

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 100003-GU

PURCHASED GAS ADJUSTMENT  
(PGA) TRUE-UP.

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PROCEEDINGS: HEARING

COMMISSIONERS  
PARTICIPATING: CHAIRMAN ART GRAHAM  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER NATHAN A. SKOP  
COMMISSIONER RONALD A. BRISÉ

DATE: Monday, November 1, 2010

TIME: Commenced at 9:36 a.m.  
Concluded at 9:43 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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## 1 APPEARANCES:

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

6 J.R. KELLY, ESQUIRE, CHARLIE BECK, ESQUIRE, and  
7 PATRICIA A. CHRISTENSEN, ESQUIRE, Office of Public  
8 Counsel, c/o The Florida Legislature, 111 W. Madison St.,  
9 Room 812, Tallahassee, Florida 32399-1400, appearing on  
10 behalf of the Citizens of Florida.

11 JON C. MOYLE, JR., ESQUIRE, and VICKI GORDON  
12 KAUFMAN, ESQUIRE, Keefe Law Firm, 118 North Gadsden  
13 Street, Tallahassee, Florida 32301, appearing on behalf of  
14 Florida Industrial Power Users Group.

15 KATHERINE FLEMING, ESQUIRE, FPSC General  
16 Counsel's Office, 2540 Shumard Oak Boulevard, Tallahassee,  
17 Florida 32399-0850, appearing on behalf of the Florida  
18 Public Service Commission Staff.

19 MARY ANNE HELTON, Deputy General Counsel,  
20 Florida Public Service Commission, 2540 Shumard Oak  
21 Boulevard, Tallahassee, Florida 32399-0850, Advisor  
22 to the Florida Public Service Commission.

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## I N D E X

## WITNESSES

	NAME:	PAGE NO.
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4	THOMAS KAUFMAN	
5	Prefiled Testimony Inserted	11
6	JAMES V. MESITE, JR.	
7	Prefiled Testimony Inserted	22
8	THOMAS A. GEOFFROY	
9	(Adopts James V. Mesite, Jr.)	
10	Prefiled Testimony Inserted	24
11	KANDI M. FLOYD	
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EXHIBITS

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(Description contained in  
the Comprehensive Exhibit  
List.)

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## P R O C E E D I N G S

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**CHAIRMAN GRAHAM:** We want to call the hearing to order, and I request the staff to read the notice.

**MS. FLEMING:** Good morning. Pursuant to notice issued by the Commission Clerk, this time and place has been set for a hearing in the following dockets: 100001-EI, 100002-EG, 100003-GU, 100004-GU, and 100007-EI.

Staff would also like to note for the record that the FPL portion of the 01, 02, and 07 hearing has been bifurcated, and that hearing will be held December 13th, 15th, and 16th.

**CHAIRMAN GRAHAM:** Thank you.

So that all being said, we want to open the 100003 docket.

Staff, is there any preliminary matters before us in this docket?

**MS. FLEMING:** Chairman, if I may, staff would suggest that we take appearances for all dockets. I believe we are hearing five dockets today, so if the parties could, when they make their appearance, identify which dockets they are participating in.

**CHAIRMAN GRAHAM:** Sounds good.

1                   **MS. TRIPLETT:** Everyone is looking at me.  
2                   Good morning, Commissioners and Chairman. My name  
3                   is Dianne Triplett appearing on behalf of Progress  
4                   Energy Florida in the 01, 02, and 07 dockets. Also  
5                   appearing on the 01 and 02 dockets will be John  
6                   Burnett, and on the 07 docket will be Gary Perko.  
7                   Thank you.

8                   **MR. BADDERS:** Good morning, Commissioners.  
9                   Russell Badders on behalf of Gulf Power Company.  
10                  I'm appearing in the 01, 02, and 07 dockets. Along  
11                  with me I have Jeffrey A. Stone, who is appearing in  
12                  the same dockets.

13                  **MR. BEASLEY:** Good morning, Commissioners.  
14                  James D. Beasley appearing with J. Jeffry Wahlen,  
15                  both of the law firm of Ausley and McMullen on  
16                  behalf of Tampa Electric Company in the 01, 02, and  
17                  07 dockets.

18                  **MR. HORTON:** Good morning. Norman H.  
19                  Horton, Messer, Caparello, and Self, appearing on  
20                  behalf of Sebring Gas System in the 04 docket.

21                  **MS. KEATING:** Good morning, Mr. Chairman,  
22                  Commissioners. Beth Keating, Akerman, Senterfitt.  
23                  I'm here today on behalf of Florida Public Utilities  
24                  in the 01, 02, 03, and 04 dockets. I am also here  
25                  on behalf of Florida City Gas in the 03 and 04

1 docket, and Indiantown in the 04 docket, and  
2 Chesapeake in the 04 docket.

3 **MR. WIGGINS:** I'm only here for one party.  
4 Good morning, Mr. Chair, Commissioners. Patrick K.  
5 Wiggins, P.O. Box 1657, Tallahassee 32302. I'm here  
6 in the 01 docket on behalf of the Alliance For  
7 Fairness In Ratemaking. Thank you.

8 **MR. BREW:** Good morning, Mr. Chairman,  
9 Commissioners. I am James Brew of the law firm of  
10 Brickfield, Burchette, Ritts, and Stone. I'm here  
11 on behalf of White Springs Agricultural Chemicals,  
12 and I'm here for the 01 and 02 dockets. Thank you.

13 **MR. MOYLE:** Good morning. Jon Moyle,  
14 Keefe, Anchors, Gordon, and Moyle. I'm appearing  
15 today along with Vicki Kaufman on behalf of FIPUG,  
16 the Florida Industrial Power Users Group, 01, 02,  
17 03, and 07.

18 **MR. BECK:** Good morning, Commissioners.  
19 Charlie Beck, Office of Public Counsel. Also  
20 appearing is Patricia Christensen and J.R. Kelly  
21 appearing in the 01, 02, 03, and 07 dockets.

22 **MS. WHITE:** Good morning, Mr. Chairman,  
23 Commissioners. I'm Karen White, and I'm appearing  
24 in the 01 and 07 docket on behalf of the Federal  
25 Executive Agencies. I'm also entering an appearance

1 this morning for Captain Shayla McNeill in those  
2 same dockets. Thank you.

3 **CHAIRMAN GRAHAM:** Is that everyone?

4 **MS. BENNETT:** Mr. Chairman and  
5 Commissioners, Lisa Bennett and Erik Sayler on  
6 behalf of Public Service Commission staff in the 01  
7 docket.

