

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased gas adjustment (PGA) true-up.

DOCKET NO. 150003-GU  
ORDER NO. PSC-15-0509-PHO-GU  
ISSUED: October 29, 2015

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 19, 2015, in Tallahassee, Florida, before Chairman Art Graham, as Prehearing Officer.

APPEARANCES:

BETH KEATING, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301  
On behalf of Florida City Gas (FCG) and Florida Public Utilities Company (FPUC).

ANDREW M. BROWN, and ASHLEY R. KELLGREN, ESQUIRES, Macfarlane Ferguson & McMullen, Post Office Box 1531, Tampa, Florida, 33601-1531  
On behalf of Peoples Gas System (PGS).

ANDY SHOAF, VICE PRESIDENT, St. Joe Natural Gas Company, Inc., Post Office Box 549, Port St. Joe, Florida 32457-0549  
On behalf of St. Joe Natural Gas Company (SJNG).

PATRICIA A. CHRISTENSEN, ESQUIRE, Associate Public Counsel and J.R. KELLY, ESQUIRE, Public Counsel, Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399-1400  
On behalf of the Citizens of the State of Florida (OPC).

KYESHA MAPP, ESQUIRE, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850  
On behalf of the Florida Public Service Commission (Staff).

MARY ANNE HELTON, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850  
Advisor to the Florida Public Service Commission.

CHARLIE BECK, ESQUIRE, General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850  
Florida Public Service Commission General Counsel.

PREHEARING ORDER

I. CASE BACKGROUND

As part of the Commission's continuing purchased gas adjustment true-up proceedings, an administrative hearing in this docket is set for November 2-5, 2015. The parties have reached agreement concerning all issues identified for resolution at this hearing. OPC does not object to any of the proposed stipulations. Staff is prepared to present the panel with a recommendation at the hearing for approval of the stipulated positions set forth herein. The Commission may render a bench decision in this matter.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S. This hearing will be governed by said Chapter and Chapters 25-22 and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing that has not been filed as prefiled testimony or prefiled exhibits, parties must have copies for the

Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. 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.

- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

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 Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

#### V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties has been prefiled and 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 timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness 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.

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. After all parties and Staff have had the opportunity to cross-examine the witness, 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.

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.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

As a result of discussions at the Prehearing Conference, each witness whose name is preceded by an asterisk (\*) will be excused from this hearing if no Commissioner assigned to this case seeks to cross-examine the particular witness. Parties shall be notified as soon as possible as to whether any such witness shall be required to be present at the hearing. 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>
<u>Direct</u>		
*Thomas Kaufmann	FCG	1-5
*Kandi M. Floyd	PGS	1-6
*Michelle Napier	FPUC	1-5
*Andy Shoaf	SJNG	1-6

VII. BASIC POSITIONS

**FCG:** Florida City Gas has appropriately calculated its true-up amounts and purchased gas adjustment factor as shown in the Company's positions on Issues 1-6.

**PGS:** The Commission should approve PGS's final PGA true-up amount of \$1,442,494 under-recovery for the period January 2014 through December 2014; its actual/estimated PGA true-up amount of \$2,256,948 over-recovery for the period January 2015 through December 2015; and its levelized PGA (cap) factor of \$0.96064 per therm for the period January 2016 through December 2016. (Floyd)

**FPUC:** FPUC has appropriately calculated its true-up amounts and purchased gas adjustment factor as shown in the Company's positions on Issues 1-5.

**SJNG:** The appropriate over (under) recovery amounts and purchased gas adjustment factors are shown in the company's positions on Issues 1 - 5.

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission's requirements, the utilities must still meet their burden of

demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred.

**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 stated herein.

VIII. ISSUES AND POSITIONS

**ISSUE 1:** **What are the final purchased gas adjustment true-up amounts for the period January 2014 through December 2014?**

**POSITIONS**

**FCG:** An over-recovery of \$1,486,853.

**PGS:** \$1,442,494 under-recovery (Floyd)

**FPUC:** An over-recovery of \$680,691, inclusive of interest.

**SJNG:** \$37,737 under-recovery.

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program or costs as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**STAFF:**

Florida City Gas	\$1,486,853	Over-recovery
Florida Public Utilities	\$680,691	Over-recovery
Peoples Gas System	\$1,442,494	Under-recovery
St. Joe Natural Gas Company	\$37,737	Under-recovery

**ISSUE 2:** What are the actual/estimated purchased gas adjustment true-up amounts for the period January 2015 through December 2015?

