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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

FILED 11/2/2017
DOCUMENT NO. 09395-2017
FPSC - COMMISSION CLERK

DOCKET NO. 20170004-GU

NATURAL GAS CONSERVATION COST
RECOVERY.

_____ /

PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK

DATE: Wednesday, October 25, 2017

TIME: Commenced at 12:50 p.m.
Concluded at 2:00 p.m.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

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

1 APPEARANCES:

2 BETH KEATING, ESQUIRE, Gunster Law Firm,
3 215 South Monroe Street, Suite 601, Tallahassee,
4 Florida 32301-1839, appearing on behalf of Florida
5 Public Utilities Company, Florida Public Utilities
6 Company - Indiantown, Florida Public Utilities
7 Company - Fort Meade, and the Florida Division of
8 Chesapeake Utilities Corporation.

9 J.R. KELLY, PUBLIC COUNSEL; PATRICIA A.
10 CHRISTENSEN; ERIK SAYLER, ESQUIRES, Office of
11 Public Counsel, c/o the Florida Legislature, 111 W.
12 Madison Street, Room 812, Tallahassee, Florida
13 32399-1400, appearing on behalf of the Citizens of
14 the State of Florida.

15 STEPHANIE CUELLO, ESQUIRES, FPSC General
16 Counsel's Office, 2540 Shumard Oak Boulevard,
17 Tallahassee, Florida 32399-0850, appearing on behalf
18 of the Florida Public Service Commission Staff.

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I N D E X

WITNESSES

NAME:	PAGE
Miguel Bustos prefiled testimony inserted	11
Curtis Young prefiled testimony inserted	16
Danielle N.B. Mulligan prefiled testimony inserted	18
Kandi M. Floyd prefiled testimony inserted	24
Jerry H. Melendy, Jr. prefiled testimony inserted	31
Debbie Stitt prefiled testimony inserted	38

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EXHIBITS

NUMBER:		ID	ADMTD
1	Comprehensive Exhibit List	42	42
2-10	As identified on the comprehensive exhibit list	42	42

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P R O C E E D I N G S

CHAIRMAN BROWN: And we are going to take appearances. There are five dockets and, staff, it's -- your suggestion that we take up the appearances all at once, correct?

MS. DUVAL: Yes, ma'am.

CHAIRMAN BROWN: Okay. So all parties, please, when I go through the list, can you please enter your appearances and declare which dockets you are entering an appearance for? Starting with Florida Power & Light.

MR. BUTLER: Thank you, Madam Chairman.

John Butler and Wade Litchfield appearing in dockets 01, 02 and 07. Also appearing -- on behalf of Florida Power & Light Company.

Also appearing for Florida Power & Light Company in the 01 docket are Maria Moncada and Will Cox. In the 02 docket, Ken Rubin, and in the 07 docket, Jessica Cano.

CHAIRMAN BROWN: Okay.

MR. BUTLER: Thank you.

CHAIRMAN BROWN: Thank you.

Duke, Matt Bernier.

MR. BERNIER: Thank you, Madam Chairman.

Good afternoon, Commissioners. Matt

1 Bernier for Duke Energy. I am entering an
2 appearance in the 01, 02 and 07 dockets. And I
3 would also like to enter an appearance for
4 Dianne Triplett.

5 Thank you.

6 CHAIRMAN BROWN: Thank you.

7 Mr. Beasley.

8 MR. BEASLEY: Thank you, Madam Chair,
9 Commissioners.

10 James Beasley, appearing with Jeff Whalen
11 for Tampa Electric Company in 01, 02 and 07
12 dockets.

13 CHAIRMAN BROWN: Thank you.

14 Gulf.

15 MR. BADDERS: Good afternoon. Russell
16 Badders on behalf of Gulf Power, in the 01, 02
17 and 07 dockets. I would also like to enter an
18 appearance for my partner, Steven Griffin, and
19 for Gulf's General Counsel, Jeffery A. Stone.

20 CHAIRMAN BROWN: Thank you.

21 FIPUG.

22 MR. MOYLE: Thank you, Madam Chairman.

23 Jon Moyle on behalf of the Florida
24 Industrial Power Users Group. I would also
25 like to enter an appearance for Karen Putnal,

1 and those would be in the 01, 02 and 07
2 dockets.

