BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Energy Conservation Cost Recovery Clause.

DOCKET NO. 980002-EG ORDER NO. PSC-98-0310-PHO-EG ISSUED: February 23, 1998

Pursuant to Notice, a Prehearing Conference was held on Monday, February 16, 1998, in Tallahassee, Florida, before Commissioner Susan F. Clark, as Prehearing Officer.

APPEARANCES:

WAYNE SCHIEFELBEIN, Esquire, Gatlin, Schiefelbein & Cowdery, 3301 Thomasville Road, Suite 300, Tallahassee, Florida 32312 On behalf of Chesapeake Utilities Corporation, Florida Division (CUC).

MICHAEL A. PALECKI, Esquire, NUI Corporation - Southern Division, 955 East 25 Street, Hialeah, Florida 33013 On behalf of City Gas Company of Florida (CGC).

JAMES McGEE, Esquire, Post Office Box 14042, St. Petersburg, Florida 33733-4042
On behalf of Florida Power Corporation (FPC).

CHARLES A. GUYTON, Esquire, Steel Hector & Davis, LLP, 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301 On behalf of Florida Power & Light Company (FPL).

KENNETH A. HOFFMAN, Esquire, Rutledge Ecenia Underwood Purnell & Hoffman, P.A., Post Office Box 551, Tallahassee, Florida 32302-0551

On behalf of Florida Public Utilities Company (FPU).

JEFFREY A. STONE, Esquire, and RUSSELL A. BADDERS, Esquire, Beggs & Lane, 700 Blount Building, 3 West Garden Street, Post Office Box 12950, Pensacola, Florida 32576-2950 On behalf of Gulf Power Company (Gulf).

DAVID M. NICHOLSON, Esquire, Macfarlane Ferguson & McMullen, Post Office Box 1531, Tampa, Florida 33601 On behalf of Peoples Gas System (PGS).

DOCUMENT NUMBER-DATE

> LEE L. WILLIS, Esquire and JAMES D. BEASLEY, Esquire, Ausley & McMullen, Post Office Box 391, Tallahassee, Florida 32302 On behalf of Tampa Electric Company (TECO).

> JOHN W. MCWHIRTER, JR., Esquire, McWhirter Reeves McGlothlin Davidson Rief & Bakas, P.A., 100 North Tampa Street, Suite 2800, Post Office Box 3350, Tampa, Florida 33601-3350; JOSEPH A. MCGLOHTLIN, Esquire and VICKI GORDON KAUFMAN, Esquire, McWhirter Reeves McGlothlin Davidson Rief & Bakas, P.A., 117 South Gadsden Street, Tallahassee, Florida 32301 On behalf of Florida Industrial Power Users Group (FIPUG).

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

WM. COCHRAN KEATING, Esquire, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Commission Staff (STAFF).

PREHEARING ORDER

I. CASE BACKGROUND

As part of the Commission's continuing fuel cost, energy conservation cost, purchased gas cost, and environmental cost recovery proceedings, a hearing is set for February 25 - 27, 1998, in this docket and in Docket Nos. 980001-EI, 980003-GU, and 980007-EI. The hearing will address the issues set out in the body of this prehearing order. The parties have reached agreement concerning all issues identified for resolution at the February 25-27, 1998 hearing. Therefore, the case will be presented to the panel 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 366.093, 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.
- 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 Division of Records and Reporting'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

* Witnesses whose names are preceded by an asterisk (*) have been excused. The parties have stipulated that the testimony of those witnesses will be inserted in to the record as though read, and cross-examination will be waived. The parties have also stipulated that all exhibits submitted with those witnesses' testimony shall be identified as shown in Section VII of this Prehearing Order and be admitted into the record.

Witness	Appearing For	Issue #
*Beverly A. Bauck	CUC	1, 2
*Carl Smith	CGC	1, 2
*M. F. Jacob	FPC	1, 2
*K. H. Wieland	FPC	4, 5
*Leonor Busto	FPL	1, 2
*Michael A. Peacock	FPU	1, 2
*Margaret D. Neyman	Gulf	1, 2
*V. I. Krutsinger	PGS	1, 2
*William B. Gray	PGS	1, 2

Witness	Appearing For	Issue #
*Ron Sott	PGS	1, 2
*Debbie Stitt	SJNG	1, 2
*Howard T. Bryant	TECO	1, 2

V. BASIC POSITIONS

CUC: The Commission should approve CUC's final adjusted net true-up amount of \$50,946 underrecovery for the period October 1, 1996 through September 30, 1997; the estimated true-up amount for the twelve months ending September 30, 1998: and the projected conservation program expenses for the period April 1, 1998 through March 31, 1999.

