

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased Gas Adjustment)	DOCKET NO. 910003-GU
(PGA) True-up)	ORDER NO. 24127
)	ISSUED: 02/18/91
)	

Pursuant to Notice, a Prehearing Conference was held on February 4, 1991, in Tallahassee, before Commissioner Betty Easley, Prehearing Officer.

APPEARANCES:

WAYNE L. SCHIEFELBEIN, Esquire, Gatlin, Woods, Carlson & Cowdery, 1709-D Mahan Drive, Tallahassee, Florida 32308
On behalf of Chesapeake Utilities Corporation, Florida Division

LEE L. WILLIS, Esquire, and JAMES D. BEASLEY, Esquire, Ausley, McMullen, McGehee, Carothers and Proctor, P.O. Box 391, Tallahassee, Florida 32302
On behalf of City Gas Company

ROBERT S. GOLDMAN, Esquire, Messer, Vickers, Caparello, Madsen & Lewis, P.O. Box 1876, Tallahassee, Florida 32302-1876
On behalf of Florida Public Utilities Company and West Florida Natural Gas Company

ANSLEY WATSON, JR., Esquire, Macfarlane, Ferguson, Allison & Kelly, P. O. Box 1531, Tampa, Florida 33601
On behalf of Peoples Gas System, Inc.

VICKI GORDON KAUFMAN, Esquire, Lawson, McWhirter, Grandoff and Reeves, 522 East Park Avenue - Suite 200, Tallahassee, Florida 32301
On behalf of the Florida Industrial Gas Users

PAUL SEXTON, Esquire, Richard A. Zambo, P.A., 211 South Gadsden Street, Tallahassee, Florida, 32301
On behalf of Tropicana Products, Inc.

JOHN ROGER HOWE, Esquire, Assistant Public Counsel, Office of Public Counsel, c/o The Florida Legislature, 111 W. Madison Street, Suite 812, Tallahassee, Florida 32399-1400
On behalf of the Citizens of the State of Florida

ROBERT V. ELIAS, Esquire, 101 E. Gaines St., Tallahassee, Florida 32399-0863
On behalf of the Staff of the Florida Public Service Commission

ORDER NO. 24127
DOCKET NO. 910003-GU
PAGE 2

PRENTICE P. PRUITT, Esquire, Office of the General Counsel,
101 East Gaines Street, Tallahassee, Florida, 32399-0861
Counsel to the Commissioners

PREHEARING ORDER

Background

As part of the Commission's continuing fuel and energy conservation cost and purchased gas cost recovery proceedings, a hearing is set for February 20, 21 and 22, 1991 in this docket and in Dockets No. 910002-EG and 910001-EI. The following subjects were noticed for hearing in such dockets:

1. Determination of the Proposed Levelized Fuel Adjustment Factors for all investor-owned utilities for the period April, 1991 through September, 1991;
2. Determination of the Estimated Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period October, 1990 through March, 1991, which are to be based on actual data for the period October, 1990 through November, 1990, and revised estimates for the period December, 1990 through March, 1991;
3. Determination of the Final Fuel Adjustment True-Up Amounts for all investor-owned electric utilities for the period April, 1990 through September, 1990, which are to be based on actual data for that period;
4. Determination of Projected Conservation Cost Recovery Factors for certain investor-owned electric and gas utilities for the period April, 1991 through September, 1991.
5. Determination of the Estimated Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period October, 1990 through March, 1991, which are to be based on actual data for the period October, 1990 through November, 1990 and revised estimates for the period December, 1990 through March, 1991.

