

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost recovery.

DOCKET NO. 20190004-GU
ORDER NO. PSC-2019-0465-PHO-GU
ISSUED: October 30, 2019

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 22, 2019, in Tallahassee, Florida, before Commissioner Gary F. Clark, as Prehearing Officer.

APPEARANCES:

BETH KEATING and GREGORY M. MUNSON, ESQUIRES, Gunster, Yoakley & Stewart, P.A., 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301, and CHRISTOPHER T. WRIGHT, ESQUIRE, 700 Universe Boulevard, Juno Beach, Florida, 33408
On behalf of Florida City Gas (FCG).

BETH KEATING, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301
On behalf of Florida Public Utilities Company (FPUC), the Florida Division of Chesapeake Utilities Corporation (CUC), Florida Public Utilities Company-Indiantown Division (Indiantown), and Florida Public Utilities – Fort Meade (Fort Meade)
Collectively referred to as FPUC Consolidated Companies (FPUC CC)
AND
On behalf of Sebring Gas System, Inc. (SGS).

ANSLEY WATSON, JR. and ANDREW M. BROWN, ESQUIRES, MacFarlane, Ferguson & McMullen, P.O. Box 1531, Tampa, Florida 33601-1531
On behalf of Peoples Gas System (PGS).

ANDY SHOAF, VICE PRESIDENT, St. Joe Natural Gas Company, Inc., P.O. Box 549, Port St. Joe, Florida 32457-0549
On behalf of St. Joe Natural Gas Company, Inc. (SJNG).

J.R. KELLY and CHARLES J. REHWINKEL, ESQUIRES, Associate Public Counsels, Office of Public Counsel, c/o The Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399
On behalf of the Citizens of the State of Florida (OPC).

RACHAEL DZIECHCIARZ, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (Staff).

MARY ANNE HELTON, ESQUIRE, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850

Advisor to the Florida Public Service Commission.

KEITH C. HETRICK, ESQUIRE, General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
Florida Public Service Commission General Counsel.

PREHEARING ORDER

I. CASE BACKGROUND

As part of the Commission's continuing natural gas conservation cost recovery clause proceedings, an administrative hearing is set for November 5-7, 2019. The clause proceedings allow gas companies to seek recovery of its costs for approved gas conservation programs on an annual basis, pursuant to Sections 366.80-366.83, Florida Statutes (F.S.), and Chapter 25-17, Florida Administrative Code (F.A.C.).

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, F.S. This hearing will be governed by said Chapter and Chapters 25-7, 25-22, and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing that has not been filed as prefiled testimony or prefiled exhibits, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties (and Staff) has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to three minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
Curtis Young	FPUC CC	1
G. Scott Ranck	FPUC CC	2-7
Miguel Bustos	FCG	1-8
Jerry H. Melendy	Sebring	1-7
Mark R. Roche	PGS	1-8
Debbie Stitt	SJNG	1-7

VII. BASIC POSITIONS

FPUC CC: The Commission should approve the Consolidated Companies' respective final net true-ups for the period January through December 2018, the estimated true-up for the period January through December, 2019, and the projected conservation program expenses and recovery factors for the period January through December, 2020.

FCG: FCG has appropriately calculated its true-up amounts and NGCCR Factors as shown in the Company's positions on Issue Nos. 1 through 7 below. The Company's proposed NGCCR Factors, final true-up amount for 2018, and Actual/Estimated True-Up amount for 2019 are consistent with the Commission's methodology for calculating the net true-up and recovery factors for the gas conservation programs and, therefore, should be approved.

- SGS:** The Commission should approve Sebring's respective final net true-ups for the period January through December 2018, the estimated true-up for the period January through December, 2019, and the projected conservation program expenses and recovery factors for the period January through December, 2020.
- PGS:** The Commission should determine that Peoples Gas System has properly calculated its conservation cost recovery true-up and projections and the natural gas conservation cost recovery factors set forth in the testimony and exhibits of witness Mark R. Roche during the period January 2020 through December 2020.
- SJNG:** The Commission should approve the final adjusted net true-up amount for the twelve-month period ending December 31, 2019 including interest, the projected conservation program expenses for the twelve-month period ending Dec 31, 2020 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve-month period ending December 31, 2020 as filed by SJNG.
- OPC:** The utilities bear the burden of proof to justify the recovery of costs they request in this docket. The utilities must carry this burden regardless of whether or not the Interveners provide evidence to the contrary. Further, the utilities bear the burden of proof to support their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought. Even if the Commission has previously approved a program, recovery of a cost, factor, or adjustment as meeting the Commission's *own* requirements, the utilities still bear the burden of demonstrating that the costs submitted for final recovery meet any statutory test(s) and are reasonable in amount and prudently incurred. Further, recovery of even prudently incurred costs is constrained by the Commission's obligation to set fair, just, and reasonable rates. Further, pursuant to Section 366.01, Florida Statutes, the provisions of Chapter 366 must be liberally construed to protect the public welfare.
- STAFF:** Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VIII. ISSUES AND POSITIONS

