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August 4, 2023

VIA E-PORTAL

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

Re: Docket No. 20230003-GU – Purchased Gas Adjustment (PGA) True Up.

Dear Mr. Teitzman:

Attached for filing, please find Florida Public Utilities Company's Petition for Approval of 2024 PGA Factor, along with the Testimony and Exhibit of Company witness Robert Waruszewski and the Testimony of Jeffrey Bates.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment)
(PGA) True-Up)
_____)

Docket No. 20230003-GU

Filed: August 4, 2023

**PETITION FOR APPROVAL OF THE PURCHASED GAS (PGA)
FACTOR FOR FLORIDA PUBLIC UTILITIES COMPANY**

Florida Public Utilities Company (“FPUC” or “the Company”) hereby files this petition for approval of the Purchased Gas Adjustment (“PGA”) factor to be applied for service to be rendered by the Company during the projected period of January 1, 2024 through December 31, 2024. In support of this Petition, FPUC states:

1. The Company is a natural gas utility with its principal office located at:

Florida Public Utilities Company
208 Wildlight Avenue,
Yulee, Florida 32097

2. The name and mailing address of the persons authorized to receive notices are:

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Michelle D. Napier
Director, Regulatory Affairs Distribution
Florida Public Utilities Company
1635 Meathe Drive
West Palm Beach, Florida 33411
mnapier@fpuc.com

3. Pursuant to the requirements in this docket, FPUC, concurrently with the filing of this petition, files testimony and Schedules E-1, E-1R, E-2, E-3, E-4, and E-5 (Exhibit RCW-2) for its consolidated gas division to support the calculation of the PGA recovery (cap) factor for the period January 2024 through December 2024.
4. As indicated in the testimony of Mr. Robert C. Waruszewski, FPUC has calculated its total net true-up (including interest and applicable regulatory assessment fees) for the period January 2022 through December 2022 to be an under-recovery of \$3,376,449, inclusive of interest.

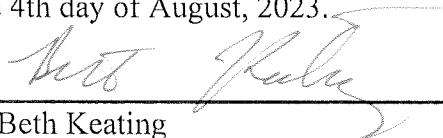
5. Schedule E-4 also shows the projected true-up for the current period January 2023 through December 2023 is an over-recovery of \$1,880,594 inclusive of interest.
6. The total net true-up as shown on Schedule E-4 is an under-recovery of \$1,495,855, to be collected during the projected period.
7. Consistent with the prior year, the Company's projected period costs include amounts associated with anticipated capacity costs for extending service to unserved areas in Polk, and Nassau counties and for pressure stabilization in Hernando County, as well as costs associated with limited use of compressed natural gas in certain instances, as explained in the testimony of Mr. Jeffrey B. Bates. These costs are reflected in Schedules E-1 and E-3, which are incorporated in composite Exhibit RCW-2 to the Direct Testimony of Mr. Waruszewski.
8. The Company has forecasted the 2024 weighted average cost of gas using the projected monthly pipeline demand costs, less the projected cost of capacity temporarily relinquished to third parties, the projected pipeline usage and no-notice costs, and the projected supplier commodity costs, while also incorporating projected costs associated with the Company's purchased gas functions. Consistent with Commission Order No. PSC-2016-0422-TRF-GU, a portion of the intrastate capacity costs is now allocated to certain transportation service customers outside the PGA, which has resulted in a decrease to the costs to be allocated to customers subject to the PGA. As explained in the testimony of Company witness Jeffrey Bates, the sum of the costs to be allocated through the PGA mechanism is then divided by projected therm sales to traditional, non-transportation service customers.
9. In calculating the costs to be allocated, the Company has included costs for outside consulting expenses associated with the ongoing review and modification to the

Company's PGA and capacity cost allocation process, as well as a software tool used to assess usage and customer demand. The costs included are directly tied to the gas purchase function of the Company and were not otherwise contemplated in the Company's last rate case.

10. Based on the estimated therm purchases for resale during the projected period, Schedule E-1 reflects that the maximum purchased gas cost recovery factor is 130.92¢ per therm. This rate includes not only the projected cost of gas purchased, but also the prior period true-up and revenue tax factors.

WHEREFORE, FPUC respectfully requests that the Commission enter its Order approving the Company's proposed PGA cost recovery factor cap of 130.92 cents per therm to be applied to customer's bills for the period January 2024 through December 2024.

RESPECTFULLY SUBMITTED this 4th day of August, 2023.