8 **MS. BROWN:** Martha Brown and Anna Williams  
9 on behalf of Public Service Commission staff in the  
10 07 docket.

11 **MS. FLEMING:** Katherine Fleming on behalf  
12 of the Commission staff in the 03 and 04 docket.  
13 And I would also like to enter an appearance for Lee  
14 Eng Tan as well as myself in the 02 docket.

15 **MS. HELTON:** Mary Anne Helton, Advisor to  
16 the Commission in all the dockets.

17 **CHAIRMAN GRAHAM:** Commissioner Skop.

18 **COMMISSIONER SKOP:** Thank you, Mr. Chair.

19 To Ms. Helton, is our General Counsel  
20 present for this morning's meeting?

21 **MS. HELTON:** No, sir. He's in the rate  
22 school in Clearwater.

23 **COMMISSIONER SKOP:** Thank you.

24 **CHAIRMAN GRAHAM:** Okay. Now are we ready  
25 to open the docket?

1           **MS. FLEMING:** Chairman, we would suggest  
2 that for ease of reference we let the parties know  
3 that staff has proposed a suggested order of  
4 dockets, and staff would suggest that we take up the  
5 03, 04, 02, 07, and 01 dockets in that order.

6           **CHAIRMAN GRAHAM:** Sounds good.

7           **MS. FLEMING:** And I think with that, Mr.  
8 Chairman, I think we are ready for the 03 docket.

9           **CHAIRMAN GRAHAM:** There we go. That's  
10 what I wanted to hear. So we will now officially  
11 open the 100003 docket.

12                   Now, Staff, is there any preliminary  
13 matters before us in this docket?

14           **MS. FLEMING:** Yes, Chairman and  
15 Commissioners.

16                   We would like to note for the record that  
17 St. Joe Natural Gas Company and Peoples Gas have  
18 been excused from the hearing in this docket. There  
19 are proposed stipulations on all issues, noting that  
20 OPC has taken no position. All witnesses have been  
21 excused and the parties do not intend to make  
22 opening statements.

23           **CHAIRMAN GRAHAM:** Is there any prefiled  
24 testimony?

25           **MS. FLEMING:** Yes, Commissioner. At this

1 time, staff will ask that the prefiled testimony of  
2 all witnesses identified on Page 4 of the prehearing  
3 order be moved into the record as though read.

4 **CHAIRMAN GRAHAM:** So moved.

5 **MS. FLEMING:** Commissioner, in this docket  
6 we also have exhibits. Staff has compiled a  
7 Comprehensive Exhibit List which we have provided to  
8 all the parties, and the Commissioners, and the  
9 court reporter. And at this time staff would ask  
10 that Exhibits 1 through 14 as contained on the  
11 Comprehensive Exhibit List be marked and moved into  
12 the record.

13 **CHAIRMAN GRAHAM:** Okay. We will move  
14 Exhibits 1 through 14 into the record.

15 (Exhibits 1 through 14 marked for  
16 identification and admitted into evidence.)

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DIRECT TESTIMONY OF

3 THOMAS KAUFMANN

4 ON BEHALF OF FLORIDA CITY GAS

5 DOCKET NO. 100003-GU

6

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

8 A. My name is Thomas Kaufmann. My business address is  
9 Elizabethtown Gas, 300 Connell Drive, Suite 3000, Berkeley  
10 Heights, New Jersey 07922

11

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

13 A. I am currently employed as a Manager of Rates and Tariffs and  
14 have responsibilities for Pivotal Utility Holdings, Inc's., Florida  
15 operating division .d/b/a Florida City Gas ("City Gas" or "the  
16 Company").

17

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

20 A. In June 1977, I graduated from Rutgers University, Newark with  
21 a Bachelor of Arts degree in Business Administration, majoring  
22 in accounting and economics. In July 1979, I graduated from  
23 Fairleigh Dickinson University, Madison with a Masters of

1 Business Administration, majoring in finance. My professional  
2 responsibilities have encompassed financial analysis,  
3 accounting, planning, and pricing in manufacturing and energy  
4 services companies in both regulated and deregulated  
5 industries. In 1977, I was employed by Allied Chemical Corp. as  
6 a staff accountant. In 1980, I was employed by Celanese Corp.  
7 as a financial analyst. In 1981, I was employed by Suburban  
8 Propane as a Strategic Planning Analyst, promoted to Manager  
9 of Rates and Pricing in 1986 and to Director of Acquisitions and  
10 Business Analysis in 1990. In 1993, I was employed by  
11 Concurrent Computer as a Manager, Pricing Administration. In  
12 1996 I joined Pivotal Utility Holdings, Inc's., (formerly known as  
13 NUI Utilities Inc.) as a Rate Analyst, was promoted to Manager  
14 of Regulatory Support in August, 1997 and Manager of  
15 Regulatory Affairs in February, 1998, and named Manager of  
16 Rates and Tariffs in July 1998.

17

18 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY?**

19 A. The purpose of my testimony is to present the comparison of  
20 Actual versus Original estimate of the purchased gas adjustment  
21 cost recovery factor and true-up provision for the period January,  
22 2009 through December, 2009 for City Gas.

23

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

3 A. Yes. The Company has prepared the form prescribed by the  
4 Commission attached as Schedule A-7, and identified as Exhibit  
5 \_\_\_\_ (TK-1).  
6

7 Q. HAS CITY GAS PREPARED A SCHEDULE WHICH SHOWS  
8 THE ACTUAL GAS COSTS ASSOCIATED WITH THE GAS  
9 ADJUSTMENT COST RECOVERY FACTOR?

10 A. Yes. City Gas prepared Schedule A-7, attached, which  
11 describes the total fuel cost for the period in question, recovery  
12 of such cost from ratepayers through the Purchased Gas  
13 Adjustment (PGA) Cost Recovery Factor, and remaining over or  
14 under-recovery of gas cost.  
15

16 Q. WHAT WAS THE TOTAL GAS COST INCURRED BY THE  
17 COMPANY DURING THE TWELVE MONTHS ENDED  
18 DECEMBER 31, 2009?

19 A. As shown on Schedule A-7, Line 1, the total cost of gas for the  
20 twelve months ended December 31, 2009 is \$25,340,897.  
21

1 Q. WHAT WAS THE TOTAL AMOUNT OF GAS COST  
2 RECOVERED BY THE COMPANY DURING THE TWELVE  
3 MONTHS ENDED DECEMBER 31, 2009?