3 CHAIRMAN BROWN: Thank you.

4 Ms. Keating.

5 MS. KEATING: Thank you, Madam Chairman,
6 Commissioners.

7 Beth Keating with the Gunster Law Firm
8 here this afternoon for FPUC in the 01, 02, 03
9 and 04 dockets, for Indiantown and Chesapeake
10 in the 04 docket, and for Florida City Gas in
11 the 03 and 04 dockets.

12 CHAIRMAN BROWN: Okay. Thank you.

13 Mr. Cavros.

14 MR. CAVROS: Good afternoon, Madam Chair,
15 Commissioners.

16 George Cavros on behalf of Southern
17 Alliance for Clean Energy, entering an
18 appearance in the 07 docket.

19 CHAIRMAN BROWN: Thank you.

20 Mr. Wright.

21 MR. WRIGHT: Robert Scheffel Wright and
22 John T. Lavia, III, Gardner Law Firm, appearing
23 on behalf of the Florida Retail Federation in
24 the 01 docket, the fuel docket.

25 Thank you.

1 CHAIRMAN BROWN: Thank you.

2 Public Counsel.

3 MR. SAYLER: Erik Sayler on behalf of the
4 Public Counsel. I would like to do a notice of
5 appearance for Mr. Kelly, Ms. Christensen and
6 myself in all the dockets but the 07 docket,
7 and Mr. Rehwinkel.

8 MR. REHWINKEL: Yes, Charles Rehwinkel for
9 the 07 docket only today, as well as Stephanie
10 Morse.

11 Thank you.

12 CHAIRMAN BROWN: Thank you.

13 Staff.

14 MS. DUVAL: Margo DuVal for the 02 and 07
15 dockets. And I would like to enter appearances
16 for Wesley Taylor in the 03 docket; Stephanie
17 Cuello in the 04 and 07 dockets; Suzanne
18 Brownless and Danijela Janjic in the 01 docket;
19 and Charles Murphy in the 07 docket.

20 MS. HELTON: Mary Anne Helton as your
21 adviser. I would also like to enter an
22 appearance for your General Counsel, Keith
23 Hetrick.

24 CHAIRMAN BROWN: Thank you.

25 And we will go to the 04 docket. At this

1 time, we are opening that.

2 MS. CUELLO: Yes, Madam Chair.

3 Parties present for the 04 docket are
4 FPUC, Florida City Gas and OPC.

5 Staff notes for the record that St. Joe
6 Natural Gas Company, Peoples Gas System and
7 Sebring Gas System have been excused from the
8 hearing.

9 Staff will also note that all witnesses
10 have been excused, and there are proposed
11 stipulations on all issues with OPC taking no
12 position, and that parties have all waived
13 opening statements.

14 CHAIRMAN BROWN: Okay. Thank you.

15 Would you like to go to the prefiled
16 testimony?

17 MS. CUELLO: Yes.

18 Staff asks that the prefiled testimony of
19 all witnesses identified in section six of the
20 prehearing order, which is page four, be
21 inserted into the record as though read.

22 CHAIRMAN BROWN: Seeing no objection, we
23 will go ahead and enter into the record the
24 prefiled testimony of all witnesses identified
25 in section six of the prehearing order.

1 (Whereupon, prefiled testimony was
2 inserted.)

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 DIRECT TESTIMONY (FINAL TRUE-UP) OF MIGUEL BUSTOS
3 ON BEHALF OF
4 FLORIDA CITY GAS
5 DOCKET NO. 170004-GU
6 April 20, 2017

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

10
11 A. My name is Miguel Bustos and my business address is 4045 NW 97th
12 Avenue, Doral, Florida 33178. I am employed by Florida City Gas as
13 Energy Efficiency Program ("EEP") Program Manager, and have been with
14 the Company for fourteen (14) years.

15
16 **Q. Are you familiar with the energy conservation programs of Florida**
17 **City Gas?**

18
19 A. Yes, I am.

20
21 **Q. Are you familiar with the costs that have been incurred and that are**
22 **projected to be incurred by Florida City Gas in implementing its**
23 **energy conservation programs?**

24
25 A. Yes, I am.

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

2 A. To submit the recoverable costs incurred during the period ending
3 December 31, 2016, and to identify the final true-up amount related to that
4 period.