The Commission should approve the following ECCR factors for the following rate classes for application to bills rendered for meter readings taken between April 1, 1998 and March 31, 1999:

Rate Class	ECCR Factor
	Cents Per Therm
GS Residential	4.993
GS Commercial	1.574
GS Commercial Large Volume	0.954
GS Industrial	0.527
Firm Transportation	0.509

CGC: The Commission should determine that the appropriate adjusted net true-up for City Gas Company for the period October 1996 through September 1997 is \$95,290 overrecovery. The appropriate conservation cost recovery factors for the period April 1998 through March 1999 are 6.339 cents per therm for the Residential rate classes (RS, ED and GL) and 1.711 cents per therm for the Commercial rate classes (CS, ED, LCS, CTS, and SCTS).

FPC: None necessary.

FPL: FPL's proposed Conservation Cost Recovery Factors for the April 1998 through March 1999 recovery period and true-up amounts for prior periods should be approved.

- FPU: FPU has properly projected its costs and calculated its true-up amounts and conservation cost recovery factors. Those amounts and factors should be approved by the Commission.
- Gulf: It is the basic position of Gulf Power Company that the proposed ECCR factor presents the best estimate of Gulf's Conservation expense for the period April 1998 through March 1999, including the true-up calculations and other adjustments allowed by the Commission.
- PGS: The Commission should approve -- for areas other than PGS's West Florida Region --PGS's end-of-period final true-up amount of \$1,344,804 (overrecovery) for the period October 1996 through September 1997; the estimated true-up amount for the 12 months ending September 30, 1998; and the projected conservation program expenses for the period April 1, 1998 through March 31, 1999.

For areas other than PGS's West Florida Region, the Commission should approve the following ECCR factors for the following rate classes for application to bills rendered for meter readings taken between April 1, 1998 and March 31, 1999:

	ECCR Factor
Rate Class	(cents per therm)
Residential	4.793
Commercial Street Lighting	0.600
Commercial - Small Volume	4.433
Commercial	1.748
Commercial - Large Volume 1	1.417
Commercial - Large Volume 2	1.031
Natural Gas Vehicle Service	0.461

For PGS's West Florida Region, the Commission should approve PGS's end-of-period final true-up amount of \$202,036 (overrecovery) for the period October 1996 through September 1997; the estimated true-up amount for the 12 months ending September 30, 1998; and the projected conservation program expenses for the period April 1, 1998 through March 31, 1999.

For PGS's West Florida Region, the Commission should approve the following ECCR factors for the following rate

classes for application to bills rendered for meter readings taken between April 1, 1998 and March 31, 1999:

	ECCR Factor
Rate Class	(cents per therm)
Residential	4.700
Commercial	1.587
Commercial Large Volume	1.181
Commercial Large Volume - Transp.	1.181
Industrial	0.266
Firm Transportation	0.266
Special Contract	0.266

SJNG: The Commission should approve the final adjusted net true-up amount for the twelve month period ending September 30, 1998 including interest, the projected conservation program expenses for the six month period ending March 31, 1999 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve month period ending March 31, 1999 as filed by SJNG.

The Commission should determine that Tampa Electric has TECO: properly calculated its conservation cost recovery trueup and projections and that the appropriate conservation cost recovery factor to be applied by Tampa Electric during the period April 1, 1998 through March 31, 1999 is 0.011 cents per KWH for Interruptible, 0.165 cents per KWH for Residential, 0.161 cents per KWH for General Service Non-Demand and Temporary Service, 0.135 cents per KWH for General Service Demand and Electric Vehicle -Experimental - Secondary, 0.133 cents per KWH for General Service Demand and Electric Vehicle - Experimental -Primary, 0.125 cents per KWH for General Service Large Demand and Firm Standby - Secondary, 0.124 cents per KWH for General Service Large Demand and Firm Standby -Primary, 0.123 cents per KWH for General Service Large Demand and Firm Standby - Subtransmission, and 0.063 cents per KWH for Lighting.

FIPUG: None at this time.

OPC: None at this time.

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

Generic Conservation Cost Recovery Issues

STIPULATED

ISSUE 1: What are the appropriate end-of-period final true-up amounts for the period October 1, 1996, through September 30, 1997?

POSITION:

Florida Power Corporation	\$:	14,075,034	Over-recovery
Florida Power & Light Co.	\$	2,943,933	Under-recovery
Gulf Power Company	\$	522,356	Over-recovery*
Tampa Electric Company:	\$	1,067,112	Over-recovery
Florida Public Utilities Co. Marianna Division Fernandina Division	\$		Over-recovery Over-recovery
Chesapeake Utilities Corp.	\$	50,946	Under-recovery
City Gas Company of Florida	\$	95,290	Over-recovery
Peoples Gas System, Inc. PGS-West Florida	\$		Over-recovery Over-recovery
St. Joe Natural Gas Company	\$	1,362	Under-recovery

^{*} Gulf's filing overstated program expenses by \$1,766, representing charges for golf entry fees for charitable donations, community sponsorships, and interest on those expenses. Gulf agrees that those items should not have been charged as ECCR expenses and has agreed to remove them from

its ECCR expenses. The \$522,356 over-recovery listed above reflects this change.

