

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of:

DOCKET NO. 20180004-GU

NATURAL GAS CONSERVATION
COST RECOVERY.

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VOLUME 1
PAGES 1 through 44

PROCEEDINGS: HEARING
COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW G. FAY

DATE: Monday, November 5, 2018

TIME: Commenced: 1:41 P.M.
Concluded: 1:43 P.M.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

1 APPEARANCES:

2 CHRISTOPHER T. WRIGHT, ESQUIRE, 700 Universe
3 Boulevard, Juno Beach, Florida 33408-0420, appearing on
4 behalf of Florida Power & Light Company.

5 BETH KEATING and GREGORY MUNSON, ESQUIRES,
6 Gunster Law Firm, 215 South Monroe Street, Suite 601,
7 Tallahassee, Florida 32301-1839, appearing on behalf of
8 Florida Public Utilities Company, Indiantown, Fort
9 Meade, Chesapeake, and Florida City Gas; and CHRISTOPHER
10 T. WRIGHT, ESQUIRE, 700 Universe Boulevard, Juno Beach,
11 Florida 33408, appearing on behalf of Florida City Gas.

12 JAMES BEASLEY, ANSLEY WATSON and ANDREW BROWN,
13 ESQUIRES, McFarlane Law Firm, P.O. BOX 1531, Tampa,
14 Florida, 33601-1531, appearing on behalf of Peoples Gas
15 System.

16 J.R. KELLY, PUBLIC COUNSEL; CHARLES REHWINKEL,
17 DEPUTY PUBLIC COUNSEL; Office of Public Counsel, c/o the
18 Florida Legislature, 111 W. Madison Street, Room 812,
19 Tallahassee, Florida 32399-1400, appearing on behalf of
20 the Citizens of the State of Florida.

21 PAULA M. SPARKMAN, ESQUIRE, Messer Law Firm,
22 P.O. BOX 15579, Tallahassee, Florida 32317, appearing on
23 behalf of Seabring Gas System, Inc.

24

25 APPEARANCES (CONTINUED):

1 CHARLES SHOAF, VICE PRESIDENT, ST. JOE NATURAL
2 GAS, P.O. Box 549, Port St. Joe, Florida 32457.

3 RACHEL DZIECHCIARZ, ESQUIRE, FPSC General
4 Counsel's Office, 2540 Shumard Oak Boulevard,
5 Tallahassee, Florida 32399-0850, appearing on behalf of
6 the Florida Public Service Commission Staff.

7 KEITH HETRICK, GENERAL COUNSEL; MARY ANNE
8 HELTON, DEPUTY GENERAL COUNSEL; Florida Public Service
9 Commission, 2540 Shumard Oak Boulevard, Tallahassee,
10 Florida 32399-0850, Advisor to the Florida Public
11 Service Commission.

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I N D E X
WITNESSES

NAME:	PAGE NO.
MIGUEL BUSTOS prefiled testimony	7
CURTIS YOUNG prefiled testimony	12
DANIELLE N.B. MULLIGAN prefiled testimony	14
MARK R. ROCHE prefiled testimony	19
JERRY H. MELENDY, JR. prefiled testimony	29
DEBBIE STITT prefiled testimony	37

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EXHIBITS

NUMBER :		ID	ADMITTED
1	Comprehensive Exhibit List	41	41
2-10	As identified in the comprehensive exhibit list	41	41

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P R O C E E D I N G S

COMMISSIONER CLARK: Let's move to the 04 docket. Open with preliminary matters, Ms. DuVal.

MS. DZIECHCIARZ: Staff will note for the record that St. Joe Natural Gas Company and Peoples Gas Company have been excused from the hearing in the 04 docket, and staff would also note that all witnesses have been excused, and staff will mention that there are proposed stipulations on all issues with OPC taking no position. OPC does not object to, but does not join in the proposed stipulations, and the parties have waived opening statements.

COMMISSIONER CLARK: All right. Thank you, Ms. Dziechciarz.

Let's move to prefiled testimony.

MS. DZIECHCIARZ: Staff will ask that the prefiled testimony of all witnesses identified in Section VI of the prehearing order on page 4 be inserted into the record as though read.

COMMISSIONER CLARK: Okay.

(Prefiled testimony inserted.)

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 DIRECT TESTIMONY (FINAL TRUE-UP) OF MIGUEL BUSTOS

3 ON BEHALF OF

4 FLORIDA CITY GAS

5 DOCKET NO. 180004-GU

6 April 27, 2018

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 Miguel Bustos and my business address is 4045 NW 97th
12 Avenue, Doral, Florida 33178. I am employed by Florida City Gas as
13 Energy Efficiency Program (“EEP”) Program Manager, and have been with
14 the Company for fifteen (15) years.

15

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

18

19 A. Yes, I am.

20

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

24

25 A. Yes, I am.

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

2 A. To submit the recoverable costs incurred during the period ending
3 December 31, 2017, and to identify the final true-up amount related to that
4 period.

5

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

9

10 A. Yes. I have prepared and filed together with this testimony Exhibit MB-1
11 consisting of Schedules CT-1, CT-2, CT-3 and CT-6.