4 A. The Company recovered \$26,737,546.

5

6 Q. WHAT IS THE COMPANY'S ACTUAL TRUE-UP FOR THE  
7 TWELVE MONTHS ENDED DECEMBER 31, 2009?

8 A. The actual true-up amount, including adjustments, margin  
9 sharing and interest, is a over-recovery of \$2,308,521.

10

11 Q. CAN YOU EXPLAIN HOW YOU ARRIVED AT THAT  
12 AMOUNT?

13 A. Yes. As shown on Schedule A-7, the total fuel revenues for the  
14 period are \$26,737,546 and the total fuel cost is \$25,340,897.  
15 The difference between the fuel cost and fuel recoveries is an  
16 over-recovery of \$1,396,649. This over-recovery is increased by  
17 an adjustment of \$911,477 for margin sharing and the interest  
18 provision, during the period, of \$395. The sum of these,  
19 inclusive of any rounding, is a under-recovery of \$2,308,521.

20

21 Q. WHAT IS THE FINAL OVER/UNDER RECOVERY FOR THE  
22 JANUARY 2009 THROUGH DECEMBER 2009 PERIOD TO BE  
23 INCLUDED IN THE 2010 PROJECTION?

1 A. The final true-up amount for the period of January 2009 through  
2 December 2009 to be included in the 2010 projection is an over-  
3 recovery \$836,302. This is the difference between the  
4 estimated over-recovery of \$1,472,219 that is included in the  
5 current cost recovery factor being collected during 2010 and the  
6 actual over-recovery of \$2,308,521.

7

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 A. Yes.

1           **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                           DIRECT TESTIMONY OF

3                           THOMAS KAUFMANN

4                           ON BEHALF OF FLORIDA CITY GAS

5                           DOCKET NO. 100003-GU

6                           September 9, 2010

7

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

9    A.    My name is Thomas Kaufmann. My business address is Elizabethtown  
10       Gas, One Elizabethtown Plaza, Union, New Jersey 07083.

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

12 A.    I am currently employed as a Manager of Rates and Tariffs and have  
13       responsibilities for Florida City Gas ("City Gas" or "the Company").

14 **Q.    BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND AND**  
15 **EMPLOYMENT EXPERIENCE.**

16 A.    In June 1977, I graduated from Rutgers University, Newark, N.J.,  
17       with a Bachelor of Arts degree in Business Administration, majoring  
18       in accounting and economics. In July 1979, I graduated from  
19       Fairleigh Dickinson University, Madison, N.J., with a Masters of  
20       Business Administration, majoring in finance. My professional  
21       responsibilities have encompassed financial analysis, accounting,  
22       planning, and pricing in manufacturing and energy services  
23       companies in both regulated and deregulated industries. In 1977, I  
24       was employed by Allied Chemical Corp. as a staff accountant. In

Docket No. 090003-GU  
September 9, 2010

1 1980, I was employed by Celanese Corp. as a financial analyst. In  
2 1981, I was employed by Suburban Propane as a Strategic  
3 Planning Analyst, promoted to Manager of Rates and Pricing in  
4 1986 and to Director of Acquisitions and Business Analysis in 1990.  
5 In 1993, I was employed by Concurrent Computer as a Manager,  
6 Pricing Administration. In 1996 I joined NUI as a Rate Analyst, was  
7 promoted to Manager of Regulatory Support in August, 1997 and  
8 Manager of Regulatory Affairs in February, 1998, and named  
9 Manager of Rates and Tariffs in July 1998.

10 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY.**

11 A. The purpose of my testimony is to present the revised estimate of  
12 the Company's projection of gas costs for the period August 2010  
13 through December 2010 and the Company's projection of gas costs  
14 for the period January 2011 through December 2011. In addition I  
15 will present the development of the maximum rate to be charged to  
16 customers for the period January 2011 through December 2011.

17 **Q. HAS THE COMPANY PREPARED THE FORMS AS PRESCRIBED**  
18 **BY THE COMMISSION FOR THIS PURPOSE?**

19 A. Yes. The forms prescribed by the Commission are being filed at  
20 this time. Copies are attached to my testimony as Exhibit \_\_ (TK-2).

21

Docket No. 090003-GU  
September 9, 2010

1 **Q. CAN YOU EXPLAIN THE PROJECTION METHODOLOGY?**

2 A. Yes. Under this methodology, which was adopted by Order No.  
3 PSC-93-0708-FOF-GU of this Commission on May 10, 1993 and  
4 modified in Docket No. 980269-PU on June 10, 1998, gas  
5 companies are to project their gas costs each twelve months for the  
6 ensuing twelve month period ending in December. A per therm rate  
7 is developed for the weighted average cost of gas (WACOG). This  
8 rate, based on the average of the winter and summer seasons,  
9 would lead to over or under-recoveries of gas costs in the two  
10 seasons. This problem is mitigated by establishing a maximum  
11 levelized purchased gas factor based on the Company's expected  
12 winter cost of gas, thereby eliminating a large under-recovery in that  
13 season. The Company is then able to flex downward in the summer  
14 in order to match market conditions and eliminate the potential for a  
15 large over-recovery for the remainder of the period.

16 **Q. WHAT IF THE ACTUAL COST EXCEEDS THE MAXIMUM RATE**  
17 **AS PROJECTED?**

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

21 **Q. WHAT HAPPENS TO THE DIFFERENCES THAT RESULT FROM**  
22 **MISESTIMATES, THAT IS, THE MISMATCHES BETWEEN**  
23 **ESTIMATED AND ACTUAL COSTS?**

Docket No. 090003-GU  
September 9, 2010

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

6 **Q. ARE ANY FLORIDA GAS TRANSMSSION (FGT) RATE**  
7 **CHANGES PROPOSED WHICH ARE REFLECTED IN THIS**  
8 **FILING?**

9 A. No, the FGT rates used in the preparation of this filing are those in  
10 effect on September 1, 2010

11

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

14 A. Yes. Schedule E-1 shows the projected period, January 2011  
15 through December 2011. For 2011, the Company estimates the  
16 gas purchases for resale will be 45,018,217 therms (Line 15) at a  
17 total cost of \$38,426,570 (Line 11) with a resulting WACOG of  
18 85.358 cents per therm (Line 40) before the application of the true-  
19 up factor and the regulatory assessment fee. Schedule E-4 shows  
20 the difference between the estimated actual and actual true-up for  
21 the prior period, January 2009 through December 2009, is an over-  
22 recovery of \$836,302 (Column 3, Line 4). The projected true-up for  
23 the current period, January 2010 through December 2010, is an  
24 under-recovery of \$264,017 (Column 4, line 4). The total true-up as

1 shown on Schedule E-4 is an over-recovery of \$572,285 for a true-  
2 up refund factor of 1.271 cents per therm that would be applied  
3 during the projected period (Schedule E-1, Line 41). This true-up  
4 factor decreases the gas cost factor during the projected period to  
5 84.087 cents per therm (Line 42) before the regulatory assessment  
6 fee. With the regulatory assessment fee added, the PGA factor is  
7 84.510 cents per therm (Line 44) based on the average of the  
8 winter and summer seasons.

