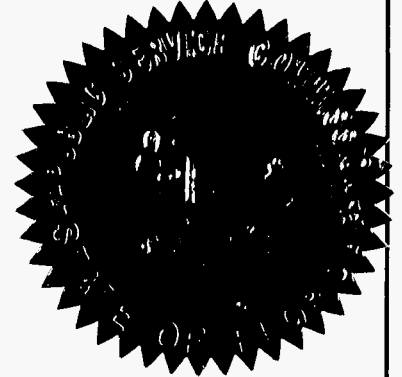


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080554-GU

In the Matter of:

PETITION FOR APPROVAL OF TRANSPORTATION
COST RECOVERY FACTORS BY FLORIDA DIVISION
OF CHESAPEAKE UTILITIES CORPORATION.



PROCEEDINGS: AGENDA CONFERENCE
ITEM NO. 10

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Tuesday, October 14, 2008

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

REPORTED BY: LINDA BOLES, RPR, CRR
Official FPSC Reporter
(850) 413-6734

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1 PARTICIPATING:

2 BETH KEATING, ESQUIRE, and THOMAS GEOFFROY, appearing
3 on behalf of Chesapeake Utilities Corporation.

4 ELIZABETH DRAPER, appearing on behalf of Commission
5 staff.

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P R O C E E D I N G S

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2 CHAIRMAN CARTER: Staff, if you're ready, you may
3 proceed.

4 MS. DRAPER: Commissioners, Elizabeth Draper with the
5 staff. Item 10 is Chesapeake's petition for approval of
6 transportation cost recovery factors. Staff is here to answer
7 your questions and so is the company.

8 CHAIRMAN CARTER: We have representatives from the
9 company here, Commissioners, so why don't we hear from them.
10 And obviously at any point if you have any questions, you can
11 interrupt and ask whatever you may deem necessary.

12 Good morning. Beth, you're recognized.

13 MS. KEATING: Good morning, Mr. Chairman,
14 Commissioners. There we go. Thank you, Mr. Chairman. Good
15 morning, Mr. Chairman, Commissioners. Beth Keating, Akerman,
16 Senterfitt, here today on behalf of Chesapeake. If I may take
17 just a moment, I'd like to introduce the gentleman to my right
18 here. This is Tom Geoffroy. He is the Vice President of the
19 Florida Division of Chesapeake Utilities.

20 With regard to staff's recommendation, as you can
21 imagine, we are very appreciative and we agree with the staff
22 recommendation that is before you today, and we stand ready to
23 address any questions that you may have.

24 CHAIRMAN CARTER: Commissioner Skop, you're
25 recognized.

1 COMMISSIONER SKOP: Thank you, Mr. Chairman, and good
2 morning, Ms. Keating.

3 I guess the question and concern I had, and I know we
4 have a busy agenda, so I'll try and keep this brief, is I was
5 looking through the staff recommendation, which I'm generally
6 in support of. But it occurred to me on Page 4 that the impact
7 on customers, which is not a direct impact but which more
8 likely than not will be passed through by the TTS shipper, is
9 approximately \$1.10 per month during the 12-month recovery
10 period. So that works out to \$13.20 per year that the
11 customers are going to incur.

12 And in looking at the project costs, the actual costs
13 incurred from May 2007 through June 2008 and then the projected
14 costs through May 2009, it would seem that the vast majority of
15 that cost is driven by the open enrollment. And I guess my
16 concern is providing consumers with choices is always a good
17 thing. But in the instant case in Phase I there was only one
18 TTS shipper and in Phase II I think there's two, so you're
19 having a new market entrant being available to consumers and
20 they're doing three mailings and to about I think just over,
21 just under 14,000 customers. So it's about \$100,000, you know,
22 of the expected costs. And I'm just wondering if -- has staff
23 taken a look at the cost of the mailings and/or is there maybe
24 perhaps a more efficient way to do this to reach consumers to
25 the extent that, you know, they're not having to pay \$13 a

1 month just to, I mean, per year to, to go through an open
2 enrollment process where you either pick Provider A or you pick
3 Provider B or you basically switch to a nonstandard type of
4 pricing option other than the standard price option? It just
5 seems to me there are a lot of pass-through costs there. And
6 in the interest of trying to help consumers, I'm wondering if
7 there's perhaps a more efficient way to, to do this on a
8 forward-going basis.

