

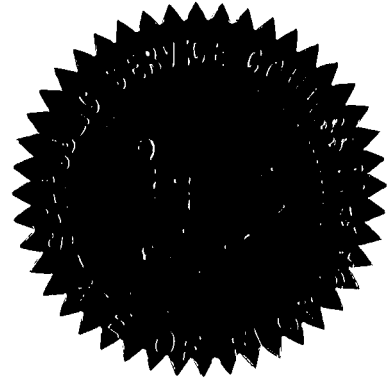
BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 080072-GU

In the Matter of:

PETITION FOR APPROVAL OF A RESIDENTIAL  
STANDBY GENERATOR RATE SCHEDULE, BY  
FLORIDA PUBLIC UTILITIES COMPANY.

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PROCEEDINGS:           AGENDA CONFERENCE  
ITEM NO. 15

BEFORE:                 CHAIRMAN MATTHEW M. CARTER, II  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER KATRINA J. McMURRIAN  
COMMISSIONER NANCY ARGENZIANO  
COMMISSIONER NATHAN A. SKOP

DATE:                   Tuesday, March 18, 2008

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

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

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FPSC-COMMISSION CLERK

1 PARTICIPATING:

2 KEINO YOUNG, ESQUIRE, ELIZABETH DRAPER and CONNIE  
3 KUMMER, representing the Florida Public Service Commission  
4 Staff.

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

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2           **CHAIRMAN CARTER:** We are now on Tab 15. Staff,  
3 you're recognized.

4           **MS. DRAPER:** Commissioners, Elizabeth Draper with  
5 staff. Item 15 is a petition by FPUC for approval of a  
6 residential standby generator rate schedule that applies to  
7 customers whose only gas supply is a standby generator. Staff  
8 is here to answer any questions.

9           **CHAIRMAN CARTER:** Commissioner Argenziano, you're  
10 recognized.

11           **COMMISSIONER ARGENZIANO:** Thank you, Mr. Chair.

12           And I appreciate having this pulled from move staff,  
13 because I have some concerns and really want to ask some  
14 questions first just to clarify, to get a picture of where we  
15 are with this. Those 400 and what is it, 32, 400 and so  
16 customers who elected to go out and purchase a large generator  
17 for times when energy is disrupted or storms, hooked up to a  
18 natural gas line from FPUC. And at that time, there was --  
19 there is an interconnection fee, which I don't know what that  
20 interconnection fee was to hook up. From what I understand  
21 there was an interconnection fee, and then there was a monthly  
22 charge of \$8, even though there is no gas used it was just for  
23 having it available in times. And now what we are doing with  
24 this is saying that now we're going to charge you and we are  
25 going to base it on -- even though you don't use any gas, we

1 are going to charge you the average family over here who is  
2 using gas for their stoves, for their dryers, and for whatever  
3 they use in their household that uses the natural gas, we're  
4 going to charge you their average bill just because you are  
5 hooked up. And because I guess the information that you are  
6 receiving is because customers would say, well, okay, we really  
7 don't want to spend the money to do this, we will just ask for  
8 it when the electric comes out or when we need it. And I hope  
9 I'm articulating this properly.

10 I don't know if there were any hearings that would  
11 make a customer know that this was coming to them for public  
12 input, because after all they signed up, they paid a connection  
13 fee, they were paying an \$8 monthly fee, and now I guess what  
14 we're saying -- if we approve this, what we are saying to those  
15 people is that you are going to now pay what the average person  
16 who uses gas pays.

17 And I have several problems with that. Number one,  
18 that there was no notice to those customers. And, number two,  
19 they are not using any gas. And what a windfall for the gas  
20 companies to all of a sudden have 400 and something customers  
21 who are not using the gas to pay what an average family who  
22 does use the gas is. So that's my concern in asking to move it  
23 off of move staff.

24 **CHAIRMAN CARTER:** Staff.

25 **MS. DRAPER:** FPUC proposed that when the Commission

1 approves this rate schedule it will give those current  
2 generator-only customers 30 days notice that the premise will  
3 be transferred to this new rate schedule and customers will  
4 have the option at the time to either terminate gas service if  
5 they elect not to take service under the new rate schedule, or  
6 go on the new rate schedule.

7           FPUC in its petition provided an analysis showing  
8 bill impacts, and the increase will be between \$0 to \$10 at the  
9 most. So if a customer has been running their generator, there  
10 probably is not going to be much of an impact because the  
11 customer already has been paying a nonfuel energy charge in  
12 addition to the \$8 customer charge. For a customer who never  
13 runs the generator, yes, that customer will see an increase in  
14 the monthly bill.