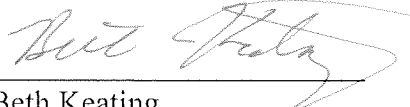


Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706
Attorneys for Florida Public Utilities Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of FPUC's Petition for Approval of PGA Factor, in Docket No. 20230003-GU, along with the Testimony and Exhibit RCW-2 of Robert Waruszewski and the Testimony of Jeffrey Bates, have been furnished by electronic mail to the following parties of record this 4th day of August, 2023:

Florida Public Utilities Company Mike Cassel 208 Wildlight Ave Yulee, Florida 32097 mcassel@fpuc.com	J. Jeffrey Wahlen Malcolm Means Virginia Ponder Ausley & McMullen P.O. Box 391 Tallahassee, FL 32302 jwahlen@ausley.com mmeans@ausley.com vponder@ausley.com
Austin Watrous, Esquire Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 awatrous@psc.state.fl.us	Office of Public Counsel Walter Trierweiler/Charles Rehwinkel/Patricia Christensen//M. Wessling c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 christensen.patty@leg.state.fl.us Rehwinkel.Charles@leg.state.fl.us Wessling.Mary@leg.state.fl.us
Peoples Gas System Paula Brown/Karen Bramley/Nora Bordine P.O. Box 111 Tampa, FL 33601-0111 regdept@tecoenergy.com klbramley@tecoenergy.com nmbordine@tecoenergy.com	St. Joe Natural Gas Company, Inc. Andy Shoaf/Debbie Stitt P.O. Box 549 Port St. Joe, FL 32457-0549 Andy@stjoegas.com dstitt@stjoegas.com
Christopher T. Wright Senior Attorney Florida Power & Light Company 700 Universe Boulevard (JB/LAW) Juno Beach, Florida 33408 Christopher.Wright@fpl.com	Michelle D. Napier Director, Regulatory Affairs Distribution Florida Public Utilities Company 1635 Meathe Drive West Palm Beach, Florida 33411 mnapier@fpuc.com


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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.

(Actual/Estimated and Projections)

DIRECT TESTIMONY

OF ROBERT C. WARUSZEWSKI

On behalf of Florida Public Utilities Company

Q. Please state your name and business address.

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

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

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

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

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

1 affiliates. I was subsequently promoted to Finance and Rates Analyst IV. In
2 January 2022, I joined Chesapeake Utilities Corporation where my
3 responsibilities include the fulfillment of many regulatory activities for FPUC,
4 which range from instances of regulatory analysis to various filings (Purchased
5 Gas Adjustment, Swing Service and the Gas Reliability Infrastructure
6 Program) before the Florida Public Service Commission.

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

9 A. Yes.

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

11 A. Yes.

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

13 A. My testimony will establish the PGA “true-up” collection amount, based on
14 actual January 2023 through June 2023 data and projected July 2023 through
15 December 2024 data. My testimony will summarize the computations that are
16 contained in composite exhibit RCW-2 supporting the January through
17 December 2024 projected PGA recovery (cap) factor for FPUC.

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

19 A. The Company has previously filed True-Up schedules A-1, A-2, A-3, A-4, A-
20 5, A-6 and A-7 in this proceeding. Exhibit RCW-2, which is included with
21 my testimony, contains Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5 for the
22 FPUC consolidated gas division. These schedules support the calculation of the
23 PGA recovery (cap) factor for January through December 2024.

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

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

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

4 A. The projection period is January through December 2024.

5 **Q. What is the appropriate final PGA true-up amount for the period**
6 **January through December 2022?**

7 A. As shown on Schedule E-4, the final PGA true-up amount for the period
8 January through December 2022 is an under-recovery of \$3,376,449 inclusive
9 of interest.

10 **Q. What is the projected PGA true-up amount for the period January**
11 **through December 2023?**

12 A. As also shown on Schedule E-4, the projected PGA true-up amount is an over-
13 recovery of \$1,880,594 inclusive of interest, for the period January through
14 December 2023.

15 **Q. What is the total projected PGA true-up amount to be collected from or**
16 **refunded to customers for the period January through December 2024?**

17 A. As shown on Schedule E-4, the total net under-recovery to be collected for the
18 period January through December 2024 is \$1,495,855.

19 **Q. What is the appropriate PGA recovery (cap) factor for the period January**
20 **through December 2024?**

21 A. As shown on Schedule E-1, the PGA recovery (cap) factor is 130.92¢ per
22 term for the period January through December 2024.

23 **Q. What should be the effective date of the PGA recovery (cap) factor for**

1 **billing purposes?**

2 A. The PGA recovery (cap) factor should be effective for all meter readings
3 applying to the period of January 1, 2024 through December 31, 2024.