9

10 **Q. DOES THE ANALYSIS FOR THE PROJECTED PERIOD**  
11 **SUMMARIZED ABOVE PROVIDE A SUFFICIENT BASIS TO SET**  
12 **THE PGA CAP IN 2011?**

13 A. No. As shown on Schedule E-1 (winter), City Gas has chosen to  
14 establish a maximum levelized purchased gas factor based on the  
15 Company's expected winter cost of gas as follows:

16 Winter Average

17 Total Cost (Line 11)	\$21,315,096
18 Total Therm Sales (Line 27)	23,103,306
19 (Line 11/ Line 27)	\$0.92260
20 True-up	(\$0.01271)
21 Before Regulatory Assessment	\$0.90898
22 Revenue Tax Factor	1.00503
23 Purchased Gas Factor	\$0.91447

1           As shown above, the maximum levelized purchased gas factor  
2           based on the Company's expected winter cost of gas is 90.898  
3           cents per therm before the regulatory assessment fee and 91.447  
4           cents per therm after the regulatory assessment fee. If approved by  
5           the Commission, 91.447 cents per therm would be the maximum  
6           gas cost factor that City Gas may charge its customers for the  
7           period January 2011 through December 2011.

8

9   **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

10  **A.    Yes, it does.**

**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 100003-GU  
DETERMINATION OF PURCHASED  
GAS/COST RECOVERY FACTOR**

**Direct Testimony of  
James V. Mesite, Jr.  
On Behalf of  
Florida Public Utilities Company**

1 Q. Please state your name and business address.

2 A. James V. Mesite, Jr., 401 South Dixie Highway, West Palm Beach, FL  
3 33401.

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

5 A. I am employed by Florida Public Utilities Company as the Senior Project  
6 Accountant.

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 Purchased Gas Adjustment for the period January 1, 2009 through  
10 December 31, 2009, as compared to the true-up amount previously  
11 reported for that period which was based on seven months actual and five  
12 months estimated.

13 Q. Please state the actual amount of over/under recovery of the Purchased  
14 Gas Adjustment for January 1, 2009 through December 31, 2009.

1 A. During January 2009 through December 2009, FPUC overrecovered  
2 \$2,127,921.56.

3 Q. How does this amount compare with the estimated true-up amount, which  
4 was allowed by the Commission during the November 2009 hearing?

5 A. As of December 31, 2009, FPUC had estimated an overrecovery of  
6 \$2,518,720

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

8 A. We prepared and pre-filed composite Exhibit JVMJ-1, containing  
9 Schedule A-7, Final Fuel Over/Under Recovery for the Period January  
10 2009 through December 2009.

11 Q. Does this conclude your testimony?

12 A. Yes

## 1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 In Re: Purchased Gas Adjustment (PGA) True-Up

3 DIRECT TESTIMONY OF THOMAS A. GEOFFROY

4 On behalf of5 Florida Public Utilities Company6 DOCKET NO. 100003-GU

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

8 A. My name is Thomas A. Geoffroy. I am the Vice President – Regulatory Affairs and  
9 Business Planning for Florida Public Utilities Company. My business address is 401  
10 South Dixie Highway, West Palm Beach, Florida 33402.

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

12 A. I have a Bachelor's of Science degree in Accounting from the University of Florida. I  
13 have been employed in the natural gas industry in Florida for over twenty-five years,  
14 in various accounting and management roles.15 Q. Are you familiar with the Purchased Gas Adjustment (PGA) clause of the Company  
16 and the associated projected and actual revenues and costs?

17 A. Yes.

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

19 A. My testimony will establish the PGA "true-up" refund amount, based on actual 2009  
20 data and projected 2010 data. My testimony will describe the forecast of the pipeline  
21 charges and the forecast of commodity costs of natural gas purchased by the Company  
22 for 2011. Finally, I will summarize the computations that are contained in composite  
23 exhibit TAG-1 supporting the January through December 2011 projected PGA  
24 recovery (cap) factor for our consolidated gas division.

25 Q. Were the schedules filed by your Company completed under your direction?

- 1 A. Yes.
- 2 Q. Which of the Staff's set of schedules has your company completed and filed?
- 3 A. We have prepared and previously filed True-Up schedules A-1, A-2, A-3, A-4, A-5,  
4 and A-6, in addition to filing composite exhibit TAG-1 which contains Schedules E-1,  
5 E-1/R, E-2, E-3, E-4, and E-5 for our consolidated gas division. These schedules  
6 support the calculation of the PGA recovery (cap) factor for January through  
7 December 2011.
- 8 Q. What is the appropriate final PGA true-up amount for the period January through  
9 December 2009?
- 10 A. As shown on Schedule E-4, the final PGA true-up amount for the period January  
11 through December 2009 is an under-recovery of \$390,798, inclusive of interest.
- 12 Q. What is the projected PGA true-up amount for the period January through December  
13 2010?
- 14 A. As also shown on Schedule E-4, the projected PGA true-up amount is an over-  
15 recovery of \$3,302,030, inclusive of interest, for the period January through  
16 December 2010.
- 17 Q. What is the total projected PGA true-up amount to be collected or refunded to  
18 customers for the period January through December 2011?
- 19 A. As shown on Schedule E-4, the total net over-recovery to be refunded for the period  
20 January through December 2011 is \$2,911,232.
- 21 Q. What is the projection period for this filing?
- 22 A. The projection period is January through December 2011.
- 23 Q. Please describe how the forecasts of pipeline charges and commodity costs of gas  
24 were developed for the projection period.
- 25 A. The purchases for the gas cost projection model are based on projected sales to

1 traditional non-transportation service customers. Florida Gas Transmission  
2 Company's (FGT) FTS-1, FTS-2, NNTS-1 and ITS-1 effective charges (including  
3 surcharges) and fuel rates, at the time the projections were made, were used for the  
4 entire projection period. The expected cost of natural gas purchased by the Company  
5 during the projection period are developed using the maximum New York Mercantile  
6 Exchange (NYMEX) natural gas futures settlement prices for the historical period of  
7 June 1992 through present. The forecasts of the commodity cost of gas also takes into  
8 account the average basis differential between the NYMEX projections and historic  
9 cash markets as well as premiums and discounts, by production zone, for term gas  
10 supplies.