**POSITIONS**

**FCG:** An under-recovery of \$930,395.

**PGS:** \$2,256,948 over-recovery (Floyd)

**FPUC:** An over-recovery of \$932,608, inclusive of interest.

**SJNG:** \$1,734.00 under-recovery.

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program as meeting the Commission's requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**STAFF:**

Florida City Gas	\$930,395	Under-recovery
Florida Public Utilities	\$932,608	Over-recovery
Peoples Gas System	\$2,256,948	Over-recovery
St. Joe Natural Gas Company	\$1,734	Under-recovery

**ISSUE 3:** What are the total purchased gas adjustment true-up amounts to be collected during the period January 2016 through December 2016?

**POSITIONS**

**FCG:** An over-recovery of \$556,458, for a true-up refund factor of 1.275 cents per therm.

**PGS:** \$814,458 over-recovery (Floyd)

**FPUC:** An over-recovery of \$1,613,299 to be refunded.

**SJNG:** \$39,472.00 under-recovery

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program as meeting the Commission's requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**STAFF:**

Florida City Gas	\$556,458	Over-recovery
Florida Public Utilities	\$1,613,299	Over-recovery
Peoples Gas System	\$814,458	Over-recovery
St. Joe Natural Gas Company	\$39,472	Under-recovery

**ISSUE 4:** What are the levelized purchased gas cost recovery (cap) factors for the period January 2016 through December 2016?

**POSITIONS**

**FCG:** Based on the winter months of October through March the appropriate (cap) factors are 72.517 cents per therm before the regulatory assessment fees are added and 72.882 cents per therm with regulatory assessment fees included.

**PGS:** \$0.96064 per therm (Floyd)

**FPUC:** The appropriate PGA factor is 96.810 cents per therm.

**SJNG:** 72.50 cents per therm recovery (cap) factor

**OPC:** The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program as meeting the Commission's requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**STAFF:**

Florida City Gas	72.882 cents per therm
Florida Public Utilities	96.810 cents per therm
Peoples Gas System	96.064 cents per therm
St. Joe Natural Gas Company	72.500 cents per therm

**ISSUE 5:**     **What should be the effective date of the new purchased gas adjustment charge for billing purposes?**

**POSITIONS**

**FCG:**           The factors should be effective for all meter readings on or after January 1, 2016 and should apply for bills rendered for meter readings taken between January 1, 2016 and December 31, 2016.

**PGS:**           The charge should be effective beginning with the specified purchased gas cost recovery cycle and thereafter for the period January 2016 through December 2016. Billing cycles may start before January 1, 2016, and the last cycle may be read after December 31, 2016, so that each customer is billed for twelve months regardless of when the adjustment charge became effective. (Floyd)

**FPUC:**          The factors should be effective for all meter readings on or after January 1, 2016 and should apply for bills rendered for meter readings taken between January 1, 2016 and December 31, 2016.

**SJNG:**          The effective date for the new purchased gas adjustment charge should be January 1, 2016.

**OPC:**           The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenor provide evidence to the contrary. Regardless of whether the Commission has previously approved a program as meeting the Commission's requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**STAFF:**          The charge should be effective for all meter readings on or after January 1, 2016, beginning with the first or applicable billing cycle for the period January 2016 through December 2016.

**ISSUE 6:**     **Should the Commission approve revised tariffs reflecting the new purchased gas adjustment charges determined to be appropriate in this proceeding?**

**POSITIONS**

**FCG:**            Agree with Commission Staff.

**PGS:**            Yes. The Commission should approve revised tariffs reflecting the new purchased gas adjustment charges determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission’s decision. (Floyd)

**FPUC:**            Agree with Commission Staff.

**SJNG:**            Yes. The Commission should approve the revised tariff reflecting the new purchased gas adjustment charge determined to be appropriate in the proceeding.

**OPC:**            The utilities have the burden of proof to justify and support the recovery of costs and their proposal(s) seeking the Commission's adoption of policy statements (whether new or changed) or other affirmative relief sought, regardless of whether the Intervenors provide evidence to the contrary. Regardless of whether the Commission has previously approved a program as meeting the Commission’s requirements, the utilities must still meet their burden of demonstrating that the costs submitted for final recovery meet the statutory test(s) and are reasonable in amount and prudently incurred. The OPC takes no position on whether the utilities have met their burden of proof on this issue.

**STAFF:**            Yes. The Commission should approve revised tariffs reflecting the new purchased gas adjustment charges determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission’s decision.

