

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida City  
Gas.

DOCKET NO. 20220069-GU

DATED: November 15, 2022

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-2022-0224-PCO-GU, filed June 22, 2022, the Staff of the Florida Public Service Commission files its Prehearing Statement.

1. All Known Witnesses

There are no known witnesses at this time.

2. All Known Exhibits

There are no known exhibits at this time.

3. Staff's Statement of Basic Position

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.

4. Staff's Position on the Issues

**TEST PERIOD AND FORECASTING**

**ISSUE 1:** Is FCG's projected test period of the twelve months ending December 31, 2023, appropriate?

**POSITION:** No position.

**ISSUE 2:** Are FCG's forecasts of customer and therms by rate class for the projected test year ending December 31, 2023, appropriate? If not, what adjustments should be made?

**POSITION:** No position.

**ISSUE 3:** Are FCG's estimated revenues from sales of gas by rate class at present rates for the projected test year appropriate? If not, what adjustments should be made?

**POSITION:** No position.

**QUALITY OF SERVICE**

**ISSUE 4:** Is the quality of service provided by FCG adequate?

**POSITION:** No position.

**DEPRECIATION STUDY**

**ISSUE 5:** Based on FCG's 2022 Depreciation Study, what are the appropriate depreciation parameters (e.g. service lives, remaining life, net salvage percentage, and reserve percentage) and resulting depreciation rates for each distribution and general plant account?

**POSITION:** No position.

**ISSUE 6:** If the Commission approves FCG's proposed RSAM (Issue 67), what are the appropriate depreciation parameters (e.g. service lives, remaining lives, net salvage percentages, and reserve percentages) and depreciation rates?

**POSITION:** No position.

**ISSUE 7:** Based on the application of the depreciation parameters that the Commission has deemed appropriate to FCG's data, and a comparison of the theoretical reserves to the book reserves, what, if any, are the resulting imbalances?

**POSITION:** No position.

**ISSUE 8:** What, if any, corrective depreciation reserve measures should be taken with respect to any imbalances identified in Issue 7?

**POSITION:** No position.

**ISSUE 9:** What should be the implementation date for revised depreciation rates and amortization schedules?

**POSITION:** No position.

**ISSUE 10:** Should FCG's depreciation rates approved in this proceeding remain in effect until base rates are reset in FCG's next general base rate proceeding?

**POSITION:** No position.

**RATE BASE**

**ISSUE 11:** Has FCG made the appropriate adjustment to Rate Base to transfer the SAFE investments as of December 31, 2022 from clause recovery to base rates?

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**POSITION:** No position.

**ISSUE 12:** Should FCG's proposed Advanced Metering Infrastructure (AMI) Pilot be approved? If so, what adjustments, if any, should be made?

**POSITION:** No position.

**ISSUE 23:** What is the appropriate amount of plant in service for FCG's delayed LNG facility that was approved in its last rate case?

**POSITION:** No position.

**ISSUE 14:** What is the appropriate level of plant in service for the projected test year? (Fallout Issue)

**POSITION:** No position.

**ISSUE 15:** Has FCG made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation, and Working Capital?

**POSITION:** No position.

**ISSUE 16:** Should any adjustments be made to the amounts included in the projected test year for acquisition adjustment and accumulated amortization of acquisition adjustment?

**POSITION:** No position.

**ISSUE 17:** What is the appropriate level of CWIP to include in the projected test year?

**POSITION:** No position.

**ISSUE 18:** What is the appropriate level of Gas Plant Accumulated Depreciation and Amortization for the projected test year?

**POSITION:** No position.

**ISSUE 19:** Have under recoveries and over recoveries related to the Purchased Gas Adjustment, Energy Conservation Cost Recovery, and Area Expansion Plan been appropriately reflected in the Working Capital Allowance?

**POSITION:** No position.

**ISSUE 20:** Should the unamortized balance of Rate Case Expense be included in Working Capital and, if so, what is the appropriate amount to include?

**POSITION:** No position.

**ISSUE 21:** What is the appropriate amount of deferred pension debit in working capital for FCG to include in rate base?

