

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation
cost recovery.

DOCKET NO. 010004-GU
ORDER NO. PSC-01-2269-PHO-GU
ISSUED: November 19, 2001

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code, a Prehearing Conference was held on November 8, 2001, in Tallahassee, Florida, before Commissioner Lila A. Jaber, as Prehearing Officer.

APPEARANCES:

Richard D. Melson, Esquire, Hopping Green Sams & Smith,
P.A., Post Office Box 6526, Tallahassee, Florida 32314
On behalf of City Gas Corporation (CGC).

Wayne L. Schiefelbein, Esquire, P.O. Box 15856,
Tallahassee, FL 32317-5856
On behalf of Chesapeake Utilities Corporation (CUC).

Norman H. Horton, Esquire, Messer, Caparello & Self,
P.A., P.O. Box 1876, Tallahassee, FL 32302-1876
On behalf of Florida Public Utilities Company (FPUC).

Ansley Watson, Jr., Esquire; MacFarlane Ferguson &
McMullen Law Firm, 400 North Tampa Street, Suite 2300,
Post Office Box 1531, Tampa, Florida 33602-33601
On behalf of Peoples Gas System (PGS).

Stuart L. Shoaf, President, St. Joe Natural Gas, Company,
Inc., P.O. Box 549, Port St. Joe, FL 32457-0549
On behalf of St. Joe Natural Gas Company (SJNG).

Marlene Stern, Esquire, Florida Public Service
Commission, 2540 Shumard Oak Boulevard, Tallahassee,
Florida 32399-0850
On behalf of the Commission Staff.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

PREHEARING ORDER

I. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, Florida Administrative Code, this Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

II. CASE BACKGROUND

As part of the Commission's ongoing fuel cost recovery, energy conservation cost recovery, gas conservation cost recovery, and environmental cost recovery proceedings, a hearing is set for November 20 and 21, 2001, in this docket and in Docket No. 010001-EI, Docket No. 010002-EI, Docket No. 010003-GU, and Docket No. 010007-EI. The Commission has the option to render a bench decision in this matter. Opening statements, if any, shall not exceed ten minutes per party.

III. 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, 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.

1. Any party intending to utilize confidential documents at hearing for which no ruling has been made, must be prepared to present their justifications at hearing, so that a ruling can be made at hearing.

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

- a) 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.
- b) 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.
- c) 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.
- d) 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.

- e) 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 Commission Clerk and Administrative Service's confidential files.

IV. POST-HEARING PROCEDURES

If there is not a bench decision, each party shall 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. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, Florida Administrative Code, 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 40 pages, and shall be filed at the same time.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties has been prefiled. Except for the testimony of excused witnesses, 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 who has not been excused will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes. 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 witnesses who take the stand, 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.

VI. ORDER OF WITNESSES

As a result of discussions at the prehearing conference, each witness whose name is preceded by an asterisk (*) has been excused from this hearing if no Commissioner assigned to this case seeks to cross-examine the particular witness. The testimony of excused witnesses will be inserted into the record as though read, and all exhibits submitted with those witnesses' testimony shall be identified as shown in Section IX of this Prehearing Order and be admitted into the record.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
*Gloria Lopez	CGC	1
*Carl Smith	CGC	2 and 3
*Beverly A. Bauck	CUC	1
*Amanda J. Price	CUC	2 and 3
*Thomas A. Geoffroy	CUC	2
*Robert L. Smith	FPUC	1, 2, 3 and 4
*Kandi M. Floyd	PGS	1, 2 and 3
*Debbie Stitt	SJNG	1, 2 and 3

VII. BASIC POSITIONS

CGC: The Company's true-up amounts and conservation cost recovery factors as shown in Issues 1 through 3 are appropriate and should be approved.

CUC: The Company's true-up amounts and conservation cost recovery factors as shown in Issues 1 through 3 are appropriate and should be approved.

FPUC: 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.

PGS: The Commission should approve -- for areas other than PGS's West Florida Region -- PGS's end-of-period final true-up amount of \$443,731 (over recovery) for the period January 2000 through December 2000; the estimated true-up amount for the period January - December 2001; and the projected conservation program expenses for the period January 1 through December 31, 2002.

For areas other than PGS's West Florida Region, the Commission should approve the following ECCR factors for the following rate classes for the period January 1 through December 31, 2002:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.06023
Small Commercial	\$0.05243
Commercial	\$0.02202
Commercial - Large Volume 1	\$0.01794
Commercial - Large Volume 2	\$0.01302
Street Lighting	\$0.00760
Natural Gas Vehicle Service	\$0.00594

For PGS's West Florida Region, the Commission should approve PGS's end-of-period final true-up amount of \$758,566 (under recovery) for the period January 2000 through December 2000; the estimated true-up amount for the period January - December

2001; and the projected conservation program expenses for the period January 1 through December 31, 2002.

For PGS's West Florida Region, the Commission should approve the following ECCR factors for the following rate classes for the period January 1 through December 31, 2002:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.12793
Commercial	\$0.04024
Commercial (Lg. Vol.)	\$0.03021
Industrial	\$0.02973

SJNG: The Commission should approve the final adjusted net true-up amount for the twelve month period ending December 31, 2002, including interest, the projected conservation program expenses for the twelve month period ending December 31, 2002, and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve month period ending December 31, 2002 as filed by SJNG.

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.

VIII. ISSUES AND POSITIONS

ISSUE 1: Stipulated. See Section X, Proposed Stipulations.

ISSUE 2: Stipulated. See Section X, Proposed Stipulations.

ISSUE 3: Stipulated. See Section X, Proposed Stipulations.

