

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment ) DOCKET NO. 940003-GU  
(PGA) True-Up ) ORDER NO. PSC-94-0269-PHO-GU  
\_\_\_\_\_ ) ISSUED: 03/08/94

Pursuant to Notice, a Prehearing Conference was held on March 4, 1994, in Tallahassee, Florida, before Chairman J. Terry Deason, as Prehearing Officer.

APPEARANCES:

WAYNE L. SCHIEFELBEIN, Esquire, Gatlin, Woods, Carlson & Cowdery, 1709-D Mahan Drive, Tallahassee, Florida 32308  
On behalf of Chesapeake Utilities Corporation

JOSEPH A. MCGLOTHLIN, Esquire, and VICKI GORDON KAUFMAN, McWirter, Reeves, McGlothlin, Davidson and Bakas, 315 South Calhoun Street, Suite 716, Tallahassee, Florida 32312  
On behalf of City Gas Company of Florida

FLOYD SELF, Esquire, Messer, Vickers, Caparello, Madsen, Lewis, Goldman & Metz, P.A., Post Office Box 1876, Tallahassee, Florida 32302-1876  
On behalf of Florida Public Utilities Company, South Florida Natural Gas Company and West Florida Natural Gas Company

MATTHEW R. COSTA, Esquire, Macfarlane, Ausley, Ferguson & McMullen, P.O. Box 1531, Tampa, Florida 33601 and ROBERT SCHEFFEL WRIGHT, Esquire, Fine, Jacobson, Schwartz & Nash, P.A.  
On behalf of Peoples Gas System, Inc.

JOHN ROGER HOWE, Esquire, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Suite 812, Tallahassee, Florida 32399-1400  
On behalf of the Citizens of the State of Florida.

ROBERT V. ELIAS, Esquire, 101 East Gaines Street, Tallahassee, Florida 32399-0863  
On behalf of the Staff of the Florida Public Service Commission.

PRENTICE P. PRUITT, Esquire, Office of the General Counsel, 101 East Gaines Street, Tallahassee, Florida, 32399-0861  
Counsel to the Commissioners.

DOCUMENTS FILED

02226 MAR-85

FPSC-REGULATORY REPORTING

PREHEARING ORDER

I. CASE BACKGROUND

As part of the Commission's continuing fuel and energy conservation cost and purchased gas cost recovery proceedings, a hearing is set for March 9-11, 1994 in this docket and in Dockets No. 940001-EI and 940003-GU. The following subjects were noticed for hearing in such dockets:

1. Determination of the Proposed Levelized Fuel Adjustment Factors for all investor-owned utilities for the period April, 1994 through September, 1994;
2. Determination of the Estimated Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period October, 1993 through March, 1994, which are to be based on actual data for the period October, 1993 through November, 1993, and revised estimates for the period December, 1993 through March, 1994;
3. Determination of the Final Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period April, 1993 through September, 1993, which are to be based on actual data for that period;
4. Determination of Projected Conservation Cost Recovery Factors for certain investor-owned electric and gas utilities for the period April, 1994 through March, 1995.
5. Determination of the Final Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period April, through September, 1993, which are to be based on actual data for that period;
6. Determination of any Projected Oil Backout Cost Recovery Factors for the period April, 1994 through September, 1994, for the cost of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.016, Florida Administrative Code.

7. Determination of the Estimated Oil Backout Cost Recovery True-Up Factors for the period October, 1993 through March, 1994, for the costs of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.016, Florida Administrative Code, which are to be based on actual data for the period October, 1993 through November, 1993, and revised estimates for the period December, 1993 through March, 1994.
8. Determination of the Final Oil Backout True-Up Amounts for the period April, 1993 through September, 1993, which are to be based on actual data for that period;
9. Determination of Generating Performance Incentive Factor Targets and Ranges for the period April, 1994 through September, 1994;
10. Determination of Generating Performance Incentive Factor Rewards and Penalties for the period April, 1994 through September, 1994;
11. Determination of the Purchased Gas Adjustment Cost Recovery Factors for the period April, 1994 through March 1995.

At the Prehearing Conference, the parties reached agreement as to the appropriate resolution of all issues identified for decision by the Commission at this hearing. Accordingly, the case will be presented to the Commission as a stipulation.

## II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the

information within the time periods set forth in Section 366.093(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. 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.
- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.

- 5) 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 Commission Clerk's confidential files.

