

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural gas conservation cost recovery.

DOCKET NO. 20170004-GU  
ORDER NO. PSC-2017-0402-PHO-GU  
ISSUED: October 20, 2017

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on October 11, 2017, in Tallahassee, Florida, before Commissioner Ronald A. Brisé, as Prehearing Officer.

APPEARANCES:

GREGORY M. MUNSON, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301  
On behalf of the Florida City Gas (FCG)

BETH KEATING, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe Street, Suite 601, Tallahassee, Florida 32301  
On behalf of the Florida Public Utilities Company (FPUC), Florida Public Utilities Company - Indiantown Division (Indiantown), and Florida Public Utilities Company – Fort Meade (Fort Meade), and the Florida Division of Chesapeake Utilities Corporation

ANDREW M. BROWN, ESQUIRE, AND ANSLEY WATSON, JR., ESQUIRE, Macfarlane Ferguson & McMullen, P. O. Box 1531, Tampa, Florida 33601  
On behalf of Peoples Gas System (PGS)

CHARLES J. REHWINKEL, PATRICIA CHRISTENSEN, ERIK SAYLER, STEPHANIE MORSE, and J.R. KELLY, ESQUIRES Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, Florida 32399  
On behalf of the Citizens of the State of Florida (OPC)

PAULA M. SPARKMAN, ESQUIRE, Messer, Caparello, P.A., P. O. Box 1559, Tallahassee, Florida 32317  
On behalf of Sebring Gas System, Inc.

CHARLES A. SHOAF, VICE PRESIDENT, Post Office Box 549, Port St. Joe, Florida 32457  
On behalf of St. Joe Natural Gas Company (SJNG)

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On behalf of the Florida Public Service Commission (Staff)

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Florida Public Service Commission General Counsel

## **PREHEARING ORDER**

### **I. CASE BACKGROUND**

As part of the Commission's continuing natural gas conservation cost recovery clause proceedings, an administrative hearing is set for October 25-27, 2017. The clause proceedings allow gas companies to seek recovery of its costs for approved gas conservation programs on an annual basis, pursuant to Sections 366.80-366.83, Florida Statutes (F.S.), and Chapter 25-17, F.A.C. The parties have reached agreement concerning all issues identified for resolution at this hearing, with OPC taking no position. Staff is prepared to present the panel with a recommendation at the hearing for approval of the stipulated issues set forth herein. The Commission may render a bench decision on 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.). This hearing will be governed by said Chapter and Chapters 25-7, 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 (and Staff) 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

All witnesses are excused from the hearing.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
Miguel Bustos	FCG	Issues 1-6
Curtis Young	FPUC	Issue 1
Danielle N.B. Mulligan	FPUC	Issues 2 - 6
Kandi M. Floyd	PGS	Issues 1 - 7
Jerry H. Melendy, Jr.	SGS	Issues 1 - 7
Debbie Stitt	SJNG	Issues 1 - 7

## VII. BASIC POSITIONS

**FCG:** The Company's true-up amounts and conservation cost recovery factors as shown in Issues 1 through 6 are appropriate and should be approved and become effective.

**FPUC:** The Commission should approve the Consolidated Companies' respective final net true-ups for the period January through December 2016, the estimated true-up for the period January through December, 2017, and the projected conservation

program expenses and recovery factors for the period January through December, 2018.

**PGS:** The Commission should approve PGS's final true-up amount of \$606,371 (under-recovery) for the period January 2016 through December 2016, and its projected conservation program expenses for the period January 1, 2017 through December 31, 2017, net of the estimated true-up.

The Commission should approve the following ECCR factors for the following rate classes for the period January 2018 through December 2018:

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.09921
Residential Standby Generator	\$0.09921
Small General Service	\$0.05982
Commercial Standby Generator	\$0.02985
General Service 1	\$0.02985
General Service 2	\$0.02174
General Service 3	\$0.01806
General Service 4	\$0.01336
General Service 5	\$0.00980
Commercial Street Lighting	\$0.01577
Natural Gas Vehicle Service	\$0.01844

**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 Interveners 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.

**SGS:** Sebring 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.

**SJNG:** The Commission should approve the final adjusted net true-up amount for the twelve-month period ending December 31, 2017 including interest, the projected conservation program expenses for the twelve-month period ending Dec 31, 2018 and the Conservation Cost Recovery Factors to be applied to customer bills rendered for the twelve-month period ending December 31, 2018 as filed by SJNG.