5

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

9

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

12

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

15

16 A. \$5,037,863.

17

18 **Q. What is the final true-up amount associated with the period**
19 **ending December 31, 2015?**

20

21 A. An over-recovery of \$325,431.

22

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

24

25 A. Yes, it does.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**DIRECT TESTIMONY (PROJECTION) OF MIGUEL BUSTOS****ON BEHALF OF****FLORIDA CITY GAS****DOCKET NO. 170004-GU**

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

3 A. My name is Miguel Bustos and my business address is 4045 NW 97th Ave, Doral,
4 Florida 33178. I am employed by Florida City Gas as Energy Efficiency Program
5 Manager. I have been with the Company for approximately 14 years.

6

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

8 A. Yes, I am.

9

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

12 A. Yes, I am.

13

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

15 A. To submit the conservation cost recovery true-up for the final true-up period January 1,
16 2016 through December 31, 2016, and for the actual and estimated period of January 1,
17 2017, through December 31, 2017. I will also present the total level of costs Florida
18 City Gas seeks to recover through its conservation factors during the period January 1,

1 2018 through December 31, 2018, as well as the conservation factors which, when
 2 applied to our customer's bills during the period January 1, 2018 through December 31,
 3 2018, will permit recovery of total ECCR costs.

4
 5 **Q. What is the Company's estimated true-up for the period January 1, 2017 through**
 6 **December 31, 2017?**

7 A. An over-recovery of \$925,274. This amount is calculated on page 4 of Schedule C-3 of
 8 Exhibit MB-2 and takes into account the final true-up for the year ended December 31,
 9 2016, which was an over-recovery of \$673,445, including interest. For the period
 10 January 1, 2016 through December 31, 2016, the Company's Adjusted Net True-Up is
 11 an over-recovery of \$325,523, as reflected in Exhibit MB-1.

12
 13 **Q. What is the total cost Florida City Gas seeks to recover during the period January**
 14 **1, 2018 through December 31, 2018?**

15 A. The total cost is \$4,383,452. This represents the projected costs of \$5,308,726 to be
 16 incurred during 2018, less the estimated true-up of \$925,274 for calendar year 2017.

17
 18 **Q. What conservation factors does Florida City Gas need to permit recovery of these**
 19 **costs?**

20	A.	GS-1, GS-100, GS-220, RSG, CSG (Sales & Transp.)	\$0.12996
21		GS-600 (Sales & Transportation)	\$0.06042
22		GS-1200 (Sales & Transportation)	\$0.03710
23		GS-6k (Sales & Transportation)	\$0.03098

Docket No. 170004-GU

1	GS-25000 (Sales & Transportation)	\$0.03071
2	GS-60000 (Sales & Transportation)	\$0.02928
3	Gas Lights	\$0.05981
4	GS-120000 (Sales & Transportation)	\$0.02168
5	GS-250000 (Sales & Transportation)	\$0.02024

6

7 **Q. Has Florida City Gas prepared schedules to support its requested Conservation**
8 **Cost Recovery Factor?**

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

11

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

13 A. Yes, it does.

14

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 170004-GU:

NATURAL GAS CONSERVATION COST RECOVERY CLAUSE

Direct Testimony (Final True Up) of

CURTIS D. YOUNG

On Behalf of

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

- 1 Q. Please state your name and business address.
- 2 A. Curtis D. Young: my business address is 1641 Worthington Road, Suite 220,
3 West Palm Beach, Florida 33409.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am employed by Florida Public Utilities Company as Senior Regulatory
6 Analyst.
- 7 Q. What is the purpose of your testimony at this time?
- 8 A. To advise the Commission of the actual over/under recovery of the
9 Conservation costs for the period January 1, 2016 through December 31, 2016
10 as compared to the amount previously reported for that period which was
11 based on Six months actual and Six months estimated data.
- 12 Q. Please state the actual amount of over/under recovery of Conservation Program
13 costs for the gas divisions of Florida Public Utilities Company for January 1,
14 2016 through December 31, 2016.
- 15 A. The Company under-recovered \$ 742,499 during that period. This amount is
16 substantiated on Schedule CT-3, page 2 of 3, Calculation of True-up and
17 Interest Provision.

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

3 A. We had estimated that we would under-recover \$912,104 as of December 31,
4 2016.

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

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

8 Q. Does this conclude your testimony?

9 A. Yes.

10

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DOCKET NO. 20170004-GU: NATURAL GAS

3 CONSERVATION COST RECOVERY

4 Direct Testimony of Danielle N.B. Mulligan

5 On Behalf of

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

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

8

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

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

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

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

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

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

1 am also involved in the preparation of various conservation program related
2 regulatory filings.