#### Post-hearing procedures

Rule 25-22.056(3), Florida Administrative Code, requires each party to file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of the 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. The rule also provides that if a party fails to file a post-hearing statement in conformance with the rule, that party shall have waived all issues and may be dismissed from the proceeding.

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 60 pages, and shall be filed at the same time. The prehearing officer may modify the page limit for good cause shown. Please see Rule 25-22.056, Florida Administrative Code, for other requirements pertaining to post-hearing filings.

#### III. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties has been prefiled. All testimony which has been prefiled in this case 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 appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, 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.

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.

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.

IV. ORDER OF WITNESSES

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues #</u>
A. V. Wood (CUC)	Purchased Gas Adjustment Factor, True-up, and Projections	1 - 5
Wutzler (CGC)	Purchased Gas Adjustment True-up and Projection	1 - 5
Bachman (FPUC)	Purchased Gas Cost Recovery Projections, True-ups, and Estimate of Therm Sales	1 - 5
Schneidermann (FPUC)	Natural Gas Sales projection, demand and commodity costs, and WACOG	1 - 5
B. Powers (IGC)	Purchased Gas Adjustment Factor, True-up, and Projections	1 - 4
H.M. Grey, III (PGS)	Projected gas costs, therm sales and weighted average cost of gas ("WACOG"); projected PGA; PGA true-up amount (April 1993 - September 1993); and estimated PGA true-up amount (October 1993 - March 1994)	1 - 5
Shoaf (SJNG)	Purchased Gas Cost Recovery Projections, True-ups, and Estimate of Therm Sales	1 - 5

Melendy (SGS)	Purchased Gas Cost Recovery Projections, True-ups, and Estimate of Therm Sales	1 - 5
Kahl (SFNG)	Purchased Gas Cost Recovery Projections, True-ups, and Estimate of Therm Sales	1 - 5
Goodwin (WFNG)	Purchased Gas Cost Recovery Projections, True-ups, and Estimate of Therm Sales	1 - 5

V. BASIC POSITIONS

**CUC:** The appropriate over (under) recovery amounts and purchased gas adjustment factor are as shown in the company's positions on Issues 1 - 4.

**CGC:** The Commission should determine that City Gas has properly calculated its Purchased Gas Adjustment true-up and that the appropriate purchased gas adjustment factor to be applied by City Gas during the period April 1994 through March 1995 is \$.46759 per therm, including the regulatory assessment fee but excluding the gross receipts tax which is billed separately.

**FPUC:** Florida Public Utilities Company has properly calculated its true-up amounts and projected gas costs. Its costs and projections are reasonable and its purchased gas cost recovery factors should be approved.

**PGS:** The Commission should approve PGS's final PGA true-up amount for the period April, 1993 through September, 1993 of \$6,019,568 (overrecovery), its estimated PGA true-up amount of \$5,695,860 (underrecovery) for the period October, 1993 through March, 1994, and its levelized PGA (cap) factor of \$0.35531 per therm for application to customers' bills during the period April 1, 1994 through March 31, 1995.

**SJNG:** The appropriate over (under) recovery amounts and purchased gas adjustment factors are shown in the company's positions on Issues 1 - 4.

**SGS:**

**SFNG:** South Florida Natural Gas Co. has properly calculated its true-up amounts and projected gas costs. Its costs and projections are reasonable and its purchased gas cost recovery factor should be approved.

**WFNG:** West Florida Natural Gas Company has properly calculated its true-up amounts and projected gas costs. Its costs and projections are reasonable and its purchased gas cost recovery factor should be approved.

**OPC:** None necessary.

**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.

#### VI. ISSUES AND POSITIONS

Issues which are fully stipulated are identified with an asterisk preceding the issue number.

**\*ISSUE 1:** What are the appropriate final purchased gas adjustment true-up amounts for the period April, 1993 through September, 1993

**CUC:** \$205,485 overrecovery. (Wood)

**CGC:** \$40,068 overrecovery. (Wutzler)

**FPUC:** \$386,226 underrecovery. (Bachman)

**IGC:** \$124,184 underrecovery. (Powers)

**PGS:** \$6,019,568 overrecovery. (Grey)

**SJNG:** \$26,476 underrecovery. (Shoaf)

**SGS:** \$16,694 overrecovery. (Melendy)

**SFNG:** \$10,169 overrecovery. (Kahl)

**WFNG:** \$2,247,741 underrecovery. (Goodwin)

**OPC:**

CHESAPEAKE: No position at this time.



