

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Peoples Gas System.

DOCKET NO. 080318-GU

FILED: NOVEMBER 18, 2008

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STAFF'S PRELIMINARY LIST OF ISSUES AND POSITIONS

Pursuant to Order No. PSC-08-0555-PCO-GU, issued August 21, 2008, establishing the prehearing procedure in this docket, the Staff of the Florida Public Service Commission hereby files its Preliminary List of Issues and Positions.

TEST PERIOD

ISSUE 1: Are the historical base year ended December 31, 2007, and the projected test year ending December 31, 2009, the appropriate test years to be utilized in this docket?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 2: Are the projected bills and therms for the test year ending December 31, 2009, appropriate for use in this case?

POSITION: No position pending evidence adduced at the hearing.

QUALITY OF SERVICE

ISSUE 3: Is the quality of gas service provided by PGS adequate?

POSITION: No position pending evidence adduced at the hearing.

RATE BASE

ISSUE 4: Should an adjustment be made to Plant, Accumulated Depreciation, and Depreciation Expense for canceled or delayed projects?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 5: Should an adjustment be made to plant retirements for the 2009 projected test year?

POSITION: No position pending evidence adduced at the hearing.

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ISSUE 6: Should rate base be reduced to remove inactive service lines that have been inactive for more than five years?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 7: Should an adjustment be made to plant for meter and regulator cost savings related to strategic alliances?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 8: Should an adjustment be made to reduce Plant, Accumulated Depreciation, Depreciation Expense, and other expenses to reflect non-utility operations?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 9: What is the appropriate amount of Construction Work in Progress (CWIP) for the 2009 projected test year?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 10: What is the appropriate 2009 projected test year Total Plant?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 11: What is the appropriate 2009 projected test year Depreciation Reserve?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 12: Should an adjustment be made to working capital for Materials and Supplies to reflect the full impact of the inventory reductions resulting from strategic alliances and actual reductions in 2007?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 13: Should the Commission allow PGS to establish a storm damage reserve?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 14: Should conservation over recoveries be included in the calculation of working capital?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 15: Has PGS removed the appropriate amount of Miscellaneous Current Liabilities from working capital?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 16: What is the appropriate 2009 projected test year Working Capital Allowance?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 17: What is the appropriate projected test year Rate Base?

POSITION: No position pending evidence adduced at the hearing.

COST OF CAPITAL

ISSUE 18: What is the appropriate return on common equity for the projected test year?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 19: What is the appropriate equity ratio for the projected test year?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 20: What is the appropriate cost rate of long-term debt for the projected test year?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 21: What is the appropriate amount of accumulated deferred taxes to be included in the capital structure for the projected test year?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 22: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure for the projected test year?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 23: Has FAS 109 been appropriately reflected in the capital structure, such that it is revenue neutral?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 24: What is the appropriate weighted average cost of capital for the projected test year?

POSITION: No position pending evidence adduced at the hearing.

REVENUES

ISSUE 25: Is PGS's projected level of Total Operating Revenues for the December 2009 projected test year appropriate?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 26: Has PGS made the appropriate test year adjustments to remove revenues and expenses recoverable through the Purchased Gas Adjustment Clause?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 27: Has PGS made the appropriate test year adjustments to remove conservation revenues and conservation expenses recoverable through the Conservation Cost Recovery Clause?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 28: Should Off-System Sales be excluded from Jurisdictional Operating Revenues?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 29: What is the appropriate amount of projected test year total Operating Revenues?

POSITION: No position pending evidence adduced at the hearing.

EXPENSES

ISSUE 30: Should an adjustment be made to recognize any gains on disposition of utility plant?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 31: Are the trend rates used by PGS to calculate projected O&M expenses appropriate?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 32: Should the projected test year O&M expense be adjusted for the effect of any changes to the trend factors?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 33: Should an adjustment be made to reflect actual 2007 O&M expenses?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 34: Is the PGS "Other Not Trended" amount in Account 920, Administrative and General Salaries, for incentive compensation reasonable?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 35: What is the appropriate amount of rate case expense and what is the appropriate amortization period for that expense?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 36: Is PGS's proposed recovery of the gas cost portion of bad debt expense through the Purchased Gas Adjustment Clause appropriate?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 37: Should an adjustment be made to bad debt expense?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 38: Should an adjustment be made to remove image building or other inappropriate advertising expenses?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 39: Should an adjustment be made to the accrual for Injuries & Damages reserve for the 2009 projected test year?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 40: Should an adjustment be made to Account 926, Employee Pensions and Benefits, to remove Executive Stock Grants and Stock Options.

POSITION: No position pending evidence adduced at the hearing.

ISSUE 41: What is the appropriate amount of annual storm expense accrual?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 42: Is the PGS "Other Not Trended" amount in Account 912, Demonstrating and Selling expenses, for its sales and marketing function reasonable?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 43: What is the appropriate amount of Taxes Other Than Income Taxes?

POSITION: No position pending evidence adduced at the hearing.

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DOCKET NO. 080318-GU

PAGE 7

ISSUE 44: Is it appropriate to make a parent debt adjustment as per Rule 25-14.004, Florida Administrative Code?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 45: What is the appropriate Income Tax Expense, including current and deferred income taxes, ITC amortization, and interest synchronization?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 46: What is the appropriate amount of projected test year O&M Expense?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 47: What is the appropriate amount of projected test year Depreciation and Amortization Expense?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 48: What is the appropriate level of Total Operating Expenses for the 2009 projected test year?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 49: What is the appropriate amount of projected test year Net Operating Income?

POSITION: No position pending evidence adduced at the hearing.

REVENUE REQUIREMENTS

ISSUE 50: What is the appropriate projected test year revenue expansion factor to be used in calculating the revenue deficiency?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 51: Is PGS's requested annual operating income increase for the 2009 projected test year appropriate?

POSITION: No position pending evidence adduced at the hearing.

RATES

ISSUE 52: Are PGS's estimated revenues from sales of gas by rate class at present rates for the projected test year appropriate?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 53: What is the appropriate cost of service methodology to be used in allocating costs to the rate classes?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 54: What are the appropriate customer charges?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 55: What are the appropriate per therm Distribution Charges?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 56: What are the appropriate Miscellaneous Service Charges?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 57: Is PGS's proposal to stratify its current single residential service class into three individual classes appropriate?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 58: Is PGS's proposal to reclassify certain customers appropriate?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 59: Is PGS's proposed Gas System Reliability Rider appropriate?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 60: Is PGS's proposed Carbon Reduction Rider appropriate?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 61: What is the appropriate effective date for PGS's revised rates and charges?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 62: Should any of the \$2,380,000 interim rate increase granted by Order No. PSC-08-0696-PCO-GU be refunded to the ratepayers?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 63: Should PGS be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, earnings surveillance reports, and books and records which will be required as a result of the Commission's findings in this docket?

POSITION: No position pending evidence adduced at the hearing.

ISSUE 64: Should this docket be closed?

POSITION: No position pending evidence adduced at the hearing.

Dated this 18th day of November, 2008.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of STAFF'S PRELIMINARY LIST OF ISSUES AND POSITIONS was furnished to the following, by electronic and U.S. Mail, on this 18th day of November, 2008:

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