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

5 A. Yes.

COMPANY:		PURCHASED GAS ADJUSTMENT COST RECOVERY CLAUSE CALCULATION											SCHEDULE E-1	
FLORIDA PUBLIC UTILITIES COMPANY``		ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2024 THROUGH DECEMBER 2024												
		PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	TOTAL	
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
COST OF GAS PURCHASED														
1	COMMODITY (Pipeline)	\$41,310	\$35,757	\$31,126	\$29,970	\$24,395	\$21,901	\$20,223	\$18,399	\$19,793	\$20,522	\$24,708	\$31,903	\$320,007
2	NO NOTICE SERVICE	\$9,430	\$6,743	\$6,208	\$4,152	\$1,760	\$1,704	\$1,745	\$1,745	\$1,673	\$3,301	\$5,369	\$7,466	\$51,296
3	SWING SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	COMMODITY (Other)	\$4,097,630	\$3,761,383	\$3,334,689	\$2,738,412	\$2,437,703	\$2,305,871	\$2,334,270	\$2,273,032	\$2,306,235	\$2,462,850	\$3,024,149	\$4,039,687	\$35,115,911
5	DEMAND	\$3,019,608	\$2,937,103	\$2,991,550	\$2,930,942	\$2,885,191	\$2,744,837	\$2,762,020	\$2,735,301	\$2,873,539	\$2,783,156	\$3,174,935	\$3,166,297	\$35,004,479
6	OTHER	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$322,542
LESS END-USE CONTRACT:														
7	COMMODITY (Pipeline)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	DEMAND - SWING SERVICE CREDIT	\$2,118,965	\$2,118,965	\$2,118,965	\$2,118,965	\$2,118,965	\$2,118,965	\$2,118,965	\$2,118,965	\$2,118,965	\$2,118,965	\$2,118,965	\$2,118,965	\$25,427,584
9	COMMODITY (Other)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Second Prior Month Purchase Adj. (OPTIONAL)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	TOTAL COST (+1+2+3+4+5+6-10)-(7+8+9)	\$5,075,892	\$4,648,900	\$4,271,487	\$3,611,390	\$3,256,963	\$2,982,227	\$3,026,172	\$2,936,391	\$3,109,154	\$3,177,743	\$4,137,075	\$5,153,260	\$45,386,650
12	NET UNBILLED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	COMPANY USE	\$400	\$300	\$300	\$300	\$400	\$600	\$700	\$700	\$800	\$700	\$500	\$700	\$6,400
14	TOTAL THERM SALES	\$5,075,492	\$4,648,600	\$4,271,187	\$3,611,090	\$3,256,563	\$2,981,627	\$3,025,472	\$2,935,691	\$3,108,354	\$3,177,043	\$4,136,575	\$5,152,560	\$45,380,250
THERMS PURCHASED														
15	COMMODITY (Pipeline)	4,646,760	4,022,150	3,501,220	3,371,170	2,744,150	2,463,540	2,274,750	2,069,660	2,226,400	2,308,460	2,779,310	3,588,650	35,996,220
16	NO NOTICE SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	-
17	SWING SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	-
18	COMMODITY (Other)	4,646,760	4,022,150	3,501,220	3,371,170	2,744,150	2,463,540	2,274,750	2,069,660	2,226,400	2,308,460	2,779,310	3,588,650	35,996,220
19	DEMAND	7,224,860	6,427,120	7,140,540	7,147,800	5,075,320	3,801,510	3,450,145	3,057,251	4,339,800	4,114,940	11,274,600	10,084,486	73,138,372
20	OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
LESS END-USE CONTRACT:														
21	COMMODITY (Pipeline)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	DEMAND - SWING SERVICE CREDIT	-	-	-	-	-	-	-	-	-	-	-	-	-
23	COMMODITY (Other)	-	-	-	-	-	-	-	-	-	-	-	-	-
24	TOTAL PURCHASES (+17+18+20)-(21+23)	4,646,760	4,022,150	3,501,220	3,371,170	2,744,150	2,463,540	2,274,750	2,069,660	2,226,400	2,308,460	2,779,310	3,588,650	35,996,220
25	NET UNBILLED	-	-	-	-	-	-	-	-	-	-	-	-	-
26	COMPANY USE	422	329	366	410	467	612	707	631	731	646	488	665	6,474
27	TOTAL THERM SALES (For Estimated, 24 - 26)	4,646,338	4,021,821	3,500,854	3,370,760	2,743,683	2,462,928	2,274,043	2,069,029	2,225,669	2,307,814	2,778,822	3,587,985	35,989,746
CENTS PER THERM														
28	COMMODITY (Pipeline) (1/15)	0.889	0.889	0.889	0.889	0.889	0.889	0.889	0.889	0.889	0.889	0.889	0.889	0.889
29	NO NOTICE SERVICE (2/16)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
30	SWING SERVICE (3/17)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
31	COMMODITY (Other) (4/18)	88.183	93.517	95.244	81.230	88.833	93.600	102.617	109.826	103.586	106.688	108.809	112.568	97.554
32	DEMAND (5/19)	41.795	45.699	41.895	41.005	56.847	72.204	80.055	89.469	66.214	67.635	28.160	31.398	47.861
33	OTHER (6/20)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
LESS END-USE CONTRACT:														
34	COMMODITY Pipeline (7/21)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
35	DEMAND - SWING SERVICE CREDIT (8/22)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
36	COMMODITY Other (9/23)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
37	TOTAL COST OF PURCHASES (11/24)	109.235	115.582	122.000	107.126	118.687	121.055	133.033	141.878	139.649	137.656	148.853	143.599	126.087
38	NET UNBILLED (12/25)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
39	COMPANY USE (13/26)	94.865	91.194	81.999	73.174	85.693	98.094	98.983	110.916	109.384	108.302	102.545	105.201	98.859
40	TOTAL COST OF THERM SOLD (11/27)	109.245	115.592	122.013	107.139	118.708	121.085	133.075	141.921	139.695	137.695	148.879	143.625	126.110
41	TRUE-UP (REFUND)/RECOVER (E-4)	4.156	4.156	4.156	4.156	4.156	4.156	4.156	4.156	4.156	4.156	4.156	4.156	4.156
42	TOTAL COST OF GAS (40+41)	113.401	119.748	126.169	111.295	122.864	125.241	137.231	146.077	143.851	141.851	153.035	147.781	130.266
43	REVENUE TAX FACTOR	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503
44	PGA FACTOR ADJUSTED FOR TAXES (42+43)	113.97082	120.34964	126.80270	111.85399	123.48107	125.86992	137.92011	146.81124	144.57411	142.56374	153.80370	148.52409	130.92053
45	PGA FACTOR (ROUNDED TO NEAREST .001)	113.971	120.350	126.803	111.854	123.481	125.870	137.920	146.811	144.574	142.564	153.804	148.524	130.921