CITY GAS:	No position at this time.
FPUC:	No position at this time.
INDIANTOWN:	No position at this time.
PEOPLES GAS:	No position at this time.
SEBRING:	No position at this time.
SOUTH FLORIDA:	No position at this time.
ST. JOE:	No position at this time.
WEST FLORIDA:	No position at this time.

**STAFF:**

Chesapeake Utilities Corporation	\$205,485	Overrecovery
City Gas Company of Florida	\$40,068	Underrecovery
Florida Public Utilities	\$386,226	Underrecovery
Indiantown Gas Company	\$680	Overrecovery
Peoples Gas System, Inc.	\$6,019,568	Overrecovery
Sebring Gas System, Inc.	\$16,694	Overrecovery
St. Joe Natural Gas Company	\$26,476	Underrecovery
South Florida Natural Gas Company	\$10,169	Overrecovery
West Florida Natural Gas Company	\$2,247,741	Underrecovery

**\*ISSUE 2:** What are the estimated purchased gas adjustment true-up amounts for the period October, 1993 through March, 1994?

**CUC:** \$ 118,541 underrecovery. (Wood)

**CGC:** \$ 204,467 overrecovery. (Wutzler)

**FPUC:** \$ 798,041 overrecovery. (Bachman)

**IGC:** \$ 3,748 underrecovery. (Powers)

**PGS:** \$5,695,860 underrecovery. (Grey)

**SJNG:** \$ 57,383 overrecovery. (Shoaf)

**SGS:** \$ 14,375 underrecovery. (Melendy)

**SFNG:** \$ 51,041 overrecovery. (Kahl)

**WFNG:** \$ 32,773 underrecovery. (Goodwin)

**OPC:** Agree with Staff.

**STAFF:**

Chesapeake Utilities Corporation	\$118,541	Underrecovery
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City Gas Company of Florida	\$204,467	Overrecovery
Florida Public Utilities	\$798,041	Overrecovery
Indiantown Gas Company	\$3,748	Underrecovery
Peoples Gas System, Inc.	\$5,695,860	Underrecovery
Sebring Gas System, Inc.	\$14,375	Underrecovery
St. Joe Natural Gas Company	\$57,383	Overrecovery
South Florida Natural Gas Company	\$51,041	Overrecovery
West Florida Natural Gas Company	\$32,773	Underrecovery

**\*ISSUE 3:** What are the total purchased gas adjustment true-up amounts to be collected during the period April, 1994 through March, 1995?

**CUC:** \$ 86,944 overrecovery. (Wood)

**CGC:** \$ 164,399 overrecovery. (Wutzler)

**FPUC:** \$ 411,815 overrecovery. (Bachman)

**IGC:** \$ 3,068 underrecovery. (Powers)

**PGS:** \$ 323,708 overrecovery. (Grey)

**SJNG:** \$ 30,907 overrecovery. (Shoaf)

**SGS:** \$ 2,319 overrecovery. (Melendy)

**SFNG:** \$ 61,210 overrecovery. (Kahl)

**WFNG:** \$2,280,514 underrecovery. (Goodwin)

**OPC:** Agree with Staff.

**STAFF:**

Chesapeake Utilities Corporation	\$86,944	Overrecovery
City Gas Company of Florida	\$164,399	Overrecovery
Florida Public Utilities	\$411,815	Overrecovery
Indiantown Gas Company	\$3,068	Underrecovery
Peoples Gas System, Inc.	\$323,708	Overrecovery
Sebring Gas System, Inc.	\$2,319	Overrecovery
St. Joe Natural Gas Company	\$30,907	Overrecovery
South Florida Natural Gas Company	\$61,210	Overrecovery
West Florida Natural Gas Company	\$2,280,514	Underrecovery

**\*ISSUE 4:** What are the appropriate levelized purchased gas cost recovery (cap) factors for the period April, 1994 through March, 1995?

**CUC:** 35.082 cents per therm. (Wood)  
**CGC:** 46.759 cents per therm (Wutzler)  
**FPUC:** 42.135 cents per therm.  
**IGC:** 30.500 cents per therm. (Powers)  
**PGS:** 35.531 cents per therm. (Grey)  
**SJNG:** 35.600 cents per therm. (Shoaf)  
**SGS:** 35.700 cents per therm. (Melendy)  
**SFNG:** 28.922 cents per therm. (Kahl)  
**WFNG:** 42.199 cents per therm.  
**OPC:** Agree with Staff.