12

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

15

16 A. \$5,148,573

17

18 **Q. What is the final true-up amount associated with the period**
19 **ending December 31, 2017?**

20

21 A. \$166,106

22

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

24

25 A. Yes, it does.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY (PROJECTION) OF MIGUEL BUSTOS

ON BEHALF OF

FLORIDA CITY GAS

DOCKET NO. 20180004-GU

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

3 A. My name is Miguel Bustos and my business address is 4045 NW 97th Ave, Doral,
4 Florida 33178. I am employed by Florida City Gas (“FCG” or “Company”) as
5 Manager Gov. & Community Affairs. I have been with the Company for
6 approximately 15 years.

7
8 **Q. Are you familiar with the natural gas conservation programs of Florida City Gas?**

9 A. Yes, I am.

10
11 **Q. Are you familiar with the costs that have been incurred and are projected to be**
12 **incurred by Florida City Gas in implementing its natural gas conservation**
13 **programs?**

14 A. Yes, I am.

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

17 A. To submit the conservation cost recovery (“CCR”) true-up for the final true-up period
18 January 1, 2017 through December 31, 2017, and for the actual and estimated period of

1 January 1, 2018, through December 31, 2018. I will also present the total level of costs
2 Florida City Gas seeks to recover through its conservation factors during the period
3 January 1, 2019 through December 31, 2019, as well as the conservation factors which,
4 when applied to our customers' bills during the period January 1, 2019 through
5 December 31, 2019, will permit recovery of total CCR costs.

6
7 **Q. What is the Company's estimated true-up for the period January 1, 2018 through**
8 **December 31, 2018?**

9 A. An over-recovery of \$596,281. This amount is calculated on page 4 of Schedule C-3 of
10 Exhibit MB-2. This estimated true-up amount takes into account the final true-up for
11 the year ended December 31, 2017, which was an over-recovery of \$759,107 including
12 interest.

13
14 **Q. What is the total cost Florida City Gas seeks to recover during the period January**
15 **1, 2019 through December 31, 2019?**

16 A. The total cost is \$4,819,099 as shown on page 1 of Schedule C-1 of Exhibit MB-2.
17 This represents the projected costs of \$5,415,379 to be incurred during 2019 as shown
18 on page 1 of Schedule C-2 of Exhibit MB-2, less the estimated net true-up of \$596,281
19 for calendar year 2018.

20
21 **Q. What conservation factors does Florida City Gas need to permit recovery of these**
22 **costs?**

23 A. RS-1 \$0.19898

1	RS-100	\$0.11940
2	RS-600	\$0.07450
3	GS-1	\$0.04288
4	GS-6K	\$0.03263
5	GS-25K	\$0.03163
6	Gas Lights	\$0.05150
7	GS-120K	\$0.02108

8

9 **Q. Has Florida City Gas prepared schedules to support its requested Natural Gas**
10 **Conservation Cost Recovery Factor?**

11 A. Yes. I have prepared and filed together with this testimony an Exhibit MB-2, which
12 includes the Schedules C-1 through C-5 as prescribed by the Commission.

13

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

15 A. Yes, it does.

16

17

18

19

20

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20180004-GU:

NATURAL GAS CONSERVATION COST RECOVERY CLAUSE

Direct Testimony (Final True Up) of

CURTIS D. YOUNG

On Behalf of

Florida Public Utilities Company and the Florida Division of Chesapeake Utilities
Company Consolidated Gas Companies

1 Q. Please state your name and business address.

2 A. Curtis D. Young: my business address is 1641 Worthington Road, Suite 220,
3 West Palm Beach, Florida 33409.

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

5 A. I am employed by Florida Public Utilities Company as Senior Regulatory Analyst.

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

7 A. To advise the Commission of the actual over/under recovery of the Conservation
8 costs for the period January 1, 2017 through December 31, 2017 as compared to
9 the amount previously reported for that period which was based on Six months
10 actual and Six months estimated data.

11 Q. Please state the actual amount of over/under recovery of Conservation Program
12 costs for the gas divisions of Florida Public Utilities Company for January 1, 2017
13 through December 31, 2017.

14 A. The Company over-recovered \$ 1,006,967 during that period. This amount is
15 substantiated on Schedule CT-3, page 2 of 3, Calculation of True-up and Interest
16 Provision.

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

3 A. We had estimated that we would over-recover \$947,806 as of December 31,
4 2017.

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

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

8 Q. Does this conclude your testimony?

9 A. Yes.

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DOCKET NO. 20180004-GU: NATURAL GAS

3 CONSERVATION COST RECOVERY

4 Direct Testimony of Danielle N.B. Mulligan

5 On Behalf of

6 The Florida Public Utilities Company Natural Gas Divisions and the Florida

7 Division of Chesapeake Utilities Corporation (“Consolidated Companies”)

8 **Q. Please state your name and business address.**

9 A. Danielle N. B. Mulligan. My business address is 450 S. Charles Richard Beall
10 Blvd, DeBary, Florida 32713.

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

12 A. I am employed by Florida Public Utilities Company (FPUC) as the Marketing
13 and Conservation Manager.

14 **Q. Can you please provide a brief overview of your educational and
15 employment background?**

16 A. I graduated from the University of Phoenix in 2003 with a Bachelor of Science
17 in Business Marketing. I have been employed by FPUC since 2010, initially
18 serving as an Energy Conservation Representative for three years before being
19 promoted to the position of Marketing Manager. On June 1, 2017, I was given
20 the additional responsibility of overseeing the Energy Conservation
21 department, which entails management of the Company’s natural gas
22 conservation programs to ensure compliance with all Florida Public Service
23 Commission (FPSC) rules as it pertains to Energy Conservation programs. I
24 am also involved in the preparation of various conservation program related

1 regulatory filings.