PROPOSED STIPULATIONS

ISSUE 1: What are the final conservation cost recovery adjustment true-up amounts for the January 2018 through December 2018?

POSITION: The appropriate final conservation cost recovery true-up amounts for

the period January 2018 through December 2018 are as follows:

FCG	\$371,437	Under-recovery
FPUC CC	\$248,921	Under-recovery
PGS	\$2,892,836	Under-recovery
SGS	\$346	Under-recovery
SJNG	\$33,880	Under-recovery

ISSUE 2: What are the appropriate conservation adjustment actual/estimated true-up amounts for the period January 2019 through December 2019?

POSITION: The appropriate conservation cost adjustment actual/estimated true-up amounts for the period January 2019 through December 2019 are as follows:

FCG	\$217,026	Over-recovery ¹
FPUC CC	\$152,510	Over-recovery
PGS	\$134,089	Over-recovery
SGS	\$1,332	Under-recovery
SJNG	\$129,574	Under-recovery

ISSUE 3: What are the appropriate total conservation adjustment true-up amounts to be collected/refunded from January 2020 through December 2020?

POSITION: The appropriate total conservation adjustment true-up amounts to be collected/refunded from January 2020 through December 2020 are as follows:

FCG	\$151,570	Under-recovery
FPUC CC	\$96,411	Under-recovery
PGS	\$2,758,747	Under-recovery
SGS	\$1,678	Under-recovery
SJNG	\$163,454	Under-recovery

¹ \$2,841 from Interest

ISSUE 4: **What is the total conservation cost recovery amounts to be collected during the period January 2020 through December 2020?**

POSITION: The total conservation cost recovery amounts to be collected during the period January 2020 through December 2020 are as follows:

FCG	\$5,530,433
FPUC CC	\$5,318,211
PGS	\$19,577,952
SGS	\$58,971
SJNG	\$325,579

ISSUE 5: **What are the conservation cost recovery factors for the period January 2020 through December 2020?**

POSITION: The appropriate conservation cost recovery factors for the period January 2020 through December 2020 are as follows:

FCG:

<u>Rate Class</u>	<u>CCR Factor (\$/per therm)</u>
RS-1	\$0.25062
RS-100	\$0.13092
RS-600	\$0.08309
GS-1	\$0.05075
GS-6K	\$0.03725
GS-25K	\$0.03646
Gas Lights	\$0.05891
GS-120K	\$0.02379

FPUC CC:

CUC

<u>Rate Class</u>	<u>Adjustment Factor (\$ per therm)</u>
FTS-A	\$ 0.25768
FTS-B	\$ 0.19566
FTS-1	\$ 0.17125
FTS-2	\$ 0.08675
FTS-2.1	\$ 0.06376
FTS-3	\$ 0.05567
FTS-3.1	\$ 0.04165
FTS-4	\$ 0.03543
FTS-5	\$ 0.03028
FTS-6	\$ 0.02557
FTS-7	\$ 0.01728
FTS-8	\$ 0.01558
FTS-9	\$ 0.01356
FTS-10	\$ 0.01259
FTS-11	\$ 0.01015
FTS-12	\$ 0.00845

The Company also seeks approval of the following experimental per bill Conservation Cost Recovery Adjustment (Experimental) factors:

<u>Rate Class</u>	<u>ECCR Factor (\$ per bill)</u>
FTS-A	\$1.57
FTS-B	\$2.05
FTS-1	\$2.58
FTS-2	\$5.32
FTS-2.1	\$7.63
FTS-3	\$18.80
FTS-3.1	\$25.86

FPUC and Fort Meade

<u>Rate Class</u>	<u>Adjustment Factor (\$ per therm)</u>
RESIDENTIAL	\$0.10281
COMMERCIAL SMALL (Gen Srv GS1 & GS1 Transportation <600)	\$0.06276
COMMERCIAL SMALL (Gen Srv GS2 & GS2 Transportation >600)	\$0.04750
COMM. LRG VOLUME (Large Vol & LV Transportation <,> 50,000 units)	\$0.03987
NATURAL GAS VEHICLES	\$0.01743