**STAFF:**

Chesapeake Utilities Corporation	35.082 cents per therm
City Gas Company of Florida	46.759 cents per therm
Florida Public Utilities	42.135 cents per therm
Indiantown Gas Company	30.500 cents per therm
Peoples Gas System, Inc.	35.531 cents per therm
Sebring Gas System, Inc.	35.700 cents per therm
St. Joe Natural Gas Company	35.600 cents per therm
South Florida Natural Gas Company	28.922 cents per therm
West Florida Natural Gas Company	42.199 cents per therm

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

**CUC:** Agree with Staff.  
**FPUC:** Agrees with Staff.  
**IGC:** Agree with Staff.  
**PGS:** Agree with Staff.  
**SJNG:** Agree with Staff.

**SGS:** Agree with Staff.

**SFNG:** Agrees with Staff.

**WFNG:** Agrees with Staff.

**OPC:** The factor should be effective for all meter readings on or after April 1, 1994, beginning with the first or applicable billing cycle for the period April, 1994 through March, 1995.

**STAFF:** The factor should be effective for all meter readings on or after April 1, 1994, beginning with the first or applicable billing cycle for the period April, 1994 through March, 1995.

#### Company-Specific Issues

##### West Florida Natural Gas

**\*ISSUE 6:** Should West Florida Natural Gas be permitted to recover interest on its underrecovery for the period October, 1993 through March, 1994?

By agreement of the parties, this issue will not be presented for decision. The issue will be addressed at a regular agenda conference pursuant to a schedule yet to be determined.

VII. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Wood	CUC	_____	April 1993 - September 1993 True-Up, Schedules A1 through A-8
Wood	CUC	_____	April 1994 - March 1995 PGA Factor, Schedules E1 through E-5
Wutzler	CGC	_____	April 1993 - September 1993 True-Up, Schedules A1 through A-8. April 1994 - March 1995 PGA Factor, Schedules E1 through E-5
Bachman	FPUC	_____	Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5
Bachman	FPUC	_____	Schedules A-1/MF-AO, A-1/MI-AO, A-1, A-1/MF-AR, A-1/MI-AR, A-1/AR, A-2, A-3, A-4, A-5, A-6, A-7P, and A-8 for the months April, 1993 through September, 1993
Powers	IGC	_____	April 1993 - September 1993 True-Up, Schedules A1 through A-8
Powers	IGC	_____	April 1994 - March 1995 PGA Factor, Schedules E1 through E-5

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Grey	PGS	_____	Calculation of final true-up for April 1993 - September 1993 (Schedules A-1 through A-10)
Grey	PGS	_____	Calculation of estimated true-up for October 1993 - March 1994; Calculation of PGA factor for April 1994 - March 1995 (Schedules E-1 through E-5)
Shoaf	SJNG	_____	Calculation of final true-up for April 1993 - September 1993 (Schedules A-1 through A-10)
Shoaf	SJNG	_____	Calculation of estimated true-up for October 1993 - March 1994; Calculation of PGA factor for April 1994 - March 1995 (Schedules E-1 through E-5)
Melendy	SGS	_____	Calculation of final true-up for April 1993 - September 1993 (Schedules A-1 through A-10)
Melendy	SGS	_____	Calculation of estimated true-up for October 1993 - March 1994; Calculation of PGA factor for April 1994 - March 1995 (Schedules E-1 through E-5)
Kahl	SFNG	_____	Schedules A-1/MF-AO, A-2, A-3, A-4, A-5, A-6, A-7P, and A-8
Kahl	SFNG	_____	Schedules E-1, E-1/PFS-R, E-3, E-4 E-4P and Schedule E-5

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<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Goodwin	WFNG	_____	Schedules A-1/F, A-1/FR, A-2, A-3, A-4, A-5, A-6, A-7, and A-8
Goodwin	WFNG	_____	Schedules E-1, E-1/FR, E-3, E-4, and E-5

VIII. PROPOSED STIPULATIONS

All issued framed for resolution in this docket are fully stipulated.

IX. PENDING MOTIONS

None.

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X. OTHER MATTERS

None.

It is therefore,

ORDERED by Chairman J. Terry Deason, 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 Chairman J. Terry Deason, as Prehearing Officer, this 8TH day of MARCH, 1994.

  
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J. TERRY DEASON, Chairman  
and Prehearing Officer

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

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 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) 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 Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, 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.