11 Q. Please describe how the forecasts of the weighted average cost of gas are developed  
12 for the projection period.

13 A. The Company's sales to traditional non-transportation firm and interruptible  
14 customers were allocated all of the projected monthly pipeline demand costs, less the  
15 projected cost of capacity temporarily relinquished to pool managers, in accordance  
16 with the Company's tariff, all of the projected pipeline usage and no-notice costs and  
17 projected supplier commodity costs. The sum of these costs are then divided by the  
18 projected therm sales to the traditional non-transportation customers resulting in the  
19 projected weighted average cost of gas and ultimately the PGA recovery (cap) factor,  
20 as shown on Schedule E-1.

21 Q. What is the appropriate PGA recovery (cap) factor for the period January through  
22 December 2011?

23 A. As shown on Schedule E-1, the PGA recovery (cap) factor is 111.639¢ per therm for  
24 the period January through December 2011.

25 Q. What should be the effective date of the PGA recovery (cap) factor for billing

1 purposes?

2 A. The PGA recovery (cap) factor should be effective for all meter readings during the  
3 period of January 1, 2011 through December 31, 2011.

4 Q. Does this conclude your testimony?

5 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 and business address.7  
8   **A.**   My name is Kandi M. Floyd. My business address is 702  
9       N. Franklin Street, Tampa, Florida 33602.10  
11 **Q.**   By whom are you employed and in what capacity?12  
13 **A.**   I am employed by Peoples Gas System ("Peoples") as  
14       Manager of State Regulatory, having held that position  
15       since 2003.16  
17 **Q.**   Please summarize your educational background and  
18       professional qualifications.19  
20 **A.**   I hold a B.A. in Business Administration from Saint Leo  
21       University. From 1995 to 1997, I worked in a series of  
22       positions within the Regulatory Affairs Department of  
23       Tampa Electric Company. In 1998, I joined Peoples as a  
24       Regulatory Coordinator in the Regulatory and Gas Supply  
25       Department. In 2001, I became Peoples' Energy

1 Conservation/Regulatory Coordinator, and held that  
2 position until assuming my current position in 2003.

3

4 **Q.** What are your primary responsibilities in your current  
5 position with Peoples?

6

7 **A.** As Manager of State Regulatory, I am responsible for  
8 managing the Purchased Gas Adjustment ("PGA") and Energy  
9 Conservation Cost Recovery filings as well as various  
10 regulatory activities of Peoples.

11

12 **Q.** Have you prepared or caused to be prepared certain  
13 schedules for use in this proceeding?

14

15 **A.** Yes. As Composite Exhibit KMF-1, preparation of the  
16 following schedule with respect to the final true-up for  
17 the period January 2009 through December 2009: A-7 -  
18 Final Fuel Over/Under Recovery.

19

20 **Q.** What was Peoples' cost of gas to be recovered through  
21 the PGA clause for the period January 2009 through  
22 December 2009?

23

24 **A.** As shown on Schedule A-7 in KMF-1, the cost of gas  
25 purchased, adjusted for company use, was \$246,733,274.

1 Q. What was the amount of gas revenue collected for the  
2 period January 2009 through December 2009?

3

4 A. The amount of gas revenue collected to cover the cost of  
5 gas was \$240,101,271.

6

7 Q. What was the final true-up amount for the period January  
8 2009 through December 2009?

9

10 A. The final true-up amount for the period, including  
11 interest and adjustments, is an under-recovery of  
12 \$6,617,629.

13

14 Q. Is this amount net of the estimated true-up for the  
15 period January 2009 through December 2009, which was  
16 included in the January 2010 through December 2010 PGA  
17 factor calculation?

18

19 A. No. The final true-up net of the estimated true-up for  
20 the period January 2009 through December 2009 is an  
21 under-recovery of \$8,770,782.

22

23 Q. Is this the final under-recovery amount to be included  
24 in the January 2011 through December 2011 projection?

25

1    **A.**    Yes.

2

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

4

5    **A.**    Yes.

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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  
7            are employed, and in what capacity?

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

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

17  
18       **A.**    I have a Bachelor of Arts Degree in Business  
19            Administration from Saint Leo University. From 1995 to  
20            1997, I was employed in a series of positions within the  
21            regulatory affairs department of Tampa Electric Company.  
22            In 1998, I joined Peoples Gas System as a Regulatory  
23            Coordinator in the Regulatory and Gas Supply Department.  
24            In 2001, I became the Energy Conservation / Regulatory  
25            Administrator and in 2003 became the Manager of State

1 Regulatory for Peoples Gas System. In this role, I am  
2 responsible for managing the Purchased Gas Adjustment  
3 ("PGA") and Energy Conservation Cost Recovery filings as  
4 well as various regulatory activities for Peoples.  
5

6 **Q.** What is the purpose of your testimony in this docket?  
7

8 **A.** The purpose of my testimony is to describe generally the  
9 components of Peoples' cost of purchased gas and  
10 upstream pipeline capacity. In my testimony, I also  
11 explain how Peoples' projected weighted average cost of  
12 gas ("WACOG") for the January 2011 through December 2011  
13 period was determined and the resulting requested  
14 maximum PGA ("Cap").  
15

16 **Q.** Please summarize your testimony.  
17

18 **A.** I will address the following areas:  
19

20 1. How Peoples will obtain its gas supplies during the  
21 projected period.

22 2. Estimates and adjustments used to determine the  
23 amount of gas to be purchased from Peoples' various  
24 available sources of supply during the projected period.

25 3. Projections and assumptions used to estimate the

1 purchase price to be paid by Peoples for such gas  
2 supplies.

3 4. The components and assumptions used to develop  
4 Peoples' projected WACOG including the projected true-up  
5 balance to be collected or refunded.

6  
7 **Q.** What is the appropriate final purchased gas adjustment  
8 true-up amount for the period January 2009 through  
9 December 2009?

10  
11 **A.** The final PGA true-up amount for the year 2009 is an  
12 under-recovery of \$8,770,782.

13  
14 **Q.** What is the estimated purchased gas adjustment true-up  
15 amount for the period January 2010 through December  
16 2010?

17  
18 **A.** The estimated PGA true-up amount for 2010 is an over-  
19 recovery of \$7,766,515.

20  
21 **Q.** What is the total purchased gas adjustment true-up  
22 amount to be collected during the period January 2011  
23 through December 2011?

