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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20230029-GU

Petition for approval of gas utility
access and replacement directive, by
Florida Public Utilities Company.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 9

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

DATE: Tuesday, August 1, 2023

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

REPORTED BY: DEBRA R. KRICK
Court Reporter and
Notary Public in and for
the State of Florida at Large

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

2 CHAIRMAN FAY: All right. Commissioners, we
3 will take up Item No. 9 next. Ms. Guffey is going
4 to present that item. We will give her a minute to
5 get set up.

6 MS. GUFFEY: Good morning, Chairman and
7 Commissioners, Sevini Guffey from Commission staff.

8 Item 9 is Florida Public Utilities Company's
9 petition seeking approval of its new gas utility
10 access and replacement directive, also known as the
11 GUARD program, which comprises of three components,
12 first. First, replacement of problematic pipes and
13 facilities. Second, relocation of mains and
14 service lines from rear easement to the front
15 easement. And third, enhancement of system
16 reliability in certain high population density
17 areas.

18 The total estimated cost for the program is
19 250 million for 10 years. If approved, FPUC will
20 seek recovery of the revenue requirements through a
21 surcharge on customers' monthly bills beginning in
22 January 2024. Furthermore, FPUC will file a
23 petition by September 1st of each year to revise
24 the surcharge.

25 Staff recommends approval of the two -- of the

1 GUARD program component, the replacement of
2 problematic pipes and facilities, and relocations
3 -- relocation of mains and service lines.

4 These two components should enhance the safety
5 and accessibility of FPUC's natural gas
6 distribution system.

7 Staff recommends removal of the reliability
8 component of the GUARD program because the company
9 has the ability to address this through traditional
10 ratemaking processes, such as a limited proceeding
11 or a rate case.

12 Staff and company representatives, Mr. Munson,
13 Mr. Bennett and Cassel are available to answer
14 questions the Commission may have.

15 CHAIRMAN FAY: Great. Thank you, Ms. Guffey.

16 All right. Commissioners, we will take
17 questions on Item No. 9.

18 Commissioner La Rosa, you are recognized.

19 COMMISSIONER LA ROSA: Thank you, Chairman.

20 And generally, I am supportive of what's -- of how
21 staff has kind of laid this out for us today, and
22 I've certainly had a lot of discussion with them as
23 we are reviewing things, but I had a few questions
24 for the company. I am going to kind of direct them
25 that direction.

1 So in the initial request, there is a request
2 for items to be included that are outside the
3 official regulatory requirements. I just kind of
4 wanted to maybe understand a little bit of
5 background behind that, of kind of why that was,
6 you know, why that was selected, or why that was
7 being suggested by the company. I understand
8 safety reasons and whatnot, but looking to go a
9 little deeper than that.

10 CHAIRMAN FAY: Yeah, Mr. Munson, if you could
11 just introduce who is with you, and provide that
12 response, thank you.

13 MR. MUNSON: Thank you, Commissioner. Sure.

14 Good morning, Commissioners. I am Greg Munson
15 with the Gunster firm here on behalf of Florida
16 Public Utilities. Sitting with me is the Assistant
17 Vice-President for Regulatory Affairs, Jason
18 Bennett, and we are pleased to have the chance to
19 answer some of your questions.

20 And I assume, Commissioner, you are referring
21 to the third component, that reliability component
22 that staff has recommended against inclusion in the
23 GUARD program, sir?

24 CHAIRMAN FAY: Yes.

25 MR. MUNSON: Yes, and the company is not

1 opposing that recommendation, the staff
2 recommendation to remove it.

3 But to your question, and I am really going to
4 rely here on Mr. Bennett, but I can say in general
5 terms that those were high volume areas where the
6 perception was that if that -- that a single
7 component might be uniquely -- if disabled, would
8 be -- would have a kind of disproportionate impact,
9 if you will, in those high volume areas, but I am
10 happy to turn to Mr. Bennett and have him provide
11 more detail.

12 MR. BENNETT: No additional comments. That
13 was very well said.

14 CHAIRMAN FAY: All right.

15 COMMISSIONER LA ROSA: I understand, and
16 obviously there is, you know, a request for
17 information and whatnot that went back and forth in
18 the docket, so thank you. I appreciate it. That
19 certainly clarifies.

20 Kind of secondary, or follow-up question, not
21 necessarily follow-up to that, but follow-up to the
22 request. So that I can better understand similar,
23 a perspective of where I am coming from, is the
24 moving of the rear easement to the front the
25 pipelines from the rear of the property, I guess to

1 the front of the property, relocation of mains and
2 services would improve system safety and operations
3 for both the customer and FPUC employees.