9 MS. DRAPER: Commissioners, when the Commission
10 approved Phase II, Chesapeake's proposal for Phase II, the
11 Commission approved Chesapeake's proposal to administer the
12 billing for the shippers which would require Chesapeake to
13 incur costs and modify its billing system, which are part of
14 the costs Chesapeake is asking to recover, education of
15 customers, which is obviously very important, and the
16 administration of the open enrollment periods. So that's
17 Chesapeake, something, that's something Chesapeake asked for in
18 Phase II and the Commission approved that process.

19 At the time staff -- Chesapeake had informed staff
20 that there will be costs associated with those functions, but
21 we decided Chesapeake would come in later and ask for recovery.
22 As to if there's a better way to educate the customers, I'm not
23 sure. I mean, we can think about it. But an annual open
24 enrollment period, that's what was decided. And it gives the
25 customers options as to which shipper and all the different

1 payment options, and hopefully when the customer shops around,
2 looks at its usage pattern, that they'll choose a payment
3 option that provides them with savings on their bills.

4 COMMISSIONER SKOP: And, Mr. Chair, as a follow-up, I
5 mean, just quickly on the mailings themselves or postage, it
6 would about \$17,000 to mail out three mailings. The all-in
7 cost is \$50,000 per year. And, again, I appreciate the, the
8 open enrollment in providing choices, but it would just seem to
9 me that if, part of competition, if a new participant comes
10 into the market, perhaps that new participant should bear the
11 cost of informing the consumers of its product rather than the
12 consumers themselves. I mean, that's competition. Sometimes
13 you've got to make that up-front marketing investment, as we've
14 seen in the past, to participate. But I'm just wondering
15 who's, who's best to, to incur or bear that cost, because it's
16 a substantial one. I mean, that's \$13 a year that consumers
17 are effectively for the most part having to pay for open
18 enrollment. It's a small but valid point in today's economy.

19 MS. DRAPER: And if I may follow up, the shippers,
20 that is a direct charge to the shippers not to the customer at
21 this point, and the shippers have to stay competitive because
22 the customers can choose between either shipper. So I think
23 they would consider if they have the option of maybe passing
24 only half the cost along to stay competitive.

25 COMMISSIONER SKOP: Okay. And I'll accept that. I

1 mean, just on a forward-going basis I'd ask staff to look at
2 the overall cost of the open enrollment on a forward-going
3 basis and see if there's any operational efficiencies that
4 could be brought into play to reduce the real cost to
5 consumers.

6 MS. DRAPER: We'll be happy to work with the company
7 on that.

8 COMMISSIONER SKOP: All right. Thank you.

9 And with that, Mr. Chairman, I'd move staff
10 recommendation as to Issues 1 and 2.

11 CHAIRMAN CARTER: Commissioners, anything further?
12 We have a motion here. Are there any questions or discussion
13 before we go forward? We have a motion. Can we get a second?

14 COMMISSIONER EDGAR: Second.

15 CHAIRMAN CARTER: It's been moved and properly
16 seconded that we accept staff's recommendations on the issues
17 as presented. Any further questions, discussions or debate?

18 Hearing none, all those in favor, let it be known by
19 the sign of aye.

20 (Unanimous affirmative vote.)

21 All those opposed, like sign. Show it done. Thank
22 you.

23 (Agenda Item 10 concluded.)

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1 STATE OF FLORIDA)
 :
 2 COUNTY OF LEON)

CERTIFICATE OF REPORTER

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4 I, LINDA BOLES, RPR, CRR, Official Commission
 Reporter, do hereby certify that the foregoing proceeding was
 5 heard at the time and place herein stated.

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

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

12 DATED THIS 20th day of October,
 13 2008.

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Linda Boles
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