24  
25 **A.** The total PGA true-up amount to be collected in 2011 is

1 an under-recovery of \$1,004,266.

2

3 **Q.** Have you prepared or caused to be prepared certain  
4 schedules for use in this proceeding?

5

6 **A.** Yes. Composite Exhibit KMF-2 was prepared by me or  
7 under my supervision.

8

9 **Q.** Please describe how Peoples will obtain its gas supplies  
10 during the projected period of January 2011 through  
11 December 2011.

12

13 **A.** All natural gas delivered through Peoples' distribution  
14 system is received through three interstate pipelines.  
15 Gas is delivered through Florida Gas Transmission  
16 Company ("FGT"), through Southern Natural Gas Company  
17 ("Southern") in Peoples' Jacksonville Division, and  
18 through Gulfstream Natural Gas System ("Gulfstream") in  
19 Peoples' Lakeland, Tampa, and Orlando Divisions.  
20 Receiving gas supply through multiple interstate  
21 pipelines provides valuable flexibility and reliability  
22 to serve customers.

23

24 **Q.** In general, how does Peoples determine its sources of  
25 supply?

1 **A.** Peoples evaluates, selects and utilizes sources of  
2 natural gas supply on the basis of its "best value" gas  
3 acquisition strategy. For a source of supply to be  
4 identified as a "best value," it must offer the best  
5 combination of price, reliability of supply, and  
6 flexibility, consistent with Peoples' obligation as a  
7 public utility to provide safe, adequate and efficient  
8 service to the general public. Through a competitive  
9 bidding process, Peoples has a portfolio of supply  
10 sources from numerous third-party suppliers that reflect  
11 balance between cost, reliability and operational  
12 flexibility.

13  
14 **Q.** Could Peoples purchase all third party supplies in  
15 advance for a long term at the lowest available fixed  
16 price in order to provide increased stability to its  
17 cost of gas?

18  
19 **A.** No. Peoples' quantity requirements for system supply  
20 gas vary significantly from year to year, season to  
21 season, month to month and, in particular, from day to  
22 day. The demand for gas on the Peoples system can often  
23 vary dramatically within a month from the lowest to the  
24 highest requirement of its customers. In addition,  
25 Peoples' transportation throughput will continue to

1 increase during the projected period as approximately  
2 103 customers per month are continuing to transfer from  
3 sales service to transportation service under the  
4 NaturalChoice program. The actual takes of gas out of  
5 the Peoples system by those same transporting customers  
6 varies significantly from day to day. Since significant  
7 portions of the total transportation volumes are  
8 received by Peoples at a uniform daily rate, Peoples is  
9 forced to increase or decrease the volumes purchased for  
10 its own system supply by significant increments in order  
11 to maintain a balance between receipts and deliveries of  
12 gas each day. As a consequence, Peoples must buy a  
13 portion of its total system requirements under swing  
14 contract arrangements, and meet extreme variations in  
15 delivered volumes by relying on swing gas, peaking gas,  
16 pipeline balancing volumes and pipeline no notice  
17 service at the prevailing rates for such services.

18  
19 **Q.** How did Peoples estimate the amount of gas to be  
20 purchased from various sources during the projected  
21 period of January 2011 through December 2011?

22  
23 **A.** Peoples' projected gas purchases are based on the  
24 Company's preliminary total throughput of therms  
25 delivered to customers projected for 2011, including

1 both sales of Peoples' system supply and transportation  
2 deliveries of third party gas purchased by end-users of  
3 Peoples. The throughput was then adjusted for the  
4 anticipated level of transportation service, including  
5 the anticipated conversions under the Company's  
6 NaturalChoice program.

7  
8 **Q.** How are revenues derived from Peoples' Swing Service  
9 Charge accounted for through the PGA?

10  
11 **A.** Customers who participate in the NaturalChoice program  
12 pay a Swing Service Charge. The Swing Service Charge  
13 covers costs included in the PGA for balancing the  
14 difference between marketer-supplied gas and the  
15 customers' actual consumption. The revenues from the  
16 Swing Service Charge are credited to the PGA to offset  
17 this expense.

18  
19 **Q.** Is Peoples seeking a change in the Swing Service Charge?  
20

21 **A.** Not at this time. However, to the extent a portion of  
22 the swing costs are assigned to the PGA, Peoples may  
23 seek to readdress its Swing Service Charge expenses and  
24 the allocation thereof in a subsequent docket before the  
25 Commission. This is because on November 1, 2010,

1 Peoples will begin its eleventh year of making  
2 transportation service available to all non-residential  
3 customers pursuant to Commission Order No. PSC-00-1814-  
4 TRF-GU, issued October 4, 2000. Over the past ten  
5 years, both the number of transportation customers and  
6 the volumes of natural gas tendered to Peoples for  
7 transportation have increased dramatically. This  
8 continued migration has increased the amount of natural  
9 gas the Company purchases on a swing basis to cover all  
10 customers' seasonal, weekly, and daily peaks. In  
11 addition to the increase in the quantity of natural gas  
12 supply purchased for Swing Service, the cost of natural  
13 gas supply has increased significantly since the  
14 inception of Peoples' NaturalChoice Program. Therefore,  
15 the increased expenses associated with the provision of  
16 Swing Service may need to be recalculated and allocated  
17 based on current costs and transportation service  
18 levels.

19  
20 **Q.** How did you estimate the purchase price to be paid by  
21 Peoples for each of its available sources of gas supply?  
22

23 **A.** The price to be paid for natural gas is estimated based  
24 on an evaluation of historical prices for gas delivered  
25 to the FGT, Southern, and Gulfstream systems, futures

1 contracts as reported on the New York Mercantile  
2 Exchange and forecasts of market prices for the  
3 projection period of January 2011 through December 2011.  
4 These prices are then adjusted to reflect the potential  
5 for implied volatility increases and unexpected and  
6 unforeseen increases due to market forces particularly  
7 in the monthly and daily markets for natural gas prices  
8 in the projection period.

9  
10 **Q.** Referring to Schedules E-3 (A) through (G) of Composite  
11 Exhibit KMF-2, please explain the components of these  
12 schedules and the assumptions that were made in  
13 developing the Company's projections.