**POSITION:** No position.

**ISSUE 22:** Should the unbilled revenues be included in working capital?

**POSITION:** No position.

**ISSUE 23:** What is the appropriate level of working capital for the projected test year?

**POSITION:** No position.

**ISSUE 24:** What is the appropriate level of rate base for the projected test year? (Fallout Issue)

**POSITION:** No position.

#### **COST OF CAPITAL**

**ISSUE 25:** What is the appropriate amount of accumulated deferred taxes to include in the projected test year capital structure?

**POSITION:** No position.

**ISSUE 26:** What is the appropriate amount and cost rate for short-term debt to include in the projected test year capital structure?

**POSITION:** No position.

**ISSUE 27:** What is the appropriate amount and cost rate for long-term debt to include in the projected test year capital structure?

**POSITION:** No position.

**ISSUE 28:** What is the appropriate amount and cost rate for customer deposits to include in the capital structure?

**POSITION:** No position.

**ISSUE 29:** What is the appropriate equity ratio to use in the capital structure for ratemaking purposes?

**POSITION:** No position.

**ISSUE 30:** What is the appropriate authorized return on equity (ROE) to use in establishing FCG's projected test year revenue requirement?

**POSITION:** No position.

**ISSUE 31:** Has FCG made the appropriate adjustments to remove all non-utility investments from the common equity balance?

**POSITION:** No position.

**ISSUE 32:** What is the appropriate weighted average cost of capital to use in establishing FCG's projected test year revenue requirement?

**POSITION:** No position.

### **NET OPERATING INCOME**

**ISSUE 33:** Has FCG properly removed Purchased Gas Adjustment and Natural Gas Conservation Cost Recovery Clause revenues, expenses, and taxes-other-than-income from the projected test year?

**POSITION:** No position.

**ISSUE 34:** Has FCG made the appropriate adjustment to Net Operating Income to remove amounts associated with the transfer of SAFE investments as of December 31, 2022 from clause recovery to base rates?

**POSITION:** No position.

**ISSUE 35:** Should FCG's proposal to transfer outside service costs incurred for clause dockets from base rates to each of the respective cost recovery clause dockets be approved and, if so, has FCG made the appropriate adjustments to remove all such outside service costs incurred for clause dockets from the projected test year operating revenues and operating expenses?

**POSITION:** No position.

**ISSUE 36:** What is the appropriate amount of miscellaneous revenues?

**POSITION:** No position.

**ISSUE 37:** Is FCG's projected Total Operating Revenues for the projected test year appropriate? (Fallout Issue)

**POSITION:** No position.

**ISSUE 38:** Has FCG made the appropriate adjustments to remove all non-utility activities from operation expenses, including depreciation and amortization expense?

**POSITION:** No position.

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**ISSUE 39:** What is the appropriate amount of salaries and benefits to include in the projected test year?

**POSITION:** No position.

**ISSUE 40:** What is the appropriate amount of pensions and post-retirement benefits expense to include in the projected test year?

**POSITION:** No position.

**ISSUE 41:** Is the injuries and damages expense in the test year reasonable?

**POSITION:** No position.

**ISSUE 42:** Is the insurance expense in the test year reasonable and/or appropriate?

**POSITION:** No position.

**ISSUE 43:** Is the level of projected contractor cost reasonable, appropriate and/or justified?

**POSITION:** No position.

**ISSUE 44:** Should the projected test year O&M expenses be adjusted to reflect changes to the non-labor trend factors for inflation and customer growth?

**POSITION:** No position.

**ISSUE 45:** Should FCG's proposal to continue the Storm Damage Reserve provision included in the 2018 Settlement Agreement be approved and, if so, what is the appropriate annual storm damage accrual and target reserve amount?

**POSITION:** No position.

**ISSUE 46:** Is a Parent Debt Adjustment pursuant to Rule 25-14.004, Florida Administrative Code, appropriate, and if so, what is the appropriate amount?

**POSITION:** No position.

**ISSUE 47:** What is the appropriate annual amount and amortization period for Rate Case Expense?

**POSITION:** No position.

**ISSUE 48:** Should an adjustment be made to Uncollectible Accounts and for Bad Debt in the Revenue Expansion Factor?

**POSITION:** No position.

**ISSUE 49:** What is the appropriate amount of projected test year O&M expenses? (Fallout Issue)

**POSITION:** No position.

**ISSUE 50:** Should any adjustments be made to the amounts included in the projected test year for amortization expense associated with the acquisition adjustment?

