

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of:

DOCKET NO. 100186-EG

PETITION FOR APPROVAL OF NATURAL  
GAS RESIDENTIAL ENERGY CONSERVATION  
PROGRAMS, BY ASSOCIATED GAS  
DISTRIBUTORS OF FLORIDA.

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PROCEEDINGS: AGENDA CONFERENCE  
ITEM NO. 2

COMMISSIONERS  
PARTICIPATING: CHAIRMAN NANCY ARGENZIANO  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER NATHAN A. SKOP  
COMMISSIONER ART GRAHAM  
COMMISSIONER RONALD A. BRISÉ

DATE: Tuesday, August 17, 2010

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

REPORTED BY: JANE FAUROT, RPR  
Official FPSC Reporter  
(850) 413-6732

DOCUMENT NUMBER-DATE  
06925 AUG 20 2010

## P R O C E E D I N G S

1  
2           **COMMISSIONER SKOP:** And if staff could  
3 please introduce Item 2.

4           **MR. GARL:** Thank you, Mr. Chairman. I'm  
5 Steve Garl with Commission staff.

6           Commissioners, Item 2 is a petition from  
7 Associated Gas Distributors of Florida, AGDF, on  
8 behalf of its seven member local distribution  
9 companies, requesting approval of changes to the  
10 allowances for three of their natural gas  
11 conservation programs.

12           Staff recommends approval of the request  
13 with one exception, the addition of a \$350 gas  
14 reconnection allowance should be denied because it  
15 is more of a marketing step to increase the use of  
16 gas than it is a conservation initiative to reduce  
17 gas consumption. Staff is available for any  
18 questions.

19           **COMMISSIONER SKOP:** Are there any  
20 questions from the bench on Item 2? I have one. On  
21 Page 7 of the staff recommendation, it illustrates  
22 the residential impact for the various  
23 investor-owned gas companies. And for St. Joe  
24 Natural Gas Company it seems like the monthly impact  
25 per customer bill of 49 cents far exceeds by a

1 factor of four the other entities there. Could  
2 staff please speak to what may be driving that  
3 specific increase and what steps or potential steps  
4 might be taken to mitigate that, because I think  
5 this is the follow on to a previous study that was  
6 performed that did have some other rate impacts, if  
7 I'm correct.

8 **MR. GARL:** The answer, Commissioner, comes  
9 from the fact that St. Joe Natural Gas Company is  
10 the smallest retail gas seller amongst the seven.  
11 Now, as you look at the number of customers, you  
12 will notice that Indiantown and Sebring have fewer  
13 customers, but they don't sell gas at retail to  
14 their customers.

15 St. Joe Natural Gas in 1999 lost their  
16 largest customer, a paper mill, which required their  
17 costs to be spread amongst fewer customers. More  
18 recently, they have brought before the Commission a  
19 change to their tariff for their now largest  
20 customer, Arizona Chemical, in an effort to retain  
21 that customer by lowering the costs to Arizona  
22 Chemical, again, creating more costs to be spread  
23 amongst their low number of customers. So,  
24 everything that's done with St. Joe Natural Gas,  
25 conservation programs included, has a significantly

1 larger rate impact than it does for the other  
2 companies.

3 **COMMISSIONER SKOP:** Okay. And does this  
4 projected rate impact depend on the take rates for  
5 some of the incentives being offered, or is this  
6 just going to be a uniform rate increase on the  
7 average monthly bill?

8 **MR. GARL:** It's just an average of the  
9 monthly impact on the residential bill.

10 **COMMISSIONER SKOP:** Okay. But is it  
11 dependent upon the take rate of the incentives that  
12 are being offered, or is that just going to be --  
13 that's going to be a constant dollar value based  
14 on -- irrespective of the take rate?

15 **MR. GARL:** No, this will be the impact of  
16 their recommended changes to the allowances.

17 **COMMISSIONER SKOP:** Okay.

18 **MR. GARL:** And the one that we recommend  
19 denying would lower those. The rate without that  
20 350 is not figured in there, but, of course, they  
21 would be slightly lower.

22 **COMMISSIONER SKOP:** With respect to the  
23 proposed rate impact, would modifications of any of  
24 the incentives just specific to St. Joe change the  
25 analysis or bill impact? Has staff looked at that?

1           **MR. GARL:** No, sir. Well, the overriding  
2 realization is that it does pass the G-RIM Test and  
3 the Participants test, as do all the others, thereby  
4 indicating there is not subsidization between  
5 participants and the nonparticipants.

6           **COMMISSIONER SKOP:** Well, like I say, I am  
7 a big advocate of natural gas and its efficient use  
8 for residential homes in Florida. I just think that  
9 what caught my attention, again, was the  
10 proportionality of the company-specific rate impact  
11 as opposed to the others that are listed on Page 7.  
12 So I just wanted to clarify from staff what was  
13 driving that process.

14           So, at this point, the chair would look to  
15 the bench for any additional comments or a motion.

16           **COMMISSIONER GRAHAM:** I want to move the  
17 staff recommendation.

18           **CHAIRMAN ARGENZIANO:** Move staff.

19           **COMMISSIONER EDGAR:** Second.

20           **COMMISSIONER SKOP:** Okay. A motion has  
21 been properly seconded. All in favor, say aye.

22           (Vote taken.)

23           **COMMISSIONER SKOP:** All opposed. Okay.  
24 The motion passes.

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STATE OF FLORIDA )  
 : CERTIFICATE OF REPORTER  
COUNTY OF LEON )

I, JANE FAUROT, RPR, Chief, Hearing Reporter Services Section, FPSC Division of Commission Clerk, 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 20th day of August, 2010.



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Official FPSC Hearings Reporter  
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