BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Conservation Cost Recovery Clause DOCKET NO. 920002-EG ORDER NO. 25726 ISSUED: 02/17/92

Pursuant to Notice, a Prehearing Conference was held on February 5, 1992, in Tallahassee, Florida, before Commissioner Betty Easley, Prehearing Officer.

APPEARANCES:

A. APPEARANCES:

JOHN T. BUTLER, Esquire, Steel Hector & Davis 4000 Southeast Financial Center Miami, Florida 33131-2398 On behalf of Florida Power & Light Company (FPL)

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

ROBERT S. GOLDMAN, Esquire, Messer, Vickers, Caparello, Madsen, Lewis, Goldman & Metz, P.A., Suite 701, First Florida Building, Post Office Box 1876, Tallahassee, Florida 32302-1876

On behalf of Florida Public Utilities Company and West Florida Natural Gas Company (FPUC), (WFNG)

JAMES P. FAMA, Esquire, P. O. Box 14042, St. Petersburg, FL. 33733

On behalf of Florida Power Corporation (FPC)

LEE L. WILLIS, Esquire and JAMES D. BEASLEY, Esquire, Ausley, McMullen, McGehee, Carothers and Proctor, Post Office Box 391, Tallahassee, Florida 32302

On behalf of City Gas Company of Florida and Tampa Electric Company (CGC), (TECO)

G. EDISON HOLLAND, JR., Esquire, and JEFFREY A. STONE, Esquire, of Beggs & Lane 700 Blount Building, 3 West Garden Street, P.O. Box 12950, Pensacola, FL 32576-2950 On behalf of Gulf Power Company (GULF)

ANSLEY WATSON, JR., Esquire, and VINCENT L. NUCCIO, JR., Esquire, Macfarlane Ferguson, P. O. Box 1531, Tampa, Florida 33601

On behalf of Peoples Gas System, Inc. (PGS)

DOCUMENT NUMBER-DATE

01621 FE817 1992

FPSC-RECORDS/REPORTING

> VICKI GORDON KAUFMAN, Esquire, McWhirter, Grandoff & Reeves, 522 E. Park Avenue, Suite 200, Tallahassee, Florida 32301 On behalf of the Florida Industrial Power Users Group (FIPUG)

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

> ROBERT VICTOR ELIAS, Esquire, 101 East Gaines Street, Suite 226, Tallahassee, Florida 32399-0863 On behalf of the Commission Staff (STAFF)

> MARSHA E. RULE, Esquire, the Office of the General Counsel, 101 East Gaines Street, Suite 212, Tallahassee, Florida 32399-0861 Counsel to the Commissioners.

PREHEARING ORDER

Background

As part of the Commission's continuing fuel and energy conservation cost and purchased gas cost recovery proceedings, a hearing is set for February 19, 20 and 21, 1992 in this docket and in Docket Nos. 920001-EI and 920003-GU. The following subjects were noticed for hearing:

- Determination of the Proposed Levelized Fuel Adjustment Factors for all investor-owned utilities for the period April, 1992 through September, 1992;
- Determination of the Estimated Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period October, 1991 through March, 1992, which are to be based on actual data for the period October, 1991 through November, 1991, and revised estimates for the period December, 1991 through March, 1992;
- Determination of the Final Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period April, 1991 through September, 1991, which are to be based on actual data for that period;

- Determination of Projected Conservation Cost Recovery Factors for certain investor-owned electric and gas utilities for the period April, 1992 through October, 1992.
- 5. Determination of the Estimated Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period October, 1991 through March, 1992, which are to be based on actual data for the period October, 1991 through November, 1991 and revised estimates for the period December, 1991 through March, 1992.
- Determination of the Final Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period April, 1991 through September, 1991, which are to be based on actual data for that period;
- 7. Determination of any Projected Oil Backout Cost Recovery Factors for the period April, 1992 through September, 1992, for the cost of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.016, Florida Administrative Code.
- 8. Determination of the Estimated Oil Backout Cost Recovery True-Up Factors for the period October, 1991 through March, 1992, 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, 1991 through November, 1991, and revised estimates for the period December, 1991 through March, 1992.
- 9. Determination of the Final Oil Backout True-Up Amounts for the period April, 1991 through September, 1991, which are to be based on actual data for that period;
- Determination of Generating Performance Incentive Factor Targets and Ranges for the period April, 1992 through September, 1992;
- 11. Determination of Generating Performance Incentive Factor Rewards and Penalties for the period April, 1991 through September, 1991;

> Determination of the Purchased Gas Adjustment Factors to be applied during the period April, 1992 through September 1992.