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

3 A. To describe generally the expenditures made and projected to be made in
4 implementing, promoting, and operating the Consolidated Companies' energy
5 conservation programs. This will include recoverable costs incurred in
6 January through June 2018 and projections of program costs to be incurred
7 July through December 2018. It will also include projected conservation
8 costs, for the period January through December 2019, with a calculation of the
9 Energy Conservation Cost Recovery Adjustment and Energy Conservation
10 Cost Recovery Adjustment (Experimental) factors to be applied to the
11 customers' bills during the collection period of January 1, 2019 through
12 December 31, 2019.

13 **Q. Are there any exhibits that you wish to sponsor in this proceeding?**

14 A. Yes. I am sponsoring the required Schedules C-1, C-2, C-3, and C-5, which
15 are included in my composite Exhibit No. DNBM-1 and attached to my
16 testimony.

17 **Q. Have there been any changes in the Conservation filing compared to the
18 prior year?**

19 A. As done in the 2018 projections, the Company has consolidated the natural
20 gas conservation programs and costs for the 2019 projection period. The
21 schedules were prepared this period using consolidated costs and revenues for
22 Florida Public Utilities Gas Division (FPUC), the Florida Division of
23 Chesapeake Utilities, the FPUC Ft. Meade Division, and the FPUC
24 Indiantown Division. The Company did not project any expenses for its

- 1 Conservation, Demonstration and Development program because it ended on
2 December 31, 2017.
- 3 **Q. Has the Company included descriptions and summary information on the**
4 **Conservation Programs currently approved and available to your**
5 **customers for Florida Public Utilities Company?**
- 6 A. Yes, the Company has included summaries of the approved conservation
7 programs currently available to our customers in all divisions on Schedule C-5
8 of Exhibit DNBM-1.
- 9 **Q. What are the total projected costs for the period January 2019 through**
10 **December 2019 in the Consolidated Companies?**
- 11 A. The total projected Consolidated Conservation Program Costs are \$4,369,520.
12 Please see Schedule C-2, page 2, for the programmatic and functional
13 breakdown of these total costs.
- 14 **Q. What is the true-up for the period January 2018 through December**
15 **2018?**
- 16 A. As reflected in the Schedule C-3, Page 4 of 5, the True-up amount for the
17 Consolidated Natural Gas Divisions is an over-recovery of \$620,490.
- 18 **Q. What are the resulting net total projected conservation costs to be**
19 **recovered during this projection period?**
- 20 A. The total costs to be recovered are \$3,749,031.
- 21 **Q. Have the Consolidated Companies prepared schedules that show the**
22 **calculation of its proposed Energy Conservation Cost Recovery**
23 **Adjustment factors to be applied during billing periods from January 1,**
24 **2019 through December 31, 2019?**

1 A. Yes. Schedule C-1 of Exhibit DNBM-1 shows these calculations. Net
2 program cost estimates for the period January 1, 2019 through December 31,
3 2019 are used. The estimated true-up amount from Schedule C-3, page 4 of 5,
4 of Exhibit DNBM-1, being an over-recovery, was added to the total of the
5 projected costs for the 12-month period. The total amount was then divided
6 among the Company's rate classes, excluding customers who are on market-
7 based rates that fall under Special Contract Services (Original Sheet No. 19
8 for the Florida Division of Chesapeake Utilities) and tariff rate class FTS-13
9 for the same division, based on total projected contribution. In addition, the
10 customer classes for Outdoor Lights, Outdoor Lights Transportation,
11 Interruptible and Interruptible Transportation have always been exempt from
12 the Conservation Adjustment Factor due to the distinctive service provided by
13 the Company.

14 The results were then divided by the projected gas throughput for each rate
15 class for the 12-month period ending December 31, 2019. The resulting
16 Energy Conservation Cost Recovery Adjustment factors are shown on
17 Schedule C-1 of Exhibit DNBM-1.

18 **Q. Why have the Consolidated Companies excluded market-based rate**
19 **customers from the Energy Conservation Cost Recovery Adjustment**
20 **factors?**

21 A. These customers are served either under the Special Contract Service or
22 Flexible Gas Service, because they have alternative fuel or physical bypass
23 options and are considered by Chesapeake to be "market-based rate"
24 customers. Each of these customers has viable alternatives for service;

1 therefore the negotiated and Commission-approved (in the case of Special
2 Contract Service) rates reflect the fact that only a certain level of revenues can
3 be charged to these customers. In fact, the Company has always excluded the
4 Special Contract Service and tariff rate class FTS-13 customers from the
5 ECCR recovery factors, consistent with its general rate proceedings and
6 consistent with the Applicability section of the tariff sheet for the ECCR
7 factors (Seventh Revised Sheet No. 98). The Commission has not taken issue
8 with the Company's expressed application of the factors either in the ECCR
9 Clause proceedings or in the context of any Special Contract approval.