Indiantown

<u>Rate Class</u>	<u>Adjustment Factor (\$ per therm)</u>
TS1 (INDIANTOWN DIVISION)	\$0.10118
TS2 (INDIANTOWN DIVISION)	\$0.01424
TS3 (INDIANTOWN DIVISION)	\$0.02720
TS4 (INDIANTOWN DIVISION)	\$0.0000

PGS:

<u>Rate Schedule</u>	<u>Cost Recovery Factors (\$ per Therm)</u>
RS & RS-SG & RS-GHP	0.10948
SGS	0.06692
GS-1 & CS-SG & CS-GHP	0.03278
GS-2	0.02387
GS-3	0.01977
GS-4	0.01459
GS-5	0.01073
NGVS	0.02149
CSLS	0.01727

SGS:

<u>RATE CLASS:</u>	<u>RATE/ \$ per Therm</u>
TS-1	\$0.19137/therm
TS-2	\$0.08583/therm
TS-3	\$0.05070/therm
TS-4	\$0.04358/therm

SJNG:

<u>RATE CLASS:</u>	<u>RATE/ \$ per Therm</u>
RS-1	\$0.77770
RS-2	\$0.46887
RS-3	\$0.35818
GS-1	\$0.30848
GS-2	\$0.14838
GS-4/TS-4	\$0.07855

ISSUE 6: **Should the Commission approve revised tariffs reflecting the natural gas conservation cost recovery amounts and establishing natural gas conservation cost recovery factors determined to be appropriate in this proceeding?**

POSITION: Yes. The Commission should approve revised tariffs reflecting the new energy conservation cost charges determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision.

ISSUE 7: **What should be the effective date of the new conservation cost recovery factors for billing purposes?**

POSITION: The factors should be effective beginning with the specified conservation cost recovery cycle and thereafter for the period January 2020 through December 2020. Billing cycles may start before January 1, 2020 and the last cycle may be read after December 31, 2020, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

ISSUE 8: Should this docket be closed?

POSITION: No. While a separate docket number is assigned each year, this is a continuing docket and should remain open for administrative convenience.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
			<u>Direct</u>
Curtis Young	FPUC	CDY-1	True-Up Variance Analysis [Schedules CT1-CT6]
G. Scott Ranck	FPUC	GSR-1	Projections: Estimated ECCR charges by rate class [Schedules C-1 through C-4]
Miguel Bustos	FCG	MB-1	Calculation of FCG's final NGCCR true-up amount related to the twelve-month period ended December 31, 2018
Miguel Bustos	FCG	MB-2	Commission prescribed forms supporting calculation of FCG's Actual/Estimated True- Up amount for the current period January 2019 through December 2019 and FCG's proposed 2020 NGCCR Factors
Jerry Melendy	Sebring	JHM-1	True-Up Variance Analysis [Schedules CT1-CT6]
Jerry Melendy	Sebring	JHM-2	Projections: Estimated ECCR charges by rate class [Schedules C-1 through C-4]
Mark R. Roche	PGS	MRR-1	Schedules supporting cost recovery factor, actual January 2018 – December 2018

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Mark R. Roche	PGS	MRR-2	Schedules supporting conservation costs projected for the period January 2020 – December 2020
Debbie Stitt	SJNG	DKS-1	Schedules CT-1, CT-2, CT-3, CT-4, and CT-5
Debbie Stitt	SJNG	DKS-2	Schedules C1, C2, C3, and C4

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

FPUC CC, FCG, SGS, PGS, and SJNG have reached proposed stipulations on all issues, and OPC takes no position on these stipulations. Thus, the stipulations in this case reflect Type 2 Stipulations, which are stipulations where at least one party takes no position.

XI. PENDING MOTIONS

There are no pending motions at this time.

XII. PENDING CONFIDENTIALITY MATTERS

There are no pending confidentiality matters at this time.

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages and shall be filed at the same time.

XIV. RULINGS

Opening statements, if any, shall not exceed five minutes per party.

St. Joe Natural Gas Company's request to be excused from the prehearing conference in this docket is granted.

It is therefore,

ORDERED by Commissioner Gary F. Clark, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Gary F. Clark, as Prehearing Officer, this 30th day of October, 2019.



GARY F. CLARK
Commissioner and Prehearing Officer
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and

time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.