After the prehearing conference, the parties reached agreement with respect to the resolution of all issues deemed appropriate for consideration at this hearing by the prehearing officer. Accordingly, the case will be presented to the panel as a stipulation.

Use of Prefiled Testimony

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 exhibits, unless there is a sustainable objection. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his testimony at the time he or she takes the stand.

Use of Depositions and Interrogatories

If any party desires to use any portion of a deposition or an interrogatory, at the time the party seeks to introduce that deposition or a portion thereof, the request will be subject to proper objections and the appropriate evidentiary rules will govern. The parties will be free to utilize any exhibits requested at the time of the depositions subject to the same conditions.

Order of Witnesses

In keeping with Commission practice, witnesses will be grouped by the subject matter of their testimony. The witness schedule is set forth below in order of appearance by the witness's name, subject matter, and the issues which will be covered by his or her testimony.

WITNESS LIST

Witnesses whose name appears with an asterisk (*) have been excused from appearing. Their direct testimony shall be inserted into the record as if read, cross examination waived and sponsored exhibits admitted as evidence.

ORDE DOCK PAGE	R NO. 25726 ET NO. 920002-EG 5		Issues
	Ultrace	Subject Matter	
·	<u>Witness</u> P. D. Cleveland (FPC)	Component's of FPC's conservation plan and associated costs	1, 2, 3
•	Nelson G. Hawk (FPL)	ECCR True-Up April 1991 -September 1991 ECCR Projected True-Up October 1991 - March 1992 ECCR Factor April 1992 -September 1992 Mix of Energy and Demand Reduction Programs Cost-effectiveness and Market Penetration Data	2 3,5,6 7 8 1, 2, 3
•	Peacock (FPUC)	ECCR projections, true-up (Marianna and Fernandina Beach Divisions)	1, 6, 5
•	J.F. Young (GULF)	Components of Gulf's Conservation Plan and associated costs	1, 2, 3
	Gerard J. Kordecki (TECO)	Conservation Cost Recovery True-up and Projection	1,2,3
٠	Sam Sessa (CUC)	Fuel Adjustment true-up and projections	1,2,3
٠	T.D. Anderson (CGC)	Conservation Cost Recovery True-up and projection	1, 2, 3
•	J.K. Gruetzmacher (PGS)	Components of PGS's Conservation Plan and associated projected and actual costs; true=up and estimated true=up; conservation cost recovery factors.	
•	Shoaf (SJNG)	Conservation True-ups, projections	1, 2, 3 1, 2, 3
·	Arnold (WFNG)	Conservation true=ups, projections	., ., .

ORDER NO. 25726 DOCKET NO. 920002-EG PAGE 6 Issues Subject Matter Witness 2, 3 Conservation projections * Sott (WFNG) Therm sales projections 2, 3 Goodwin ٠ (WFNG) EXHIBIT LIST Description Exhibit No. Witness Cleveland Summary of estimated Cost (PDC-1) Recovery Clause Calculations Schedules CT-1 Hawk 2 (NGH-3) through CT-6, with Supplements Schedules C-1 Hawk 3 (NGH-1) through C-5, with Supplements Schedules CT-1 through Peacock 4 (MAP-3) CT-6 (Marianna and Fernandina Beach Divisions) Schedules C-1 through Peacock 5 (MAP-2) C-5 (Marianna and Fernandina Beach Divisions) Schedules CT-1 through CT-6 6 (JFY-1) Young Schedules C-1 through C-5 Young (JFY-2) Schedules supporting cost Kordecki 8 (GJK-1) recovery factor, actual April 1, 1991 through September 30, 91 Kordecki Conservation costs projected (GJK-2) for the period April 1, 1992 through September 30, 1992

ORDER NO. 25726 DOCKET NO. 920002-EG PAGE 7

16 (CA-1)

Exhibit No.	<u>Witness</u>	Description
<u>10</u> (TDA-1)	Anderson	Schedules CT-1 through CT-6, Conservation Cost Recovery True-up Data, April 1, 1991 through September 30, 1991
<u>11</u> (TDA-2)	Anderson	Schedules C-1 through C-5, Conservation Cost Recovery Projection Data, April 1, 1992 through September 30, 1992
<u>12</u> SS-1(Composite)	Sessa	True-up Variance Analysis Schedules CT1 through CT6
<u>13</u> SS-2(Composite)	Sessa	Projections Recovery Clause Calculation Page 1 Estimated ECCR charges by rate classification; Schedules C1 through C5
<u>14</u> (JKG-1)	Gruetzmacher	Conservation cost recovery true-up data (April-September 1991), consisting of schedules CT-1 through CT-6.

