

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 070003-GU
ORDER NO. PSC-07-0879-PHO-GU
ISSUED: October 31, 2007

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code, a Prehearing Conference was held on October 22, 2007, in Tallahassee, Florida, before Commissioner Matthew M. Carter II, as Prehearing Officer.

APPEARANCES:

BETH KEATING, ESQUIRE, Akerman Senterfitt Law Firm, 106 East College Avenue, Suite 1200, Tallahassee, Florida 32301
On behalf of Florida City Gas (FCG).

NORMAN H. HORTON, JR., ESQUIRE, Messer, Caparello & Self, P.A., Post Office Box 15579, Tallahassee, Florida 32317
On behalf of Florida Public Utilities Company (FPUC).

ANSLEY WATSON, JR., ESQUIRE, Macfarlane Ferguson & McMullen, Post Office Box 1531, Tampa, Florida, 33601-1531 and MATTHEW R. COSTA, ESQUIRE, TECO Energy, Inc., Post Office Box 111, Tampa, Florida 33601-0111
On behalf of Peoples Gas System (PGS).

STUART L. SHOAF, 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, JOSEPH A. MCGLOTHLIN, ESQUIRE, Associate Public Counsel, CHARLES J. BECK, ESQUIRE, Deputy 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).

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

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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 6-8, 2007. The parties have reached agreement concerning all issues identified for resolution at this hearing. Staff is prepared to present the panel with a recommendation at the hearing for approval of the stipulated positions set forth herein. The Commission has the option to render a bench decision on this matter.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, Florida Administrative Code, this 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, including Chapter 366.04, 366.05, and 366.06, Florida Statutes. This hearing will be governed by said Chapter and Chapters 25-22, and 28-106, Florida Administrative Code.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 119.07(1), Florida Statutes, and Rule 25-22.006, Florida Administrative Code, shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, 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, Florida Statutes. 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, Florida Statutes, 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, Florida Statutes, at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing, 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), Florida Administrative Code, 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. 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 associated exhibits. All testimony remains subject to appropriate objections. 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. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, 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.

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.

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.

VI. ORDER OF WITNESSES

As a result of discussions at the prehearing conference, each witness whose name is preceded by an asterisk (*) has been excused from this hearing if no Commissioner assigned to this case seeks to cross-examine the particular witness. Parties shall be notified by Wednesday, October 31, 2007, 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, 2, 3, 4, 5
*Cheryl M. Martin <small>The prefiled testimony of Cheryl Martin will be adopted by Mehrdad Khojasteh.</small>	FPUC	1
*Mehrdad Khojasteh (Adopts Martin)	FPUC	2-5
*Christopher M. Snyder	FPUC	4
*W. Edward Elliott	PGS	1-5
*Stuart L. Shoaf	SJNG	1-5

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 1-5.

FPUC: FPUC has properly projected its true-up amounts and projected gas costs. Its costs and projections are reasonable and its purchased gas cost recovery factors should be approved by the Commission.

PGS: The Commission should approve PGS's final PGA true up amount of \$1,456,054 (underrecovery) for the period January 2006 through December 2006; its estimated PGA true-up amount of \$7,251,014 (overrecovery) for the period January 2007 through December 2007; and its levelized PGA (cap) factor of \$1.31810 per therm for the period January 1, 2008 through December 31, 2008. (Elliott)

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

OPC: None at this time.

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.

VIII. ISSUES AND POSITIONS

Generic Purchased Gas Adjustment Issues

STIPULATED

ISSUE 1: What are the appropriate final purchased gas adjustment true-up amounts for the period January 2006 through December 2006?

POSITIONS:

Florida City Gas	\$1,530,916	Overrecovery
Florida Public Utilities Company	\$1,241,836	Overrecovery
Peoples Gas System	\$1,456,054	Underrecovery
St. Joe Natural Gas Company	\$10,212	Overrecovery

OPC: No position.

STIPULATED

ISSUE 2: What are the estimated purchased gas adjustment true-up amounts for the period January 2007 through December 2007?