ORDER NO. 24127
DOCKET NO. 910003-GU
PAGE 3

6. Determination of the Final Conservation True-Up Amounts for certain investor-owned electric and gas utilities for the period April, 1990 through September, 1990, which are to be based on actual data for that period;
7. Determination of any Projected Oil Backout Cost Recovery Factors for the period April, 1991 through September, 1991, for the cost of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.016, Florida Administrative Code.
8. Determination of the Estimated Oil Backout Cost Recovery True-Up Factors for the period October, 1990 through March, 1991, for the costs of approved oil backout projects to be recovered pursuant to the provisions of Rule 25-17.016, Florida Administrative Code, which are to be based on actual data for the period October, 1990 through November, 1990, and revised estimates for the period December, 1990 through March, 1991.
9. Determination of the Final Oil Backout True-Up Amounts for the period April, 1990 through September, 1990, which are to be based on actual data for that period;
10. Determination of Generating Performance Incentive Factor Targets and Ranges for the period April, 1991 through September, 1991;
11. Determination of Generating Performance Incentive Factor Rewards and Penalties for the period April, 1990 through September, 1990;
12. Determination of the Purchased Gas Adjustment True-Up Amounts for the period April, 1990 through September, 1990, to be recovered during the period April, 1991 through September 1991.

Tropicana Products, Inc. (TPI) and the Florida Industrial Gas Users (FIGU) sought and were granted intervention at the Prehearing Conference. Tropicana raised two issues concerning the allocation by Peoples Gas System of demand charges paid by standby sales customers and the implementation date of any adjustment ordered as a result of the resolution of the allocation issue. By agreement

ORDER NO. 24127
 DOCKET NO. 910003-GU
 PAGE 4

of all the parties, these issues (shown as Issues 4a and 4b) will be deferred until the August 1991 hearing. Should any adjustment be ordered at that time, it will be tried up as if the decision had been made at this hearing. The parties are all in agreement as to the remaining issues. Accordingly, these issues (1, 2 and 3) are shown as fully stipulated and will be presented to the panel as a stipulation at the February 20, 1991 hearing.

Use of Prefiled Testimony

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 exhibits, unless there is a sustainable objection. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his testimony at the time he or she takes the stand.

Use of Depositions and Interrogatories

If any party seeks to introduce an interrogatory or a deposition, or a portion thereof, the request will be subject to proper objections and the appropriate evidentiary rules will govern. The parties will be free to utilize any exhibits requested at the time of the depositions, subject to the same conditions.

Order of Witnesses

The witness schedule is set forth below in order of appearance by the witness' name, subject matter, and the issues which will be covered by his or her testimony.

Witnesses whose names are preceded by an asterisk have been excused. The parties have stipulated that the testimony of such witnesses will be inserted into the record as though read, and cross-examination will be waived.

	<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
1.*	Anne Vincent (CUC)	True-up amount, projected therm sales, true-up factor	1,2,3
2.*	E. J. Kahl (SFNG)	True-up amount, projected therm sales, true-up factor	1,2,3

ORDER NO. 24127
 DOCKET NO. 910003-GU
 PAGE 5

3.* Stuart L. Shoaf True-up amount, projected 1,2,3
 (SJNG) therm sales, true-up factor

Exhibits

The parties have stipulated that exhibits marked with an asterisk will be inserted into the record by agreement.

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
* _____ (AMV-1)	Vincent (CUC)	Schedule A-1
* _____ (AMV-2)	Vincent (CUC)	Schedule A-2
* _____ (AMV-3)	Vincent (CUC)	Schedule A-3 Supplement
* _____	None (CGC)	Schedules A-1 and A-2, PGA Summary Calculation of True-Up for the Period April 1990 through September 1990
* _____	None (FPUC)	Schedules A-1, A-2, A-3 Supplemental and A-6
* _____	None (IGC)	Schedule A-1
* _____	None (IGC)	Schedule A-2
* _____	None (MGC)	Schedule A-1
* _____	None (MGC)	Schedule A-2
* _____	None (PBCUC)	Schedule A-1

ORDER NO. 24127
 DOCKET NO. 910003-GU
 PAGE 6

Exhibits (cont.'d)

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
* _____	None (PBCUC)	Schedule A-2
* _____	None (PGS)	Calculation of PGA true-up and true-up factor
* _____	None (SJNG)	Schedule A-1
* _____	None (SJNG)	Schedule A-2
* _____	Kahl (SFNG)	Schedule A-1
* _____	Kahl (SFNG)	Schedule A-2
* (WFNG-1)	None (WFNG)	Purchased Gas Adjustment Clause Calculation of True-up Factor
* (WFNG-2)	None (WFNG)	Purchased Gas Adjustment Summary Calculation of True-up
* (WFNG-3)	None (WFNG)	Therm Sales
* (WFNG-4)	None (WFNG)	Report of Take-or-Pay Charges Paid to Florida Gas Transmission (FGT) and Collected Through Sales to Our Natural Gas Customers
* (WFNG-5)	None (WFNG)	Derivation of Unaccounted for Gas