COMPANY:		PURCHASED GAS ADJUSTMENT COST RECOVERY CLAUSE CALCULATION ACTUAL JANUARY 2023 THROUGH JUNE 2023 ESTIMATED JULY 2023 THROUGH DECEMBER 2023												SCHEDULE E-1/R
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	JUN	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	TOTAL
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
COST OF GAS PURCHASED														
1	COMMODITY (Pipeline)	\$15,019	\$13,261	\$12,033	\$21,069	\$16,220	14,460	\$11,310	\$10,756	\$10,978	\$11,351	\$14,725	\$20,369	\$171,551
2	NO NOTICE SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$1,879	\$1,879	\$1,802	\$3,554	\$5,782	\$8,040	\$22,936
3	SWING SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	COMMODITY (Other)	\$2,721,887	\$1,508,078	\$898,787	\$467,793	\$723,625	\$362,979	\$1,393,735	\$1,338,539	\$1,364,404	\$1,427,359	\$1,901,475	\$2,768,304	\$16,876,966
5	DEMAND	\$3,518,640	\$3,300,313	\$3,470,796	\$3,406,178	\$3,312,256	\$3,069,137	\$2,771,437	\$2,771,084	\$2,755,556	\$2,876,708	\$3,254,696	\$3,287,143	\$37,793,944
6	OTHER	\$26,175	\$23,420	-\$463,795	\$504,579	-\$489,799	\$277,300	\$42,415	\$42,415	\$42,415	\$42,415	\$42,415	\$42,415	\$132,373
LESS END-USE CONTRACT:														
7	COMMODITY (Pipeline)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	DEMAND - SWING SERVICE CREDIT	\$0	\$0	\$0	\$0	\$0	\$0	\$1,710,690	\$1,710,690	\$1,710,690	\$1,710,690	\$1,710,690	\$1,710,690	\$10,264,140
9	COMMODITY (Other)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Second Prior Month Purchase Adj. (OPTIONAL)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	TOTAL COST (1+2+3+4+5+6+10)-(7+8+9)	\$6,281,722	\$4,845,073	\$3,917,822	\$4,399,619	\$3,562,303	\$3,723,876	\$2,510,086	\$2,453,983	\$2,464,465	\$2,650,697	\$3,508,403	\$4,415,582	\$44,733,630
12	NET UNBILLED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	COMPANY USE	\$482	\$422	\$397	\$432	\$478	\$609	\$889	\$723	\$805	\$755	\$623	\$463	\$7,078
14	TOTAL THERM SALES	\$6,735,368	\$5,853,837	\$6,453,414	\$5,683,899	\$4,172,802	\$4,936,476	\$2,509,197	\$2,453,260	\$2,463,660	\$2,649,942	\$3,507,780	\$4,415,118	\$51,834,754
THERMS PURCHASED														
15	COMMODITY (Pipeline)	3,451,070	2,921,660	2,540,870	2,438,940	1,984,980	1,729,570	1,960,850	1,862,620	1,903,630	1,968,200	2,569,090	3,570,010	28,901,490
16	NO NOTICE SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	0
17	SWING SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	0
18	COMMODITY (Other)	3,963,640	2,958,916	2,995,240	2,119,917	2,247,911	1,629,396	1,960,850	1,862,620	1,903,630	1,968,200	2,569,090	3,570,010	29,749,420
19	DEMAND	10,211,540	8,747,070	9,463,620	10,500,030	6,510,310	6,153,140	5,195,910	5,190,330	5,018,700	6,858,440	12,901,500	13,340,540	100,091,130
20	OTHER	-	-	-	-	-	-	-	-	-	-	-	-	0
LESS END-USE CONTRACT:														
21	COMMODITY (Pipeline)	-	-	-	-	-	-	-	-	-	-	-	-	0
22	DEMAND - SWING SERVICE CREDIT	-	-	-	-	-	-	-	-	-	-	-	-	0
23	COMMODITY (Other)	-	-	-	-	-	-	-	-	-	-	-	-	0
24	TOTAL PURCHASES (15+16+17+18+19)-(21+22+23)	\$3,963,640	\$2,958,916	\$2,995,240	\$2,119,917	\$2,247,911	\$1,629,396	1,960,850	1,862,620	1,903,630	1,968,200	2,569,090	3,570,010	29,749,420
25	NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	0
26	COMPANY USE	422	329	366	410	467	612	889	723	805	755	623	463	6,863
27	TOTAL THERM SALES (For Estimated, 24 - 26)	4,182,466	3,400,374	3,074,973	3,071,321	2,408,067	2,342,642	1,959,961	1,861,897	1,902,825	1,967,445	2,568,467	3,569,547	32,309,985
CENTS PER THERM														
28	COMMODITY (Pipeline) (1/15)	0.435	0.454	0.474	0.864	0.817	0.836	0.577	0.577	0.577	0.577	0.573	0.571	0.594
29	NO NOTICE SERVICE (2/16)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
30	SWING SERVICE (3/17)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
31	COMMODITY (Other) (4/18)	68.671	50.967	30.007	22.067	32.191	22.277	71.078	71.863	71.674	72.521	74.014	77.543	56.730
32	DEMAND (5/19)	34.457	37.730	36.675	32.440	50.877	49.879	53.339	53.389	54.906	41.944	25.227	24.640	37.760
33	OTHER (6/20)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LESS END-USE CONTRACT:														
34	COMMODITY Pipeline (7/21)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
35	DEMAND - SWING SERVICE CREDIT (8/22)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
36	COMMODITY Other (9/23)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
37	TOTAL COST OF PURCHASES (11+24)	158.484	163.745	130.802	207.537	158.472	228.543	128.010	131.749	129.461	134.676	136.562	123.685	150.368
38	NET UNBILLED (12/25)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
39	COMPANY USE (13/26)	114.422	128.173	108.454	105.469	102.485	99.500	100.000	100.000	100.000	100.000	100.000	100.000	103.138
40	TOTAL COST OF THERM SOLD (11/27)	150.192	142.486	127.410	143.248	147.932	158.961	128.068	131.800	129.516	134.728	136.595	123.701	138.451
41	TRUE-UP (F-4)	1.132	1.132	1.132	1.132	1.132	1.132	1.132	1.132	1.132	1.132	1.132	1.132	1.132
42	TOTAL COST OF GAS (40+41)	151.324	143.618	128.542	144.380	149.064	160.093	129.200	132.932	130.648	135.860	137.727	124.833	139.583
43	REVENUE TAX FACTOR	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503
44	PGA FACTOR ADJUSTED FOR TAXES (42x43)	152.08423	144.34016	129.18788	145.10593	149.81312	160.89697	129.84942	133.60011	131.30460	136.54258	138.41929	125.46075	140.28482
45	PGA FACTOR (ROUNDED TO NEAREST .001)	152.084	144.340	129.188	145.106	149.813	160.897	129.849	133.600	131.305	136.543	138.419	125.461	140.285