**IX.    EXHIBIT LIST**

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
			<u>Direct</u>
Thomas Kaufmann	FCG	TK-1	Final Fuel Over/Under Recovery (Schedule A-7)
Thomas Kaufmann	FCG	TK-2	Schedules E-1 Winter, E-1, E-1/R, E-2, E-3, E-4, E-5

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Kandi M. Floyd	PGS	KMF-1	Calculation of final true-up for January 2014 – December 2014 (Schedule A-7)
Kandi M. Floyd	PGS	KMF-2	Calculation of estimated true-up for January 2015 – December 2015; total true-up for January 2015 – December 2015); calculation of PGA factor for January 2016 – December 2016 (Schedules E-1 through E-5)
Michelle Napier	FPUC	MDN-1	Final Fuel Over/Under Recovery (Schedule A-7)
Michelle Napier	FPUC	MDN-2	Schedules E-1, E-1/R, E-2, E-3, E-4, E-5
Andy Shoaf	SJNG	CAS-1	Final Over/Under
Andy Shoaf	SJNG	CAS-2	PGA Summary of estimates for the projected period.
Andy Shoaf	SJNG	CAS-3	Calculation of true-up amount current period (7 months actual 5 months estimated)
Andy Shoaf	SJNG	CAS-4	Transportation purchases system supply and end use for the projected period
Andy Shoaf	SJNG	CAS-5	Calculation of true-up amount for the projected period based <i>on</i> the prior period and current period (7 months actual, 5 months estimated)
Andy Shoaf	SJNG	CAS-6	Therm Sales and Customer Data (For the projected Period)
Andy Shoaf	SJNG	CAS-7	Reprojected PGA for Current Period (7 months actual, 5 months estimated)

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

**X. PROPOSED STIPULATIONS**

There are proposed stipulations on all issues as illustrated below. OPC has taken no position on the issues and does not object to the stipulation.

**PROPOSED STIPULATION**

**ISSUE 1: What are the final purchased gas adjustment true-up amounts for the period January 2014 through December 2014?**

**POSITION:**

Florida City Gas	\$1,486,853	Over-recovery
Florida Public Utilities	\$680,691	Over-recovery
Peoples Gas System	\$1,442,494	Under-recovery
St. Joe Natural Gas Company	\$37,737	Under-recovery

**PROPOSED STIPULATION**

**ISSUE 2: What are the actual/estimated purchased gas adjustment true-up amounts for the period January 2015 through December 2015?**

**POSITION:**

Florida City Gas	\$930,395	Under-recovery
Florida Public Utilities	\$932,608	Over-recovery
Peoples Gas System	\$2,256,948	Over-recovery
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**PROPOSED STIPULATION**

**ISSUE 3: What are the total purchased gas adjustment true-up amounts to be collected during the period January 2016 through December 2016?**

**POSITION:**

Florida City Gas	\$556,458	Over-recovery
Florida Public Utilities	\$1,613,299	Over-recovery
Peoples Gas System	\$814,458	Over-recovery
St. Joe Natural Gas Company	\$39,472	Under-recovery

**PROPOSED STIPULATION**

**ISSUE 4:** What are the levelized purchased gas cost recovery (cap) factors for the period January 2016 through December 2016?

**POSITION:**

Florida City Gas	72.882 cents per therm
Florida Public Utilities	96.810 cents per therm
Peoples Gas System	96.064 cents per therm
St. Joe Natural Gas Company	72.500 cents per therm

**PROPOSED STIPULATION**

**ISSUE 5:** What should be the effective date of the new purchased gas adjustment charge for billing purposes?

**POSITION:** The charge should be effective for all meter readings on or after January 1, 2016, beginning with the first or applicable billing cycle for the period January 2016 through December 2016.

**PROPOSED STIPULATION**

**ISSUE 6:** Should the Commission approve revised tariffs reflecting the new purchased gas adjustment charges determined to be appropriate in this proceeding?

**POSITION:** The Commission should approve revised tariffs reflecting the new purchased gas adjustment charges determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision.

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. POST-HEARING PROCEDURES

If no bench decision is made, 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 this 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, F.A.C., 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 20 pages and shall be filed at the same time.

XIV. RULINGS

Opening statements, if any, shall not exceed 5 minutes per party.

St. Joe Natural Gas Company and Peoples Gas System have been excused from attending both the Prehearing Conference and the Hearing.

It is therefore,

ORDERED by Chairman Art Graham, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Chairman Art Graham, as Prehearing Officer, this 29th day  
of October, 2015.



ART GRAHAM  
Chairman and Prehearing Officer  
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Copies furnished: A copy of this document is  
provided to the parties of record at the time of  
issuance and, if applicable, interested persons.

KRM

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; or (2) 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 reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, 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.