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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20220003-GU

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

\_\_\_\_\_ /

VOLUME 1  
PAGES 1 - 72

PROCEEDINGS: HEARING

COMMISSIONERS  
PARTICIPATING: CHAIRMAN ANDREW GILES FAY  
COMMISSIONER ART GRAHAM  
COMMISSIONER GARY F. CLARK  
COMMISSIONER MIKE LA ROSA  
COMMISSIONER GABRIELLA PASSIDOMO

DATE: Thursday, November 17, 2022

TIME: Commenced: 9:30 a.m.

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: DEBRA R. KRICK  
Court Reporter

PREMIER REPORTING  
112 W. 5TH AVENUE  
TALLAHASSEE, FLORIDA  
(850) 894-0828

## 1 APPEARANCES:

2 BETH KEATING, ESQUIRE, Gunster Law Firm, 215  
3 South Monroe Street, Suite 601, Tallahassee, Florida  
4 32301; appearing on behalf of Florida Public Utilities  
5 Company (FPUC).

6 CHRISTOPHER T. WRIGHT, ESQUIRE, 700 Universe  
7 Boulevard, Juno Beach, Florida 33408-2863; appearing on  
8 behalf of Florida City Gas (FCG).

9 J. JEFFREY WAHLEN, MALCOLM N. MEANS and  
10 VIRGINIA PONDER, ESQUIRES, Ausley Law Firm, Post Office  
11 Box 391, Tallahassee, Florida 32302; appearing on behalf  
12 of Tampa Electric Company (TECO).

13 RICHARD GENTRY, PUBLIC COUNSEL; CHARLES J.  
14 REHWINKEL, DEPUTY PUBLIC COUNSEL; PATRICIA A.  
15 CHRISTENSEN, ESQUIRE, OFFICE OF PUBLIC COUNSEL, c/o The  
16 Florida Legislature, 111 West Madison Street, Room 812,  
17 Tallahassee, Florida 32399-1400; appearing on behalf of  
18 the Citizens of the State of Florida (OPC).

19 RYAN SANDY, ESQUIRE, FPSC General Counsel's  
20 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida  
21 32399-0850, appearing on behalf of the Florida Public  
22 Service Commission (Staff).

23

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1 APPEARANCES CONTINUED:

2 KEITH C. HETRICK, GENERAL COUNSEL; MARY ANNE  
3 HELTON, DEPUTY GENERAL COUNSEL, Florida Public Service  
4 Commission, 2540 Shumard Oak Boulevard, Tallahassee,  
5 Florida 32399-0850, Advisor to the Florida Public  
6 Service Commission.

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I N D E X

WITNESS:	PAGE
MIGUEL BUSTOS	
Prefiled Direct Testimony inserted	8
ROBERT C. WARUSZEWSKI	
Prefiled Direct Testimony inserted	19
JEFFREY B. BATES	
Prefiled Direct Testimony inserted	27
KAREN L. BRAMLEY	
Prefiled Direct Testimony inserted	44
ANDY SHOAF	
Prefiled Direct Testimony inserted	64

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## EXHIBITS

NUMBER:		ID	ADMITTED
1	Comprehensive Exhibit List	69	69
2-17	As identified in the CEL	69	70

1 P R O C E E D I N G S

2 CHAIRMAN FAY: Next we will move to Mr.  
3 Watrous.

4 MR. WATROUS: Yes. We would like to make a  
5 slight change to the appearances in the 03 docket,  
6 I would like to note of that Austin Watrous and  
7 Jennifer Crawford are making an appearance.

8 CHAIRMAN FAY: Great. Thank you.

9 MR. WATROUS: And there are three preliminary  
10 matters.

11 First, I note for the record that St. Joe  
12 Natural Gas has been excused from participating in  
13 these proceedings.

14 Furthermore, all parties have stipulated to  
15 the issues presented in this docket as set forth in  
16 the prehearing order.

17 Finally, all witnesses have been excused from  
18 these proceedings, and their testimony and exhibits  
19 may be entered into the record as though read.

20 CHAIRMAN FAY: Okay. Great.

21 Any other preliminary matters, parties?

22 With that, we will move into prefiled  
23 testimony.

24 MR. WATROUS: Staff asks that the prefiled  
25 testimony of all witnesses identified in Section VI

1 of the Prehearing Order on page four be inserted  
2 into the record as though read.

3 CHAIRMAN FAY: Okay. Without objection, we  
4 will show that prefiled testimony for all witnesses  
5 entered into the record as though read.

6 (Whereupon, prefiled direct testimony of  
7 Miguel Bustos was inserted.)

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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 20220003-GU**

**FLORIDA CITY GAS**

**PURCHASED GAS ADJUSTMENT NET TRUE-UP AMOUNT**

**FOR THE PERIOD OF JANUARY 1, 2021 THROUGH DECEMBER 31, 2021**

**DIRECT TESTIMONY OF MIGUEL BUSTOS**

**MAY 2, 2022**



1

2 **Q. Please state your name and business address.**

3 A. My name is Miguel Bustos. My business address is 4045 NW 97 Avenue, Doral,  
4 Florida 33178.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Florida City Gas (“FCG” or “Company”) as Manager of  
7 Governmental & Community Affairs.

8 **Q. What are your responsibilities as Manager of Governmental & Community  
9 Affairs?**

10 A. I am responsible for managing FCG’s Purchased Gas Adjustment clause, the overall  
11 strategic design and management of the Company’s energy efficiency programs, as  
12 well as development of strategies of new business channels and emerging technologies.  
13 I am also responsible for providing direction and oversight for the Company’s  
14 implementation of governmental and community affairs. I have held these  
15 responsibilities since 2013.

16 **Q. Please describe your prior work experience and responsibilities.**

17 A. I began my career at FCG in 2003. I progressed through roles in operations, budgeting,  
18 accounting, and business operations. Prior to joining FCG, I was a corporate lead  
19 auditor in PricewaterhouseCoopers.

20 **Q. What is your educational background?**

21 A. I have a Bachelor of Science Degree in Accounting from the National Polytechnic  
22 Institute (Mexico City) and completed MBA coursework from the University of  
23 Americas.

1 Q. Please explain the purpose of your testimony.

2 A. The purpose of my testimony is to present FCG's Purchased Gas Adjustment ("PGA")  
3 final true-up amount for the period of January 1, 2021 through December 31, 2021.

4 Q. Has the Company prepared the form prescribed by this Commission for this  
5 purpose?

6 A. Yes. Attached to my testimony as Exhibit MB-1 is Schedule A-7, which is the PGA  
7 true-up reporting form supplied by the Commission Staff. This schedule provides the  
8 total actual fuel cost for the period in question, the total actual fuel revenues for that  
9 the period, and the resulting over or under-recovery amount.

10 Q. What was the total gas cost incurred by the Company during the period of  
11 January 1, 2021 through December 31, 2021?

12 A. The total cost of gas for this period is \$26,857,918, as shown on Line 1 of Exhibit MB-  
13 1.

14 Q. What was the total amount of gas revenues recovered through the PGA during  
15 the period of January 1, 2021 through December 31, 2021?

16 A. The Company recovered a total of \$22,683,436 through the PGA as shown on Line 2  
17 of Exhibit MB-1.

18 Q. What is the Company's actual over/under recovery amount for the period of  
19 January 1, 2021 through December 31, 2021?

20 A. The actual over/under recovery amount for this period, including margin sharing (Line  
21 1a), adjustments (Line 3a), and interest (Line 4), is an under-recovery of \$3,390,256 as  
22 shown on Line 5 of Exhibit MB-1.