10 **Q. Have the Consolidated Companies prepared schedules that show the**
11 **calculation of the Florida Division of Chesapeake Utilities Corporation's**
12 **proposed Energy Conservation Cost Recovery Adjustment**
13 **(Experimental) factors for certain rate classes on an experimental basis to**
14 **be applied during billing periods from January 1, 2018 through**
15 **December 31, 2018?**

16 A. Yes, experimental per bill rates were approved for rate classes FTS-A, FTS-B,
17 FTS-1, FTS-2, FTS-2.1, FTS-3 and FTS-3.1. A similar calculation was made
18 as described above for the experimental rates; however, the projected number
19 of bills for each rate class for the 12-month period ending December 31, 2018
20 was utilized. The resulting Energy Conservation Cost Recovery Adjustment
21 (Experimental) factors are shown on Schedule C-1, page 3 of 3 of Exhibit
22 DNBM-1.

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

24 A. Yes.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **MARK. R. ROCHE**

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

8
9 **A.** My name is Mark R. Roche. My business address is 702
10 North Franklin Street, Tampa, Florida 33602. I am
11 employed by Tampa Electric Company ("Tampa Electric") and
12 Peoples Gas System ("Peoples") as Manager, Regulatory
13 Rates in the Regulatory Affairs Department.

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

17
18 **A.** I graduated from Thomas Edison State College in 1994 with
19 a Bachelor of Science degree in Nuclear Engineering
20 Technology and from Colorado State University in 2009 with
21 a Master's degree in Business Administration. My work
22 experience includes twelve years with the US Navy in nuclear
23 operations as well as twenty years of electric utility
24 experience. My utility work has included various positions
25 in Marketing and Sales, Customer Service, Distributed

1 Resources, Load Management, Power Quality, Distribution
2 Control Center operations, Meter Department, Meter Field
3 Operations, Service Delivery, Revenue Assurance, Commercial
4 and Industrial Energy Management Services, Demand Side
5 Management ("DSM") Planning and Forecasting. In my current
6 position, I am responsible for Tampa Electric's Energy
7 Conservation Cost Recovery ("ECCR") Clause, Peoples'
8 Natural Gas Conservation Cost Recovery ("NGCCR") Clause and
9 Tampa Electric's Storm Hardening.

10
11 **Q.** Have you previously testified before the Florida Public
12 Service Commission ("Commission")?

13
14 **A.** Yes. I have testified before this Commission on
15 conservation and load management activities, DSM plan
16 approval dockets and other ECCR dockets.

17
18 **Q.** What is the purpose of your testimony in this docket?

19
20 **A.** The purpose of my testimony is to support Peoples' actual
21 conservation costs incurred during the period January
22 through December 2017, the actual/projected period
23 January to December 2018, and the projected period January
24 through December 2019. The projected 2019 ECCR factors
25 have been calculated based on the current approved

1 allocation methodology.

2

3 **Q.** Why is your original testimony that was filed on August
4 10, 2018 being revised?

5

6 **A.** My testimony needed to be revised to reflect the now
7 updated impacts of tax reform that come from the Tax Cuts
8 and Job Act of 2017.

9

10 **Q.** Do these refiled proposed conservation costs for the period
11 January through December 2019 include the impacts of tax
12 reform that come from the Tax Cuts and Job Act of 2017?

13

14 **A.** Yes, it does.

15

16 **Q.** Please explain how these tax reform impacts changed the
17 conservation costs for the January through December 2019
18 period?

19

20 **A.** The impacts of tax reform is causing lower customer
21 charges and non-gas energy charges for every rate schedule
22 that participates in the NGCCR. These lower customer
23 charges, as reflected on the updated Schedule C-1, page
24 1 of 1, change the values that are used in calculating
25 the allocation of the NGCCR to each customer segment.

1 This change caused three of the nine conservation factors
2 to change. The SGS conservation factor decreased from
3 0.06399 to 0.06397, the GS-2 conservation factor
4 decreased from 0.02303 to 0.02302 and the GS-4 factor
5 conservation factor decreased from 0.01407 to 0.01406.

6
7 **Q.** Were there any other changes needed identified during the
8 evaluation of impacts from tax reform?

9
10 **A.** Yes, during the process of evaluating the impacts for tax
11 reform, Peoples identified the projected therm sales and
12 the number of bills with Natural Gas Vehicle Services
13 ("NGVS") rates were inconsistent with the amounts
14 reflected in another filing. The originally projected
15 therm sales count of 42,604 has been updated to 186,255
16 and the number of customer bills has been updated from 48
17 to 168. Both of these changes are reflected on the
18 updated Schedule C-1, page 1 of 1. Due to these two
19 changes, the NGVS conservation factor decreased from
20 0.02071 to 0.01982.

21
22 **Q.** Do you wish to adopt and support Kandi M. Floyd's Exhibit
23 KMF-1, entitled Peoples Gas System Schedules Supporting
24 Energy Conservation Cost Recovery Clause True-up Filing
25 January 2017 - December 2017, which was filed in this

1 Docket on May 1, 2018?

2

3 **A.** Yes, I do. Ms. Floyd has transitioned to cover different
4 responsibilities within Peoples and I am assuming her role
5 as Peoples' witness in natural gas conservation related
6 matters.