14  
15 **A.** Schedule E-3 (G) is a compilation of the monthly data  
16 that appears on Schedules E-3 (A) through (F) for the  
17 corresponding months of January 2011 through December  
18 2011. In Schedules E-3 (A) through (F), Column (A)  
19 indicates the applicable month for all data on the page.  
20 In Column (B), "FGT" indicates that the volumes are to  
21 be purchased from third party suppliers for delivery via  
22 FGT interstate pipeline transportation. "SOUTHERN"  
23 indicates that the volumes are to be purchased from a  
24 third party supplier for delivery via Southern  
25 interstate pipeline transportation. "GULFSTREAM"

1 indicates that the volumes are to be purchased from a  
2 third party supplier for delivery via Gulfstream  
3 interstate pipeline transportation. "THIRD PARTY"  
4 indicates that the volumes are to be purchased directly  
5 from various third party suppliers for delivery into  
6 FGT, Southern, or Gulfstream.

7  
8 In Column (C), "PGS" means the purchase will be for  
9 Peoples' system supply and will become part of Peoples'  
10 total WACOG. None of the costs of gas or transportation  
11 for end-use purchases made by end-use customers of  
12 Peoples are included in Peoples' WACOG. In Column (D),  
13 purchases of pipeline transportation services from FGT  
14 under Rate Schedules FTS-1 and FTS-2 are split into two  
15 components, commodity (or "usage") and demand (or  
16 "reservation"). Both Peoples and end-users pay the  
17 usage charge based on the actual amount of gas  
18 transported. The FTS-1 and FTS-2 commodity costs shown  
19 include all related transportation charges including  
20 usage, fuel and ACA charges. The FTS-1 and FTS-2 demand  
21 component is a fixed charge based on the maximum daily  
22 quantity of FTS-1 and FTS-2 firm transportation capacity  
23 reserved. Similarly, the transportation rates of  
24 Southern and Gulfstream also consist of two components,  
25 a usage charge and a reservation charge. Individual

1 Transportation Service customers reimburse Peoples or  
2 directly pay FGT for all pipeline reservation charges  
3 associated with the transportation capacity that Peoples  
4 reserves and uses on their behalf.

5  
6 Also in Column (D), "NO NOTICE TRANSPORTATION SERVICE"  
7 (or "NNTS") means FGT's no notice service provided to  
8 Peoples on a fixed charge basis for use when Peoples'  
9 actual use exceeds scheduled quantities. "SWING  
10 SERVICE" means the demand and commodity component of the  
11 cost of third party supplies purchased to meet Peoples  
12 "swing" requirements for supply that fluctuate on a day-  
13 to-day basis. "COMMODITY" means third party purchases of  
14 gas transported on FGT, Southern or Gulfstream and does  
15 not include any purchases of sales volumes from FGT.

16  
17 Column (E) shows the monthly quantity in therms of gas  
18 purchased by Peoples for each category of system supply.  
19 Column (F) shows the gas purchased by end-users for  
20 transportation.

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

23 Columns (H), (I), (J) and (K) show the corresponding  
24 third party supplier commodity costs, pipeline  
25 transportation commodity costs, pipeline transportation

1 reservation costs, and other charges (e.g., balancing  
2 charges), respectively. These costs are determined  
3 using the actual amounts paid by Peoples. In the case  
4 of end-user transportation, these costs are reimbursed  
5 to Peoples or paid directly to FGT. All ACA, capital  
6 surcharge and fuel charges are included in the commodity  
7 costs in Column (I) and, therefore, are not shown in  
8 Column (K).

9 Column (L) in each row is the sum of Columns (H), (I),  
10 (J) and (K) divided by Column (G).

11  
12 **Q.** Please explain the components of these schedules and the  
13 assumptions that were made in developing the Company's  
14 projections.

15  
16 **A.** Schedule E-1 is shown in three versions. Page 19  
17 relates to Cost of Gas Purchased, Therms Purchased, and  
18 Cents Per Therm for Combined Rate Classes, Page 20  
19 relates to Residential Customers, and Page 21 relates to  
20 Commercial Customers.

21  
22 The costs associated with various categories or items  
23 are shown on lines 1 through 14. Line 6 on Schedule E-1  
24 include legal expenses associated with various  
25 interstate pipeline dockets such as tariff filings,

1 seasonal fuel filings and certification proceedings.  
2 These expenses have been included for recovery through  
3 the Purchased Gas Adjustment Clause because they are  
4 fuel related expenses. The volumes consumed for similar  
5 categories or items are shown on lines 15 through 27,  
6 and the resulting effective cost per therm rate for each  
7 similar category or item is contained on lines 28  
8 through 45.

9  
10 The data shown on Schedule E-1 are taken directly from  
11 Schedules E-3 (A) through (F) for the months of January  
12 2011 through December 2011.

13  
14 **Q.** What information is presented on Schedule E-1/R of  
15 Composite Exhibit KMF-2?

16  
17 **A.** Schedule E-1/R of Composite Exhibit KMF-2 shows eight  
18 months actual and four months estimated data for the  
19 current period from January 2010 through December 2010  
20 for all combined customer classes.

21  
22 **Q.** What information is presented on Schedule E-2 of  
23 Composite Exhibit KMF-2?

24  
25 **A.** Schedule E-2 of Composite Exhibit KMF-2 shows the amount

1 of the prior period over/under recoveries of gas costs  
2 that are included in the current PGA calculation.

3

4 **Q.** What is the purpose of Schedule E-4 of Composite Exhibit  
5 KMF-2?

6

7 **A.** Schedule E-4 of Composite Exhibit KMF-2 simply shows the  
8 calculation of the estimated true-up amount for the  
9 January 2010 through December 2010 period. It is based  
10 on actual data for eight months and projected data for  
11 four months.

12

13 **Q.** What information is contained on Schedule E-5 of  
14 Composite Exhibit KMF-2?

15

16 **A.** Schedule E-5 of Composite Exhibit KMF-2 is statistical  
17 data that includes the projected therm sales and numbers  
18 of customers by customer class for the period from  
19 January 2011 through December 2011.

20

21 **Q.** How have you incorporated the Residential PGA factor and  
22 the Commercial PGA factor in the derivation of the PGA  
23 cap for which the company seeks approval?

24

25 **A.** On April 5, 1998, the Commission issued Order No. PSC-

1 99-0634-FOF-GU as a Proposed Agency Action in Docket No.  
2 981698-GU. This Order approved Peoples Gas' request for  
3 approval of a methodology for charging separate  
4 Purchased Gas Adjustment factors for different customer  
5 classes. Under the approved methodology, separate PGA  
6 factors are derived by assigning the fixed, interstate  
7 pipeline reservation costs to each customer class  
8 according to the class' contribution to the company's  
9 peak month demand for the winter season and the summer  
10 season. Exhibit KMF-2, Page 41 of 41, labeled  
11 Attachment, contains the seasonal peak allocation  
12 factors based on the most recent peak month data  
13 available, January 2010 and April 2010. These  
14 allocation factors are then applied to Schedule E-1 to  
15 derive the Residential, Commercial and Combined for All  
16 Rate Classes. The WACOG for which Peoples seeks  
17 approval as the annual cap is the Residential factor of  
18 \$.99606 per therm as shown in Schedule E-1. This annual  
19 cap will be applicable to all rate classes.