23 Q. Is this amount net of the estimated true-up for the period January 1, 2021 through  
24 December 31, 2021 that was included in the PGA Factor being charged for the  
25 period of January 2022 through December 2022 ("2022 PGA Factor")?

1 A. No. As shown on Line 6 of Exhibit MB-1, there was an estimated under-recovery of  
2 \$1,334,903 for the period January 1, 2021 through December 31, 2021 that was  
3 included in the 2022 PGA Factor. The final true-up amount, net of the estimated under-  
4 recovery included in the 2022 PGA Factor, is an under-recovery of \$2,055,353, as  
5 shown on Line 7 of FCG Exhibit MB-1. This net under-recovery should be included  
6 in FCG's projected PGA Factor for the period January 1, 2023 through December 31,  
7 2023.

8 **Q. Does this conclude your testimony?**

9 A. Yes.

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1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                   **FLORIDA CITY GAS**

3                   **TESTIMONY OF MIGUEL BUSTOS**

4                   **DOCKET NO. 20220003-GU**

5                   **AUGUST 5, 2022**

6

7   **Q.    Please state your name and business address.**

8    A.    My name is Miguel Bustos. My business address is 4045 NW 97 Avenue, Doral,  
9           Florida 33178.

10 **Q.    By whom are you employed and what is your position?**

11 A.    I am employed by Florida City Gas (“FCG” or “Company”) as Manager of  
12        Governmental & Community Affairs.

13 **Q.    Please describe your duties and responsibilities in that position.**

14 A.    I am responsible for managing FCG’s Purchased Gas Adjustment clause, the overall  
15        strategic design and management of the Company’s energy efficiency programs, as  
16        well as development of strategies of new business channels and emerging technologies.  
17        I am also responsible for providing direction and oversight for the Company’s  
18        implementation of governmental and community affairs. I have held these  
19        responsibilities since 2013.

20 **Q.    Please describe your educational background and professional experience.**

21 A.    I have a Bachelor of Science Degree in Accounting from the National Polytechnic  
22        Institute (Mexico City) and completed MBA coursework from the University of  
23        Americas. I began my career at FCG in 2003. I progressed through roles in operations,

1 budgeting, accounting, and business operations. Prior to joining FCG, I was a corporate  
2 lead auditor in PricewaterhouseCoopers.

3 **Q. Are you sponsoring any exhibits?**

4 A. Yes. I am sponsoring the following exhibit:

- 5 • Exhibit MB-2 - Schedules E-1 through E-5

6 **Q. What is the purpose of your testimony in this proceeding?**

7 A. My testimony supports FCG's request for Commission approval of a Purchased Gas  
8 Adjustment ("PGA") Factor to be applied during the period of January 1, 2023 through  
9 December 31, 2023 (the "Projection Period"). My testimony will present the revised  
10 projected true-up for the current period January 1, 2022 through December 31, 2022,  
11 based on actual data for six months and projected data for six months (the  
12 "Actual/Estimated True-Up"). I will then present the development of the proposed  
13 maximum PGA Factor to be charged to Sales Customers during the Projection Period.

14 **Q. Has the Company prepared the schedules prescribed by this Commission for this  
15 purpose?**

16 A. Yes. Exhibit MB-2 includes Schedules E-1, E-1/R, and E-2 through E-5, which are the  
17 forms prescribed by Commission Staff. These schedules are used to calculate FCG's  
18 Actual/Estimated True-Up for the current period and the maximum PGA Factor for the  
19 Projection Period.

20 **Q. Can you explain the method used by the Company to calculate its projection of  
21 gas costs for the period January 2023 through December 2023?**

22 A. Yes. To calculate its projected gas costs, FCG applied the methodology adopted by the  
23 Commission in Order No. PSC-1993-0708-FOF-GU issued on May 10, 1993, and

1 modified in Docket No. 19980269-PU on May 19, 1993. Under this methodology,  
2 natural gas companies are to project their gas costs each twelve months for the  
3 subsequent twelve-month period ending in December. A per therm rate is developed  
4 for the weighted average cost of gas (“WACOG”) for the projected twelve-month  
5 period. However, this rate, which is based on the average of the winter and summer  
6 seasons, would lead to over or under-recoveries of gas costs in the two seasons. This  
7 problem is mitigated by establishing a maximum levelized PGA Factor, or cap, based  
8 on the Company’s expected winter cost of gas, thereby reducing the potential for large  
9 under-recoveries in the winter season when natural gas supply prices are typically  
10 higher. The Company is then able to flex the rate downward in the summer in order to  
11 match market conditions and reduce the potential for large over-recoveries in the  
12 summer season when natural gas supply prices are typically lower.

13 **Q. What if the actual cost exceeds the maximum rate as projected?**

14 A. If the revised projected gas costs exceed projected recoveries by at least 10% during  
15 the twelve-month period, the Company may at its discretion formally request a mid-  
16 course correction.

17 **Q. How are differences between the Company’s estimated and actual gas costs  
18 treated?**

19 A. The forms prescribed by the Commission take this into consideration. Form E-2  
20 calculates the projected differences using estimated figures, and form E-4 calculates  
21 the final net true-up using actual figures. These under/over recoveries are recovered  
22 from or credited to Sales Customers, as appropriate, through a true-up credit/charge  
23 included in the PGA Factor billed in the subsequent twelve-month period.

1 **Q. Are any Florida Gas Transmission (“FGT”) rate changes projected in this filing?**

2 A. No . The FGT Rates used in the preparation of this filing are based on those in effect  
3 as of August 2022.

4 **Q. Can you summarize the contents of the schedules submitted as part of this filing?**

5 A. Yes. Schedule E-1 shows the Projection Period, January 2023 through December 2023.  
6 For 2023, the Company projects the total gas purchases by Sales Customers will be  
7 43,123,293 therms (Schedule E-1, Page 2, Line 27) at a total cost of \$53,287,502  
8 (Schedule E-1, Page 2 Line 11) with a resulting WACOG of \$1.23570 per therm  
9 (Schedule E-1, Page 2 Line 40) before the application of the true-up factor and the  
10 regulatory assessment fee.

11

12 Schedule E-4 shows the final true-up of the revised estimated gas costs and the actual  
13 gas costs for the prior period, January 2021 through December 2021, which is an under-  
14 recovery of \$2,055,353 (Schedule E-4, Page 6, Column 3, Line 4). The final true-up  
15 amount is net of interest, adjustments, and the estimated under-recovery included in the  
16 2022 PGA Factor. I previously submitted direct testimony and Exhibit MB-1 in  
17 support of the final PGA true-up amount for the period January 2021 through December  
18 2021.

19

20 The projected true-up for the current period January 2022 through December 2022,  
21 based on six months of actual data and six months of projected data, is an under-  
22 recovery of \$13,464,473 (Schedule E-4, Page 6, Column 4, Line 4). The total net true-  
23 up is an under-recovery of \$15,519,826 (Schedule E-4, Page 6, Column 5, Line 4),

1 which results in a true-up factor of 35.989 cents per therm that would be applied during  
2 the Projection Period (Schedule E-1, Page 2, Line 41).

3  
4 Applying the net true-up factor increases the WACOG for the Projection Period to  
5 \$1.59560 per therm (Schedule E-1, Page 2, Line 42) before the regulatory assessment  
6 fee. With the regulatory assessment fee added, the WACOG is \$1.60362 per therm  
7 (Schedule E-1, Page 2, Line 44) based on the average of the winter and summer  
8 seasons.