15           **COMMISSIONER ARGENZIANO:** Isn't that mandating use  
16 of -- that's kind of a mandate. You must use this, because we  
17 are going to charge you if you don't use it.

18           Mr. Chair, I just have a real problem with it.  
19 Especially that there was no hearings. I think it's done in  
20 the reverse. It should have been done hearings first and  
21 then -- I just can't agree to that anyway. Do you know the  
22 connection fee that the customers paid when they bought -- when  
23 they put that money into the generator and said, you know, when  
24 we need you, we are going to be there to use your service. And  
25 then I don't know what kind of charge there really is or cost

1 to the company there really is if they are not using the gas.  
2 And I have a real problem with understanding why the company  
3 needs to do that, other than just to hook up 432 people to say  
4 you are going to use our gas or you are going to get charged.

5 **MS. DRAPER:** There may have been a CIAC for some  
6 customers if there is no existing pipe nearby, so those  
7 customers may have paid a CIAC for the company to lay a pipe to  
8 serve them. If there is an existing distribution system in  
9 place, there probably was no CIAC and the customer was just  
10 able to receive service.

11 **CHAIRMAN CARTER:** I guess your question is do we know  
12 that.

13 **COMMISSIONER ARGENZIANO:** Well, number one, do we  
14 know that; and, number two, if I were a company I would be glad  
15 that somebody hooked up that is going to use the gas whenever.  
16 If there is no cost and it is already there, well, then great,  
17 I have a customer in times that they are going to use my gas.  
18 And I don't know what the customer is charged. Maybe every one  
19 of them was charged a connection fee, and I don't have that  
20 information. So with all of that lacking --

21 **CHAIRMAN CARTER:** Excuse me, Commissioner, for  
22 interrupting you. Staff, do we have anyone on staff that would  
23 know the answer to those questions?

24 **MS. DRAPER:** Not currently. We can get that  
25 information from the company as to who paid a CIAC or not.

1           **CHAIRMAN CARTER:** I'm saying the entire line of  
2 questions that Commissioner Argenziano has been asking, is  
3 there someone that -- Ms. Kummer, you're recognized.

4           **MS. KUMMER:** I can't provide you the answers you are  
5 looking for, but I would like to clarify one thing that  
6 Commissioner Argenziano mentioned. The customer charge they  
7 are paying, the \$8 customer charge is primarily to recover the  
8 cost of billing and meter reading. That does not cover any of  
9 the infrastructure to get that gas to them. That is normally  
10 recovered through the therm charge, which they are not paying  
11 if they don't use their generator.

12           **COMMISSIONER ARGENZIANO:** Excuse me, but the  
13 infrastructure is already there. And if they paid an  
14 interconnection fee, that should cover that. I mean,  
15 especially if they are not using any gas, there really is no  
16 usage, and you are saying that the \$8 fee was to cover the --  
17 and I can understand maybe the \$8 fee. If people agreed to  
18 that already, then they agreed to that, but they haven't agreed  
19 to the additional, and that's the part that I'm concerned  
20 about.

21           **MS. KUMMER:** And I don't disagree with your question  
22 that did they know this was going to happen.

23           **COMMISSIONER ARGENZIANO:** Right.

24           **MS. KUMMER:** I was just explaining from a cost of  
25 service standpoint, anything that is not a customer charge is

1 spread over the projected therms. And if you are not paying a  
2 therm charge, you are not paying those infrastructure costs.

3 **COMMISSIONER ARGENZIANO:** Right.

4 And, Mr. Chair, to my colleagues, the company knew  
5 that ahead of time, the people did not. They could have chosen  
6 to use a diesel generator or something else. So that's my  
7 point. Doing it backwards almost captures those people saying  
8 now you will be a customer. That's not right.

9 **CHAIRMAN CARTER:** Commissioner Skop, you're  
10 recognized.

11 **COMMISSIONER SKOP:** Thank you, Mr. Chair. I somewhat  
12 agree with Commissioner Argenziano to the extent that it's a  
13 captive audience, to the extent that if you are making a  
14 purchasing decision for backup generation, you know, there's  
15 numerous fuel options that you have. And if you commit to  
16 making one of natural gas only to have a monthly service charge  
17 essentially, then that is somewhat problematic. But I'm  
18 openminded on how we might be able to resolve this. Perhaps  
19 customer input would be appropriate at the front end as opposed  
20 to the back end, or whatever posture that staff or legal staff  
21 might be able to advise us up to and including deferring this  
22 to get some more information if we need to.

23 **CHAIRMAN CARTER:** Let me hear from staff first, and I  
24 will come to you, okay? Commissioner, let me just hear from  
25 staff, and then, Commissioner Edgar, I will come back to you.