7

8 **Q.** Are you sponsoring any exhibits with your testimony?

9

10 **A.** Yes. Exhibit No. MRR-1 was prepared under my direction
11 and supervision. This document includes Schedules C-1
12 through C-5 and associated data which support the
13 development of the natural gas conservation cost recovery
14 factors for January through December 2019.

15

16 **Q.** Does the Exhibit No. MRR-1 meet the requirements of Florida
17 Statute Rule 25-17.015(1)(b) which requires the projection
18 filing to include the annual estimated/actual true-up
19 filing showing eight months actual and four months
20 projected commons costs, individual program costs and any
21 revenues?

22

23 **A.** No, based upon the due date of August 10, 2018 for this
24 filing in Docket No. 20180004-GU it would be impossible for
25 Peoples to comply with having eight months actual and four

1 months projected commons costs, individual program costs
2 and any revenues.

3

4 **Q.** Did Peoples communicate this issue to the Commission?

5

6 **A.** Yes, in conjunction with this projection filing, the
7 company filed a petition for rule waiver of Rule 25-
8 17.015(1)(b) to cover this filing this year as well as next
9 year to allow for a rule making proceeding to be conducted.
10 Also, Exhibit No. MRR-1 contains six months actual and six
11 months projected common costs, individual program costs and
12 any revenues collected.

13

14 **Q.** Did the Commission approve this requested waiver?

15

16 **A.** Yes, the requested waiver received Commission approval at
17 the agenda conference on August 7, 2018.

18

19 **Q.** Please describe the conservation program costs projected by
20 Peoples during the period January through December 2017.

21

22 **A.** For the period January through December 2017, Peoples
23 projected conservation program costs to be \$13,102,649.
24 The Commission authorized collections to recover these
25 expenses in Docket No. 20160004-GU, Order No. PSC-2016-

1 0533-FOF-GU, issued November 22, 2016.

2

3 **Q.** For the period January through December 2017, what were
4 Peoples' conservation costs and what was recovered through
5 the ECCR clause?

6

7 **A.** For the period January through December 2017, Peoples
8 incurred actual net conservation costs of \$14,543,555. The
9 amount collected in the ECCR clause was \$12,297,742. The
10 conservation revenue applicable to this period was
11 \$12,046,940 which includes the \$12,297,742 amount collected
12 in the ECCR clause, applicable regulatory assessment fees
13 of \$61,182 and the beginning true-up under-recovery of
14 \$189,620.

15

16 **Q.** What is the true-up amount for Peoples' for the period
17 January through December 2017?

18

19 **A.** Peoples' true-up amount for the period January through
20 December 2017 was an under recovery of \$2,498,433
21 including interest as detailed on Schedule CT-1 of Exhibit
22 No. KMF-1.

23

24 **Q.** Please describe the conservation program costs projected
25 to be incurred by Peoples during the period January

1 through December 2018?

2

3 **A.** The actual costs incurred by Peoples through June 2018
4 and projected for July through December 2018 are
5 \$15,966,580. For the period, Peoples anticipates an
6 under-recovery in the ECCR Clause of \$1,434,666 which
7 includes the 2017 true-up and interest. A summary of
8 these costs and estimates are fully detailed in Exhibit
9 No. MRR-1, Estimated Conservation Program Costs Per
10 Program, pages 15 through 18.

11

12 **Q.** Is Peoples proposing any new or modified DSM Programs for
13 ECCR cost recovery for the period January through December
14 2019?

15

16 **A.** Yes, currently Peoples is working on developing a petition
17 to the Commission for approval for the establishment of
18 annual DSM Goals and to support meeting the full
19 requirements of the Florida Energy Efficiency
20 Conservation Act ("FEECA"). Within this proposal for the
21 establishment of DSM goals, Peoples will be seeking
22 Commission approval to add two new DSM programs.

23

24 **Q.** Are the projected costs of these programs included in
25 Peoples' 2019 projection.

1 **A.** No, these projected costs are not included in the
 2 projected 2019 costs since the two new DSM Programs at
 3 this time have not been approved by the Commission.

4
 5 **Q.** Please summarize the proposed conservation costs for the
 6 period January through December 2019 and the annualized
 7 recovery factors applicable for the period January through
 8 December 2019?

9
 10 **A.** Peoples has estimated that the total conservation costs
 11 (less program revenues) during the period will be
 12 \$17,053,424 plus true-up. Including true-up estimates,
 13 the January through December 2019 conservation cost
 14 recovery factors for retail rate classes are as follows:

	Cost Recovery Factors
<u>Rate Schedule</u>	<u>(Dollars per Therm)</u>
17 RS & RS-SG & RS-GHP	0.10656
18 SGS	0.06398
19 GS-1 & CS-SG & CS-GHP	0.03147
20 GS-2	0.02303
21 GS-3	0.01897
22 GS-4	0.01407
23 GS-5	0.01034
24 NGVS	0.02071
25 CSLS	0.01665

1 Exhibit No. MRR-1, Schedule C-1, Page 1 of 1, Energy
2 Conservation Adjustment Summary of Cost Recovery Clause
3 Calculation, Page 12 contains the Commission prescribed
4 form which detail these estimates.

5

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

7

8 **A.** Yes, it does.