9 **Q. Does the WACOG described above provide a sufficient basis to set the PGA**  
10 **Factor for the projection period?**

11 A. No. As explained above, using a PGA Factor based on the average of the winter and  
12 summer seasons would lead to over or under-recoveries of gas costs in the two seasons.  
13 This problem is mitigated by establishing a maximum levelized PGA Factor, or cap,  
14 based on the Company's expected winter cost of gas, which may be flexed downward  
15 during the summer season. As shown on Schedule E-1, Page 1 (winter), FCG's  
16 maximum levelized PGA Factor based on the Company's projected winter cost of gas  
17 is as follows:

18 Winter Average, per Therm

Total Cost (Line 11)	\$30,641,415
Total Therm Sales (Line 27)	22,796,174
(Line 11/ Line 27)	\$ 1.34415
True-up	\$ 0.35989
Before Regulatory Assessment	\$ 1.70404
Revenue Tax Factor	1.00503
Purchased Gas Factor	\$ 1.71261



1

2 If approved by the Commission, \$1.71261 per therm would be the maximum PGA  
3 Factor that FCG may charge its Sales Customers during the period January 2023  
4 through December 2023.

5 **Q. Does this conclude your testimony?**

6 A. Yes.

1                   (Whereupon, prefiled direct testimony of  
2 Robert C. Waruszewski was inserted.)

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1           **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2           DOCKET NO. 20220003-GU: PURCHASED GAS ADJUSTMENT (PGA)

3                           TRUE-UP

4           Direct Testimony of Robert Chester Waruszewski (Final True Up)

5                           On Behalf of

6                           Florida Public Utilities Company

7   **Q.**   Please state your name and business address.

8   **A.**   Robert C. Waruszewski, 500 Energy Lane, Suite 100, Dover, Delaware  
9           19901.

10 **Q.**   By whom are you employed and in what capacity?

11 **A.**   I am employed by Chesapeake Utilities Corporation as Regulatory  
12           Manager, South.

13 **Q.**   Briefly state your education background and employment experience.

14 **A.**   I received a Bachelor of Science Degree in mathematics and economics  
15           from St. Vincent College, Latrobe, Pennsylvania. After graduation, I  
16           worked as a junior accounting clerk for the Bank of New York Mellon,  
17           assisting in the preparation of audits as well as gathering local tax data for  
18           the bank's employees before joining Columbia Gas of Pennsylvania in  
19           November 2011 in the Regulatory Department. There, I prepared rate case  
20           and gas cost filings and in 2013, I was promoted to Senior Regulatory  
21           Analyst. I joined Peoples Natural Gas, a distribution company operating in  
22           Pennsylvania, West Virginia, and Kentucky, in December 2017, as the  
23           Senior Rates and Regulatory Analyst, where I was responsible for

1 assisting in budget preparation and compiling regulatory filings for the  
2 Company's Pennsylvania and West Virginia affiliates. I was subsequently  
3 promoted to Finance and Rates Analyst IV. In January 2022, I joined  
4 Chesapeake Utilities Corporation where my responsibilities include  
5 monthly filing of the Purchase Gas Adjustment (PGA), and other  
6 regulatory filings and analysis.

7 **Q.** Have you testified before this or any other Commission?

8 **A.** Yes, while I have not testified before this Commission, I have testified  
9 before the Pennsylvania Public Utility Commission in various gas cost  
10 proceedings for Peoples Natural Gas and in various Columbia Gas of  
11 Pennsylvania rate case proceedings. In addition, I have testified before the  
12 Public Service Commission of Maryland on several occasions on behalf of  
13 Columbia Gas of Maryland.

14 **Q.** What is the purpose of your testimony at this time?

15 **A.** To advise the Commission of the actual over/under recovery of the  
16 Purchased Gas Adjustment for the period January 1, 2021 through  
17 December 31, 2021, as compared to the true-up amount previously  
18 reported for that period which was based on six months actual and six  
19 months estimated.

20 **Q.** Please state the actual amount of over/under recovery of the Purchased  
21 Gas Adjustment for January 1, 2021 through December 31, 2021.

22 **A.** During January 2021 through December 2021, FPUC over-recovered  
23 \$772,776.

1 **Q.** How does this amount compare with the estimated true-up amount, which  
2 was allowed by the Commission during the November 2021 hearing?

3 **A.** As recognized in Order No. PSC-2021-0437-FOF-GU, in Docket No.  
4 20210003-GU, FPUC had an anticipated over-recovery of \$5,120,126,  
5 based upon six months of actual and six months of projected data.

6 **Q.** Have you prepared any exhibits at this time?

7 **A.** We prepared and pre-filed composite Exhibit RCW-1, containing Schedule  
8 A-7, Final PGA Over/Under Recovery for the Period January 2021  
9 through December 2021.

10 **Q.** Does this conclude your testimony?

11 **A.** Yes.

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
2           DOCKET NO. 20220003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.  
3   (Actual/Estimated and Projections)  
4   DIRECT TESTIMONY  
5   OF ROBERT C. WARUSZEWSKI  
6   On behalf of Florida Public Utilities Company

7   **Q.    Please state your name and business address.**

8   A.    Robert C. Waruszewski, 500 Energy Lane, Suite 100, Dover, Delaware 19901.

9   **Q.    By whom are you employed and in what capacity?**

10  A.    I am employed by Chesapeake Utilities Corporation as Regulatory Manager,  
11        South.

12  **Q.    Can you please provide a brief overview of your educational and**  
13        **employment background?**

14  A.    I received a Bachelor of Science Degree in mathematics and economics from  
15        St. Vincent College, Latrobe, Pennsylvania. After graduation, I worked as a  
16        junior accounting clerk for the Bank of New York Mellon, assisting in the  
17        preparation of audits as well as gathering local tax data for the bank's  
18        employees before joining Columbia Gas of Pennsylvania in November 2011 in  
19        the Regulatory Department. There, I prepared rate case and gas cost filings and  
20        in 2013, I was promoted to Senior Regulatory Analyst. I joined Peoples  
21        Natural Gas in December 2017, as the Senior Rates and Regulatory Analyst,  
22        where I was responsible for assisting in budget preparation and compiling  
23        regulatory filings for the Company's Pennsylvania and West Virginia  
24        affiliates. I was subsequently promoted to Finance and Rates Analyst IV. In

1 January 2022, I joined Chesapeake Utilities Corporation where my  
2 responsibilities include monthly filing of the Purchase Gas Adjustment (PGA),  
3 and other regulatory filings and analysis.

4 **Q. Are you familiar with the Purchased Gas Adjustment (PGA) clause of the**  
5 **Company?**

6 A. Yes.

7 **Q. Have you ever testified in the PGA Docket before?**

8 A. Yes.

9 **Q. What is the purpose of your testimony in this docket?**

10 A. My testimony will establish the PGA “true-up” collection amount, based on  
11 actual January 2022 through June 2022 data and projected July 2022 through  
12 December 2023 data. My testimony will summarize the computations that are  
13 contained in composite exhibit RCW-2 supporting the January through  
14 December 2023 projected PGA recovery (cap) factor for the FPUC  
15 consolidated gas division.

16 **Q. Which schedules have you included in your Exhibit RCW-2?**

17 A. The Company has previously filed True-Up schedules A-1, A-2, A-3, A-4, A-  
18 5, A-6 and A-7 in this proceeding. Exhibit RCW-2, which is included with  
19 my testimony, contains Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5 for the  
20 FPUC consolidated gas division. These schedules support the calculation of the  
21 PGA recovery (cap) factor for January through December 2023.

