

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased gas adjustment (PGA) true-up.

DOCKET NO. 20240003-GU
ORDER NO. PSC-2024-0464-PHO-GU
ISSUED: October 31, 2024

PREHEARING ORDER

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 24, 2024, in Tallahassee, Florida, before Commissioner Gabriella Passidomo, as Prehearing Officer.

APPEARANCES:

BETH KEATING, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe St., Suite 601, Tallahassee, Florida 32301-1804 215 South Monroe St., Suite 601, Tallahassee, Florida 32301-1804
On behalf of Florida City Gas (FCG) and Florida Public Utilities Company (FPUC).

J. JEFFRY WAHLEN, MALCOLM M. MEANS, and VIRGINIA PONDER, ESQUIRES, Ausley Law Firm, Post Office Box 391, Tallahassee, Florida 32302-1517
On behalf of Peoples Gas System, Inc. (PGS).

ANDY SHOAF and DEBBIE STITT, St. Joe Gas Company, Inc., Post Office Box 549, Port St. Joe, Florida 32457-0549
On behalf of St. Joe Gas Company, Inc. (SJNG).

WALT TRIERWEILER, CHARLES J. REHWINKEL, PATRICIA A. CHRISTENSEN, MARY WESSLING, OCTAVIO PONCE, and AUSTIN WATROUS, ESQUIRES, Office of Public Counsel, c/o The Florida Legislature, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400
On behalf of Office of Public Counsel (OPC).

DANIEL DOSE, 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.

I. CASE BACKGROUND

The Purchased Gas Adjustment Cost Recovery Clause provides for recovery of prudently incurred costs of purchased gas and upstream pipeline capacity. As part of the Commission's continuing purchased gas adjustment true-up proceedings, an administrative hearing in this docket is set for November 5-7, 2024.

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 Chapters 120 and 366, Florida Statutes (F.S.), including sections 366.04, 366.05, and 366.06, F.S. This hearing will be governed by said Chapters 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 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>		
+Miguel Bustos	FCG	1
+Stacey L. Laster	FCG / FPUC	2-8, and Issue A
+Jeffrey B. Bates	FCG / FPUC	3 and 4
+Michelle D. Napier	FPUC	1
+Matthew E. Elliott	PGS	1-6
+Charles A. Shoaf	SJNG	ALL

+ These witnesses have been excused from attending the final hearing.

VII. BASIC POSITIONS

FCG: The Companies have appropriately calculated their true-up amounts and purchased gas adjustment factor as shown in the Companies' joint positions on Issues 1-6 and ask that the Commission approve the Companies' proposed consolidated PGA Factor for 2025.

FPUC: The Companies have appropriately calculated their true-up amounts and purchased gas adjustment factor as shown in the Companies' joint positions on Issues 1-6 and ask that the Commission approve the Companies' proposed consolidated PGA Factor for 2025.

PGS: The Commission should determine that Peoples has properly calculated its final PGA true-up amount of \$2,061,348 over-recovery for the period January 2023 through December 2023; its actual/estimated PGA true-up amount of \$345,340 over-recovery for the period January 2024 through December 2024; and its levelized PGA (cap) factor of \$1.00135 per therm for the period January 2025 through December 2025.

SJNG The appropriate over (under) recovery amounts and purchased gas adjustment factors are shown in the company's positions on Issues 1 - 5.

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. Moreover, the utilities bear the burden of proof to support that all costs sought to be recovered through this clause are correctly clause recovery costs and not base rate costs. Further, recovery of even prudently incurred costs is constrained by the Commission's obligation to set fair, just, and reasonable rates, based on projects and/or costs that are prudent undertaken, prudent in amount and prudently incurred pursuant to Section 366.01, Florida Statutes. Additionally, 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 stated herein.

VIII. ISSUES AND POSITIONS

ISSUE A: **Should FPUC and FCG be authorized to consolidate their purchased gas costs and recovery amounts?**

Proposed stipulation – See Section X.

