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February 5, 2021

*VIA ELECTRONIC FILING*

Mr. Adam J. Teitzman  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

**Re: Proposed Rule 25-7.0143, Florida Administrative Code  
Florida City Gas Responses to Staff SERC Data Requests (Nos. 1-12)  
Docket No. 20210000-OT**

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Dear Mr. Teitzman:

Attached for filing in the above-referenced docket are the responses of **Florida City Gas** to Staff's Statement of Estimated Regulatory Costs Data Requests (Nos. 1-12) regarding Proposed Rule 25-7.0143, Florida Administrative Code.

If you or your staff have any question regarding this filing, please contact me at (561) 691-7144.

Respectfully submitted,

*s/Christopher Wright*  
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Christopher T. Wright  
Authorized House Counsel No. 1007055

Enclosures

Cc: Sevini Guffey ([sguffey@psc.state.fl.us](mailto:sguffey@psc.state.fl.us))

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served by electronic delivery to the following parties this 5th day of February 2021:

<p>Adria Harper Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 aharper@psc.state.fl.us <b>For Commission Staff</b></p>	<p>Charles J. Rehwinkel Mireille Fall-Fry Office of Public Counsel c/o The Florida Legislature 111 West Madison St., Room 812 Tallahassee, FL 32399-1400 rehwinkel.charles@leg.state.fl.us fall-fry.mireille@leg.state.fl.us <b>For the Office of Public Counsel</b></p>
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/s/Christopher T. Wright

Christopher T. Wright

Fla. Auth. House Counsel No. 1007055

Attorney for Florida City Gas

**QUESTION:**

Proposed new Section (1)(a) seek to establish Account No. 228.1 and require the natural gas utility to maintain a schedule of risks with description of property, character of risks and accrual rates used. Considering these new requirements, what is the estimated annual regulatory costs, including transactional costs to your utility to comply?

**RESPONSE:**

Florida City Gas ("FCG") is unable to provide an estimated of the annual regulatory costs at this time. However, FCG anticipates that it will be able to meet the requirements of proposed new Section (1)(a) with existing resources and/or through services provided by its parent, Florida Power & Light Company ("FPL"), and with minimal incremental annual regulatory costs. Any such services provided by FPL will be billed to FCG in accordance with the Commission's cost allocation and affiliate transaction rules.

**QUESTION:**

Proposed new Section (1)(c) requires the utility to establish a separate subaccount within Account No. 228.1 which is designated to cover storm related damages...” and maintain supporting entries by each storm event. What is the estimated annual regulatory cost, including transactional costs to the utility to comply with this proposed new requirement?

**RESPONSE:**

FCG is unable to provide an estimated of the annual regulatory costs at this time. However, FCG anticipates that it will be able to meet the requirements of proposed new Section (1)(c) with existing resources and/or through services provided by its parent, FPL, and with minimal incremental annual regulatory costs. Any such services provided by FPL will be billed to FCG in accordance with the Commission’s cost allocation and affiliate transaction rules.

**QUESTION:**

Proposed new Section (1)(e)1, related to contract labor, states that the utility may adjust historical monthly contract labor costs charged to operation and maintenance expenses and that each adjustment must be accompanied by a detailed explanation of the nature and derivation of the adjustment. Please provide the annual regulatory costs, including transactional costs to the utility to comply with the proposed requirement.

**RESPONSE:**

FCG is unable to provide an estimated of the annual regulatory costs at this time. However, FCG anticipates that it will be able to meet the requirements of proposed new Section (1)(e)1 with existing resources and/or through services provided by its parent, FPL, and with minimal incremental annual regulatory costs. Any such services provided by FPL will be billed to FCG in accordance with the Commission's cost allocation and affiliate transaction rules.

**QUESTION:**

Proposed new Section (1)(e)8 allows the utility to adjust historical monthly payroll related costs charged to operation and maintenance expenses and to prepare detailed explanation of the nature and derivation of the adjustment. Please state the estimated annual regulatory costs, including transactional costs to your utility to comply.

**RESPONSE:**

FCG is unable to provide an estimated of the annual regulatory costs at this time. However, FCG anticipates that it will be able to meet the requirements of proposed new Section (1)(e)8 with existing resources and/or through services provided by its parent, FPL, and with minimal incremental annual regulatory costs. Any such services provided by FPL will be billed to FCG in accordance with the Commission's cost allocation and affiliate transaction rules.

**QUESTION:**

Proposed new Section (1)(e)9 allows the utility to adjust historical monthly fuel cost for company and contractor vehicles costs charged to operation and maintenance expenses and to prepare detailed explanation of the nature and derivation of the adjustment. Please state the estimated annual regulatory costs, including transactional costs to your utility to comply.

**RESPONSE:**

FCG is unable to provide an estimated of the annual regulatory costs at this time. However, FCG anticipates that it will be able to meet the requirements of proposed new Section (1)(e)9 with existing resources and/or through services provided by its parent, FPL, and with minimal incremental annual regulatory costs. Any such services provided by FPL will be billed to FCG in accordance with the Commission's cost allocation and affiliate transaction rules.