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

4 A. To describe generally the expenditures made and projected to be made in
5 implementing, promoting, and operating the Company's energy conservation
6 programs. This will include recoverable costs incurred in January through
7 June 2017 and projections of program costs to be incurred July through
8 December 2017. It will also include projected conservation costs, for the
9 period January through December 2018, with a calculation of the Energy
10 Conservation Cost Recovery Adjustment and Energy Conservation Cost
11 Recovery Adjustment (Experimental) factors to be applied to the customers'
12 bills during the collection period of January 1, 2018 through December 31,
13 2018.

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

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

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

20 A. As done in the 2017 projections, the Company has consolidated the natural
21 gas conservation programs and costs for the 2018 projection period. The
22 schedules were prepared this period using consolidated costs and revenues for
23 Florida Public Utilities Gas Division (FPUC), the Florida Division of
24 Chesapeake Utilities, the FPUC Ft. Meade Division, and the FPUC

1 Indiantown Division. The Company did not project any expenses for its
2 Conservation, Demonstration and Development program because it ends on
3 December 31, 2017.

4 **Q. Has the Company included descriptions and summary information on the**
5 **Conservation Programs currently approved and available to your**
6 **customers for Florida Public Utilities Company?**

7 A. Yes, the Company has included summaries of the approved conservation
8 programs currently available to our customers in all divisions on Schedule C-5
9 of Exhibit DNBM-1.

10 **Q. Has the Company prepared summaries of its Conservation Programs and**
11 **the Costs associated with these Programs?**

12 A. Yes, the Company has prepared the summaries of the Company's
13 Conservation Programs and costs associated with these programs in C-5 of
14 Exhibit DNBM-1.

15 **Q. What are the total projected costs for the period January 2018 through**
16 **December 2018 in the Florida Division of Chesapeake Utilities**
17 **Corporation?**

18 A. The total projected Consolidated Conservation Program Costs are \$4,829,050.
19 Please see Schedule C-2, page 2, for the programmatic and functional
20 breakdown of these total costs.

21 **Q. What is the true-up for the period January 2017 through December**
22 **2017?**

23 A. As reflected in the Schedule C-3, Page 4 of 5, the True-up amount for the
24 Consolidated Natural Gas Divisions is an over-recovery of \$947,806.

1 **Q. What are the resulting net total projected conservation costs to be**
2 **recovered during this projection period?**

3 A. The total costs to be recovered are \$3,881,244.

4 **Q. Has the Company prepared a schedule that shows the calculation of its**
5 **proposed Energy Conservation Cost Recovery Adjustment factors to be**
6 **applied during billing periods from January 1, 2018 through December**
7 **31, 2018?**

8 A. Yes. Schedule C-1 of Exhibit DNBM-1 shows these calculations. Net
9 program cost estimates for the period January 1, 2018 through December 31,
10 2018 are used. The estimated true-up amount from Schedule C-3, page 4 of 5,
11 of Exhibit DNBM-1, being an over-recovery, was added to the total of the
12 projected costs for the 12-month period. The total amount was then divided
13 among the Company's rate classes, excluding customers who are on market-
14 based rates that fall under Special Contract Services (Original Sheet No. 19
15 for the Florida Division of Chesapeake Utilities) and tariff rate class FTS-13
16 for the same division, based on total projected contribution. In addition, the
17 customer classes for Outdoor Lights, Interruptible and Interruptible
18 Transportation have always been exempt from the Conservation Adjustment
19 Factor due to the distinctive service provided by the Company.

20 The results were then divided by the projected gas throughput for each rate
21 class for the 12-month period ending December 31, 2018. The resulting
22 Energy Conservation Cost Recovery Adjustment factors are shown on
23 Schedule C-1 of Exhibit DNBM-1. I note that the customers in the
24 Indiantown Division's TS4 rate class are no longer on the system; therefore,

1 the factor has been set at zero for that class.

2 **Q. Why has the Company excluded market-based rate customers from the**
3 **Energy Conservation Cost Recovery Adjustment factors?**

4 A. These customers are served either under the Special Contract Service or
5 Flexible Gas Service, because they have alternative fuel or physical bypass
6 options and are considered by Chesapeake to be “market-based rate”
7 customers. Each of these customers has viable alternatives for service;
8 therefore the negotiated and Commission-approved (in the case of Special
9 Contract Service) rates reflect the fact that only a certain level of revenues can
10 be charged to these customers. In fact, the Company has always excluded the
11 Special Contract Service and tariff rate class FTS-13 customers from the
12 ECCR recovery factors, consistent with its general rate proceedings and
13 consistent with the Applicability section of the tariff sheet for the ECCR
14 factors (Seventh Revised Sheet No. 98). The Commission has not taken issue
15 with the Company’s expressed application of the factors either in the ECCR
16 Clause proceedings or in the context of any Special Contract approval.

