



August 25, 2023

*VIA ELECTRONIC FILING*

Mr. Adam J. Teitzman  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oaks Boulevard  
Tallahassee, Florida 32399-0865

**Re: Docket No. 20220069-GU  
Florida City Gas Compliance Filing Pursuant to  
Rate Case Order No. PSC-2023-0177-FOF-GU**

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Dear Mr. Teitzman:

On June 9, 2023, the Florida Public Service Commission issued Order No. PSC-2023-0177-FOF-GU (“Rate Case Order”) in Docket No. 20220069-GU approving a base rate increase, charges, and tariffs for Florida City Gas (“FCG” or the “Company”). Page 73 of the Rate Case Order provides:

ORDERED that Florida City Gas shall file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission’s findings in this rate case.

In compliance with this requirement of the Rate Case Order, the following is a description of the changes and adjustments necessary to FCG’s books and records and Earnings Surveillance Reports (“ESR”) as a result of the Commission’s findings in the FCG rate case.

**I. Changes to Books and Records**

The following changes to the Company’s books and records are necessary to reflect the Commission’s findings in the Rate Case Order. The term “books and records” is meant to include annual reports, financial statements, general ledger, and accounting systems of the Company.

1. Depreciation Expense Changes – The Rate Case Order requires the Company to implement new depreciation rates starting January 1, 2023. This will affect the Company’s depreciation accruals and reserves starting January 2023.
2. Reserve Surplus Amortization Mechanism (“RSAM”) – FCG is authorized to amortize up to \$25 million of its depreciation reserve surplus during the 2023-2026 timeframe in accordance with the terms of the Rate Case Order. The Company may record credits to depreciation expense and debits to depreciation reserve, or debits

to depreciation expense and credits to depreciation reserve subject to the limitations set forth in the Rate Case Order.

3. Transfer of Safety, Access, and Facility Enhancement (“SAFE”) Investments – The balance of plant-in-service and its related accumulated depreciation reserve associated with SAFE investments as of December 31, 2022, were appropriately transferred from clause recovery to base rates effective May 1, 2023, when base rates went into effect.
4. Rates Case Expenses – Deferred rate case expenses are amortized over a four-year period beginning May 1, 2023.
5. Rates and Charges – Effective May 1, 2023, FCG’s billing system was changed to reflect the final rates and charges approved in the Rate Case Order.

## **II. Changes to Cost Recovery Clauses**

The following changes to FCG’s cost recovery clauses are necessary to reflect the Commission’s findings in the Rate Case Order.

1. Weighted Average Cost of Capital (“WACC”) – Beginning May 2023, FCG will calculate the return on investment for assets recovered through its cost recovery clauses using the WACC approved in the Rate Case Order. The rate of return on common equity used in the calculation of weighed cost of capital is 9.5%.
2. Depreciation Expense Changes – As described in Section I above, FCG will implement new depreciation rates for its clause recoverable assets starting January 2023.
3. Transfer of SAFE Investment – As described in Section I above, FCG will transfer the balance of plant-in-service and its related accumulated depreciation reserve associated with the SAFE investments as of December 31, 2022, from clause recovery to base rates effective May 1, 2023.

## **III. Changes to Earnings Surveillance Report**

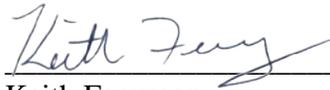
The following changes to FCG’s ESRs are necessary to reflect the Commission’s findings in the Rate Case Order. FCG notes that the foregoing changes were incorporated and reflected in its June 2023 ESR.

1. Unamortized Rate Case Expense – An adjustment will be made to remove the unamortized balance of rate case expenses from rate base working capital.
2. Return on Equity (ROE) Change – FCG midpoint ROE will be changed to 9.5%, with a range of plus or minus 100 basis points.

3. Incentive Compensation Adjustment – FCG will exclude executive incentive compensation from total O&M expense consistent with Commission Order No. PSC-2010-0153-FOF-EI issued in the Florida Power & Light Company 2010 rate case.
4. Directors & Officers Liability (DOL) Insurance – FCG’s customers and shareholders will share the cost of DOL insurance. Therefore, FCG will remove half of its DOL insurance expense from O&M expense and related liability from rate base working capital.

Should you have any questions concerning this filing, please contact me at (561) 694-3428.

Respectfully submitted,



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Keith Ferguson  
Vice President, Accounting and Controller  
Florida Power and Light Company

Cc: Christopher T. Wright (*counsel for Florida City Gas*)  
Certificate of Service (*attached*)

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by Electronic Mail to the following parties of record this 25th day of August 2023:

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s/ Christopher T. Wright

Christopher T. Wright

Fla. Auth. House Counsel No. 1007055

*Attorney for Florida City Gas*