9

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET 180004-GU

DIRECT TESTIMONY OF

JERRY H. MELENDY

ON BEHALF OF SEBRING GAS SYSTEM, INC.

April 27, 2018

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

2 **A.** My name is Jerry H. Melendy. My business address is Sebring Gas System, Inc.,
3 3515 U.S. Highway 27 South, Sebring FL 33870

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

5 **A.** I am President of Sebring Gas System, Inc. (the "Company").

6 **Q. ARE YOU FAMILIAR WITH THE COMPANY'S CURRENT ENERGY**
7 **CONSERVATION PROGRAMS?**

8 **A.** Yes.

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 **A.** My testimony presents data and summaries that describe the planned and actual
11 activities and expenses for the Company's energy conservation programs incurred
12 during the period January 2017 through December 2017. I will also identify the final
13 conservation true-up amount for the above referenced period.

14 **Q. HAVE YOU PREPARED A SUMMARY OF THE COMPANY'S**
15 **CONSERVATION PROGRAMS AND THE COSTS ASSOCIATED WITH**
16 **THESE PROGRAMS?**

17 **A.** Yes. Summaries of the Company's six approved programs for which costs were
18 incurred during the period January 2017 through December 2017 are included in
19 Schedule CT-6 of Exhibit JHM-1. Included are the Residential New Construction

1 Program, the Residential Appliance Replacement Program, the Residential Appliance
2 Retention Program, Commercial New, Commercial Retrofit, Commercial Retention
3 and the Conservation Education Program.

4 **Q. HAVE YOU PREPARED SCHEDULES WHICH SHOW THE**
5 **EXPENDITURES ASSOCIATED WITH THE COMPANY'S ENERGY**
6 **CONSERVATION PROGRAMS FOR THE APPLICABLE PERIOD?**

7 **A.** Yes. Exhibit JHM-1 includes schedules CT-1, CT-2 and CT-3 detail the Company's
8 actual conservation related expenditures for the period, along with a comparison of
9 the actual program costs and true-up to the projected costs and true-up for the period.

10 **Q. WHAT WAS THE TOTAL COST INCURRED BY THE COMPANY TO**
11 **ADMINISTER ITS SIX CONSERVATION PROGRAMS FOR THE TWELVE**
12 **MONTH PERIOD ENDING DECEMBER 2017?**

13 **A.** As indicated on Schedule CT-2, page 2, of Exhibit JHM-1, the Company's total 2017
14 programs costs were \$42,239.

15 **Q. HAVE YOU PREPARED A SCHEDULE WHICH SHOWS THE VARIANCE**
16 **OF ACTUAL FROM PROJECTED COSTS BY CATEGORIES OF**
17 **EXPENSES?**

18 **A.** Yes. Schedule CT-2, page 3, of Exhibit JHM-1, displays these variances.

19 **Q. WHAT IS THE COMPANY'S FINAL TRUE-UP FOR THE TWELVE**
20 **MONTHS ENDING DECEMBER 2017?**

21 **A.** The final true-up amount as shown on Schedule CT-1, of Exhibit JHM-1 is an under
22 recovery of \$7,575.

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

24 **A.** Yes.

25

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET 180004-GU

REVISED DIRECT TESTIMONY OF

JERRY H. MELENDY

ON BEHALF OF SEBRING GAS SYSTEM, INC.

May 21, 2018

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Jerry H. Melendy. My business address is Sebring Gas System, Inc.,
3 3515 U.S. Highway 27 South, Sebring FL 33870

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

5 A. I am President of Sebring Gas System, Inc. (the "Company").

6 Q. ARE YOU FAMILIAR WITH THE COMPANY'S CURRENT ENERGY
7 CONSERVATION PROGRAMS?

8 A. Yes.

9 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

10 A. My testimony presents data and summaries that describe the planned and actual
11 activities and expenses for the Company's energy conservation programs incurred
12 during the period January 2017 through December 2017. I will also identify the final
13 conservation true-up amount for the above referenced period.

14 Q. HAVE YOU PREPARED A SUMMARY OF THE COMPANY'S
15 CONSERVATION PROGRAMS AND THE COSTS ASSOCIATED WITH
16 THESE PROGRAMS?

17 A. Yes. Summaries of the Company's six approved programs for which costs were
18 incurred during the period January 2017 through December 2017 are included in
19 Schedule CT-6 of Exhibit JHM-1. Included are the Residential New Construction

1 Program, the Residential Appliance Replacement Program, the Residential Appliance
2 Retention Program, Commercial New, Commercial Retrofit, Commercial Retention
3 and the Conservation Education Program.

4 **Q. HAVE YOU PREPARED SCHEDULES WHICH SHOW THE**
5 **EXPENDITURES ASSOCIATED WITH THE COMPANY'S ENERGY**
6 **CONSERVATION PROGRAMS FOR THE APPLICABLE PERIOD?**

7 **A.** Yes. Exhibit JHM-1 includes schedules CT-1, CT-2 and Revised CT-3 detail the
8 Company's actual conservation related expenditures for the period, along with a
9 comparison of the actual program costs and true-up to the projected costs and true-up
10 for the period.