22 **Q. Were these schedules completed by you or under your supervision?**

23 A. Yes, these schedules were completed by me.

1 **Q. What is the projection period for this filing?**

2 A. The projection period is January through December 2023.

3 **Q. What is the appropriate final PGA true-up amount for the period**  
4 **January through December 2021?**

5 A. As shown on Schedule E-4, the final PGA true-up amount for the period  
6 January through December 2021 is an under-recovery of \$4,347,350 inclusive  
7 of interest.

8 **Q. What is the projected PGA true-up amount for the period January**  
9 **through December 2022?**

10 A. As also shown on Schedule E-4, the projected PGA true-up amount is an over-  
11 recovery of \$3,982,145 inclusive of interest, for the period January through  
12 December 2022.

13 **Q. What is the total projected PGA true-up amount to be collected from or**  
14 **refunded to customers for the period January through December 2023?**

15 A. As shown on Schedule E-4, the total net under-recovery to be collected for the  
16 period January through December 2023 is \$365,205.

17 **Q. What is the appropriate PGA recovery (cap) factor for the period January**  
18 **through December 2023?**

19 A. As shown on Schedule E-1, the PGA recovery (cap) factor is 141.91¢ per  
20 term for the period January through December 2023.

21 **Q. What should be the effective date of the PGA recovery (cap) factor for**  
22 **billing purposes?**

23 A. The PGA recovery (cap) factor should be effective for all meter readings



1           applying to the period of January 1, 2023 through December 31, 2023.

2   **Q.    Does this conclude your testimony?**

3   **A.    Yes.**

1                   (Whereupon, prefiled direct testimony of  
2 Jeffrey B. Bates was inserted.)

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1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
2           DOCKET NO. 20220003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.  
3                                   (Actual/Estimated and Projections)  
4                                   DIRECT TESTIMONY  
5                                   OF JEFFREY B BATES  
6                                   On behalf of Florida Public Utilities Company

7   **Q.    Please state your name and business address.**

8   A.    My name is Jeffrey Bates. My business address is 331 W. Central Ave, Suite  
9           239, Winter Haven, FL 33880.

10 **Q.    By whom are you employed and in what capacity?**

11 A.    I am employed by Florida Public Utilities Company (“FPUC” or “Company”)  
12           as a Senior Energy Logistics Analyst.

13 **Q.    Can you please provide a brief overview of your educational and**  
14 **employment background?**

15 A.    I graduated from Delaware State University in 1994 with a Bachelor’s of  
16           Science degree in Accounting. I graduated from Wilmington University in  
17           1999 with a Masters of Business Administration. I have been employed by  
18           FPUC since January of 1996.

19 **Q.    Are you familiar with the Purchased Gas Adjustment (PGA) clause of the**  
20 **Company and the associated projected and actual revenues and costs?**

21 A.    Yes.

22 **Q.    Have you ever testified before the Florida Public Service Commission**  
23 **(“FPSC”)?**

24 A.    Yes.

1 **Q. Are you sponsoring any Exhibits in this case?**

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3 being sponsored by Robert Waruszewski.

4

5 **Q. Please describe how the forecasts of pipeline charges and commodity costs**  
6 **of gas were developed for the projection period.**

7 A. The purchases for the gas cost projection model are based on projected sales to  
8 traditional non-transportation service customers. Florida Gas Transmission  
9 Company's ("FGT") FTS-1, FTS-2, FTS-3, NNTS-1, and ITS-1 as well as  
10 Southern Natural Gas ("SONAT") and the Florida Southeast Connection  
11 ("FSC") effective charges (including surcharges) and fuel rates, based on the  
12 prices from the FGT and SONAT posted rates and FSC rates from a precedent  
13 agreement. These were used for the entire projection period. As is further  
14 explained herein, the Company has also included costs related to the various  
15 expansion projects in the counties of Palm Beach, Polk and Nassau. FPUC has  
16 entered into an Asset Management Agreement ("AMA") with Emera Energy to  
17 help facilitate the delivery of natural gas in the northeast division.  
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19 which is used to bring supply to areas as a virtual pipeline for emergency and  
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22 developed using actual prices paid during relevant historical periods and the  
23 Henry Hub natural gas futures settlements provided by the CME plus the

1 locational basis settlements at FGT Zone 3 provided by Intercontinental  
2 Exchange through the end of the projection period. The forecasts of the  
3 commodity costs were then adjusted to reflect the unexpected potential market  
4 increases in the projection period.

5 **Q. Please describe how the forecasts of the weighted average cost of gas are**  
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10 notice costs and the projected supplier commodity costs. The weighted average  
11 cost of gas also includes projected costs related to our purchased gas functions  
12 and anticipated a credit for the swing service rider. The sum of these costs are  
13 then divided by the projected therm sales to the traditional non-transportation  
14 customers resulting in the projected weighted average cost of gas and  
15 ultimately the PGA recovery (cap) factor, as shown on Schedule E-1.  
16 Capacity shortfall if any, would be satisfied by gas and capacity repackaged  
17 and delivered by another FGT or SONAT capacity holder. If other services  
18 become available and it is economic to dispatch supplies under those services,  
19 the Company will utilize those services as part of its portfolio.

20 **Q. Are the pipeline capacity and supply costs associated with expansions**  
21 **appropriate for recovery in the PGA docket?**

1 A. Yes. Historically, the Commission has allowed recovery, through the clause, of  
2 upstream transmission pipeline capacity, transportation and related supply  
3 costs associated with service expansions to new areas.

4 **Q. Did you include costs of other expansions or interconnects related to**  
5 **Florida Division of Chesapeake Utilities (CFG) in the calculations of your**  
6 **true-up and projected amounts?**

7 A. Yes. There is a Local Distribution Company (“LDC”) to LDC interconnect  
8 with TECO/PGS and CFG for pressure stabilization of CFG’s system in  
9 Hernando County. There is also an interconnection to CFG’s facilities for  
10 Gulfstream’s Baseball City Gate southward through Davenport and Haines  
11 City as well as the expansion into Escambia County. There is an  
12 interconnection to CFG’s facilities from a new Gulfstream gate station in  
13 Auburndale. There are expansion projects planned for Q2 2023 completion in  
14 Winter Haven and St Cloud built to serve CFG. Finally, a three phase  
15 expansion in Nassau county will serve FPU Residential and Commercial  
16 customers is expected to be completed by Q4 2023.

17 **Q. Please explain how these costs incurred by CFG are recoverable under the**  
18 **PGA clause.**

19 A. Consistent with the prior years, the modified cost allocation methodology and  
20 revised purchased gas adjustment calculation approved by the Commission by  
21 Order No. PSC-2015-0321-PAA-GU, issued August 10, 2015, had been  
22 applied to allocate these costs to the Transitional Transportation Service (TTS)  
23 pool customers, until the approval of the Swing Service Rider in 2016, which

1 allocates these costs to certain transportation service customers who were not  
2 part of modified cost allocation methodology approved in 2015.

3 **Q. Please explain the Swing Service Rider.**

4 A. On April 11, 2016, Docket No. 20160085-GU, Florida Public Utilities, CFG,  
5 Florida Public Utilities Indiantown and Ft. Meade Divisions (the Companies)  
6 filed a joint petition for approval of the Swing Service Rider with this  
7 Commission. The Swing Service Rider proposed that the allocation of all  
8 costs be expanded to include transportation service customers on FPUC's  
9 system (i.e., customers who are not part of the current PGA mechanism) as  
10 well as shippers on CFG's system that are not part of the TTS pools. The  
11 Companies believe that these customers ultimately should bear their fair  
12 portion of the intrastate capacity costs. However, the Companies recognize that  
13 shippers for the larger classes of customers provide a service under contracts  
14 that will likely need to be amended to adjust for the revised cost allocations  
15 and systems need to be implemented to allow for billing of these charges to  
16 transportation customers and/or shippers. This petition was approved  
17 September 2016, Order No. PSC-2016-0422-TRF-GU.