17 **Q. Has the Company prepared a schedule that shows the calculation of the**
18 **Florida Division of Chesapeake Utilities proposed Energy Conservation**
19 **Cost Recovery Adjustment (Experimental) factors for certain rate classes**
20 **on an experimental basis to be applied during billing periods from**
21 **January 1, 2017 through December 31, 2017?**

22 A. Yes, experimental per bill rates were approved for rate classes FTS-A, FTS-B,
23 FTS-1, FTS-2, FTS-2.1, FTS-3 and FTS-3.1. A similar calculation was made
24 as described above for the experimental rates; however, the projected number

1 of bills for each rate class for the 12-month period ending December 31, 2017
2 was utilized. The resulting Energy Conservation Cost Recovery Adjustment
3 (Experimental) factors are shown on Schedule C-1, page 3 of 3 of Exhibit
4 DNBM-1.

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

6 A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

KANDI M. FLOYD

1
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4
5
6 **Q.** Please state your name, business address, by whom you are
7 employed, and in what capacity?

8
9 **A.** My name is Kandi M. Floyd. My business address is Peoples
10 Gas System, 702 North Franklin Street, P.O. Box 2562,
11 Tampa, Florida 33601-2562. I am employed by Peoples Gas
12 System ("Peoples" or the "Company") and am the Manager of
13 State Regulatory.

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

17
18 **A.** I have a Bachelor of Arts Degree in Business
19 Administration from Saint Leo University. From 1995 to
20 1997, I was employed in a series of positions within the
21 regulatory affairs department of Tampa Electric Company.
22 In 1998, I joined Peoples Gas System as a Regulatory
23 Coordinator in the Regulatory and Gas Supply Department.
24 In 2001, I became the Energy Conservation / Regulatory
25 Administrator and in 2003 became the Manager of State

1 Regulatory for Peoples Gas System. In this role, I am
2 responsible for managing the Energy Conservation Cost
3 Recovery ("ECCR") Clause and the Purchased Gas Adjustment
4 as well as various other regulatory activities for
5 Peoples.

6
7 **Q.** What is the purpose of your testimony in this docket?

8
9 **A.** My testimony addresses Peoples' conservation programs,
10 the expenses that Peoples has incurred, the revenues
11 recovered by Peoples through the ECCR clause from January
12 2017 through July 2017, and the costs that Peoples seeks
13 to recover through the ECCR clause in 2018.

14
15 First, my testimony describes generally the actual and
16 projected expenditures made for the purpose of
17 implementing, promoting and operating Peoples' energy
18 conservation programs for the current period. This
19 information includes the adjusted net true-up amounts
20 associated with those programs for the period January 2016
21 through December 2016. Next, my testimony addresses the
22 actual costs incurred from January 2017 through July 2017,
23 and revised projections of program costs that Peoples
24 expects to incur from August 2017 through December 2017.
25 In addition, my testimony presents projected conservation

1 program costs for the period January 2018 through December
2 2018.

3
4 Finally, my testimony presents the calculation of the
5 conservation cost recovery adjustment factors to be
6 applied to customers' bills during the period beginning
7 with the first billing cycle for January 2018 and
8 continuing through the last billing cycle for December
9 2018.

10
11 **Q.** Are you sponsoring any exhibits with your testimony?

12
13 **A.** Yes. I am sponsoring two exhibits produced under my
14 direction and supervision. Exhibit ____ (KMF-1) contains
15 the conservation cost recovery true-up data for the period
16 January 2016 through December 2016, and Exhibit ____ (KMF-
17 2) contains the conservation cost recovery true-up data
18 for the period January 2017 through July 2017 as well as
19 re-projected expenses for the period August 2017 through
20 December 2017. Exhibit ____ (KMF-2) consists of Schedules
21 C-1 through C-5, which contain information related to the
22 calculation of the ECCR factors to be applied to
23 customers' bills during the period January 2018 through
24 December 2018.