ISSUE 1: **What are the final purchase gas adjustment true-up amounts for the period January 2023 through December 2023?**

Proposed stipulation – See Section X.

ISSUE 2: What are the appropriate purchased gas adjustment actual/estimated true-up amounts for the period January 2024 through December 2024?

Proposed stipulation – See Section X.

ISSUE 3: What are the total purchased gas adjustment true-up amounts to be collected during the period January 2025 through December 2025?

Proposed stipulation – See Section X.

ISSUE 4: What are the levelized purchased gas adjustment cost recovery (cap) factors (\$0.000 per therm) for the period January 2025 through December 2025?

Proposed stipulation – See Section X.

ISSUE 5: What should the effective date of the new purchased gas adjustment cost recovery (cap) factors for billing purposes be?

Proposed stipulation – See Section X.

ISSUE 6: Should the Commission approve revised tariffs reflecting the new purchased gas adjustment cost recovery (cap) factors determined to be appropriate in this proceeding?

Proposed stipulation – See Section X.

ISSUE 7: Should this docket be closed?

Proposed stipulation – See Section X.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>Description</u>
<u>Direct</u>		
Miguel Bustos	FCG	MB-1
		Final Fuel Over/Under Recovery (Schedule A-7)

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Stacey L. Laster	FCG / FPUC	SKL-1	Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5
Stacey L. Laser	FCG / FPUC	SKL-2	Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5
Michelle D. Napier	FPUC	MDN-1	Final Fuel Over/Under Recovery (Schedule A-7)
Matthew E. Elliott	PGS	MEE-1	Calculation of final true-up for January 2023-December 2023 (Schedule A-7)
Matthew E. Elliott	PGS	MEE-2	Calculation of estimated true-up for January 2024-December 2024; total true-up to be collected in 2025; calculation of PGA factor for January 2025-December 2025 (Schedules E-1 through E-5)
Charles A. Shoaf	SJNG	CAS-1	Final Over/Under A-7
Charles A. Shoaf	SJNG	CAS-2	PGA Summary of estimates for the projected period. E-1 Reprojected PGA for Current Period (7 months actual, 5 months estimated) E-1/R
Charles A. Shoaf	SJNG	CAS-3	Calculation of true-up amount current period (7 months actual 5 months estimated) E-2
Charles A. Shoaf	SJNG	CAS-4	Transportation (CAS-4) purchases system supply and end use for the projected period. E-3

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Charles A. Shoaf	SJNG	CAS-5	Calculation of true-up amount for the projected period based on the prior period and Current period (7 months actual, 5 mths estimated) E-4
Charles A. Shoaf	SJNG	CAS-6	Therm Sales and Customer Data (For the projected Period) E-5

X. PROPOSED STIPULATIONS

There are proposed Type 2 stipulations¹ for all issues as stated below. OPC's position on each Type 2 stipulation stated below is as follows:

OPC takes no position on these issues nor does it have the burden of proof related to them. As such, the OPC represents that it will not contest or oppose the Commission taking action approving a proposed stipulation between the Company and another party or staff as a final resolution of these issues. No person is authorized to state that the OPC is a participant in, or party to, a stipulation on these issues, either in this docket, in an order of the Commission or in a representation to a Court.

FCG, FPUC, PGS, SJNG, and Commission staff support the proposed stipulations.

ISSUE A: Should FPUC and FCG be authorized to consolidate their purchased gas costs and recovery amounts?

Stipulation: FPUC and FCG are now owned by the same corporate parent, Chesapeake Utilities Corporation. Beginning in 2025, the corporate parent stated its desire to consolidate the purchased gas services and operations of FPUC and FCG. Although the factors derived from consolidated costs are likely to result in some subsidization of costs between FPUC and FCG customers, cost efficiencies are expected to materialize as well. Therefore, FPUC and FCG should be authorized to consolidate their purchased gas costs and recovery amounts.