4 I have seen bad days become very bad days when
5 you hit a gas line in the rear of an easement
6 because it's not as known because most stuff is out
7 in front, so I understand that from a safety
8 perspective. But can you give -- can you paint a
9 better picture for me to understand, because we are
10 approving a 10-year plan, this is kind of a big
11 deal is, how those -- how those easements were
12 selected as far as the projects that you are
13 suggesting to move in this program and consider and
14 the ones that you are not suggesting to ultimately
15 move?

16 MR. MUNSON: I'm not going to attempt that
17 one, Commissioner. I am going to go ahead and turn
18 right to Mr. Bennett, if I may.

19 COMMISSIONER LA ROSA: Thank you.

20 MR. BENNETT: Thank you, Commissioner.

21 So what we initially did is we used RGIS
22 system to identify all of the mains that were in
23 the rear. After that, we used some spatial data to
24 identify which ones were higher at risk. Looking
25 at which ones, which areas received hits, as you

1 mentioned before; which other areas had leaks that
2 we weren't able to access; which areas we were not
3 able to get in, either because there was fencing,
4 or animals, or something that prevented us. So
5 those are the areas that we selected as higher risk
6 that needs to be replaced.

7 There is a portion of the rear mains that we
8 decided are suitable and are okay in the rear, so
9 we are not just simply moving all from the rear to
10 the front.

11 COMMISSIONER LA ROSA: So when -- when it's
12 moved, the existing pipeline in the back abandoned
13 and capped off?

14 MR. BENNETT: Correct.

15 COMMISSIONER LA ROSA: Okay. Then what
16 happens from there? Because a lot of these -- a
17 lot of these scenarios, there is an easement onto
18 the property, private property owner may no longer
19 need that easement, or the company may not need
20 that easement from the private property owner, what
21 happens in those scenarios? Are they abandoned or,
22 I guess, what happens?

23 MR. BENNETT: So the pipe that is in the rear
24 would be abandoned and capped off, would no longer
25 be at risk because it would no longer have natural

1 gas flowing through it.

2 At this point, I am not exactly sure of the
3 treatment of that easement of it, but the idea is
4 the pipes would move from the back to the front
5 where it's in the public right-of-way.

6 COMMISSIONER LA ROSA: Okay. So what I am
7 curious is, is what happens for that property owner
8 moving forward. And I honestly, I am thinking
9 commercial properties, right? So you have got a
10 parking lot, if you have got some other improvement
11 that's not impacting, or not penetrating the ground
12 any further than maybe a foot or two, so now that
13 pipe gets abandoned, right? So do they have the
14 ability to continue to develop or improve their
15 property further that maybe they were inhibited
16 because of the pipe, you know, being there
17 previously?

18 So not necessarily an answer that needs to be
19 answered today. I think I have got enough
20 information. I like the way staff has framed this,
21 but that is something I would be more curious
22 about.

23 MR. BENNETT: In theory, they would be allowed
24 to continue to develop. What we found is that most
25 of the rear to the front is in residential areas,

1 not necessarily commercial. So some of those
2 commercial areas, those are exactly the type of
3 pipe that we just said is okay staying in the rear.

4 COMMISSIONER LA ROSA: Awesome. Thank you.

5 I think I'm good, Chair.

6 CHAIRMAN FAY: Thanks.

7 And if I could just ask, as a follow-up. The
8 moving components of the rear to the front is
9 obviously the significant portion of this request.
10 I know staff focused on one part that didn't really
11 satisfy the requirements, but the big part, the 174
12 million moving is really the significant expense.

13 Just help me understand a little bit better.
14 There is the safety components that come with that,
15 but obviously once there is no gas going through
16 the lines, that component is removed as a risk.
17 What are the other benefits? Is it customer
18 convenience, so now you don't have to access the
19 rear? Is it the reality that you could have an
20 issue with the pipe that then is not accessible
21 quickly, so everybody downstream would be impacted?
22 Like, what's at the heart of this expense?

23 MR. BENNETT: At the heart of the expense is
24 safety. Safety on behalf of the customers and
25 safety on behalf of the employees.

1 As you stated, you know, there is a potential
2 for leaks and hits with the gas and the pipe in the
3 back, in the rear. Moving it in the front, as well
4 as relocating the meters to a more convenient
5 location does make it easier for the employees to
6 read those meters, at times not necessarily
7 accessing the rear of the yard where they would
8 have pets and dogs, and those kinds of things. But
9 safety for the customers and safety for the
10 employees is the number one reason.