18 **Q. What is the effect of Swing Service Rider on PGA costs?**

19 A. As shown on Schedule E-1, the Company has reduced PGA costs of  
20 \$20,528,280 attributable to the Swing Service Rider allocated to certain gas  
21 transportation customers.

22 **Q. Describe how the Company computed the Swing Service Rider and its  
23 impact on PGA costs.**

1 A. The Company compiled the actual throughput volumes, based on the most  
2 recent 12-months usage data, for each affected transportation and sales rate  
3 schedule to determine the percentage split between transportation and sales  
4 service customers relative to the total throughput for the affected rate  
5 schedules. The split for allocating the annual total intrastate and LDC-to-LDC  
6 capacity costs of \$19.7 million is 71.16 percent (\$14.1 million) to  
7 transportation customers and 28.84 percent (\$5.7 million) to sales customers.  
8 Then, the transportation customers' share of the \$14.1 million would be  
9 allocated to the affected transportation rate schedules in proportion to each rate  
10 schedule's share of the total throughput for the affected transportation rate  
11 schedules. The costs allocated to each rate schedule was then divided by the  
12 rate schedule's number of therms to calculate the cost recovery factor to be  
13 billed by rate schedule directly to the transportation customers.

14 **Q. Has there been an effect from the COVID-19 pandemic on the Florida**  
15 **Public Utilities Purchased Gas Adjustment true-up collection?**

16 A. Yes. Per a June 11, 2021, jointly-filed motion referencing Docket No. 2020-  
17 0194, Florida Public Utilities informed the Commission of a settlement  
18 agreement between Florida Public Utilities and the Florida Office of Peoples  
19 Counsel. This settlement agreement, which was approved by the Commission  
20 on July 22, 2021, allows Florida Public Utilities to recover approximately \$2.1  
21 million over the next two years in COVID-19 related incremental expenses.  
22 This recovery is to be achieved through the use of the Company's customer  
23 usage riders, including the swing service rider and purchased gas adjustment



1 recovery factor.

2 Of this \$2.1 million in incremental expenses, approximately \$1.35 million was  
3 attributable to electric and approximately \$732k was attributable to natural gas  
4 customers. Utilizing the same allocation methodology used in the calculation  
5 of the swing service rider, 71.16% of this amount, or approximately \$520k,  
6 would be allocated to the transportation customers and, therefore, recovered  
7 through the use of the swing service rider over the next two years. The  
8 remaining 28.84% is to be recovered over the same two-year time frame  
9 through the use of the purchased gas adjustment, resulting in an aggregate  
10 increase to the recovery factor of \$211k, or about \$105k on an annual basis.

11 **Q. Have the appropriate related costs and credits been included in the**  
12 **Projections for 2023?**

13 A. Yes, as more specifically reflected in Schedule E-1 and E-3 of Exhibit RCW-2,  
14 the Company has included the costs of existing and planned interstate and  
15 intrastate capacity agreements, as well as the costs associated with the Swing  
16 Service Rider as described above.

17 **Q. Did you include costs in addition to the costs specific to purchased gas in**  
18 **the calculations of your true-up and projected amounts?**

19 A. Yes, included with our purchased gas costs are consulting expenses to assist in  
20 the advancement of our PGA processes. Additionally, the Company has  
21 included costs associated with a software tool used by the Company to manage  
22 customer usage and assist in determining the gas supply needs for the rate  
23 classes subject to the PGA. This new system went live in May of 2022.

1           These costs directly influence the Company's PGA factor and are appropriate  
2           for recovery through the PGA clause. The company has also included legal  
3           expenses related to the FGT rate case.

4   **Q.   Please explain how these costs were determined to be recoverable under**  
5   **the PGA clause.**

6   A.   The costs the Company has included are integrally related to the gas purchase  
7           function and were not anticipated or included in the cost levels used to  
8           establish the current base rates. These costs relate to the Company's  
9           optimization of fuel supply in an effort to protect current fuel savings, and  
10          directly benefit our customers. These costs have historically been allowed for  
11          recovery through the PGA and are not being recovered through the  
12          Companies' base rates.

13   **Q.   What is the projection period for this filing?**

14   A.   The projection period is January through December 2023.

15   **Q.   Does this conclude your testimony?**

16   A.   Yes.

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
2           DOCKET NO. 20220003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.  
3                                   (Actual/Estimated and Projections)  
4                                   DIRECT TESTIMONY  
5                                   OF JEFFREY B BATES  
6                                   On behalf of Florida Public Utilities Company

7   **Q.    Please state your name and business address.**

8   A.    My name is Jeffrey Bates. My business address is 331 W. Central Ave, Suite  
9           239, Winter Haven, FL 33880.

10 **Q.    By whom are you employed and in what capacity?**

11 A.    I am employed by Florida Public Utilities Company (“FPUC” or “Company”)  
12           as a Senior Energy Logistics Analyst.

13 **Q.    Can you please provide a brief overview of your educational and**  
14 **employment background?**

15 A.    I graduated from Delaware State University in 1994 with a Bachelor’s of  
16           Science degree in Accounting. I graduated from Wilmington University in  
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19 **Q.    Are you familiar with the Purchased Gas Adjustment (PGA) clause of the**  
20 **Company and the associated projected and actual revenues and costs?**

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23 **(“FPSC”)?**

24 A.    Yes.

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3 being sponsored by Robert Waruszewski.

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20 the advancement of our PGA processes. Additionally, the Company has  
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22 customer usage and assist in determining the gas supply needs for the rate  
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2           for recovery through the PGA clause. The company has also included legal  
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9           optimization of fuel supply in an effort to protect current fuel savings, and  
10          directly benefit our customers. These costs have historically been allowed for  
11          recovery through the PGA and are not being recovered through the  
12          Companies' base rates.

13   **Q.   What is the projection period for this filing?**

14   A.   The projection period is January through December 2023.

15   **Q.   Does this conclude your testimony?**

16   A.   Yes.

1                   (Whereupon, prefiled direct testimony of Karen  
2 L. Bramley was inserted.)

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**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 20220003-GU  
IN RE: PURCHASED GAS ADJUSTMENT (PGA)  
TRUE-UP BY PEOPLES GAS SYSTEM**

**TESTIMONY AND EXHIBIT  
OF  
KAREN L BRAMLEY**

**FILED: MAY 2, 2022**

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                                   **PREPARED DIRECT TESTIMONY**

3   **OF**

4   **KAREN L. BRAMLEY**

5  
6   **Q.**    Please state your name and business address.

7  
8   **A.**    My name is Karen L. Bramley. My business address is 702  
9           North Franklin Street, Tampa, Florida 33602.

10  
11   **Q.**    By whom are you employed and in what capacity?

12  
13   **A.**    I am employed by Peoples Gas System ("Peoples") as  
14           Manager, Regulatory Affairs having held that position  
15           since 2018.

16  
17   **Q.**    Please summarize your educational background and  
18           professional qualifications.