¹ A Type 2 stipulation occurs on an issue when the utility and the staff, or the utility and at least one party adversarial to the utility, agree on the resolution of the issue and the remaining parties (including staff if they do not join in the agreement) do not object to the Commission relying on the agreed language to resolve that issue in a final order.

ISSUE 1: What are the final purchased gas adjustment true-up amounts for the period January 2023 through December 2023?

Stipulation: The appropriate final purchased gas adjustment true-up amounts for the period January 2023 through December 2023 are as follows:

Florida Public Utilities Company/Florida City Gas (if Issue A approved)

On a consolidated basis, the appropriate final purchased gas adjustment true-up amounts for the period January 2023 through December 2023, is \$7,467,718, Over-recovery, as reflected on Schedule E-4, Page 1 of 1, Line 4, in Exhibit SKL-1.

Florida Public Utilities Company (if Issue A not approved)

On a stand-alone basis, the appropriate final purchased gas adjustment true-up amounts for the period January 2023 through December 2023, is \$5,371,169, Over-recovery, as reflected on Schedule A-7, Page 1 of 1, Line 7, in Exhibit MDN-1.

Florida City Gas (if Issue A is not approved)

On a stand-alone basis, the appropriate final purchased gas adjustment true-up amounts for the period January 2023 through December 2023, is \$2,096,549, Over-recovery, as reflected on Schedule A-7, Page 1 of 1, Line 7, in Exhibit MB-1.

People's Gas System

\$2,061,348, Over-recovery, as reflected on Schedule A-7, Page 1 of 1, Line 9, in Exhibit MEE-1.

St. Joe's Natural Gas Company

\$48,495, Over-recovery, as reflected on Revised Schedule A-7, Page 1 of 1, Line 7, in Exhibit CAS-1.

ISSUE 2: What are the appropriate purchased gas adjustment actual/estimated true-up amounts for the period January 2024 through December 2024?

Stipulation: The appropriate purchased gas adjustment actual/estimated true-up amounts for the period January 2024 through December 2024 are as follows:

Florida Public Utilities Company/Florida City Gas (if Issue A is approved)

On a consolidated basis, the appropriate purchased gas adjustment actual/estimated true-up amounts for the period January 2024 through December 2024, is \$4,156,132, Under-recovery, as reflected on Schedule E-4, Page 1 of 1, Line 4, in Exhibit SKL-1.

Florida Public Utilities Company (if Issue A is not approved)

On a stand-alone basis, the appropriate purchased gas adjustment actual/estimated true-up amounts for the period January 2024 through December 2024, is \$2,428,239, Under-recovery, as reflected on the FPUC portion of Schedule E-4, Page 1 of 1, Line 4, in Exhibit SKL-2.

Florida City Gas (if Issue A is not approved)

On a stand-alone basis, the appropriate purchased gas adjustment actual/estimated true-up amounts for the period January 2024 through December 2024, is \$1,727,892, Under-recovery, as reflected on the FCG portion of Schedule E-4, Page 1 of 1, Line 4, in Exhibit SKL-2.

People's Gas System

\$345,340, Over-recovery, as reflected on Schedule E-4, Page 1 of 1, Line 4, in Exhibit MEE-2.

St. Joe's Natural Gas Company

\$37,726, Over-recovery, as reflected Revised Schedule E-4, Page 2, Line 4, in Exhibit CAS-5.

ISSUE 3: What are the total purchased gas adjustment true-up amounts to be collected during the period January 2025 through December 2025?

Stipulation: The total purchased gas adjustment true-up amounts to be collected during the period January 2025 through December 2025 are as follows:

Florida Public Utilities Company/Florida City Gas (if Issue A is approved)

On a consolidated basis, the total purchased gas adjustment true-up amounts to be collected during the period January 2025 through December 2025, is \$3,311,586. Over-recovery, as reflected on Schedule E-4, Page 1 of 1, Line 4, in Exhibit SKL-1.