25

1 **Q.** Have you prepared schedules showing the expenditures
2 associated with Peoples' energy conservation programs for
3 the period January 2016 through December 2016?
4

5 **A.** Yes. Actual expenses for the period January 2016 through
6 December 2016 are shown on Schedule CT-2, page 2, of
7 Exhibit ____ (KMF-1). Schedule CT-2, page 1 presents a
8 comparison of the actual program costs and true-up amount
9 to the projected costs and true-up amount for the same
10 period.
11

12 **Q.** What are the Company's true-up amounts for the period
13 January 2016 through December 2016?
14

15 **A.** As shown on Schedule CT-1 of Exhibit ____ (KMF-1), the
16 end-of-period net true-up for the period is an under-
17 recovery of \$189,620 including both principal and
18 interest. The projected true-up for January 2016 through
19 December 2016, as approved by Commission Order No. PSC-
20 2016-0533-FOF-GU, was an over-recovery of \$416,751
21 (including interest). Subtracting the projected true-up
22 over-recovery from the actual under-recovery yields the
23 adjusted net true-up of \$606,371 under-recovery
24 (including interest).
25

1 **Q.** Have you prepared summaries of the Company's conservation
2 programs and the projected costs associated with these
3 programs?

4
5 **A.** Yes. Summaries of the Company's programs are presented
6 in Schedule C-5 of Exhibit ____ (KMF-2).

7
8 **Q.** Have you prepared schedules required for the calculation
9 of Peoples' proposed conservation adjustment factors to
10 be applied during the billing periods from January 2018
11 through and including December 2018?

12
13 **A.** Yes. Schedule C-3 of Exhibit ____ (KMF-2) shows actual
14 expenses for the period January 2017 through July 2017
15 and projected expenses for the period August 2017 through
16 December 2017.

17
18 Projected expenses for the January 2018 through December
19 2018 period are shown on Schedule C-2 of Exhibit ____ (KMF-
20 2). The total annual cost projected represents a
21 continuation of Peoples' efforts to expand the
22 availability of natural gas throughout Florida, and to
23 retain its existing natural gas customers. Schedule C-1
24 shows the calculation of the conservation adjustment
25 factors to be applied to all customers of the Company who

1 are subject to the factors. The estimated true-up amount
2 from Schedule C-3 (Page 4) of Exhibit____(KMF-2), an
3 under-recovery, was added to the total of the projected
4 costs for the January 2018 through December 2018 period.
5 The resulting total of \$16,997,630 is the expense to be
6 recovered during calendar year 2018. This total expense
7 was then allocated to the Company's affected rate classes
8 pursuant to the methodology previously approved by the
9 Commission, divided by the expected consumption of each
10 rate class, and then adjusted for the regulatory
11 assessment fee.

12
13 Schedule C-1 of Exhibit ____ (KMF-2) shows the resulting
14 estimated ECCR revenues and adjustment factors by rate
15 class for the period January 2018 through December 2018.
16

17 **Q.** Do the revised projections for 2017 and the projections
18 for 2018 include any new expenses?
19

20 **A.** Yes. New common costs categorized as outside services
21 have been added in 2017 and in the projected expenses for
22 2018. These costs in both periods are associated with
23 the implementation of an online rebate or allowance
24 processing platform. This program will enable Peoples to
25 provide both an improved customer experience for

1 customers applying for energy conservation program
2 allowances and a more streamlined and efficient back end
3 process.

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5 **Q.** Does this conclude your prefiled direct testimony?

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7 **A.** Yes, it does.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET 170004-GU

DIRECT TESTIMONY OF

JERRY H. MELENDY

ON BEHALF OF SEBRING GAS SYSTEM, INC.

May 1, 2017

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

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

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

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

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

8 A. Yes.

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

10 A. My testimony presents data and summaries that describe the planned and
11 actual activities and expenses for the Company's energy conservation
12 programs incurred during the period January 2016 through December 2016. I
13 will also identify the final conservation true-up amount for the above
14 referenced period.

1 **Q. HAVE YOU PREPARED A SUMMARY OF THE COMPANY'S**
2 **CONSERVATION PROGRAMS AND THE COSTS ASSOCIATED**
3 **WITH THESE PROGRAMS?**

4 A. Yes. Summaries of the Company's six approved programs for which costs
5 were incurred during the period January 2016 through December 2016 are
6 included in Schedule CT-6 of Exhibit JHM-1. Included are the Residential
7 New Construction Program, the Residential Appliance Replacement Program,
8 the Residential Appliance Retention Program, Commercial New, Commercial
9 Retrofit, Commercial Retention and the Conservation Education Program.