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

22  
23 **A.** Yes, it does.  
24

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

1  
2  
3 In Re: Purchased Gas Recovery )  
4 \_\_\_\_\_ )

Docket No. 100003-GU  
Submitted for filing  
April 30, 2010

5 DIRECT TESTIMONY OF STUART L. SHOAF ON

6 BEHALF OF ST. JOE NATURAL GAS COMPANY, INC.  
7 =====

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

10 A. Stuart L. Shoaf, 301 Long Avenue, Port St. Joe,  
11 Florida 32456, St. Joe Natural Gas Company in the  
12 capacity of President and Regulatory Affairs.

13 Q. What is the purpose of your testimony?

14 A. My purpose is to discuss the final true-up for  
15 the period January 2009 through December 2009.

16 Exhibits

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

19 A. Yes. As Composite Exhibit SLS-1, I am sponsoring the  
20 following schedule with respect to the final  
21 true-up for period January 2009 through December 2009.  
22 Schedule A-7 - Final Fuel Over/Under Recovery

23 Q. Was this schedule prepared under your direction  
24 and supervision?

25 A. Yes, it was.

1                   Final True-Up January 2009 - December 2009

2     Q.     What were the total therm sales for the period January  
3           2009 through December 2009?

4     A.     Total therm sales were 1,027,470 therms.

5     Q.     What were total therm purchases for the period January  
6           2009 through December 2009?

7     A.     Total therm purchases were 930,890.

8     Q.     What was the cost of gas to be recovered through the  
9           PGA for the period January 2009 through December 2009?

10    A.     The cost of gas purchased for January 2009 through  
11           December 2009 was \$703,055.37.

12    Q.     What was the amount of gas revenue collected for the  
13           period January 2009 through December 2009?

14    A.     The amount of gas revenue collected to cover the cost  
15           of gas was \$772,816.

16    Q.     What is the total true-up provision for the period  
17           January 2009 through December 2009?

18    A.     The total true-up provision, including interest, is an  
19           over-recovery of \$70,175.29 for the period.

20    Q.     What is the amount of estimated true-up included for  
21           January 2009 thru December 2009 in the January 2010  
22           through December 2010 PGA factor calculation?

23    A.     The amount of estimated true-up for the period January  
24           thru December 2009 included in the January 2010 through  
25           December 2010 PGA factor calculation was an over-

1 recovery of \$107,453.00.

2 Q. What is the final over/under-recovery for the January  
3 through December 2009 period to be included in the  
4 January 2011 through December 2011 projection?

5 A. The final under-recovery for the current period to be  
6 included in the January 2011 through December 2011  
7 projection is \$37,277.71.

8 Q. Does this conclude your testimony?

9 A. Yes

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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In Re: Purchased Gas Recovery )  
 )  
\_\_\_\_\_ )

Docket No. 100003-GU  
Submitted for filing  
September 9, 2010

DIRECT TESTIMONY OF STUART L. SHOAF ON

BEHALF OF ST. JOE NATURAL GAS COMPANY, INC.

=====

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

A. Stuart L. Shoaf, 301 Long Avenue, Port St. Joe,  
Florida 32456, St. Joe Natural Gas Company in the  
capacity of President and Regulatory Affairs.

Q. What is the purpose of your testimony?

A. My purpose is to submit known and estimated gas  
costs and therm sales from January 1, 2010 through  
December 31, 2010, used in developing the maximum twelve  
month levelized purchased gas cost factor to be applied  
to customer bills from January 1, 2011 through  
December 31, 2011.

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

A. Yes, I have prepared and filed on Sept. 9, 2010  
Schedules E-1 through E-5.

Q. What Purchased Gas Cost Recovery Factor does

1 St. Joe Natural Gas seek approval through its petition for  
2 the period January 1, 2011 through December 31, 2011?

3 A. 72.40 cents per therm

4 Q. Does this conclude your testimony?

5 A. Yes

6

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1           **MS. FLEMING:** Commissioners, since the  
2 parties are proposing stipulations on all issues,  
3 staff would recommend that the Commission could make  
4 a bench decision in this case.

5           **CHAIRMAN GRAHAM:** Commissioners, I don't  
6 have a problem with a bench decision.

7           **COMMISSIONER EDGAR:** Mr. Chairman,  
8 recognizing that all issues have been stipulated, I  
9 would move that we approve the proposed stipulations  
10 for all issues, 1 through 5.

11           **COMMISSIONER SKOP:** Second.

12           **CHAIRMAN GRAHAM:** It has been moved and  
13 seconded to approve the stipulations. Any further  
14 comments from the Commission?

15           Seeing none, all in favor signify --

16           (Vote taken.)

17           **CHAIRMAN GRAHAM:** Those opposed? By your  
18 action you have approved those stipulations as  
19 stated.

20           Are there any other matters to address  
21 this docket?

22           **MS. FLEMING:** Commissioner, I would just  
23 note that since a bench decision has been made,  
24 post-hearing filings are not necessary, and the  
25 order will be issued by December 1st.

1                   **CHAIRMAN GRAHAM:** What was that date  
2 again?

3                   **MS. FLEMING:** December 1st.

4                   **CHAIRMAN GRAHAM:** Thank you.

5                   If there's nothing else to come before us  
6 in this docket, we will adjourn Docket 100003.

7                   (The hearing concluded at 9:43 a.m.)

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1 STATE OF FLORIDA )

2 : CERTIFICATE OF REPORTER

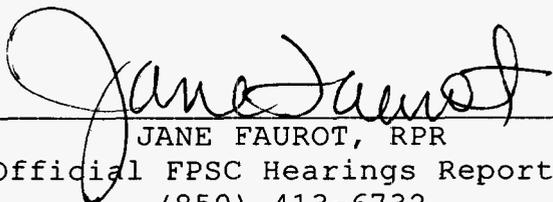
3 COUNTY OF LEON )

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

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

10 I FURTHER CERTIFY that I am not a relative,  
11 employee, attorney or counsel of any of the parties, nor  
12 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.

13 DATED THIS 4th day of November, 2010.

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16 \_\_\_\_\_  
17 JANE FAUROT, RPR  
Official FPSC Hearings Reporter  
(850) 413-6732

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