COMPANY:		PURCHASED GAS ADJUSTMENT CALCULATION OF TRUE-UP AMOUNT												SCHEDULE E-2
FLORIDA PUBLIC UTILITIES COMPANY		ACTUAL JANUARY 2023 THROUGH JUNE 2023 ESTIMATED JULY 2023 THROUGH DECEMBER 2023												
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	TOTAL
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
TRUE-UP CALCULATION														
1	PURCHASED GAS COST	\$2,721,887	\$1,508,078	\$898,787	\$467,793	\$723,625	\$362,979	\$1,393,735	\$1,338,539	\$1,364,404	\$1,427,359	\$1,901,475	\$2,768,304	\$16,876,966
2	TRANSPORTATION COST	\$3,559,835	\$3,336,994	\$3,019,035	\$3,931,826	\$2,838,678	\$3,360,897	\$1,116,351	\$1,115,444	\$1,100,061	\$1,223,338	\$1,606,928	\$1,647,278	\$27,856,664
3	TOTAL	\$6,281,722	\$4,845,073	\$3,917,822	\$4,399,619	\$3,562,303	\$3,723,876	\$2,510,086	\$2,453,983	\$2,464,465	\$2,650,697	\$3,508,403	\$4,415,582	\$44,733,630
4	FUEL REVENUES (NET OF REVENUE TAX)	\$6,735,368	\$5,853,837	\$6,453,414	\$5,683,899	\$4,172,802	\$4,936,476	\$1,920,761	\$1,787,421	\$1,788,656	\$1,849,398	\$2,414,359	\$3,355,374	\$46,951,765
5	TRUE-UP - (COLLECTED) OR REFUNDED	\$ (30,431)	\$ (30,434)	\$ (30,434)	\$ (30,434)	\$ (30,434)	\$ (30,434)	\$ (30,434)	\$ (30,434)	\$ (30,434)	\$ (30,434)	\$ (30,434)	\$ (30,434)	(\$365,205)
6	FUEL REVENUE APPLICABLE TO PERIOD <small>Add Lines 5+6</small>	\$6,704,937	\$5,823,403	\$6,422,980	\$5,653,465	\$4,142,368	\$4,906,042	\$1,890,327	\$1,756,987	\$1,758,222	\$1,818,964	\$2,383,925	\$3,324,940	\$46,586,560
7	TRUE-UP - OVER(UNDER) - THIS PERIOD <small>Line 6-Line 3</small>	\$423,215	\$978,330	\$2,505,158	\$1,253,846	\$580,065	\$1,182,166	(\$619,759)	(\$696,996)	(\$706,243)	(\$831,733)	(\$1,124,478)	(\$1,090,642)	\$1,852,930
8	INTEREST PROVISION -THIS PERIOD <small>Line 21</small>	(\$12,618)	(\$10,430)	(\$4,066)	\$3,512	\$7,526	\$11,651	\$13,086	\$10,461	\$7,639	\$4,518	\$491	(\$4,106)	\$27,664
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	(\$3,741,652)	(\$3,300,624)	(\$2,302,290)	\$229,236	\$1,517,029	\$2,135,054	\$3,359,306	\$2,783,067	\$2,126,965	\$1,458,795	\$662,014	(\$431,539)	(\$3,741,652)
10	TRUE-UP COLLECTED OR (REFUNDED) <small>Reverse of Line 6</small>	\$30,431	\$30,434	\$30,434	\$30,434	\$30,434	\$30,434	\$30,434	\$30,434	\$30,434	\$30,434	\$30,434	\$30,434	\$365,205
10a	FLEX RATE REFUND (if applicable)													
11	TOTAL ESTIMATED/ACTUAL TRUE-UP <small>Add Lines 7 + 8 + 9 + 10 + 10a</small>	(\$3,300,624)	(\$2,302,290)	\$229,236	\$1,517,028	\$2,135,054	\$3,359,306	\$2,783,067	\$2,126,965	\$1,458,795	\$662,014	(\$431,539)	(\$1,495,852)	
INTEREST PROVISION														
12	BEGINNING TRUE-UP <small>Line 9</small>	(\$3,741,652)	(\$3,300,624)	(\$2,302,290)	\$229,236	\$1,517,029	\$2,135,054	\$3,359,306	\$2,783,067	\$2,126,965	\$1,458,795	\$662,014	(\$431,539)	\$4,495,361
13	ENDING TRUE-UP BEFORE INTEREST <small>Add Lines 12 + 7 + 10</small>	(\$3,288,006)	(\$2,291,860)	\$233,302	\$1,513,516	\$2,127,528	\$3,347,655	\$2,769,980	\$2,116,504	\$1,451,156	\$657,496	(\$432,030)	(\$1,491,746)	\$6,713,496
14	TOTAL (12+13) <small>Add Lines 12 + 13</small>	(\$7,029,659)	(\$5,592,485)	(\$2,068,988)	\$1,742,752	\$3,644,557	\$5,482,709	\$6,129,286	\$4,899,571	\$3,578,122	\$2,116,292	\$229,985	(\$1,923,285)	\$11,208,858
15	AVERAGE <small>50% of Line 14</small>	(\$3,514,829)	(\$2,796,242)	(\$1,034,494)	\$871,376	\$1,822,279	\$2,741,354	\$3,064,643	\$2,449,785	\$1,789,061	\$1,058,146	\$114,992	(\$961,642)	\$5,604,429
16	INTEREST RATE - FIRST DAY OF MONTH	4.25%	4.36%	4.60%	4.83%	4.83%	5.08%	5.12%	5.12%	5.12%	5.12%	5.12%	5.12%	5.12%
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	4.36%	4.60%	4.83%	4.83%	5.08%	5.12%	5.12%	5.12%	5.12%	5.12%	5.12%	5.12%	5.12%
18	TOTAL <small>Add Lines 16 + 17</small>	8.61%	8.96%	9.43%	9.66%	9.91%	10.20%	10.24%	10.24%	10.24%	10.24%	10.24%	10.24%	10.24%
19	AVERAGE <small>50% of Line 18</small>	4.305%	4.480%	4.715%	4.830%	4.955%	5.100%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%	5.120%
20	MONTHLY AVERAGE <small>Line 19 / 12 mos.</small>	0.359%	0.373%	0.393%	0.403%	0.413%	0.425%	0.427%	0.427%	0.427%	0.427%	0.427%	0.427%	0.427%
21	INTEREST PROVISION <small>Line 15 x Line 20</small>	(\$12,618)	(\$10,430)	(\$4,066)	\$3,512	\$7,526	\$11,651	\$13,086	\$10,461	\$7,639	\$4,518	\$491	(\$4,106)	\$27,664