Florida Public Utilities Company (if Issue A is not approved)

On a stand-alone basis, the total purchased gas adjustment true-up amounts to be collected during the period January 2025 through December 2025, is \$2,942,930, Over-recovery, as reflected on the FPUC portion of Schedule E-4, Page 1 of 1, Line 4, in Exhibit SKL-2.

Florida City Gas (if Issue A is not approved)

On a stand-alone basis, the total purchased gas adjustment true-up amounts to be collected during the period January 2025 through December 2025, is \$368,656, Over-recovery, as reflected on the FCG portion of Schedule E-4, Page 1 of 1, Line 4, in Exhibit SKL-2.

People's Gas System

\$2,406,687, Over-recovery, as reflected on Schedule E-4, Page 1 of 1, Line 4, in Exhibit MEE-2.

St. Joe's Natural Gas Company

\$86,221, (Over-recovery), as reflected Revised Schedule E-4, Page 2, Line 4, in Exhibit CAS-5.

ISSUE 4: What are the levelized purchased gas cost recovery (cap) factors for the period January 2025 through December 2025?

Stipulation: The levelized purchased gas cost recovery (cap) factors for the period January 2025 through December 2025 are as follows:

Florida Public Utilities Company/Florida City Gas (if Issue A is approved)

On a consolidated basis, the levelized purchased gas cost recovery (cap) factors for the period January 2025 through December 2025, is 1.0015 per therm, as reflected in E-1, Page 1 of 1, Line 45, in Exhibit SKL-1.

Florida Public Utilities Company (if Issue A is not approved)

On a stand-alone basis, the levelized purchased gas cost recovery (cap) factors for the period January 2025 through December 2025, is \$1.1676 per therm, as reflected on Schedule E-1, Page 1 of 1, Line 45, in the FPUC portion of Exhibit SKL-2.

Florida City Gas (if Issue A is not approved)

On a stand-alone basis, the levelized purchased gas cost recovery (cap) factors for the period January 2025 through December 2025, is \$0.82205 per therm, as reflected on Schedule E-1, Page 1 of 1, Line 45, in the FCG portion of Exhibit SKL-2.

People's Gas System

\$1.00135 per therm, as reflected on Schedule E-1, Page 1 of 1, Line 44, in Exhibit MEE-2.

St. Joe's Natural Gas Company

\$0.98440 per therm, as reflected on Revised Schedule E-1, Page 1 of 1, Line 44, in Exhibit CAS-2.

ISSUE 5: What should be the effective date of the purchased gas adjustment charge for billing purposes be?

Stipulation: The purchased gas adjustment charge shall be effective for all meter readings on or after January 1, 2025, beginning with the first or applicable billing cycle for the period January 2025 through December 2025. Billing cycles may start before January 1, 2025 and the last cycle may be read after December 31, 2025, so that each customer is billed for twelve months regardless of when the adjustment factor became effective. These charges shall continue in effect until modified by subsequent order of this Commission.

ISSUE 6: Should the Commission approve revised tariffs reflecting the new purchased gas adjustment charges determined to be appropriate in this proceeding?

Stipulation: Yes. The Commission should approve revised tariffs reflecting the new purchased gas adjustment 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: Should this docket be closed?

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

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 75 words, it must be reduced to no more than 75 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.

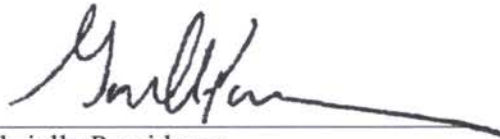
XIV. RULINGS

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

It is therefore,

ORDERED by Commissioner Gabriella Passidomo, 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 Gabriella Passidomo, as Prehearing Officer, this 31st day of October, 2024.



Gabriella Passidomo
Commissioner and Prehearing Officer
Florida Public Service Commission
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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.

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.