**STAFF:** Staff supports the proposed stipulations of all issues in this case as set forth in Section VIII of this order.

VIII. ISSUES AND POSITIONS

**PROPOSED STIPULATION**

**ISSUE 1:** What are the final conservation cost recovery adjustment true-up amounts for the January 2016 through December 2016?

**POSITION:** The appropriate final conservation cost recovery true-up amounts for the January 2016 through December 2016 are as follows:

FCG	\$325,523 over-recovery
FPUC Consolidated Companies	\$169,605 over-recovery
PGS	\$606,371 under-recovery
SGS	\$8,491 under-recovery
SJNG	\$17,951 under-recovery

**PROPOSED STIPULATION**

**ISSUE 2:** What are the appropriate conservation adjustment actual/estimated true-up amounts for the period January 2017 through December 2017?

**POSITION:** The appropriate conservation cost adjustment actual/estimated true-up amounts for the period January 2017 through December 2017 are as follows:

FCG	\$599,751 over-recovery
FPUC Consolidated Companies	\$778,201 over-recovery
PGS	\$1,567,598 under-recovery
SGS	\$2,582 under-recovery
SJNG	\$32,966

**PROPOSED STIPULATION**

**ISSUE 3:** What are the appropriate total conservation adjustment true-up amounts to be collected/refunded from January 2018 through December 2018?

**POSITION:** The appropriate total conservation adjustment true-up amounts to be collected/refunded from January 2018 through December 2018 are as follows:

FCG	\$925,274 over-recovery
FPUC Consolidated Companies	\$947,806 over-recovery
PGS	\$2,173,969
SGS	\$11,073 under-recovery
SJNG	\$50,917 under-recovery

**PROPOSED STIPULATION**

**ISSUE 4:**           **What is the total conservation cost recovery amounts to be collected during the period January 2018 through December 2018?**

**POSITION:**           The total conservation cost recovery amounts to be collected during the period January 2018 through December 2018 are as follows:

FCG	\$4,383,452
FPUC Consolidated Companies	\$3,881,244
PGS	\$16,997,630
SGS	\$55,749
SJNG	\$189,567

**PROPOSED STIPULATION**

**ISSUE 5:**           **What are the conservation cost recovery factors for the period January 2018 through December 2018?**

**POSITION:**           The appropriate conservation cost recovery factors for the period January 2018 through December 2018 are as follows:

**FCG:**

<u>RATE CLASS</u>	<u>ECCR Factor</u>
GS-1, GS-100, GS-220, RSG, CSG (Sales & Transportation)	\$0.12996
GS-600 (Sales & Transportation)	\$0.06042
GS-1200 (Sales & Transportation)	\$0.03710
GS-6k (Sales & Transportation)	\$0.03098
GS-25000 (Sales & Transportation)	\$0.03071
GS-60000 (Sales & Transportation)	\$0.02928
Gas Lights	\$0.05981
GS-120000 (Sales & Transportation)	\$0.02168
GS-250000 (Sales & Transportation)	\$0.02024

**FPUC:**

**CUC**

Rate Class

ECCR Factor

FTS-A	\$	0.19641
FTS-B	\$	0.14849
FTS-1	\$	0.12980
FTS-2	\$	0.06840
FTS-2.1	\$	0.05000
FTS-3	\$	0.04353
FTS-3.1	\$	0.03237
FTS-4	\$	0.02735
FTS-5	\$	0.02384
FTS-6	\$	0.01960
FTS-7	\$	0.01384
FTS-8	\$	0.01225
FTS-9	\$	0.01031
FTS-10	\$	0.00947
FTS-11	\$	0.00780
FTS-12	\$	0.00667



The Company also seeks approval of the following experimental per bill Conservation Cost Recovery Adjustment (Experimental) factors:

<u>Rate Class</u>	<u>ECCR Factor (\$ per bill)</u>
FTS-A	\$1.20
FTS-B	\$1.57
FTS-1	\$1.98
FTS-2	\$4.00
FTS-2.1	\$5.71
FTS-3	\$14.15
FTS-3.1	\$19.50

### **FPUC and FPU-Fort Meade**

<u>Rate Class</u>	<u>ECCR Factor</u>
RESIDENTIAL	\$0.07936
COMMERCIAL SMALL (Gen Srv GS1 & GS1 Transportation <600)	\$0.04732
COMMERCIAL SMALL (Gen Srv GS2 & GS2 Transportation >600)	\$0.03684
COMM. LRG VOLUME (Large Vol & LV Transportation <,> 50,000 units)	\$0.03047
NATURAL GAS VEHICLES	\$0.01496