ISSUE 4: Stipulated. See Section X, Proposed Stipulations.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Carl Smith	CGC	_____ (CS-1)	Schedules CT-1, CT-2 and CT-3
Gloria Lopez	CGC	_____ (GL-1)	Schedules C-1, C-2, C-3 and C-5
		_____ (GL-2)	Summary of Get Gas FL Campaign
Beverly A. Bauck	CUC	_____ (Amended BAB-1)	True-up variance analysis [Schedules CT1 through CT6]
Amanda J. Price	CUC	_____ (AJP-1)	Projections Recovery Clause Calculation: Estimated ECCR charges by rate classification; [Schedule C1; Schedule C2; Schedule C3; Schedule C4]
Thomas A. Geoffroy	CUC	_____ (TAG - 1)	Proposed Statewide Advertising Campaign - GETGASFL

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Robert L. Smith	FPUC	_____	Schedules CT-1, CT-2, CT-3, CT-4 and CT-5
		(RLS-1) Composite	
		_____	Schedules C1, C2, C3 and C5
		(RLS-2) Composite	
		_____	Statewide Get Gas FL Statewide Advertising Campaign information
		(RLS-3)	
Kandi M. Floyd	PGS	_____	Conservation cost recovery true-up data (January 2000-December 2000) consisting of schedules CT-1 through CT-6 (except PGS West Florida Region).
		(KMF-1R)	
		_____	Conservation cost recovery true-up data (January 2000-December 2000) consisting of schedules CT-1 through CT-6 (PGS West Florida Region)
		(KMF-2R)	

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Kandi M. Floyd		_____ (KMF-3)	Data for development of conservation cost recovery factors (January 1-December 31, 2002), consisting of schedules C-1 through C-5 (except PGS West Florida Region)
		_____ (KMF-4)	Data for development of conservation cost recovery factors (January 1-December 31, 2002), consisting of schedules C-1 through C-5 (PGS West Florida Region)
		_____ (KMF-5)	Get Gas FL Advertising Campaign
Debbie Stitt	SJNG	_____ (DS-1)	Schedules C1 through C4

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

1. ISSUE 1: What is the final end of the period true-up amount for the period January 2000 through December 2000?

CUC:	\$ 3,560	Over Recovery
CGC:	\$ 631,578	Over Recovery
FPUC:	\$ 79,242	Under Recovery
PGS:	\$ 443,731	Over Recovery
PGWF:	\$ 758,566	Under Recovery
SJNG:	\$ 11,331	Under Recovery

2. ISSUE 2: What are the appropriate conservation cost recovery factors for the period January 2002 through December 2002?

CUC:

<u>Rate Class</u>	<u>ECCR Factor</u>
GS1/TS-1	13.125 cents/therm
GS2/TS-2	6.481 cents/therm
GS3/TS-3	4.821 cents/therm
GS4/TS-4	3.831 cents/therm
GS5/TS-5	3.349 cents/therm
GS6/TS-6	2.669 cents/therm
GS7/TS-7	1.673 cents/therm
GS8/TS-8	1.402 cents/therm
GS9/TS-9	1.321 cents/therm

CGC:

<u>Rate Class</u>	<u>Factor</u>
Residential (RS, ED & GL)	4.983 cents/therm
Commercial (CS, ED & SCTS)	1.428 cents/therm
Commercial Large Volume (LCS & CTS)	0.946 cents/therm
Industrial (IP & ITS)	0.863 cents/therm

FPUC:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	0.09068 cents/therm
	Commercial	0.03473 cents/therm
	(Sm. Vol.)	
	Commercial	0.02324 cents/therm
	(Lg. Vol.)	
	Large Vol. Transportation	0.2324 cents/therm

PGS:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	6.023 cents/therm
	Small Commercial	5.243 cents/therm
	Commercial	2.202 cents/therm
	Commercial	1.794 cents/therm
	(Lg. Vol. I)	
	Commercial	1.302 cents/therm
	(Lg. Vol. II)	
	Street Lighting	0.760 cents/therm
	NGVS	0.594 cents/therm

PGWF:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	12.793 cents/therm
	Commercial	4.024 cents/therm
	Commercial	3.021 cents/therm
	(Lg. Vol.)	
	Industrial	2.973 cents/therm

SJNG:	<u>Rate Class</u>	<u>ECCR Factor</u>
	Residential	3.012 cents/therm
	Commercial	2.581 cents/therm
	Commercial	1.195 cents/therm
	(Lg. Vol.)	

3. **ISSUE 3: What should be the effective date of the cost recovery factors for billing purposes?**

The factors should be effective beginning with the specified conservation cost recovery cycle and thereafter for the period January, 2002, through December, 2002. Billing cycles may start before January 1, 2002, and the last cycle may be read after December 31, 2002, so that

each customer is billed for twelve months regardless of when the adjustment factor became effective.

4. **ISSUE 4: What is the appropriate treatment of FPUC's promotional advertising items and television commercial advertising?**

It is appropriate for FPUC to recover \$16,132 for advertising.

XI. PENDING MOTIONS

There are no pending motions at this time.

XII. PENDING CONFIDENTIALITY MATTERS

There are no pending confidentiality matters at this time.

XIII. RULINGS

St. Joe Natural Gas Company is excused from attending the prehearing conference and the hearing.

It is therefore,

ORDERED by Commissioner Lila A. Jaber, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

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By ORDER of Commissioner Lila A. Jaber, as Prehearing Officer,
this 19th day of November, 2001.



LILA A. JABER
Commissioner and Prehearing Officer

(S E A L)

MKS

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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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 25-22.0376, 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

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reconsideration shall be filed with the Director, Division of the Commission Clerk and Administrative Services, 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.