<u>15</u> (JKG-2) Gruetzmacher Data for development of conservation cost recovery factor (April-September 1992), consisting of schedules C-1 through C-5.

> Arnold Schedules CT-1 through (composite) CT-6

17ArnoldSchedules C-1 through(CA-2)(composite)C-5

Exhibit No. Witness

Description

Shoaf (composite) Schedules CT-1 through CT-6

19

18

Shoaf (composite) Schedules C-1 through C-5

PARTIES' STATEMENT OF BASIC POSITION

<u>STAFF</u>: Staff takes no basic statement of position pending the evidence developed at hearing.

FPC: FPC's true-up amounts and cost recovery factor should be approved as filed.

FPL: None necessary.

FPUC: Florida Public Utilities has properly projected its costs and calculated its true-up amounts and conservation cost recovery factors. Its expenses and projections are prudent, and its conservation cost recovery factors should be approved by the Commission.

<u>GULF:</u> 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 1992 through September 1992, including the true-up calculations and other adjustments allowed by the Commission.

TECO: The Commission should determine that Tampa Electric has properly calculated its conservation cost recovery true-up and projections and that the appropriate conservation cost recovery factor to be applied by Tampa Electric during the period April 1992 through September 1992 is 0.012 cents per KWH for interruptible sales and 0.130 cents per KWH for firm sales.

<u>CUC:</u> The Commission should approve CUC's final adjusted net true-up amount of \$40,595.07 (overrecovery) for the period April 1, 1991 through September 30, 1991, and should approve the estimated true-up amount for the six months ending September 30, 1992, and the projected conservation program expenses for the period April 1, 1992 through September 30, 1992.

220

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, 1992 and September 30, 1992:

Rate Class	ECCR Factor cents per therm
GS Residential	-0.279
GS Commercial	-0.081
GS Commercial Large Volume	-0.048
GS Industrial	-0.026
Firm Transportation	-0.025

<u>CGC:</u> The Commission should determine that City Gas has properly calculated its conservation cost recovery true-up and projections and that the appropriate conservation cost recovery factor to be applied by City Gas during the period April 1992 -September 1992 is 6.997 cents per therm for the Residential rate class and 1.933 cents per therm for the Commercial rate class.

PGS: The Commission should approve PGS's final adjusted net true-up amount of \$1,361,294.93 (underrecovery) for the period April-September 1991, and should approve the estimated true-up amount for the six months ending March 31, 1992, and the projected conservation program expenses for the six months ending September 30, 1992.

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 and September 30, 1992:

Rate Class		ECCR Factor (cents per therm)
Residential		5.982
Commercial		2.587
Commercial - Large Volume	1	1.649
Commercial - Large Volume	2	1.083

WFNG: West Florida Natural Gas Company has properly projected its costs and calculated its true-up amounts and conservation cost recovery factors. Its expenses and projections are prudent, and its conservation cost recovery factors should be approved by the Commission.

OPC: The allocations of conservation expenditures by Florida Power and Tampa Electric Company are not consistent with the intent of the FEECA statute. The Commission should set expenditure goals for conservation programs during ECCR proceedings. In addition, the Commission should use cost-effectiveness and market penetration

data as criteria for approving expenditures for conservation programs.

FIPUG: As to FPL, it is FIPUG's position that it is

inappropriate for FPL to recover the projected "costs" for its proposed combined IST/CILC programs when the tariffs and agreements relating to those programs have been suspended by the Commission. The parties have agreed that the issues concerning FPL's proposed combined IST/CILC program, including whether the IST program generates any recoverable costs, will be considered in Docket No. 881106-EI.

FIPUG takes no positions on the other issues in this docket at this time.

STATEMENT OF ISSUES AND POSITIONS

GENERIC CONSERVATION COST RECOVERY ISSUES

Stipulated Issues are noted with an asterisk (*) next to the issue number.

• ISSUE 1: What is the appropriate adjusted net true-up amount for the period April, 1991 through September, 1991?

STAFF POSITION:

Electric Utilities:

FPC:	\$ 29,663	overrecovery.
FPL:		overrecovery.
FPUC:	\$ 4,386	overrecovery (Marianna).
	\$ 740	overrecovery (Fernandina).
GULF:	\$ 320,549	overrecovery.
TECO:	\$ 21,147	overrecovery.