POSITIONS:

Florida City Gas	\$1,031,912	Underrecovery
Florida Public Utilities Company	\$2,475,583	Overrecovery
Peoples Gas System	\$7,251,014	Overrecovery
St. Joe Natural Gas Company	\$121,465	Overrecovery

OPC: No position.

STIPULATED

ISSUE 3: What are the total purchased gas adjustment true-up amounts to be collected during the period January 2008 through December 2008?

POSITIONS:

Florida City Gas	\$499,004	Overrecovery
Florida Public Utilities Company	\$3,717,419	Overrecovery
Peoples Gas System	\$5,794,960	Overrecovery
St. Joe Natural Gas Company	\$131,677	Overrecovery

OPC: No position.

STIPULATED

ISSUE 4: What are the appropriate levelized purchased gas cost recovery (cap) factors for the period January 2008 through December 2008?

POSITIONS:

Florida City Gas	114.875 cents per therm
Florida Public Utilities Company	150.001 cents per therm
Peoples Gas System	131.810 cents per therm
St. Joe Natural Gas Company	97.200 cents per therm

OPC: No position.

STIPULATED

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

POSITION: The factor should be effective for all meter readings on or after January 1, 2008, beginning with the first or applicable billing cycle for the period January 2008 through December 2008.

OPC: No position.

Company Specific Purchased Gas Adjustment Issues

Florida City Gas

STIPULATED

ISSUE 6: Are the costs for the new Bay Gas Storage appropriate for recovery?

POSITION: Yes. Recovery of these costs is consistent with Commission precedent. With the inception of Bay Gas storage service in 2008, the existing Hattiesburg storage costs will no longer be allocated to FCG customers.

OPC: No position.

IX. **EXHIBIT LIST**

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
<u>Direct</u>			
Thomas Kaufmann	FCG	TK-1	Final Fuel Over/Under Recovery
Thomas Kaufmann	FCG	TK-2	Schedules E-1 Winter, E-1, E-1/R, E-2, E-3, E-4, E-5
Cheryl M. Martin <small>The prefiled exhibit of Cheryl Martin will be adopted by Mehrdad Khojasteh.</small>	FPUC	CM-1	Revised Schedule A-7
Mehrdad Khojasteh (Adopts Martin)	FPUC	MK-1	Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5
W. Edward Elliott	PGS	EE-1	Calculation of final true-up for January 2006 – December 2006 (Schedule A-7)
W. Edward Elliott	PGS	EE-2	Calculation of estimated true-up for January 2007 – December 2007; total true-up for January 2008 – December 2008); calculation of PGA factor for January 2008 – December 2008 (Schedules E-1 through E-5)
Stuart L. Shoaf	SJNG	SLS-1	Final Over/Under

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Stuart L. Shoaf	SJNG	SLS-2	PGA Summary of estimates for the projected period.
Stuart L. Shoaf	SJNG	SLS-3	Calculation of true-up amount current period (8 months actual, 4 months estimated)
Stuart L. Shoaf	SJNG	SLS-4	Transportation purchases system supply and end use for the projected period.
Stuart L. Shoaf	SJNG	SLS-5	Calculation of the true-up amount for the projected period based on the prior period and current period (8 months actual, 4 months estimated)
Stuart L. Shoaf	SJNG	SLS-6	Therm Sales and Customer Data (For the projected period)
Stuart L. Shoaf	SJNG	SLS-7	Reprojected PGA for Current Period (8 months actual, 4 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, noting that OPC has taken 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 the 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, Florida Administrative Code, 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

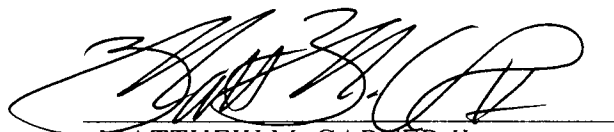
Opening statements, if any, shall not exceed five minutes per party.

St. Joe Natural Gas Company's request to be excused from the prehearing conference and hearing in this docket is granted.

It is therefore,

ORDERED by Commissioner Matthew M. Carter II, 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 Matthew M. Carter II, as Prehearing Officer, this 31st day of October, 2007.


MATTHEW M. CARTER II
Commissioner and Prehearing Officer

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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 25-22.060, 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.