19  
20   **A.**    I graduated from the University of South Florida in 1990  
21           with a Bachelor of Arts degree in Political Science and  
22           from University of South Florida in 1993 with a Master's  
23           degree in Public Administration. My work experience  
24           includes twenty-four years of gas and electric utility  
25           experience. My utility work has included various positions

1 in Legal, Customer Service, Fuels Management and  
2 Regulatory. In my current position, I am responsible for  
3 Peoples Gas System's Purchased Gas Adjustment ("PGA")  
4 Clause and Natural Gas Conservation Cost Recovery ("NGCCR")  
5 Clause, as well as various regulatory activities at  
6 Peoples.

7  
8 **Q.** What is the purpose of your testimony in this docket?

9  
10 **A.** The purpose of my testimony is to present and support for  
11 Commission review and approval the company's actual PGA  
12 true-up costs incurred during the January through  
13 December 2021 period.

14  
15 **Q.** Did you prepare any exhibits in support of your testimony?

16  
17 **A.** Yes. I have caused to be prepared as Exhibit KLB-1,  
18 entitled "People Gas System, January 2021 through  
19 December 2021: Schedule A-7 - Final Fuel Over/Under  
20 Recovery" schedule with respect to the final true-up for  
21 the period.

22  
23 **Q.** What was Peoples' cost of gas to be recovered through the  
24 PGA clause for the period January 2021 through December  
25 2021?

1 **A.** As shown on Exhibit A-7 in KLB-1, the cost of gas  
2 purchased, adjusted for company use, was \$168,876,089.

3

4 **Q.** What was the amount of gas revenue collected for the  
5 period January 2021 through December 2021?

6

7 **A.** The amount of gas revenue collected to cover the cost of  
8 gas was \$156,143,799.

9

10 **Q.** What was the final true-up amount for the period January  
11 2021 through December 2021?

12

13 **A.** The final true-up amount for the period, including  
14 interest and adjustments, is an under-recovery of  
15 \$12,648,692.

16

17 **Q.** What was the estimated true-up amount for the period which  
18 was included in the January 2022 through December 2022  
19 PGA factor calculation?

20

21 **A.** The estimated true-up amount which was included in the  
22 January 2022 through December 2022 PGA factor calculation  
23 was an under-recovery of \$8,332,074.

24

25 **Q.** What is the final true-up net of the estimated true-up

1 for the period January 2021 through December 2021?

2

3 **A.** The final true-up net of the estimated true-up for the  
4 period January 2021 through December 2021 is an under-  
5 recovery of \$4,316,618.

6

7 **Q.** Is this the final under-recovery amount to be included in  
8 the January 2023 through December 2023 projection?

9

10 **A.** Yes.

11

12 **Q.** Does this conclude your testimony?

13

14 **A.** Yes, it does.

15

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**BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 20220003-GU  
PURCHASED GAS ADJUSTMENT (PGA)  
BY PEOPLES GAS SYSTEM**

**TESTIMONY AND EXHIBIT  
OF  
KAREN L. BRAMLEY**

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                                   **PREPARED DIRECT TESTIMONY**

3   **OF**

4   **KAREN L. BRAMLEY**

5  
6   **Q.**   Please state your name, business address, by whom you  
7           are employed, and in what capacity?

8  
9   **A.**   My name is Karen L. Bramley. My business address is 702  
10           North Franklin Street, Tampa, Florida 33602. I am  
11           employed by Peoples Gas System ("Peoples" or the  
12           "Company") as the Manager, Regulatory Affairs.

13  
14   **Q.**   Please describe your educational and employment  
15           background.

16  
17   **A.**   I graduated from the University of South Florida in 1990  
18           with a Bachelor of Arts degree in Political Science and  
19           from University of South Florida in 1993 with a Master's  
20           degree in Public Administration. My work experience  
21           includes twenty-four years of gas and electric utility  
22           experience. My utility work has included various  
23           positions in Legal, Customer Service, Fuels Management  
24           and Regulatory. In my current position, I am responsible  
25           for Peoples Gas System's Purchased Gas Adjustment ("PGA")

1 Clause and Natural Gas Conservation Cost Recovery  
2 ("NGCCR") Clause as well as various other regulatory  
3 activities for Peoples.

4  
5 **Q.** What is the purpose of your testimony in this docket?

6  
7 **A.** The purpose of my testimony is to describe generally the  
8 components of Peoples' cost of purchased gas and  
9 upstream pipeline capacity. In my testimony, I also  
10 explain how Peoples' projected weighted average cost of  
11 gas ("WACOG") for the January 2023 through December 2023  
12 period was determined and the resulting requested  
13 maximum PGA ("Cap").

14  
15 **Q.** Please summarize your testimony.

16  
17 **A.** My testimony will address the following areas:

18  
19 1. How Peoples will obtain its gas supplies during the  
20 projected period.

21 2. The estimates and adjustments used to determine the  
22 amount of gas to be purchased from Peoples' various  
23 available sources of supply during the projected period.

24 3. The projections and assumptions used to estimate  
25 the purchase price to be paid by Peoples for such gas

1 supplies.

2 4. The components and assumptions used to develop  
3 Peoples' projected WACOG including the projected true-up  
4 balance to be collected or refunded.

5

6 **Q.** What is the appropriate final purchased gas adjustment  
7 true-up amount for the period January 2021 through  
8 December 2021?

9

10 **A.** The final PGA true-up amount for the year 2021 is an  
11 under-recovery of \$4,316,618.

12

13 **Q.** What is the estimated purchased gas adjustment true-up  
14 amount for the period January 2022 through December  
15 2022?

16

17 **A.** As shown on Schedule E-4, the estimated PGA true-up  
18 amount for 2022 is an over-recovery of \$4,316,910.

19

20 **Q.** What is the total purchased gas adjustment true-up  
21 amount to be collected during the period January 2023  
22 through December 2023?

23

24 **A.** The total PGA true-up amount to be collected in 2023 is  
25 an over-recovery of \$292. The expected neutral true-up

1 position is based on the approval of Peoples' mid-course  
2 correction, approved by the Commission in Order NO. PSC-  
3 2022-0287-PCO-GU, issued on July 22, 2022, which  
4 increased Peoples' 2022 PGA CAP Factor to \$1.70492.

5  
6 **Q.** Have you prepared or caused to be prepared certain  
7 schedules for use in this proceeding?

8  
9 **A.** Yes. Composite Exhibit KLB-2 was prepared by me or under  
10 my supervision.

11  
12 **Q.** Please describe how Peoples will obtain its gas supplies  
13 during the projected period of January 2023 through  
14 December 2023.

15  
16 **A.** Natural gas delivered through Peoples' distribution  
17 system is currently received through three interstate  
18 pipelines and one intrastate pipeline. Gas is delivered  
19 through Florida Gas Transmission Company ("FGT"),  
20 through Southern Natural Gas Company ("SONAT"), through  
21 Gulfstream Natural Gas System ("Gulfstream") and through  
22 SeaCoast Gas Transmission ("SeaCoast"). Receiving gas  
23 supply through multiple upstream pipelines provides  
24 valuable flexibility and reliability to serve customers.

25

1   **Q.**   In general, how does Peoples determine its sources of  
2       supply?

3  
4   **A.**   Peoples evaluates, selects, and utilizes sources of  
5       natural gas supply based on its "best value" gas  
6       acquisition strategy. For a source of supply to be  
7       identified as a "best value," it must offer the best  
8       combination of price, reliability of supply, and  
9       flexibility, consistent with Peoples' obligation as a  
10      public utility to provide safe, adequate, and efficient  
11      service to the public. Through a competitive bidding  
12      process, Peoples has a portfolio of supply sources from  
13      numerous third-party suppliers that reflect balance  
14      between cost, reliability, and operational flexibility.