11 **Q. WHAT WAS THE TOTAL COST INCURRED BY THE COMPANY TO**
12 **ADMINISTER ITS SIX CONSERVATION PROGRAMS FOR THE TWELVE**
13 **MONTH PERIOD ENDING DECEMBER 2017?**

14 **A.** As indicated on Schedule CT-2, page 2, of Exhibit JHM-1, the Company's total 2017
15 programs costs were \$42,239.

16 **Q. HAVE YOU PREPARED A SCHEDULE WHICH SHOWS THE VARIANCE**
17 **OF ACTUAL FROM PROJECTED COSTS BY CATEGORIES OF**
18 **EXPENSES?**

19 **A.** Yes. Schedule CT-2, page 3, of Exhibit JHM-1, displays these variances.

20 **Q. WHAT IS THE COMPANY'S FINAL TRUE-UP FOR THE TWELVE**
21 **MONTHS ENDING DECEMBER 2017?**

22 **A.** The final true-up amount as shown on Revised Schedule CT-1, of Exhibit JHM-1 is
23 an under recovery of \$3,246.

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

25 **A.** Yes.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **In Re: Energy Conservation Cost Recovery Factors**

3 **Direct Testimony of Jerry H. Melendy, Jr.**

4 **On Behalf of**

5 **Sebring Gas System, Inc.**

6 **Docket No.20180004-GU**

7 **August 9, 2018**

8

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

10 A. My name is Jerry H. Melendy, Jr. My business address is Sebring Gas
11 System, Inc., US Highway 27 South, Sebring, FL 33870.

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

13 A. I am President of Sebring Gas Company, Inc. (the "Company").

14 **Q. ARE YOU FAMILIAR WITH THE COMPANY'S APPROVED ENERGY
15 CONSERVATION PROGRAMS AND THE REVENUES AND COSTS
16 THAT ARE ASSOCIATED WITH THESE PROGRAMS?**

17 A. Yes.

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS DOCKET?**

19 A. My testimony will present actual and projected expenditures and
20 revenues related to promoting and administering the Company's energy
21 conservation programs in 2018 and 2019. I will provide the adjusted net
22 true-up amount associated with program administration for the January
23 2018 through December 2018 period. Actual program costs are

1 provided for the period January 1, 2018 through June 30, 2018, as well
2 as the costs the Company expects to incur from July 1, 2018 through
3 December 31, 2018. I will also indicate the total costs the Company
4 seeks to recover through its conservation factors during the period
5 January 1, 2019 through December 31, 2019. Finally, I will also propose
6 the energy conservation cost recovery factors which, when applied to
7 consumer bills during the period January 1, 2019 through December
8 31, 2019, will permit recovery of the Company's total conservation
9 costs.

10 **Q. HAVE YOU PREPARED A SUMMARY OF THE COMPANY'S**
11 **CONSERVATION PROGRAMS AND THE COSTS ASSOCIATED**
12 **WITH THESE PROGRAMS?**

13 A. Yes. Summaries of the Company's six approved programs are included
14 in Schedule C-4 of Exhibit JHM-1. Included are the Residential New
15 Construction Program, the Residential Appliance Replacement
16 Program, the Residential Appliance Retention Program, the
17 Commercial New Construction Program, the Commercial Appliance
18 Replacement Program and the Commercial Retention Program.

19 **Q. HAVE YOU PREPARED SCHEDULES THAT INCLUDE THE**
20 **COMPANY'S CONSERVATION PROGRAM EXPENDITURES FOR**
21 **THE CURRENT (2018) AND PROJECTED (2019) PERIODS?**

22 A. Yes. Schedule C-3, Exhibit JHM-1 provides actual conservation
23 expenses for the January 2018 through June 2018 period and projected

1 expenses for the July 2018 through December 2018 period. Projected
2 expenses for the January 2019 through December 2019 period are
3 included in Schedule C-2, Exhibit JHM-1.

4 **Q. HAVE YOU PREPARED A SCHEDULE THAT INCLUDES THE**
5 **COMPANY'S CONSERVATION RELATED REVENUES FOR 2018?**

6 A. Yes. Schedule C-3 (page 4 of 5), Exhibit JHM-1, provides actual
7 conservation revenue for the January 2018 through June 2018 period,
8 and projected conservation revenues for the July 2018 through
9 December 2018 period.

10 **Q. WHAT IS THE COMPANY'S ESTIMATED TRUE-UP FOR THE**
11 **PERIOD JANUARY 1, 2018 THROUGH DECEMBER 31, 2018?**

12 A. The Company is under-recovered by \$13,882 as calculated on
13 Schedule C-3, Page 4, Line 11, Exhibit JHM-1.

14 **Q. WHAT IS THE TOTAL COST THE COMPANY SEEKS TO RECOVER**
15 **DURING THE PERIOD JANUARY 1, 2019 THROUGH DECEMBER**
16 **31, 2019?**

17 A. As indicated on Schedule C-1, Exhibit JHM-1, the Company seeks to
18 recover \$60,530 during the referenced period. This amount represents
19 the projected costs of \$46,648 to be incurred during 2019, plus the
20 estimated true-up of \$13,882 for calendar year 2018.