**POSITION:** No position.

**ISSUE 51:** What is the appropriate amount of Depreciation and Amortization Expense for the projected test year?

**POSITION:** No position.

**ISSUE 52:** What is the appropriate amount of projected test year Taxes Other than Income?

**POSITION:** No position.

**ISSUE 53:** What is the appropriate amount of projected test year Income Tax Expense? (Fallout Issue)

**POSITION:** No position.

**ISSUE 54:** What is the appropriate amount of Total Operating Expenses for the projected test year? (Fallout Issue)

**POSITION:** No position.

**ISSUE 55:** What is the appropriate amount of Net Operating Income for the projected test year? (Fallout Issue)

**POSITION:** No position.

### **REVENUE REQUIREMENTS**

**ISSUE 56:** What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FCG?

**POSITION:** No position.

**ISSUE 57:** What is the appropriate annual operating revenue increase for the projected test year? (Fallout Issue)

**POSITION:** No position.

**COST OF SERVICE AND RATE DESIGN**

**ISSUE 58:** Is FCG's proposed cost of service study appropriate and, if so, should it be approved for all regulatory purposes until base rates are reset in FCG's next general base rate proceeding?

**POSITION:** No position.

**ISSUE 59:** If the Commission grants a revenue increase to FCG, how should the increase be allocated to the rate classes?

**POSITION:** No position.

**ISSUE 60:** Are FCG's proposed Customer Charges appropriate?

**POSITION:** No position.

**ISSUE 61:** Are FCG's proposed per therm Distribution Charges appropriate?

**POSITION:** No position.

**ISSUE 62:** Are FCG's proposed Demand Charges appropriate?

**POSITION:** No position.

**ISSUE 63:** Are FCG's proposed connect and reconnection charges appropriate?

**POSITION:** No position.

**ISSUE 64:** Is FCG's proposed per transportation customer charge applicable to Third Party Suppliers appropriate?

**POSITION:** No position.

**ISSUE 65:** What is the appropriate effective date for FCG's revised rates and charges?

**POSITION:** No position.

**ISSUE 66:** Should the Commission give staff administrative authority to approve tariffs reflecting Commission approved rates and charges?

**POSITION:** No position.

**OTHER ISSUES**

**ISSUE 67:** Should the Commission approve FCG's requested Reserve Surplus Amortization Mechanism (RSAM)?



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**POSITION:** No position.

**ISSUE 68:** Should the Commission approve FCG's proposal for addressing a change in tax law, if any, that occurs during or after the pendency of this proceeding?

**POSITION:** No position.

**ISSUE 69:** Should the Commission approve FCG's proposal to continue the SAFE program to include additional mains and services to be relocated from rear property easements to the street front? If so, what adjustments, if any, should be made?

**POSITION:** No position.

**ISSUE 70:** Should the Commission approve FCG's proposal to expand the SAFE program to include replacement of "orange pipe"? If so, what adjustments, if any, should be made?

**POSITION:** No position.

**ISSUE 71:** Should the Commission approve FCG's requested four-year rate plan?

**POSITION:** No position.

**ISSUE 72:** Should FCG be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

**POSITION:** No position.

**ISSUE 73:** Should this docket be closed?

**POSITION:** No position.

**PROPOSED ISSUE:**

**Net Operating Income:**

**ISSUE E:** What is the appropriate amount of the affiliate expense to be included in the projected test year?

**POSITION:** OPC submitted proposed issues A-I; Commission Staff approves issue E with a suggested change by FCG, and Staff asserts that A, B, C, D, F, G, H, and I are unnecessary.

5. Stipulated Issues

None.

6. Pending Motions

None.

7. Pending Confidentiality Claims or Requests

None.

8. Objections to Witness Qualifications as an Expert

None.

9. Compliance with Order No. PSC-2022-0224-PCO-GU

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 15th day of November, 2022.

*/s/ Walt Trierweiler*

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that STAFF'S PREHEARING STATEMENT has been filed with the Office of Commission Clerk and that a true copy has been furnished to the following by electronic mail this 15th day of November, 2022:

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*/s/ Walt Trierweiler*

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