1 Then, Commissioner Argenziano, I know you have got some  
2 additional questions, we will come back to you.

3 Ms. Kummer, you're recognized.

4 **MS. KUMMER:** We certainly want to address all the  
5 Commissioners' questions, and what you can do today is simply  
6 suspend this tariff and that will give us more time to gather  
7 the additional information that you are seeking. That's an  
8 option to proceed. If we don't have the information that you  
9 need today, we can simply suspend the tariff within the 60-day  
10 time frame and then that gives us another eight months to  
11 actually collect the information that you want before the  
12 tariff goes into effect.

13 **CHAIRMAN CARTER:** Okay. Commissioner Edgar.

14 **COMMISSIONER EDGAR:** That actually gets to the point  
15 that I wanted to raise, which is looking at the critical dates  
16 with the 60-day suspension period and wanting to just bring  
17 that to all of our attention. You know, I would like -- I  
18 appreciate the comments that Commissioner Argenziano has  
19 raised, and I personally would like some additional information  
20 both on the cost of service to the customers, but also -- or  
21 the impact to the customers, but also to the utility, as well.

22 Recognizing that this is a very small utility,  
23 recognizing that we have had a number of issues before us in  
24 the past recently, and probably in the near future again, I  
25 think, as to the financial situation of this small utility.

1 And, therefore, I would want to, you know, have additional  
2 information so that I understand more clearly that costs are  
3 being distributed in an equitable manner both for those who are  
4 within that 400 or so group and then also for the larger body  
5 of ratepayers, as well.

6 So with that in mind, I would ask staff as to with  
7 that 60-day period, if they could comment to us back as to when  
8 they could bring it back before us. And I also recognize that  
9 I don't see anybody here on behalf of the utility to be able to  
10 respond. And, again, I recognize they are a small utility, and  
11 so we might want to defer it, if, indeed, we can appropriately  
12 and allow them to participate, as well.

13 **CHAIRMAN CARTER:** Staff, you're recognized to  
14 respond.

15 **MS. DRAPER:** The 60-day clock expires March 31st, so  
16 you would have to approve, deny, or suspend it today, and I  
17 suggest we suspend it, and that will give us an eight-month  
18 clock.

19 **CHAIRMAN CARTER:** Well, it seems to me -- and, of  
20 course, it probably won't be the first time I have thought out  
21 loud, but it seems to me that the Commissioners are asking  
22 questions that staff does not have answers to. And, from what  
23 staff has responded to, I think there is a way that we can get  
24 that information, and our options are -- Mr. Cooke.

25 **MR. COOKE:** Mr. Chairman, you can approve staff

1 recommendation, you can deny staff recommendation, or as has  
2 been suggested, vote to suspend and that gives us an  
3 opportunity to talk more to the utility. And one thing that  
4 perhaps we can look into is whether existing customers could be  
5 grandfathered, if the utility might agree to something like  
6 that.

7 **CHAIRMAN CARTER:** I'm going to pick up on your  
8 thought on suspending, but --

9 **MR. COOKE:** What I'm hearing is that the consensus  
10 would be to -- the motion would be to suspend under 367.081.

11 **CHAIRMAN CARTER:** I like that. Hang on to that for a  
12 second, though. Don't go away. I'm coming to you. I want to  
13 go back to Commissioner Argenziano first.

14 Commissioner, on this suspension, I think it would  
15 work under the rubric of getting the additional information,  
16 informing the public, the public being the customers, the  
17 actual ratepayers, and getting the necessary information,  
18 Commissioner Edgar, from the company itself. We are talking  
19 about 432 people, but everybody is important. Also getting  
20 probably additional information in the docket that we can make  
21 a ruling on. So is that kind of -- did that kind of capture  
22 the essence, Commissioner Argenziano?

23 **COMMISSIONER ARGENZIANO:** Yes. I'm all for getting  
24 more information, because part of the problem is I don't have  
25 answers to the questions I have, as some other Commissioners

1 have also mentioned. But what I would suggest is that --  
2 something that our counsel had indicated, I will still have a  
3 problem with going backwards to tell people who already  
4 purchased those generators that need to use natural gas that we  
5 are not understanding that the company knew because they know  
6 how things are disbursed, their costs are disbursed, the  
7 customer didn't. So I would always have a problem with doing  
8 that with them unless they agreed somehow that that is okay.

9 But, to go back, what I would like is detailed  
10 information if we are going go back for information of costs as  
11 to how many homes does this company totally supply gas to,  
12 because the 432 are the generator users, they are not the gas  
13 homes that use the gas for their dryers and the stoves and so  
14 on. And if they are talking about meter costs, because of  
15 course they are going to go out to read the meter to make sure  
16 they haven't used the generator, or they have used the  
17 generator, and then you need a ratio of how you derive those  
18 meter costs from all of your customers down to the 432. And,  
19 of course, a public hearing ahead of time, I think, is  
20 essential.