PARTIES' STATEMENTS OF BASIC POSITION

CUC: Chesapeake Utilities Corporation: The Commission should approve the final true-up amount for the period April 1, 1990 through September 30, 1990, and the true-up factor to be applied to bills rendered for meter readings taken between April 1, 1991 and September 30, 1991.

ORDER NO. 24127
DOCKET NO. 910003-GU
PAGE 7

CGC: City Gas Company: The Commission should determine that City Gas has properly calculated its Purchased Gas Adjustment true-up and that the appropriate purchased gas adjustment factor to be applied by City Gas during the period April 1991 through September 1991 is (\$.00798) per therm, before gross receipts taxes.

FPUC: Florida Public Utilities Company: None necessary.

PGS: Peoples Gas System, Inc.: The Commission should approve, as filed by PGS, PGS's PGA true-up amount for the period April 1 through September 30, 1991 of \$326,032 (underrecovery), and should approve a true-up factor of \$0.00163 per therm for application by PGS during the period April 1 through September 30, 1991.

SJNG: Saint Joe Natural Gas Company: The Commission should approve the Purchased Gas Adjustment (PGA) true-up amount for the six month period ending September 30, 1990, including interest, and the PGA True-Up Factor of \$0.01275 to be applied to customer bills rendered for the six month period ending September 30, 1991.

SFNG: South Florida Natural Gas Company: The basic position of South Florida Natural Gas Company is that the true-up factors as provided in their Petition and attachments are the appropriate ones to be utilized for the period April, 1991 through September, 1991.

WFNG: West Florida Natural Gas Company: None.

OPC: Office of Public Counsel: None at this time.

TPI: Tropicana Products, Inc.: Tropicana believes that standby sales service customers are improperly subjected to FGT demand costs embedded in PGA charges for standby sales gas. People's PGA charges should be revised to delete FGT demand costs from therms purchased under standby sales service. The Commission should retain jurisdiction over People's PGA revenues, as necessary, to ensure that these changes to Peoples' PGA are made.

FIGU: Florida Industrial Gas Users: Agree with Tropicana.

STAFF: The appropriate over (under) recovery amounts, estimated therm sales and true-up factors are shown in Staff's position on Issues 1-3.

STATEMENT OF ISSUES AND POSITIONS

Issues which are fully stipulated are noted with an asterisk (*).

ORDER NO. 24127
 DOCKET NO. 910003-GU
 PAGE 8

Generic Purchased Gas Adjustment Issues

- 1.* **ISSUE:** What are the appropriate purchased gas adjustment true-up amounts for the period April, 1990 through September, 1990?

Positions:

<u>CUC:</u>	STAFF:	\$181,683 over recovery.
	COMPANY:	" " "
<u>CGC:</u>	STAFF:	\$287,056 over recovery.
	COMPANY:	" " "
<u>FPUC:</u>	STAFF:	\$292,390 over recovery.
	COMPANY:	" " "
<u>IGC:</u>	STAFF:	\$ 6,099 under recovery.
	COMPANY:	" " "
<u>MGC:</u>	STAFF:	\$ 26,104 over recovery.
	COMPANY:	" " "
<u>PBCUC:</u>	STAFF:	\$ 18,512 over recovery.
	COMPANY:	" " "
<u>PGS:</u>	STAFF:	\$326,032 under recovery.
	COMPANY:	" " "
<u>SJNG:</u>	STAFF:	\$108,322 under recovery.
	COMPANY:	" " "
<u>SFNG:</u>	STAFF:	\$ 5,710 over recovery.
	COMPANY:	" " "
<u>WFNG:</u>	STAFF:	\$286,903 over recovery.
	COMPANY:	" " "
<u>OPC:</u>	Agree with Staff.	
<u>TPI:</u>	Tropicana Products, Inc. takes no position except as to Peoples Gas System. TPI takes no position with respect to Peoples Gas System based on the understanding that the issues it has raised will be addressed at the August 1991 hearing.	