STIPULATED

<u>ISSUE 2</u>: What are the appropriate conservation cost recovery factors for the period April 1998 through March 1999?

POSITION:

Florida Power Corporation:	
Rate Class	ECCR Factor
Residential	0.323 cents/Kwh
General Svc. Non-Demand	0.209 cents/Kwh
@ Primary Voltage	0.207 cents/Kwh
@ Transmission Voltage	0.205 cents/Kwh
General Svc. 100% Load Factor	0.155 cents/Kwh
General Svc. Demand	0.180 cents/Kwh
@ Primary Voltage	0.178 cents/Kwh
@ Transmission Voltage	0.176 cents/Kwh
Curtailable	0.156 cents/Kwh
@ Primary Voltage	0.154 cents/Kwh
@ Transmission Voltage	0.153 cents/Kwh
Interruptible	0.148 cents/Kwh
@ Primary Voltage	0.147 cents/Kwh
@ Transmission Voltage	0.145 cents/Kwh
Lighting	0.078 cents/Kwh

Florida Power & Light Company:

Rate Class	ECCR Factor
Residential	0.215 cents/Kwh
General Svc.	0.188 cents/Kwh
General Svc. Demand	0.175 cents/Kwh
Sports Service 2	0.158 cents/Kwh
General Svc. Large 1/Curtailable 1	0.175 cents/Kwh
General Svc. Large 2/Curtailable 2	0.165 cents/Kwh
General Svc. Large 3/Curtailable 3	0.165 cents/Kwh
Interruptible Standby 1D	0.172 cents/Kwh
Standby Supplemental 1T	0.161 cents/Kwh
Standby Supplemental 1D	0.221 cents/Kwh
Commercial Load Control D & G	0.158 cents/Kwh
Commercial Load Control T	0.136 cents/Kwh
Metropolitan Transit	0.128 cents/Kwh
Outdoor/Street Lighting 1	0.115 cents/Kwh
Street Lighting 2	0.157 cents/Kwh

Gulf Power Company:

Rate Class	ECCR	Factor*
RS, RST	0.020	cents/Kwh
GS, GST	0.019	cents/Kwh
GSD, GSDT	0.019	cents/Kwh
LP, LPT	0.018	cents/Kwh
PX, PXT, RTP	0.018	cents/Kwh
OSI, OSII	0.018	cents/Kwh
OSIII	0.019	cents/Kwh
OSIV	0.020	cents/Kwh
SBS	0.018	cents/Kwh

* These factors do not include any expenses associated with Gulf's Good Cents Environmental Program.

Tampa Electric Company:

Rate Class	ECCR Factor
Residential	0.165 cents/Kwh
General Svc. Non-Demand	0.161 cents/Kwh
General Svc. Demand	0.135 cents/Kwh
@ Primary Voltage	0.133 cents/Kwh
General Svc. Large Demand	0.125 cents/Kwh
@ Primary Voltage	0.124 cents/Kwh
@ Subtransmission Voltage	0.123 cents/Kwh
Lighting	0.063 cents/Kwh
Interruptible	0.011 cents/Kwh

Florida Public Utilities Co.:

Rate Class	ECCR Factor		
Marianna Division	0.038 cents/Kwh		
Fernandina Division	0.024 cents/Kwh		

Chesapeake Utilities Corporation:

Rate Class	ECCR Factor
GS - Residential	4.993 cents/therm
GS - Commercial	1.574 cents/therm
GS - Commercial-Large Volume	0.954 cents/therm
GS - Industrial	0.527 cents/therm
Firm Transportation	0.509 cents/therm

City Gas Company of Florida:

Rate Class	ECCR Factor	
RS - Residential	6.339 cents/therm	
CS - Commercial	1.711 cents/therm	

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reop.	163	Gas	Dyb Cem,	TIIC.	