Gas Utilities:

CUC:	\$ 40,595	overrecovery.
CGC:	\$ 149,342	underrecovery.
PGS:	\$1,361,295	underrecovery.
SJNG:	\$ 16,775	overrecovery.
WFNG:	\$ 40,271	underrecovery.

FPC: \$ 29,663 overrecovery.

FPL: Adjusted net true-up overrecovery of \$2,812,086, which includes interest. (Hawk)

FPUC: Overrecovery \$4,386 (Marianna) (Peacock) Overrecovery \$ 740 (Fernandina Beach) (Peacock)

GULF: Over recovery \$320,549. (Young)

TECO: An overrecovery of \$21,147, including interest. (Kordecki)

CUC: Agrees with Staff. Overrecovery of \$40,595. (Sessa)

<u>CGC:</u> An underrecovery of \$149,342, including interest. (Anderson)

PGS: Underrecovery of \$1,361,295. (Gruetzmacher)

SJNG: \$ 16,775 overrecovery.

WFNG: Underrecovery \$40,271 (Arnold)

OPC: Agree with Staff as to all companies.

FIPUG: FIPUG takes no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

<u>* ISSUE 2:</u> What is the appropriate projected end-of-period total net true-up amount for the period October, 1991 through March, 1992?

STAFF POSITION:

Electric Utilities:

FPC:	\$ 820,915 overrecovery.
FPL:	\$2,789,007 overrecovery.
FPUC:	\$ 6,877 overrecovery (Marianna).
	\$ 757 overrecovery (Fernandina).
GULF:	\$ 274,811 overrecovery.
TECO:	\$ 245,048 underrecovery.

Gas Utilities:

CUC:	\$ 72,298	overrecovery.
CGC:	\$ 258,364	underrecovery.
PGS:	\$ 196,887	underrecovery.
SJNG:	\$ 9,088	underrecovery.
WFNG:	\$ 40,791	underrecovery.

FPC:

\$820,915 overrecovery.

ORDER NO. 25726 DOCKET NO. 920002-EG PAGE 12 Total net true-up overrecovery of \$2,789,007, which FPL: includes interest. (Hawk) FPUC: Overrecovery \$6,877 (Marianna) (Peacock) Overrecovery \$ 757 (Fernandina Beach) (Peacock) Over recovery \$274,811. (Young) GULF: TECO: An underrecovery of \$245,048, including interest. (Kordecki) CUC: Agrees with Staff. Overrecovery of \$72,298. (Sessa) CGC: An underrecovery of \$258,364, including interest. (Anderson) Underrecovery of \$196,887 (Gruetzmacher) PGS: \$ 9,088 underrecovery (Shoaf) SJNG: WFNG: Underrecovery \$40,791 (Arnold, Sott, Goodwin) OPC: Agree with Staff as to all companies.

FIPUG: FIPUG takes no position at this time, but reserves the right to take a position on this issue by the date of the prehearing conference.

<u>* ISSUE 3:</u> What is the appropriate conservation cost recovery factor for the period April, 1992 through September, 1992?

STAFF POSITION:

Electric Utilities:

FPC:	.263	cents/kWh	
FPL:	.135	cents/kWh	
FPUC:	.010	cents/kWh	(Marianna)
	.006	cents/kWh	(Fernandina)
GULF:	.019	cents/kWh	
TECO:	.130	cents/kWh	(Firm)
	.012	cents/kWh	(Interruptible)

Gas Utilities:

CUC:

<u>Rate Class</u> GS - Residential GS - Commercial ECCR Factor -.279 cents/therm -.081 cents/therm

GS - Comm	ercial Lrg. Vol	048	cents/therm
GS - Indu	strial	026	cents/therm
	sportation	025	cents/therm

CGC:

Rate Class		ECCR Factor		
	Residential	6.997 cents/therm		
	Commercial	1.933 cents/therm		

PGS:

Rate Class				ECCR Factor	
Residentia	1			5.982 cents/therm	
Commercial				2.587 cents/therm	
Commercial	Lrg.	Vol.	1	1.649 cents/therm	
Commercial				1.083 cents/therm	

SJNG:

Rate Class	ECCR Factor
Residential	4.116 cents/therm
Commercial	6.466 cents/therm
Commercial Lrg. Vol.	2.991 cents/therm

WFNG:

Rate Class	ECCR Factor
Residential	6.634 cents/therm
Commercial	1.792 cents/therm
Industrial	.393 cents/therm

.263 cents/kWh. FPC:

FPL: 0.135 cents per kWh (revised from original filing per Issue No. 5 and to reflect an adjustment to the Revenue Tax Multiplier effective January 1, 1992) (Hawk)