ORDER NO. 24127
DOCKET NO. 910003-GU
PAGE 9

FIGU: Agree with Tropicana.

2.* ISSUE: What are the projected therm sales of natural gas during the period April, 1991 through September, 1991?

CUC: STAFF: 32,305,212
COMPANY: "

CGC: STAFF: 35,956,000
COMPANY: "

FPUC: STAFF: 29,396,560
COMPANY: "

IGC: STAFF: 1,300,000
COMPANY: "

MGC: STAFF: 2,320,000
COMPANY: "

PBCUC: STAFF: 995,194
COMPANY: "

PGS: STAFF: 200,000,000
COMPANY: "

SJNG: STAFF: 8,500,000
COMPANY: "

SFNG: STAFF: 1,509,000
COMPANY: "

WFNG: STAFF: 11,482,268
COMPANY: "

OPC: Agree with Staff.

TPI: Tropicana Products, Inc. takes no position except as to Peoples Gas System. TPI takes no position with respect to Peoples Gas System based on the understanding that the issues it has raised will be addressed at the August 1991 hearing.

FIGU: Agree with Tropicana.

ORDER NO. 24127
 DOCKET NO. 910003-GU
 PAGE 10

3.* **ISSUE:** What are the appropriate true-up factors for application on customer bills during the April, 1991 through September, 1991 period?

CUC: STAFF: (0.562) cents per therm.
 COMPANY: "

CGC: STAFF: (0.798) cents per therm.
 COMPANY: "

FPUC: STAFF: (0.995) cents per therm.
 COMPANY: "

IGC: STAFF: .469 cents per therm.
 COMPANY: "

MGC: STAFF: (1.125) cents per therm.
 COMPANY: "

PBCUC: STAFF: (1.860) cents per therm.
 COMPANY: "

PGS: STAFF: 0.163 cents per therm.
 COMPANY: "

SJNG: STAFF: 1.274 cents per therm.
 COMPANY: "

SFNG: STAFF: (0.378) cents per therm.
 COMPANY: "

WFNG: STAFF: (2.499) cents per therm.
 COMPANY: "

OPC: Agree with Staff.

TPI: Tropicana Products, Inc. takes no position except as to Peoples Gas System. TPI takes no position with respect to Peoples Gas System based on the understanding that the issues it has raised will be addressed at the August, 1991 hearing.

FIGU: Agree with Tropicana.

ORDER NO. 24127
DOCKET NO. 910003-GU
PAGE 11

Company Specific Purchased Gas Adjustment Issues

In its amended prehearing statement, Tropicana Products, Inc. raised the following issues concerning Peoples Gas System:

- 4a. Issue: Under what circumstances should Peoples' customers who pay demand charges for standby sales service be required to pay additional demand charges which are embedded in the PGA?

Positions:

By agreement of the parties, this Issue will be deferred until the August, 1991 hearing.

- 4b. Issue: If the above adjustment is approved, when should it be implemented?

Positions:

By agreement of the parties, this Issue will be deferred until the August, 1991 hearing.

STIPULATED ISSUES

Issues 1, 2 and 3 are fully stipulated. Stipulations entered into by the parties, including Commission Staff, are subject to Commission approval. If record evidence is developed which refutes stipulated issues, Commission Staff will make its recommendation to the Commission based on the record.

PENDING MOTIONS

None at this time.

OTHER MATTERS

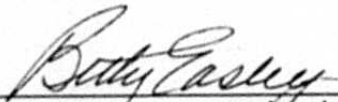
None at this time.

ORDER NO. 24127
DOCKET NO. 910003-GU
PAGE 12

Based on the foregoing, it is

ORDERED by Commissioner Betty Easley, Prehearing Officer, that these proceedings shall be governed by this order unless modified by the Commission.

By ORDER of Commissioner Betty Easley, Prehearing Officer, this 18th day of FEBRUARY, 1991.



BETTY EASLEY, Commissioner
and Prehearing Officer

(S E A L)

RVE
03PHO.RVE