10 **Q. HAVE YOU PREPARED SCHEDULES WHICH SHOW THE**
11 **EXPENDITURES ASSOCIATED WITH THE COMPANY'S ENERGY**
12 **CONSERVATION PROGRAMS FOR THE APPLICABLE PERIOD?**

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

17 **Q. WHAT WAS THE TOTAL COST INCURRED BY THE COMPANY**
18 **TO ADMINISTER ITS SIX CONSERVATION PROGRAMS FOR THE**
19 **TWELVE MONTH PERIOD ENDING DECEMBER 2016?**

20 A. As indicated on Schedule CT-2, page 2, of Exhibit JHM-1, the Company's
21 total 2016 programs costs were \$36,801.

1 Q. HAVE YOU PREPARED A SCHEDULE WHICH SHOWS THE
2 VARIANCE OF ACTUAL FROM PROJECTED COSTS BY
3 CATEGORIES OF EXPENSES?

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

5 Q. WHAT IS THE COMPANY'S FINAL TRUE-UP FOR THE TWELVE
6 MONTHS ENDING DECEMBER 2016?

7 A. The final true-up amount as shown on Schedule CT-1, of Exhibit JHM-1 is an
8 under recovery of \$8,491.

9 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

10 A. Yes.

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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

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

4 **On Behalf of**

5 **Sebring Gas System, Inc.**

6 **Docket No.170004-GU**

7 **August 17, 2017**

8

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

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

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

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

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

17 A. Yes.

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

19 A. My testimony will present actual and projected expenditures and
20 revenues related to promoting and administering the Company's energy
21 conservation programs in 2017 and 2018. I will provide the adjusted net
22 true-up amount associated with program administration for the January
23 2017 through December 2017 period. Actual program costs are

1 provided for the period January 1, 2017 through June 30, 2017, as well
2 as the costs the Company expects to incur from July 1, 2017 through
3 December 31, 2017. I will also indicate the total costs the Company
4 seeks to recover through its conservation factors during the period
5 January 1, 2018 through December 31, 2018. Finally, I will also propose
6 the energy conservation cost recovery factors which, when applied to
7 consumer bills during the period January 1, 2018 through December
8 31, 2018, will permit recovery of the Company's total conservation
9 costs.

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

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

19 **Q. HAVE YOU PREPARED SCHEDULES THAT INCLUDE THE**
20 **COMPANY'S CONSERVATION PROGRAM EXPENDITURES FOR**
21 **THE CURRENT (2017) AND PROJECTED (2018) PERIODS?**

22 A. Yes. Schedule C-3, Exhibit JHM-1 provides actual conservation
23 expenses for the January 2017 through June 2017 period and projected

1 expenses for the July 2017 through December 2017 period. Projected
2 expenses for the January 2018 through December 2018 period are
3 included in Schedule C-2, Exhibit JHM-1.

4 **Q. HAVE YOU PREPARED A SCHEDULE THAT INCLUDES THE**
5 **COMPANY'S CONSERVATION RELATED REVENUES FOR 2017?**

6 A. Yes. Schedule C-3 (page 4 of 5), Exhibit JHM-1, provides actual
7 conservation revenue for the January 2017 through June 2017 period,
8 and projected conservation revenues for the July 2017 through
9 December 2017 period.

10 **Q. WHAT IS THE COMPANY'S ESTIMATED TRUE-UP FOR THE**
11 **PERIOD JANUARY 1, 2017 THROUGH DECEMBER 31, 2017?**

12 A. The Company is under-recovered by \$11,073 as calculated on
13 Schedule C-3, Page 4, Line 11, Exhibit JHM-1.

14 **Q. WHAT IS THE TOTAL COST THE COMPANY SEEKS TO RECOVER**
15 **DURING THE PERIOD JANUARY 1, 2018 THROUGH DECEMBER**
16 **31, 2018?**

17 A. As indicated on Schedule C-1, Exhibit JHM-1, the Company seeks to
18 recover \$55,749 during the referenced period. This amount represents
19 the projected costs of \$44,676 to be incurred during 2018, plus the
20 estimated true-up of \$11,073 for calendar year 2017.

