overrecovery (including interest).

4
5 With respect to Peoples' West Florida Region, as shown on Schedule CT-1 of Exhibit
6 ____ (KMF-2), the end-of-period net true-up for the period is an underrecovery of
7 \$1,117,450 including both principal and interest. The projected true-up for the period,
8 as approved by Commission Order No. PSC-05-1176-FOF-GU, was an underrecovery
9 of \$913,868 (including interest). Subtracting the projected true-up underrecovery
10 from the actual underrecovery yields the adjusted net true-up of \$203,582
11 underrecovery (including interest).

12
13 Q. Have you prepared summaries of the Company's conservation programs and the
14 projected costs associated with these programs?

15
16 A. Yes. Summaries of the Company's programs are presented in Schedule C-5 of Exhibit
17 ____ (KMF-3).

18
19 Q. Have you prepared schedules required for the calculation of Peoples' proposed
20 conservation adjustment factors to be applied during the billing periods from January
21 2007 through and including December 2007?

22
23 A. Yes. Schedule C-3 of Exhibit ____ (KMF-3) shows actual expenses for the period
24 January 2006 through August 2006 and projected expenses for the period September
25 2006 through December 2006.

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Projected expenses for the January 2007 through December 2007 period are shown on Schedule C-2 of Exhibit ____ (KMF-3), and are shown for all areas served by the Company. The total annual cost projected represents a continuation of Peoples' active expansion of the availability of natural gas throughout Florida. Schedule C-1 shows the calculation of the conservation adjustment factors to be applied to all customers of the Company who are subject to the factors. The estimated true-up amount from Schedule C-3 (Page 4) of Exhibit ____ (KMF-3) being an overrecovery, was incorporated into the total of the projected costs for the January 2007 through December 2007 period. The resulting total of \$13,202,444 is the total expense to be recovered during calendar year 2007. This total expense was then allocated to the Company's affected rate classes pursuant to the methodology previously approved by the Commission, divided by the expected consumption of each rate class, and then adjusted for the regulatory assessment fee.

Schedule C-1 of Exhibit ____ (KMF-3) shows the resulting estimated ECCR revenues and adjustment factors by rate class for the period January 2007 through December 2007.

Q. Does this conclude your prefiled direct testimony?

A. Yes, it does.

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 In Re: Conservation Cost)
 Recovery Clause)
3 _____)
 Docket No. 060004-EG
 Submitted for Filing
 September 20, 2006

4
5 DIRECT TESTIMONY OF DEBBIE STITT ON
6 BEHALF OF ST. JOE NATURAL GAS COMPANY, INC.

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

9 A. Debbie Stitt, 301 Long Avenue, Port St. Joe, Florida
10 32456, St Joe Natural Gas Company in the capacity of
11 Energy Conservation Analyst.

12 Q. What is the purpose of your testimony?

13 A. My purpose is to submit the known and projected
14 expenses and revenues associated with SJNG's
15 conservation programs incurred in January thru August
16 2006 and projection costs to be incurred from Sept.
17 2006 through December 2006. It will also include
18 projected conservation costs for the period January
19 1, 2007 through December 31, 2007 with a calculation
20 of the conservation adjustment factors to be applied
21 to the customers bills during the January 1, 2007
22 through December 31, 2007 period.

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

25 A. Yes, I have prepared and filed to the Commission the

1 20th day of September 2006 Schedule C1
2 prescribed by the Commission Staff which has
3 collectively been entitled "Energy Conservation
4 Adjustmnt Summary of Cost Recovery Clause Calculation
5 for months January 1, 2007 through December 31, 2007"
6 for identification.

7 Q. What Conservation Adjustment Factor does St. Joe
8 Natural Gas seek approval through its petition for
9 the twelve month period ending December 31, 2007.

10 A. \$0.00721 per therm for Residential, \$0.00582 per
11 therm for Small Commercial, and \$0.00279 for
12 Commercial.

13 Q. Does this conclude your testimony?

14 A. Yes.

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1. BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2. In Re: Conservation Cost
3. Recovery Clause

Docket No. 060004-EG
Filing Date: May 2, 2006

4.

5. DIRECT TESTIMONY OF DEBBIE STITT ON
6. BEHALF OF ST. JOE NATURAL GAS COMPANY, INC.

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

9. A. Debbie Stitt, 301 Long Avenue, Port St. Joe, Florida 32456
10. St. Joe Natural Gas Company in the capacity of Energy
11. Conservation Analyst.

12. Q. What is the purpose of your testimony?

13. A. My purpose is to submit the expenses and revenues
14. associated with the Company's conservation programs
15. during the twelve month period ending December 31, 2005
16. and to identify the final true-up amount related to that
17. period.

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

20. A. Yes, I have prepared and filed together with this testi-
21. mony this 2nd day of May, 2006 Schedules CT-1 through
22. CT-5 prescribed by the Commission Staff which have
23. collectively been entitled "Adjusted Net True-up for
24. twelve months ending December 31, 2005" for identi-
25. fication.

1. Q. What amount did St. Joe Natural Gas spend on conser-
2. vation programs during the period?
3. A. \$10,975.00
4. Q. What is the final true-up amount associated with this
5. twelve month period ending December 31, 2005?
6. A. An under-recovery of \$1,418.00?
7. Q. Does this conclude your testimony?
9. A. Yes
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1 MS. FLEMING: There are proposed stipulations on
2 Issues 1 through 3 identified on Pages 5 through 7 of the
3 prehearing order. Staff recommends that the proposed
4 stipulations be approved.

5 CHAIRMAN EDGAR: Commissioners, as you have heard in
6 this docket, we have Stipulated Issues 1 through 3 that are now
7 before us. Are there questions of our staff, of the parties,
8 or discussion?

9 Commissioner Deason.

10 COMMISSIONER DEASON: If there are no questions, I
11 would move approval of Stipulated Issues 1 through 3.

12 COMMISSIONER CARTER: Second.

13 CHAIRMAN EDGAR: Commissioners, we have a motion and
14 a second. Is there further discussion? Seeing none, all in
15 favor of the motion say aye.

16 (Unanimous affirmative vote.)

17 CHAIRMAN EDGAR: Opposed? Show the motion carried.
18 Ms. Fleming, any further business on this docket?

19 MS. FLEMING: I don't believe there are any further
20 matters on this docket. The final order will be issued by
21 December 1st.

22 CHAIRMAN EDGAR: Commissioner Arriaga.

23 COMMISSIONER ARRIAGA: We are talking being Docket
24 03, correct?

25 CHAIRMAN EDGAR: No, we were on 04.

1 COMMISSIONER ARRIAGA: That is my confusion. Okay.

2 Thank you.

3 CHAIRMAN EDGAR: I understand. Okay. Then we have
4 concluded the hearing for the 04 docket and we'll be moving on
5 to the 02 docket in about 30 seconds.

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STATE OF FLORIDA)
:
COUNTY OF LEON)


CERTIFICATE OF REPORTER

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk and Administrative Services, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 14th day of November, 2006.



JANE FAUROT, RPR
Official FPSC Hearings Reporter
FPSC Division of Commission Clerk and
Administrative Services
(850) 413-6732