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY PURCHASED GAS ADJUSTMENT TRANSPORTATION PURCHASES SYSTEM SUPPLY AND END USE SCHEDULE E-3											
ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2024 THROUGH DECEMBER 2024											
MONTH	PURCHASED FROM	PURCHASED FOR	SCH TYPE	UNITS SYSTEM SUPPLY	UNITS END USE	UNITS TOTAL PURCHASED	COMMODITY COST		DEMAND COST	OTHER CHARGES ACA/GRI/FUEL	TOTAL CENTS PER THERM
							THIRD PARTY	PIPELINE			
JANUARY	VARIOUS	SYS SUPPLY	N/A	4,646,760	0	4,646,760	\$4,097,630	\$68,189	\$910,073	INCLUDED IN COST	109.235
FEBRUARY	VARIOUS	SYS SUPPLY	N/A	4,022,150	0	4,022,150	\$3,761,383	\$62,636	\$824,881	INCLUDED IN COST	115.582
MARCH	VARIOUS	SYS SUPPLY	N/A	3,501,220	0	3,501,220	\$3,334,689	\$58,005	\$878,793	INCLUDED IN COST	122.000
APRIL	VARIOUS	SYS SUPPLY	N/A	3,371,170	0	3,371,170	\$2,738,412	\$56,849	\$816,129	INCLUDED IN COST	107.126
MAY	VARIOUS	SYS SUPPLY	N/A	2,744,150	0	2,744,150	\$2,437,703	\$51,274	\$767,986	INCLUDED IN COST	118.687
JUNE	VARIOUS	SYS SUPPLY	N/A	2,463,540	0	2,463,540	\$2,305,871	\$48,780	\$627,576	INCLUDED IN COST	121.055
JULY	VARIOUS	SYS SUPPLY	N/A	2,274,750	0	2,274,750	\$2,334,270	\$47,102	\$644,800	INCLUDED IN COST	133.033
AUGUST	VARIOUS	SYS SUPPLY	N/A	2,069,660	0	2,069,660	\$2,273,032	\$45,278	\$618,081	INCLUDED IN COST	141.878
SEPTEMBER	VARIOUS	SYS SUPPLY	N/A	2,226,400	0	2,226,400	\$2,306,235	\$46,672	\$756,247	INCLUDED IN COST	139.649
OCTOBER	VARIOUS	SYS SUPPLY	N/A	2,308,460	0	2,308,460	\$2,462,850	\$47,401	\$667,492	INCLUDED IN COST	137.656
NOVEMBER	VARIOUS	SYS SUPPLY	N/A	2,779,310	0	2,779,310	\$3,024,149	\$51,587	\$1,061,339	INCLUDED IN COST	148.853
DECEMBER	VARIOUS	SYS SUPPLY	N/A	3,588,650	0	3,588,650	\$4,039,687	\$58,776	\$1,054,798	INCLUDED IN COST	143.599
TOTAL				35,996,220	0	35,996,220	\$35,115,911	\$642,549	\$9,628,190		126.087