21 **CHAIRMAN CARTER:** Okay.

22 **MR. COOKE:** Mr. Chairman, can I just correct --

23 **CHAIRMAN CARTER:** Hold on.

24 **MR. COOKE:** -- one thing I said.

25 **CHAIRMAN CARTER:** He may lose his train of thought

1 like I do from time to time. Commissioner Skop and then we  
2 will come back to you, Mr. Cooke.

3 **COMMISSIONER SKOP:** Thank you, Mr. Chair.

4 I think our General Counsel hit on a very extremely  
5 good point, and I think that would address not only  
6 Commissioner Argenziano's concern, but mine if this would be  
7 able to be accomplished. But, Mr. Cooke, your thoughts on  
8 negotiating with the utility to the extent that existing  
9 customers might be grandfathered, I think, is an excellent idea  
10 to the extent that that would take care of the impacted  
11 customers as well as on a forward-going basis consumers would  
12 be able to make informed consent as to what option to choose in  
13 terms of whether to interconnect to the natural gas line, or to  
14 just get a diesel generator, or to a gasoline-powered  
15 generator.

16 I don't know if that is still on the table, but I  
17 think that's an outstanding option if it's available. But  
18 also, too, if we do move to suspend the tariff, certainly  
19 getting customer input during that time, or having a customer  
20 meeting, or seeking comments from the customers, I think, would  
21 be very important. Thank you.

22 **CHAIRMAN CARTER:** Thank you, Commissioner.

23 Mr. Cooke, I cut you off, and I apologize, but  
24 sometimes I lose my train of thought, and I know Commissioner  
25 Skop had -- I didn't want that to happen to him, although I'm a

1 lot older than he is.

2 **MR. COOKE:** I just wanted to correct a misstatement  
3 regarding the statute. We are under 366. I was thinking ahead  
4 to our next item.

5 **CHAIRMAN CARTER:** But our options are the same,  
6 though, correct?

7 **MR. COOKE:** The options are the same. We are voting  
8 to suspend within the 60 days.

9 **CHAIRMAN CARTER:** Commissioner Edgar, you're  
10 recognized.

11 **COMMISSIONER EDGAR:** Mr. Chairman, if this is the  
12 appropriate time, I would make a motion that we suspend the  
13 tariff and ask our staff to go back and seek additional  
14 information as to the cost impacts, taking into account all of  
15 the comments that have been made here at the bench today. As a  
16 side note to that motion, and I will come back to it, the  
17 grandfathering may be an appropriate option. It certainly has  
18 sparked some interest from me and others.

19 On the other hand, also, you know, there may be a  
20 concern. I might have a concern as to, you know, one customer  
21 paying a different amount for something than a customer or  
22 their neighbor. And so those issues, I would just think that I  
23 would like our staff to flesh out a little bit more for us. So  
24 that is an aside to it. And so what I would ask is that I make  
25 a motion that we suspend and have our staff bring this item

1 back to us at a later date.

2 **CHAIRMAN CARTER:** Okay. A motion. Do we get a  
3 second? I'm going to come to you. Do you want to comment  
4 before the second? You're recognized.

5 **COMMISSIONER ARGENZIANO:** (Inaudible. Microphone  
6 off.) Because while we are accumulating the information, I  
7 think that it would be very good to see how much the company  
8 would benefit from those -- if the 432 customers who are not  
9 using gas except when there is an outage, how much the company  
10 would benefit if they use an average gas user's bill, because I  
11 think that is important also, as information derived. And I  
12 move to second the motion.

13 **CHAIRMAN CARTER:** Okay. Now, staff, I hope you were  
14 taking copious note on that, because restating it is probably  
15 not going to happen on this one.

16 Commissioners, there's a motion and a second. All  
17 those in favor let it be known by the sign of aye.

18 (Unanimous affirmative vote.)

19 **CHAIRMAN CARTER:** All those opposed, like sign. Show  
20 it done. That was Tab 15.

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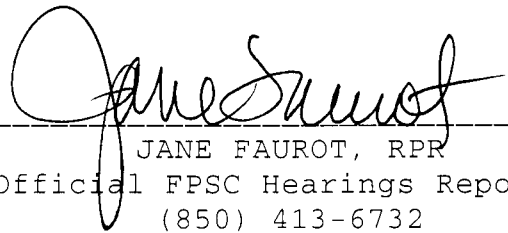
CERTIFICATE OF REPORTER

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 24th day of March, 2008.

  
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Official FPSC Hearings Reporter  
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