21 **Q. WHAT ARE THE COMPANY'S PROPOSED ENERGY**
22 **CONSERVATION COST RECOVERY FACTORS FOR EACH RATE**

1 **CLASS FOR THE JANUARY 2019 THROUGH DECEMBER 2019**
2 **PERIOD?**

3 A. Schedule C-1, Exhibit JHM-1, provides the calculation of the
4 Company's proposed ECCR factors for 2019.

5 The Conservation Adjustment Factors per therm for Sebring Gas
6 System are:

7	TS-1	\$0.22380
8	TS-2	\$0.08822
9	TS-3	\$0.05791
10	TS-4	\$0.04966

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

12 A. Yes.

1. **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2. In Re: Conservation Cost
Recovery Clause

Docket No. 180004-GU
Filing Date: April 30, 2018

3. _____/

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

6.

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, 2017
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 testimony
21. this 30th day of April, 2018 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, 2017" for identi-
25. fication

1. Q. What amount did St. Joe Natural Gas spend on conser-
2. vation programs during the period?

3. A. \$144,900.00

4. Q. What is the final true-up amount associated with this
5. twelve-month period ending December 31, 2017?

6. A. The final true-up amount for December 31, 2017 is
7. an under-recovery of \$2,059.

8. Q. Does this conclude your testimony?

9. A. Yes

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 In Re: Conservation Cost) Docket No.20180004-GU
3 Recovery Clause) Submitted for Filing
4 _____) August 20, 2018

5 DIRECT TESTIMONY OF DEBBIE STITT ON BEHALF OF
6 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 expenses and
14 revenues associated with SJNG's conservation programs incurred
15 in January thru July **2018** and projection costs to be incurred
16 from August **2018** through December **2018**. It will also include
17 projected conservation costs for the period January 1, **2019**
18 through December 31, **2019** with a calculation of the conservation
19 adjustment factors to be applied to the customers' bills during
20 the January 1, **2019** through December 31, **2019** period.

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

22 A. Yes, I have prepared and filed to the Commission the **20th** day of
23 **August 2018** Schedule C-1 prescribed by the Commission Staff
24 which has collectively been titled Energy Conservation Adjustment
25 Summary of Cost Recovery Clause Calculation for months January

1 1, 2019 through December 31, 2019 for identification.

2 Q. What Conservation Adjustment Factor does St. Joe Natural Gas
3 seek approval through its petition for the twelve-month period
4 ending December 31, 2019?

5 A. \$.43076 per therm for RS-1, \$.26408 per therm for RS-2, and
6 \$.19925 per therm for RS-3, \$.17245 per therm for GS-1, \$0.07667
7 per therm for GS-2, and \$0.03544 per therm for GS-4/FTS-4

8 Q. Does this conclude your testimony?

9 A. Yes.

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1 MS. DZIECHCIARZ: And for exhibits.

2 COMMISSIONER CLARK: Exhibits.

3 MS. DZIECHCIARZ: Marking the exhibits, staff
4 has compiled a stipulated comprehensive exhibit
5 list which includes the prefiled exhibits attached
6 to the witness' testimony in this case. The list
7 has been provided to the parties, the Commissioners
8 and the court reporter. This list is marked as the
9 first hearing exhibit, and the other exhibits
10 should be marked as set forth in the comprehensive
11 exhibit list. Staff requests that the
12 comprehensive exhibit list which is marked as
13 Exhibit No. 1 be entered into the record.

14 COMMISSIONER CLARK: Okay, entered.

15 (Whereupon, Exhibit No. 1 was marked for
16 identification and received into evidence.)

17 (Whereupon, Exhibit Nos. 2-10 were marked for
18 identification.)

19 MS. DZIECHCIARZ: And staff would move
20 Exhibits 2 through 10 into the record as set forth
21 in the comprehensive exhibit list.

22 COMMISSIONER CLARK: So moved.

23 (Whereupon, Exhibit Nos. 2-10 were received
24 into evidence.)

25 MS. DZIECHCIARZ: Because the parties are

1 proposing stipulations on all the issues in this
2 case, staff will suggest that the Commission could
3 make a bench decision. If the Commission decides a
4 bench decision is appropriate, staff will recommend
5 that the proposed stipulations on pages 5 through
6 11 of the prehearing order, which is Issues 1
7 through 8, be approved by the Commission.

8 COMMISSIONER CLARK: All right. Are there any
9 questions by any of the Commissioners of any of the
10 staff?

11 COMMISSIONER BROWN: Mr. Chairman, I would
12 move approval of the Issues 1 through 8 as
13 delineated on pages 5 through 11 of the prehearing
14 order.

15 COMMISSIONER POLMANN: Second.

16 COMMISSIONER CLARK: I have a motion and
17 second to approve Issues 1 through 8.

18 Is there any discussion on the motion?

19 All those in favor, say aye.

20 (Chorus of aye.)

21 COMMISSIONER CLARK: Opposed?

22 (No response.)

23 COMMISSIONER CLARK: Motion is approved.

24 Any other matters to be dressed in the 04
25 docket?

1 MS. DZIECHCIARZ: There are no other matters.

2 Since the Commission has made a bench
3 decision, post-hearing filings are not necessary.
4 And as in the 02, the final order will be issued by
5 November 26th, 2018.

6 COMMISSIONER CLARK: All right.

7 (Proceedings concluded at 1:43 P.M.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, 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, 2018.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #GG015952
EXPIRES JULY 27, 2020