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY		PURCHASED GAS ADJUSTMENT CALCULATION OF TRUE-UP AMOUNT ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2024 THROUGH DECEMBER 2024				SCHEDULE E-4
		PRIOR PERIOD: JANUARY 2022 THROUGH DECEMBER 2022			CURRENT PERIOD: JANUARY 2023 THROUGH DECEMBER 2023	(5) (3)+(4) COMBINED TOTAL TRUE-UP
		(1) SIX MONTHS ACTUAL PLUS SIX MONTHS PROJECTED	(2) ACTUAL	(3) (2) - (1) DIFFERENCE	(4) SIX MONTHS ACTUAL PLUS SIX MONTHS PROJECTED	
1	TOTAL THERM SALES (\$)	\$45,574,235	56,838,821	\$11,264,586	\$46,586,560	\$57,851,146
2	TRUE-UP PROVISION FOR THE PERIOD OVER/(UNDER) COLLECTION (\$)	\$3,981,833	621,742	(\$3,360,091)	\$1,852,930	(\$1,507,161)
3	INTEREST PROVISION FOR THE PERIOD (\$)	\$312	(16,046)	(\$16,358)	\$27,664	\$11,306
4	END OF PERIOD TOTAL NET TRUE-UP (\$)	\$3,982,145	\$605,696	(\$3,376,449)	\$1,880,594	(\$1,495,855)
TOTAL TRUE-UP DOLLARS - OVER/(UNDER) RECOVERY						(\$1,495,855)
PROJECTED THERM SALES FOR JANUARY 2024 - DECEMBER 2024						35,989,746
CENTS PER THERM NECESSARY TO REFUND OVERRECOVERY / (COLLECT UNDERRECOVERY)						(4.156)

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY		PURCHASED GAS ADJUSTMENT THERM SALES AND CUSTOMER DATA											SCHEDULE E-5	
ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2024 THROUGH DECEMBER 2024														
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
PGA COST														
1	Commodity costs	\$4,097,630	\$3,761,383	\$3,334,689	\$2,738,412	\$2,437,703	\$2,305,871	\$2,334,270	\$2,273,032	\$2,306,235	\$2,462,850	\$3,024,149	\$4,039,687	\$35,115,911
2	Transportation costs	\$3,070,348	\$2,979,603	\$3,028,884	\$2,965,064	\$2,911,346	\$2,768,442	\$2,783,988	\$2,755,445	\$2,895,005	\$2,806,979	\$3,205,012	\$3,205,666	\$35,375,782
3	Hedging costs													
4	(financial settlement)													
5	Other	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,879	\$26,873	\$322,542
6	Total	\$7,194,857	\$6,767,865	\$6,390,452	\$5,730,355	\$5,375,928	\$5,101,192	\$5,145,137	\$5,055,356	\$5,228,119	\$5,296,708	\$6,256,040	\$7,272,226	\$70,814,235
PGA THERM SALES														
7	Residential	1,905,172	1,649,082	1,435,500	1,382,181	1,125,102	1,010,051	932,648	848,561	912,824	946,469	1,139,517	1,471,347	14,758,454
8	Commercial	2,741,588	2,373,069	2,065,720	1,988,990	1,619,050	1,453,489	1,342,103	1,221,099	1,313,576	1,361,991	1,639,793	2,117,304	21,237,772
9	Total	4,646,760	4,022,151	3,501,220	3,371,171	2,744,152	2,463,540	2,274,751	2,069,660	2,226,400	2,308,460	2,779,310	3,588,651	35,996,226
PGA REVENUES														
10	Residential	2,081,116	1,906,049	1,751,309	1,480,671	1,335,355	1,222,712	1,240,731	1,203,921	1,274,753	1,302,875	1,696,200	2,112,837	18,608,529
11	Commercial	2,994,777	2,742,850	2,520,177	2,130,719	1,921,607	1,759,514	1,785,441	1,732,470	1,834,400	1,874,868	2,440,874	3,040,422	26,778,119
12	Total	5,075,893	4,648,899	4,271,486	3,611,390	3,256,962	2,982,226	3,026,172	2,936,391	3,109,153	3,177,743	4,137,074	5,153,259	45,386,648
NUMBER OF PGA CUSTOMERS														
13	Residential	70,679	70,857	70,616	70,986	71,221	71,565	71,809	72,008	72,238	72,539	72,866	73,136	860,520
14	Commercial	4,222	4,234	4,214	4,201	4,208	4,213	4,234	4,232	4,211	4,219	4,228	4,234	50,650
50	Total	74,901	75,091	74,830	75,187	75,429	75,778	76,043	76,240	76,449	76,758	77,094	77,370	911,170