11 CHAIRMAN FAY: Okay. Great.

12 And did you have an outside institution look
13 at this at all, or did you do it just internally?

14 MR. BENNETT: Yes. We had Rouse Consulting to
15 do a lot of the analysis.

16 CHAIRMAN FAY: Okay. And so based on that
17 analysis, that helped with some of the overall
18 decision-making, but also the selection process of
19 whip ones would be in and out?

20 MR. BENNETT: Absolutely. We selected Rouse
21 Consulting because they were very experienced.
22 They were the ones that actually led the program at
23 Florida City.

24 CHAIRMAN FAY: Okay. Great. Thank you.

25 Commissioners, any other questions or

1 comments?

2 MR. REHWINKEL: Mr. Chairman?

3 CHAIRMAN FAY: Yes. Mr. Rehwinkel, you are
4 recognized.

5 MR. REHWINKEL: Thank you. And I was late to
6 the party. I did not indicate that I would speak,
7 but if you could indulge me for a minute, I want to
8 first of all thank the company for their support of
9 the staff's recommendation, and thank the staff for
10 the recommendation.

11 The Public Counsel is in a unique situation on
12 these riders. In the 2009 PGS case, we took a hard
13 stand against the creation of riders. But in 2012,
14 Peoples Gas came to us, and FPUC did too, with the
15 bare -- cast iron/bare steel and then the GRIP
16 program that were in the aftermath of some very bad
17 explosions, and they identified a significant
18 safety risk that caused us to modify our stance
19 about these type of riders, where there is a
20 distinct and defined safety benefit to the
21 customers and to the company.

22 That was followed by the SAFE program that
23 Florida City Gas brought forward, which was that
24 rear lot issue that the -- that this GUARD program
25 is dealing with. And we were convinced that the

1 rear lot access issues created potential safety
2 issues because people, not only were there access
3 issues, but there were also issues where people
4 were having -- doing illegal taps, things that the
5 company couldn't get to, which was where that
6 safety issue lay.

7 So our position has been modified, but we are
8 concerned that the safety issue be the driver of
9 when -- of these rider creations.

10 In a settlement we did with Peoples Gas, the
11 problematic plastic pipe, which the company has
12 identified, I can't pronounce that --

13 MR. BENNETT: Aldyl A.

14 MR. REHWINKEL: Aldyl A, yes. That pipe was
15 pipe that Peoples Gas identified. And again, it
16 has a safety issue. So we added that to the rider.
17 They are putting it in their rider, and we think
18 the GUARD program is based on the SAFE program, so
19 everybody is staying in that safety lane, and we
20 are very comfortable that the staff's
21 recommendation is consistent with these safety
22 programs, these safety oriented riders that you
23 have approved, and we agree that the staff
24 identified the piece, the reliability rider that
25 would have been just a step outside of that lane.

1 And that's why we are supportive of the staff
2 recommendation. The company put us on notice in
3 the rate case that they were going to do this, so
4 everything is as intended, and is very consistent
5 with your precedent and we are supportive of the
6 action you are taking here today.

7 CHAIRMAN FAY: Thank you.

8 Any comments or questions?

9 I will say I was absolutely supportive of
10 this, but now that all of you agree on it this
11 much, I am a bit concerned maybe that the item has
12 not been appropriately vetted at this time.

13 But with that, I do appreciate the context and
14 the history, Mr. Rehwinkel. I know -- I'm not
15 insinuating that some people have been here longer
16 than others, but some may know the history and some
17 don't, and I think that safety component is
18 obviously at the core of some of these changes, so
19 and I appreciate that context and having you weigh
20 in this morning.

21 Seeing no other comments or questions from my
22 colleagues, we will take up a motion on Item No. 9.

23 COMMISSIONER CLARK: Move staff recommendation
24 on Item No. 9, Mr. Chairman.

25 COMMISSIONER GRAHAM: Second.

1 CHAIRMAN FAY: Okay. We have a motion and a
2 second to move staff recommendation on Item No. 9.

3 All that approve say aye.

4 (Chorus of ayes.)

5 CHAIRMAN FAY: No opposed. Show that item
6 passes unanimously.

7 Commissioners, we will begin Internal Affairs
8 at 10:05. This concludes our Agenda for this
9 morning. Thank you.

10 (Agenda item concluded.)

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STATE OF FLORIDA)
COUNTY OF LEON)

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DATED this 15th day of August, 2023.


DEBRA R. KRICK
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