Rate Class	ECCR Factor
Residential	4.793 cents/therm
Commercial - Street Lighting	0.600 cents/therm
Commercial - Small Volume	4.433 cents/therm
Commercial	1.748 cents/therm
Commercial - Large Volume 1	1.417 cents/therm
Commercial - Large Volume 2	1.031 cents/therm
NGVS	0.461 cents/therm

PGS - West Florida:

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Rate Class	ECCR Factor
Residential	4.700 cents/therm
Commercial	1.587 cents/therm
Commercial - Large Volume	1.181 cents/therm
Commercial LV Transportation	1.181 cents/therm
Industrial	0.266 cents/therm
Firm Transportation	0.266 cents/therm
Special Contract	0.266 cents/therm
Special Contract	0.266 cents/therm

St. Joe Natural Gas Co.:

Rate Class	ECCR Factor	
Residential	3.140 cents/therm	
Commercial	4.283 cents/therm	
Commercial - Large Volume	1.690 cents/therm	

Company-Specific Conservation Cost Recovery Issues

Florida Power Corporation:

STIPULATED

ISSUE 3: Is FPC's proposed final estimated 1997 Residential Revenue Decoupling true-up underrecovery balance of \$22,167,795 correct?

POSITION: Yes. The decoupling true-up balance, including interest, was calculated in accordance with Commission Order No. PSC-95-0097-FOF-EI.

STIPULATED

ISSUE 4: Should FPC's request to collect the decoupling true-up under-recovery over a 24-month period, instead of the normal 12 months, be approved?

POSITION: Yes. The extended recovery period will mitigate the rate impact of the relatively large under-recovery on residential customers, from \$1.39 per 1,000 kWh with a 12-month recovery period to \$0.68 per 1,000 kWh with a 24-month recovery period.

VII. EXHIBIT LIST

* Witnesses whose names are preceded by an asterisk (*) have been excused. All exhibits submitted with those witnesses' testimony shall be identified and admitted into the record.

Witness	Proffered By	I.D. No.	Description
*Bauck	CUC	(BAB - 1)	True-up variance analysis (Schedules CT1 through CT6)
*Bauck	CUC	(BAB - 2)	Projections Recovery Clause Calculation: Estimated charges by rate (Schedule C1; Schedule C2; Schedule C3; Schedule C4)
*Smith	CGC	(CS - 1)	Schedules C-1, C-2, C-3, C-4, and C-5
*Jacob	FPC	(MFJ - 1)	Summary of Estimated Cost Recovery Clause Calculations
*Wieland	FPC	(KHW - 1)	Decoupling True-up Balance Calculation and Revised Exhibit 6
*Busto	FPL	(LMB - 1)	Schedules CT-1 through CT-6

<u>Witness</u>	Proffered By	I.D. No.	Description
		(LMB - 2)	Schedules C-1 through C-5
*Peacock	FPU	(MAP - 1)	Schedules C-1, C-2, C-3, C-4 and C-5 (Marianna and Fernandina Beach Divisions)
*Neyman	Gulf	(MDN - 1)	Schedules CT-1 through CT-6
*Neyman	Gulf	(MDN - 2)	Copy of Staff's First Set of Interrogatories to Gulf Power Company, Docket No. 960002, October 30, 1996, Question No. 1
*Neyman	Gulf	(MDN - 3)	Schedules C-1 through C-5
*Krutsinger	PGS	(VIK - 1)	Conservation cost recovery true-up data (October 1996 - September 1997) consisting of schedules CT-1 through CT-6
*Krutsinger	PGS	(VIK - 2)	Data for development of conservation cost recovery factor (April 1998 - March 1999), consisting of schedules C-1 through C-5
*Gray	PGS	(WBG - 1)	Conservation cost recovery true-up data (October 1996 - September 1997) consisting of schedules CT-1 through CT-6)

Witness	Proffered By	I.D. No.	Description
*Gray, Sott	PGS	(WBG - 2)	Data for development of conservation cost recovery factor (April 1998 - March 1999), consisting of schedules C-1 through C-5.
*Stitt	SJNG	()	Schedules C1 through C4
*Bryant	TECO	(HTB - 1)	Schedules supporting cost recovery factor, actual October 1996 through September 1997
*Bryant	TECO	(HTB - 2)	Schedules supporting conservation costs projected for the period April 1, 1998 through March 1999

VIII. PROPOSED STIPULATIONS

All issues have been stipulated.

IX. PENDING MOTIONS

There are no pending motions at this time.

X. RULINGS

Counsel representing companies whose issues have been stipulated shall be excused from attending the hearing for this docket. In addition, companies whose issues have been stipulated shall not be required to file post-hearing statements.

The Commission will establish a separate docket to consider a change in the period to be used and the manner of implementation in this Docket and Docket Nos. 980001-EI, 980003-GU and 980007-EI.

It is therefore,

ORDERED by Commissioner Susan 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 Susan F. Clark, as Prehearing Officer, this 23rd day of February , 1998 .

SUSAN F. CLARK, Commissioner and Prehearing Officer

(SEAL)

WCK

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.

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.