15  
16   **Q.**   Could Peoples purchase all third-party supplies in  
17      advance for a long term at the lowest available fixed  
18      price to provide increased stability to its cost of gas?

19  
20   **A.**   No. Peoples' quantity requirements for system supply gas  
21      vary significantly according to year, season, month, and  
22      day. The variability in the demand for gas on Peoples'  
23      system is driven by the requirements of its customers.  
24      As a result, the actual quantity of gas taken out of  
25      Peoples' system by transport customers varies. Since

1 significant portions of the total transportation volumes  
2 are received by Peoples at a uniform daily rate, Peoples  
3 increases or decreases the volumes purchased for its own  
4 system supply to maintain a daily balance between  
5 receipts and deliveries of gas. Therefore, Peoples must  
6 buy a portion of its total system requirements under  
7 swing contract arrangements and meet variations in  
8 delivered volumes by relying on swing gas, peaking gas,  
9 pipeline balancing volumes, and pipeline no notice  
10 service at the prevailing rates for such services.

11  
12 **Q.** How did Peoples estimate the amount of gas to be  
13 purchased from various sources during the projected  
14 period of January 2023 through December 2023?

15  
16 **A.** Peoples' projected gas purchases are based on the  
17 Company's preliminary total throughput of therms  
18 delivered to customers projected for 2023, including  
19 both sales of Peoples' system supply and transportation  
20 deliveries of third-party gas purchased by end-users of  
21 Peoples. The throughput was then adjusted for the  
22 anticipated level of transportation service.

23  
24 **Q.** How are revenues derived from Peoples' Swing Service  
25 Charge accounted for through the PGA?

1 **A.** Customers who participate in the Natural Choice program  
2 pay a Swing Service Charge. The Swing Service Charge  
3 covers costs included in the PGA for balancing the  
4 difference between marketer-supplied gas and the  
5 customers' actual consumption. The revenues from the  
6 Swing Service Charge are credited to the PGA to offset  
7 this expense.

8  
9 **Q.** How did you estimate the purchase price to be paid by  
10 Peoples for each of its available sources of gas supply?

11  
12 **A.** Peoples estimates natural gas prices based on futures  
13 contracts as reported on the New York Mercantile  
14 Exchange. For the projection period of January 2023  
15 through December 2023, Peoples uses natural gas futures  
16 settlement prices as traded on the New York Mercantile  
17 Exchange, averaged over five consecutive business days  
18 in July 2022 to forecast natural gas prices. The price  
19 projection is then adjusted to reflect any basis  
20 differential between zones and the potential for  
21 unexpected and unforeseen changes due to market forces  
22 for natural gas prices in the projection period.

23  
24 **Q.** What drivers have contributed to the higher price of  
25 natural gas?



- 1   **A.**   The drivers of higher prices are strong demand for  
2       natural gas, geopolitical uncertainty in Ukraine, lower  
3       natural gas storage levels, flat to moderate natural gas  
4       production levels and liquefied natural gas exports at  
5       capacity.
- 6   **Q.**   Referring to Schedules E-3 (A) through (G) of Composite  
7       Exhibit KLB-2, please explain the components of these  
8       schedules and the assumptions that were made in  
9       developing the Company's projections.
- 10
- 11   **A.**   Schedule E-3, column (G) is a compilation of the annual  
12       data that appears on Schedules E-3 (E) through (F) for  
13       the year ending December 31, 2023. In Column (B), "FGT"  
14       indicates that the volumes are to be purchased for  
15       delivery via FGT interstate pipeline transportation.  
16       "SONAT" indicates that the volumes are to be purchased  
17       for delivery via SONAT interstate pipeline  
18       transportation. "GULFSTREAM" indicates that the volumes  
19       are to be purchased for delivery via Gulfstream  
20       interstate pipeline transportation. "SEACOAST" indicates  
21       the volumes are to be purchased for delivery via  
22       SeaCoast intrastate pipeline transportation. "THIRD  
23       PARTY" indicates that the volumes are to be purchased  
24       directly from various third-party suppliers for delivery

1           into FGT, SONAT, or Gulfstream.

2

3           In Column (C), "PGS" means the purchase will be for  
4           Peoples' system supply and will become part of Peoples'  
5           total WACOG. None of the costs of gas or transportation  
6           for end-use purchases made by end-use customers of  
7           Peoples are included in Peoples' WACOG. In Column (D),  
8           purchases of pipeline transportation services from FGT  
9           under Rate Schedules FTS-1, FTS-2, and FTS-3 are split  
10          into two components, commodity (or "usage") and demand  
11          (or "reservation"). Both Peoples and end-users pay the  
12          usage charge based on the actual amount of gas  
13          transported. The FTS-1, FTS-2, and FTS-3 commodity costs  
14          shown include all related transportation charges  
15          including usage, fuel, and Annual Charge Adjustment  
16          ("ACA") charges. The FTS-1, FTS-2, and FTS-3 demand  
17          component is a fixed charge based on the maximum daily  
18          quantity of FTS-1, FTS-2, and FTS-3 firm transportation  
19          capacity reserved. Similarly, the transportation rates  
20          of SONAT and Gulfstream consist of two components, a  
21          usage charge and a reservation charge, whereas SeaCoast  
22          consists of one component, a reservation charge.  
23          Individual Transportation Service customers reimburse  
24          Peoples or directly pay the upstream pipeline for all  
25          pipeline reservation charges associated with the

1 transportation capacity that Peoples reserves and uses  
2 on their behalf.

3  
4 Also, in Column (D), "NO NOTICE TRANSPORTATION SERVICE"  
5 (or "NNTS") represents FGT's no notice service provided  
6 to Peoples on a fixed charge basis for use when Peoples'  
7 actual use exceeds scheduled quantities. "SWING SERVICE"  
8 is the demand and commodity component of the cost of  
9 third-party supplies purchased to meet Peoples "swing"  
10 requirements for supply that fluctuate on a day-to-day  
11 basis. Column (E) captures the annual quantity in therms  
12 of gas purchased by Peoples for each category of system  
13 supply.

14  
15 Column (F) is the gas purchased by end-users for  
16 transportation. Column (G) is the total of Columns (E)  
17 and (F) in each row. Columns (H), (I), (J) and (K)  
18 represents the corresponding third-party supplier  
19 commodity costs, pipeline transportation commodity  
20 costs, pipeline transportation reservation costs, and  
21 other charges (e.g., balancing charges), respectively.  
22 These costs are determined using the actual amounts paid  
23 by Peoples. In the case of end-user transportation,  
24 these costs are reimbursed to Peoples or paid directly  
25 to FGT. All ACA and fuel charges are included in the

1 commodity costs in Column (I) and, therefore, are not  
2 shown in Column (K). Column (L) in each row is the sum  
3 of Columns (H), (I), (J) and (K) divided by Column (G).  
4

5 **Q.** Please explain the components of these schedules and the  
6 assumptions that were made in developing the Company's  
7 projections.  
8

9 **A.** Schedule E-1 shows the Cost of Gas Purchased, Therms  
10 Purchased, and Cents Per Therm for all rate classes.  
11

12 The costs associated with various categories or items  
13 are shown on lines 1 through 14. Line 6 on Schedule E-1  
14 includes legal expenses associated with various  
15 interstate pipeline dockets, such as tariff filings,  
16 seasonal fuel filings, and certification proceedings.  
17 These expenses have historically been included for  
18 recovery through the Purchased Gas Adjustment Clause  
19 because they are fuel-related expenses. The volumes  
20 consumed for similar categories or items are shown on  
21 lines 15 through 27, and the resulting effective cost  
22 per therm rate for each similar category or item is  
23 contained on lines 28 through 45. The data shown on  
24 Schedule E-1 is calculated from Schedules E-3 (A)  
25 through (F) for the year ending December 31, 2023.