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.

(Actual/Estimated and Projections)

DIRECT TESTIMONY

OF JEFFREY B BATES

On behalf of Florida Public Utilities Company

Q. Please state your name and business address.

A. My name is Jeffrey Bates. My business address is 331 W. Central Ave, Suite 238, Winter Haven, FL 33880.

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

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

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

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

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

A. Yes.

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

A. Yes.

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

2 A. No. Numerical references made in my testimony relate to Exhibit RCW-2
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 Gulfstream
10 Natural Gas, Southern Natural Gas ("SONAT") and the Florida Southeast
11 Connection ("FSC") effective charges (including surcharges) and fuel rates,
12 based on the prices from the FGT, Gulfstream, and SONAT posted rates and
13 FSC rates from a precedent agreement. These were used for the entire
14 projection period. As is further explained herein, the Company has also
15 included costs related to the various expansion projects in the counties of Palm
16 Beach, Polk and Nassau. FPUC has entered into an Asset Management
17 Agreement ("AMA") with Emera Energy to help facilitate the delivery of
18 natural gas in the northeast division. Additionally, the Company has included
19 costs related to compressed natural gas which is used to bring supply to areas
20 as a virtual pipeline for emergency and planned services. The expected costs of
21 natural gas purchased by the Company during the projection period were
22 developed using actual prices paid during relevant historical periods and the
23 Henry Hub natural gas futures settlements provided by the Nymex 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**
6 **developed for the projection period.**

7 A. The Company has forecasted the 2024 weighted average cost of gas using the
8 projected monthly pipeline demand costs, less the projected cost of capacity
9 temporarily relinquished to third parties, the projected pipeline usage and no-
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, Gulfstream, or SONAT capacity holder. If
18 other services become available and it is economic to dispatch supplies under
19 those services, 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 Public Utilities Company in the calculations of your true-up and**
6 **projected amounts?**

7 A. Yes. There is a Local Distribution Company (“LDC”) to LDC interconnect
8 with TECO/PGS and FPUC (former CFG facilities) for pressure stabilization
9 of FPUC’s system in Hernando County. There is also an interconnection to
10 FPUC’s facilities for Gulfstream’s Baseball City Gate southward through
11 Davenport and Haines City as well as the expansion into Escambia County.
12 There is an interconnection to FPUC’s facilities from a new Gulfstream gate
13 station in Auburndale. There are additional expansion projects in Polk county
14 to serve FPUC customers. Finally, a multi phase expansion in Nassau county
15 will serve FPUC Residential and Commercial customers is expected to be
16 completed by Q3 2023..

17 **Q. Please explain how these costs are recoverable under the PGA clause.**

18 A. Consistent with the prior years, the modified cost allocation methodology and
19 revised purchased gas adjustment calculation approved by the Commission by
20 Order No. PSC-2015-0321-PAA-GU, issued August 10, 2015, had been
21 applied to allocate these costs to the Transitional Transportation Service (TTS)
22 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 that are not part of the TTS pools. The Companies believe
11 that these customers ultimately should bear their fair portion of the intrastate
12 capacity costs. However, the Companies recognize that shippers for the larger
13 classes of customers provide a service under contracts that will likely need to
14 be amended to adjust for the revised cost allocations and systems need to be
15 implemented to allow for billing of these charges to transportation customers
16 and/or shippers. This petition was approved September 2016, Order No. PSC-
17 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 \$25,427,584 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 \$24.5 million is 73.49 percent (\$18.0 million) to
7 transportation customers and 26.51 percent (\$6.5 million) to sales customers.
8 Then, the transportation customers' share of the \$18.0 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. Have the appropriate related costs and credits been included in the**
15 **Projections for 2024?**

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

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

22 A. Yes, included with our purchased gas costs are consulting and legal expenses
23 to assist in the advancement of our PGA processes. Additionally, the Company

1 has included costs associated with a software tool used by the Company to
2 manage customer usage and assist in determining the gas supply needs for the
3 rate classes subject to the PGA. This new system went live in May of 2022.
4 These costs directly influence the Company's PGA factor and are appropriate
5 for recovery through the PGA clause. The company has also included legal
6 expenses related to the FGT rate case.

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

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

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

17 A. The projection period is January through December 2024.

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

19 A. Yes.