\$0.00010/kwh (Marianna) (Peacock) FPUC: \$0.00006/kwh (Fernandina Beach) (Peacock)

0.019 cents per KWH. (Young) GULF:

0.012 cents per KWH for interruptible sales and 0.130 TECO: cents per KWH for firm sales. (Kordecki)

25726 ORDER NO. DOCKET NO. 920002-EG PAGE 14 Agrees with Staff. CUC: Rate Class **GS** Residential GS Commercial GS Commercial Large Volume GS Industrial Firm Transportation CGC: Rate Class Residential Commercial PGS:

> Rate Class Residential Commercial Commercial-Large Volume 1 Commercial-Large Volume 2 (Gruetzmacher)

<u>BJNG:</u> Residential Commercial Commercial Lrg. Vol.

WFNG: Residential Commercial Industrial/ Firm Transportation

(Arnold, Sott, Goodwin)

OPC: Agree with Staff as to all companies.

FIPUG: FIPUG takes no position at this time except as related to FPL's ECCR. See Issue 6 which delineates FIPUG's position on FPL's proposed ECCR. FIPUG reserves the right to take a position on the other companies' factors by the date of the prehearing conference.

ECCR Factor <u>cents per therm</u> -0.279 -0.081 -0.048 -0.026 -0.025 ECCR Factor <u>(cents per therm)</u> 6.997 1.933

ECCR Factor (cents per therm) 5.982 2.587 1.649 1.083

ECCR Factor 4.116 cents/therm 6.466 cents/therm 2.991 cents/therm

6.634¢/therm 1.792¢/therm 0.393¢/therm

COMPANY-SPECIFIC CONSERVATION COST RECOVERY ISSUES

<u>* ISSUE 4:</u> Should Florida Power Corporation be ordered to refund money collected from its customers resulting from overpayments in its Home Energy Fixup (HEFU) Program?

<u>STAFF POSITION:</u> Yes. Florida Power Corporation should be ordered to refund \$11,912.85, plus interest. This amount includes the \$5,459 which was disallowed by the Commission in Order No. 25342.

FPC: FPC does not agree that any overpayments have occurred in its HEFU program, but is willing to stipulate to a refund of \$11,912.85 plus interest.

OPC: Yes. Public Counsel agrees with staff.

<u>* ISSUE 5</u>: Should Florida Power and Light Company recover the additional dollars associated with the consolidation of the Interruptible Service (IST) rate into the Commercial/Industrial Load Control (CILC) program for the period April 1992 through September 1992?

and

<u>+ ISSUE 6:</u> Should FPL be permitted to recover the "costs" of its CILC/IST program through the ECCR? (FIPUG issue)

The parties taking a position on these two issues agreed to the following:

On December 20, 1991, FPL filed a petition in Docket No. 881106-EI to consolidate the IST rate into the Commercial / Industrial Load Program (the "IST Petition"). Among other things, the IST petition requests Commission approval to recover the consolidated program costs through the ECCR clause. The parties agree that the issues of whether implementation of the IST rate generates recoverable "costs" and, if so, where and how the costs of the consolidated program will be recovered are properly to be decided in Docket No. 881106-EI.

FPL has removed the \$1,743,116 (net of the amount recovered through base rates) of projected IST rate costs from its April-September 1992 ECCR factor and will await the Commission's decision in Docket No. 881106-EI before determining if and how to petition for recovery of those costs in this docket.

ISSUE 7: Should the Commission require that utility conservation expenditures be balanced between energy consumption and weather-sensitive peak demand programs? (Public Counsel issue)

<u>ISSUE 8:</u> Should the Commission include actual cost-effectiveness and market penetration data as a guide to approving expenditures for conservation programs? (Public Counsel issue)

By ruling of the prehearing officer, these two issues will not be considered at this hearing in this true-up docket for approved programs. Staff will propose an appropriate forum for consideration of these issues by the full Commission.

STIPULATED ISSUES

All issues identified for resolution at this hearing have been fully stipulated. Accordingly, the case will be presented to the panel for approval of the stipulation.

MOTIONS

The Office of Public Counsel's Motion for Reconsideration of Order No. 25342. A Recommendation will be filed for consideration at the March 10, 1992 agenda conference.

OTHER MATTERS

None.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that these proceedings shall be governed by this order unless modified by the Commission.

By ORDER of Commissioner Betty Easley, as Prehearing Officer, this 17th day of FEBRUARY , 1992.

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Betty Easley, Commissioner and Prehearing Officer

(SEAL) 920002r.rve