1 **Q.** What information is presented on Schedule E-1/R of  
2 Composite Exhibit KLB-2?

3

4 **A.** Schedule E-1/R of Composite Exhibit KLB-2 shows six  
5 months actual and six months estimated data for the  
6 current period from January 2022 through December 2022  
7 for all customer classes.

8

9 **Q.** What information is presented on Schedule E-2 of  
10 Composite Exhibit KLB-2?

11

12 **A.** Schedule E-2 of Composite Exhibit KLB-2 shows the amount  
13 of the prior period over/under recoveries of gas costs  
14 that are included in the current PGA calculation.

15

16 **Q.** What is the purpose of Schedule E-4 of Composite Exhibit  
17 KLB-2?

18

19 **A.** Schedule E-4 of Composite Exhibit KLB-2 shows the  
20 calculation of the estimated true-up amount for the  
21 January 2022 through December 2022 period. It is based  
22 on actual data for six months and projected data for six  
23 months.

24

25 **Q.** What information is contained on Schedule E-5 of

1 Composite Exhibit KLB-2?

2

3 **A.** Schedule E-5 of Composite Exhibit KLB-2 is statistical  
4 data that includes the projected therm sales and numbers  
5 of customers by customer class for the period from  
6 January 2023 through December 2023.

7

8 **Q.** What is the appropriate cap factor for which Peoples  
9 seeks approval?

10

11 **A.** The WACOG for which Peoples seeks approval as the annual  
12 cap is a factor of \$1.49670 per therm as shown in  
13 Schedule E-1. This annual cap will be applicable to all  
14 rate classes.

15

16 **Q.** Does this conclude your testimony?

17

18 **A.** Yes, it does.

1                   (Whereupon, prefiled direct testimony of Andy  
2 Shoaf was inserted.)

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1                   Final True-Up January 2021 - December 2021

- 2     Q.     What were the total therm sales for the period January  
3           2021 through December 2021?
- 4     A.     Total therm sales were 841,504 therms.
- 5     Q.     What were total therm purchases for the period January  
6           2021 through December 2021?
- 7     A.     Total therm purchases were 873,590.
- 8     Q.     What was the cost of gas to be recovered through the  
9           PGA for the period January 2021 through December 2021?
- 10    A.     The cost of gas purchased for January 2021 through  
11           December 2021 was \$519,489.27.
- 12    Q.     What was the amount of gas revenue collected for the  
13           period January 2021 through December 2021?
- 14    A.     The amount of gas revenue collected to cover the cost  
15           of gas was \$450,326.
- 16    Q.     What is the total true-up provision for the period  
17           January 2021 through December 2021?
- 18    A.     The total true-up provision, including interest, is an  
19           under-recovery of \$69,150.42 for the period.
- 20    Q.     What is the amount of estimated true-up included for  
21           January 2021 thru December 2021 in the January 2022  
22           through December 2022 PGA factor calculation?
- 23    A.     The amount of estimated true-up for the period January  
24           thru December 2021 included in the January 2022 through  
25           December 2022 PGA factor calculation was an over-

1 recovery of \$83,782.00.

2 Q. What is the final over/under-recovery for the January  
3 through December 2021 period to be included in the  
4 January through December 2023 projection?

5 A. The final under-recovery for the current period to be  
6 included in the January 2023 through December 2023  
7 projections are \$152,932.42.

8 Q. Does this conclude your testimony?

9 A. Yes

10

11

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1 St. Joe Natural Gas seek approval through its petition for  
2 the period January 1, 2023 through December 31, 2023?

3 A. 147.90 cents per therm

4 Q. Does this conclude your testimony?

5 A. Yes

6

7

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1           CHAIRMAN FAY: Next, Mr. Watrous, we will move  
2 to exhibits.

3           MR. WATROUS: Staff has compiled a  
4 comprehensive exhibit list, which includes the  
5 prefiled exhibits attached to the witnesses'  
6 testimony in this case, as well as responses to  
7 staff discovery. The list has been provided to the  
8 parties, the Commissioners and the court reporter.  
9 The parties have agreed to include all exhibits on  
10 the comprehensive exhibit list in the record.  
11 Staff requests that this list be marked as the  
12 first hearing exhibit, and the other exhibits  
13 marked as set forth in this list.

14           CHAIRMAN FAY: Okay. Show those exhibits so.  
15           (Whereupon, Exhibit Nos. 1-17 were marked for  
16 identification.)

17           MR. WATROUS: Staff requests that the  
18 comprehensive exhibit list marked as Exhibit 1 be  
19 entered into the record.

20           CHAIRMAN FAY: Okay. Without objection enter  
21 Exhibit 1 into the record.

22           (Whereupon, Exhibit No. 1 was received into  
23 evidence.)

24           MR. BADDERS: Staff requests to move Exhibits  
25 2 through 17 into the record as set forth in the

1 comprehensive exhibit list.

2 CHAIRMAN FAY: Without objection, show  
3 Exhibits 2 through 17 entered into the record.

4 (Whereupon, Exhibit Nos. 2-17 were received  
5 into evidence.)

6 MR. WATROUS: Because the parties have reached  
7 Type 2 stipulations, with OPC not objecting to the  
8 Commission considering the stipulations on all the  
9 issues in the case, staff suggests that the  
10 Commission could make a bench decision in this  
11 docket provided parties are willing to waive  
12 post-hearing briefs.

13 CHAIRMAN FAY: Okay. Great. I will presume  
14 the parties do not want to brief on this 03 docket.

15 Okay. With that, Mr. Watrous?

16 MR. BADDERS: If the Commission decides that a  
17 bench decision is appropriate, staff recommends  
18 that the proposed Type 2 stipulations of Issues 1  
19 through 7 on pages eight and nine of the Prehearing  
20 Order be voted on by the Commission.

21 CHAIRMAN FAY: Okay. Great. Thank you.

22 Commissioners, at this time, if we have any  
23 questions or discussion on the 03 docket?

24 With that, I will take a motion on the Type 2  
25 stipulations for Issues 1 through 7 on the 03

1 docket.

2 COMMISSIONER CLARK: Move all items be  
3 approved, Mr. Chairman.

4 COMMISSIONER GRAHAM: Second.

5 CHAIRMAN FAY: We have a motion and a second.  
6 All that approve, say aye.

7 (Chorus of ayes.)

8 CHAIRMAN FAY: Showing none opposed, Issues 1  
9 through 7 of the Type 2 stipulations are approved  
10 on the 03 docket.

11 Mr. Watrous, any other matters that we need to  
12 address before closing this?

13 MR. WATROUS: Staff is not aware of any.

14 Since the Commission has made a bench  
15 decision, post-hearing filings are not necessary.

16 CHAIRMAN FAY: Okay. Great. Thank you.

17 With that, we will show that the 03 docket is  
18 adjourned.

19 (Proceedings concluded.)

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## CERTIFICATE OF REPORTER


STATE OF FLORIDA     )  
COUNTY OF LEON     )

I, DEBRA KRICK, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 1st day of December, 2022.

  
DEBRA R. KRICK  
NOTARY PUBLIC  
COMMISSION #HH31926  
EXPIRES AUGUST 13, 2024