**QUESTION:**

Proposed new language in Section (1)(e)11 states that the utility may adjust historical monthly vegetation management costs specifically related to storm restoration activities, charged to operation and maintenance expenses and that each adjustment shall be accompanied by a detailed explanation of the nature and derivation of the adjustment. Considering this requirement, what are the annual incremental regulatory costs including transactional expenses to your utility to prepare the detailed vegetation management cost adjustments?

**RESPONSE:**

FCG is unable to provide an estimated of the annual regulatory costs at this time. However, FCG anticipates that it will be able to meet the requirements of proposed new Section (1)(e)11 with existing resources and/or through services provided by its parent, FPL, and with minimal incremental annual regulatory costs. Any such services provided by FPL will be billed to FCG in accordance with the Commission's cost allocation and affiliate transaction rules.



**QUESTION:**

Proposed new language in Section (1)(e)12 requires the utility to report other costs and expenses not identified in 1 through 11, that are directly and solely attributable to a storm restoration event. What are the estimated annual regulatory, including transactional costs to your utility to collect and report this information to the Commission?

**RESPONSE:**

FCG is unable to provide an estimated of the annual regulatory costs at this time. However, FCG anticipates that it will be able to meet the requirements of proposed new Section (1)(e)12 with existing resources and/or through services provided by its parent, FPL, and with minimal incremental annual regulatory costs. Any such services provided by FPL will be billed to FCG in accordance with the Commission's cost allocation and affiliate transaction rules.

**QUESTION:**

Referring to the new proposed language in Section (1)(g), F.A.C., what are the estimated regulatory costs, including transactional costs to the utility to file a petition for the disposition of any costs deferred prior to June 1 of the year following the storm event?

**RESPONSE:**

In preparing a petition for the disposition of any storm-related costs deferred prior to June 1 of the year following a storm event, FCG expects to perform many of the same tasks it has performed in the past in preparing other proposals for regulatory approval. These tasks include the preparation of a petition and supporting testimony and exhibits, engaging in the discovery and hearing process, as needed, and other regulatory tasks. FCG anticipates that these tasks will be completed with existing resources and/or through services provided by its parent, FPL, and potentially using outside experts and/or legal counsel. While it is difficult at this early stage to estimate the amount of incremental costs for these regulatory efforts, FCG believes the costs for each such regulatory process could, on average, be approximately \$72,000. However, these costs obviously could be more or less depending upon the issues to be addressed, the volume of discovery served, the level of opposition and issues raised, and overall exigencies of the regulatory process.

**QUESTION:**

What is the estimated regulatory cost, including transactional cost to the utility to file a Storm Damage Self-Insurance Reserve Study with the Commission by January 15, 2021 and at least every 5 years thereafter pursuant to proposed new language in subsection 12(g)2.(l)?

**RESPONSE:**

Similar to its parent FPL and affiliate Gulf Power Company (“Gulf”), FCG anticipates that it will rely on an independent outside consultant to prepare the Storm Damage Self-Insurance Reserve Study proposed in new subsection 12(g)2.(l). Based on the experience of FPL and Gulf, FCG estimates that the cost to prepare and file a Storm Damage Self-Insurance Reserve Study will be approximately \$80,000.

**QUESTION:**

What are the estimated regulatory costs, including transactional costs to establish new accounts 228.1, 228.2, and 228.4 pursuant to Rule 25-7.0143(1), (2), and (3), F.A.C.?

**RESPONSE:**

FCG is unable to provide an estimated of the annual regulatory costs at this time. However, FCG anticipates that it will be able to establish new accounts 228.1, 228.2, and 228.4 pursuant to Rule 25-7.0143(1), (2), and (3), F.A.C., with existing resources and/or through services provided by its parent, FPL, and with minimal incremental annual regulatory costs. Any such services provided by FPL will be billed to FCG in accordance with the Commission's cost allocation and affiliate transaction rules. See also FCG's response to Staff's First Data Request Nos. 8 and 9.

**QUESTION:**

Please state the annual regulatory costs, including transactional costs to your utility to comply with subsection (3) of Rule 25-7.0143, F.A.C.

**RESPONSE:**

FCG is unable to provide an estimated of the annual regulatory costs at this time. However, FCG anticipates that it will be able to meet the requirements of proposed new subsection (3) of Rule 25-7.0143, F.A.C., with existing resources and/or through services provided by its parent, FPL, and with minimal incremental annual regulatory costs. Any such services provided by FPL will be billed to FCG in accordance with the Commission's cost allocation and affiliate transaction rules.

**QUESTION:**

Please discuss any potential benefits to your utility from the proposed creation of a rule for the accounting of gas utilities' costs that result from storm-related damage.

**RESPONSE:**

Unlike the investor-owned electric utilities, there currently is not a specific storm rule and surcharge mechanism authorized for natural gas local distribution companies. FCG submits that the proposed new rule will provide greater guidance and clarity for determining the types of storm damage restoration costs that can be charged to Account 228.1, Accumulated Provision for Property Insurance. Adoption of the proposed new rule will establish a single, consistent, and uniform methodology for determining which storm damage costs incurred by natural gas utilities can be charged to the property damage reserve. This standardization will provide a benefit to all stakeholders who participate in storm cost recovery dockets.