### **Indiantown**

<u>Rate Class</u>	<u>ECCR Factor</u>
TS1 (INDIANTOWN DIVISION)	\$0.07721
TS2 (INDIANTOWN	\$0.01142

DIVISION)

TS3 (INDIANTOWN  
DIVISION) \$0.03049

TS4 (INDIANTOWN  
DIVISION) \$0.00000

**PGS:**

<u>Rate Class</u>	<u>ECCR Factor (per therm)</u>
Residential	\$0.09921
Residential Standby Generator	\$0.09921
Small General Service	\$0.05982
Commercial Standby Generator	\$0.02985
General Service 1	\$0.02985
General Service 2	\$0.02174
General Service 3	\$0.01806
General Service 4	\$0.01336
General Service 5	\$0.00980
Commercial Street Lighting	\$0.01577
Natural Gas Vehicle Service	\$0.01844

**SGS:**

<u>RATE CLASS</u>	<u>ECCR Factor</u>
TS-1	\$0.18218/therm
TS-2	\$0.08440/therm
TS-3	\$0.04943/therm
TS-4	\$0.04157/therm

**SJNG:**

<u>RATE CLASS</u>	<u>ECCR Factor</u>
RS-1	\$0.44277
RS-2	\$0.26916
RS-3	\$0.20359
GS-1	\$0.17729
GS-2	\$0.08111
GS-4/TS-4	\$0.03728

**PROPOSED STIPULATION**

**ISSUE 6:** Should the Commission approve revised tariffs reflecting the natural gas conservation cost recovery amounts and establishing natural gas conservation cost recovery factors determined to be appropriate in this proceeding?

**POSITION:** Yes. The Commission should approve revised tariffs reflecting the new energy conservation cost 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.

**PROPOSED STIPULATION**

**ISSUE 7:** What should be the effective date of the new conservation cost recovery factors for billing purposes?

**POSITION:** The factors should be effective beginning with the specified conservation cost recovery cycle and thereafter for the period January 2018 through December 2018. Billing cycles may start before January 1, 2018 and the last cycle may be read after December 31, 2018, so that each customer is billed for twelve months regardless of when the adjustment factor became effective.

**PROPOSED STIPULATION**

**ISSUE 8:** Should this docket be closed?

**POSITION:** No. While a separate docket number is assigned each year, this is a continuing docket and should remain open for administrative convenience.

IX. EXHIBIT LIST

All witnesses are excused from the hearing.

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
	<u>Direct</u>		
Bustos	FCG	MB-1	Schedules CT-1, CT-2, CT-3, and CT-6 (amended 5-12-17)
Bustos	FCG	MB-2	Schedules C-1, C-2, C-3, and C-5

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Young	FPUC	CDY-1	True-Up Variance Analysis [Schedules CT1-CT6]
Mulligan	FPUC	DNBM-1	Projections: Estimated ECCR charges by rate class, Schedules C-1 through C-4
Floyd	PGS	KMF-1	Conservation cost recovery true-up data (January 2016 - December 2016), consisting of Schedules CT-1 through CT-6
Floyd	PGS	KMF-2	Data for development of conservation cost recovery factors (January 1 - December 31,2018), consisting of Schedules C-1 through C-5
Melendy, Jr.	SGS	JHM-1	Schedules CT-1, CT-2, CT-3, CT-4, CT-5, CT-6, filed May 1, 2017; and Schedules Revised C-1, C-2, Revised C-3, and C-4, filed August 17, 2017
Stitt	SJNG	DKS-1	Schedules CT-1, CT-2, CT-3, CT-4, and CT-5
Stitt	SJNG	DKS-2	Schedules CT-1, CT-2, CT-3, CT-4

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

X. PROPOSED STIPULATIONS

The parties have stipulated to Issues 1-8, with OPC taking no position.

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 40 pages and shall be filed at the same time.

XIV. RULINGS

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

St. Joe Natural Gas Company and Peoples Gas Systems' request to be excused from the Prehearing and Hearing in this docket is granted.

It is therefore,

ORDERED by Commissioner Ronald A. Brisé, 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 Commissioner Ronald A. Brisé, as Prehearing Officer, this 20th day of October, 2017.



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RONALD A. BRISÉ  
Commissioner 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.

SAC

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.