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

1 **CLASS FOR THE JANUARY 2018 THROUGH DECEMBER 2018**
2 **PERIOD?**

3 A. Schedule C-1, Exhibit JHM-1, provides the calculation of the
4 Company's proposed ECCR factors for 2018.

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

7	TS-1	\$.18218
8	TS-2	\$.08440
9	TS-3	\$.04943
10	TS-4	\$.04157

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

12 A. Yes.

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

2. In Re: Conservation Cost
3. Recovery Clause

Docket No. 170004-GU
Filing Date: April 28, 2017

4. _____/

5.

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

7. Q. Please state your name, business address, by whom you are
8. employed and in what capacity.

9. A. Debbie Stitt, 301 Long Avenue, Port St. Joe, Florida 32456
10. St. Joe Natural Gas Company in the capacity of Energy
11. Conservation Analyst.

12. Q. What is the purpose of your testimony?

13. A. My purpose is to submit the expenses and revenues
14. associated with the Company's conservation programs
15. during the twelve-month period ending December 31, 2016
16. and to identify the final true-up amount related to that
17. period.

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

20. A. Yes, I have prepared and filed together with this testimony
21. this 28th day of April, 2017 Schedules CT-1 through
22. CT-5 prescribed by the Commission Staff which have
23. collectively been entitled "Adjusted Net True-up for
24. twelve months ending December 31, 2016" for identi-
25. fication

1. Q. What amount did St. Joe Natural Gas spend on conser-
2. vation programs during the period?
3. A. \$160,775.00
4. Q. What is the final true-up amount associated with this
5. twelve-month period ending December 31, 2016?
6. A. The final true-up amount for December 31, 2016 is
7. an under-recovery of \$17,951.
8. Q. Does this conclude your testimony?
9. A. Yes
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1 1, 2018 through December 31, 2018 for identification.

2 Q. What Conservation Adjustment Factor does St. Joe Natural Gas
3 seek approval through its petition for the twelve-month period
4 ending December 31, 2018?

5 A. \$.44277 per therm for RS-1, \$.26916 per therm for RS-2, and
6 \$.20359 per therm for RS-3, \$0.17729 per therm for GS-1, \$0.08111
7 per therm for GS-2, and \$0.03728 per therm for GS-4/FTS-4

8 Q. Does this conclude your testimony?

9 A. Yes.

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1 CHAIRMAN BROWN: On to exhibits.

2 MS. CUELLO: Staff has compiled a
3 stipulated comprehensive exhibit list, which
4 includes the prefiled exhibits attached to the
5 witnesses' testimony in this case. The list
6 has been provided to the parties, the
7 Commissioner and the court reporter; and staff
8 requests that this list be marked as the first
9 hearing exhibit, and the other exhibits be
10 marked as set forth in the comprehensive
11 exhibit list.

12 CHAIRMAN BROWN: We will do that at this
13 time.

14 (Whereupon, Exhibit Nos. 1-10 were marked
15 for identification.)

16 MS. CUELLO: Okay. And we would also ask
17 that the comprehensive exhibit list marked as
18 Exhibit No. 1 be entered into the record, and
19 to move Exhibits 2 through 10 into the record
20 as set forth in the comprehensive exhibit list.

21 CHAIRMAN BROWN: Seeing no objection from
22 any of the parties, we will go ahead and enter
23 into the record Exhibits 1 through 10.

24 (Whereupon, Exhibit Nos. 1-10 were
25 received into evidence.)

1 CHAIRMAN BROWN: Are there any other
2 issues before we go to the decision?

3 MS. CUELLO: No.

4 CHAIRMAN BROWN: All right.

5 Commissioners, we are -- there are proposed
6 stipulations on pages six through 11 of the
7 prehearing order, Issues 1 through 8. Any
8 questions? If not, we are ripe for a motion.

9 COMMISSIONER BRISÉ: Okay, Madam Chair,
10 move approval on Issues 1 through 8.

11 COMMISSIONER CLARK: Second.

12 CHAIRMAN BROWN: Any discussion?

13 Seeing none, all those in favor, signify
14 by saying aye.

15 (Chorus of ayes.)

16 CHAIRMAN BROWN: Motion passes.

17 Are there any other matters that need to
18 be addressed in the 04 docket?

19 MS. CUELLO: There are none, but staff
20 will note that since the Commission has made a
21 bench decision, post-hearing filings are not
22 necessary, and that we will have the final
23 order issued by November 14th.

24 CHAIRMAN BROWN: Thank you.

25 Any other matters by the parties?

1 Seeing none, we will go ahead and adjourn
2 the 04 docket.

3 (Whereupon, the proceedings were
4 concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 2nd day of November, 2017.



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