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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20240003-GU

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

_____ /

PROCEEDINGS: HEARING

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

DATE: Tuesday, November 5, 2023

TIME: Commenced: 10:00 a.m.
Concluded: 11:54 a.m.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

PREMIER REPORTING
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 City Gas (FCG),
5 and Florida Public Utilities Company (FPUC).

6 J. JEFFREY WAHLEN, MALCOLM N. MEANS and
7 VIRGINIA PONDER, ESQUIRES, Ausley Law Firm, Post Office
8 Box 391, Tallahassee, Florida 32302; appearing on behalf
9 of Peoples Gas System (PGS).

10 WALT TRIERWEILER, PUBLIC COUNSEL; CHARLES J.
11 REHWINKEL, DEPUTY PUBLIC COUNSEL; PATRICIA CHRISTENSEN,
12 MARY A. WESSLING OCTAVIO SIMOES-PONCE and AUSTIN
13 WATROUS, ESQUIRES, OFFICE OF PUBLIC COUNSEL, c/o The
14 Florida Legislature, 111 West Madison Street, Room 812,
15 Tallahassee, Florida 32399-1400; appearing on behalf of
16 the Citizens of the State of Florida (OPC).

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1 APPEARANCES CONTINUED:

2 DANIEL DOSE, ESQUIRE, FPSC General Counsel's
3 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida
4 32399-0850, appearing on behalf of the Florida Public
5 Service Commission (Staff).

6 KEITH C. HETRICK, GENERAL COUNSEL; SAMANTHA
7 CIBULA, ESQUIRE, Florida Public Service Commission, 2540
8 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850,
9 Advisor to the Florida Public Service Commission.

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	I N D E X	
	WITNESS:	PAGE
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3	MIGUEL BUSTOS	
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EXHIBITS

NUMBER:		ID	ADMITTED
1	Comprehensive Exhibit List	68	68
2-22	As identified in the CEL	68	69

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P R O C E E D I N G S

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CHAIRMAN LA ROSA: Let's move to docket 03.

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Mr. Dose, you are recognized for preliminary matters that need to be addressed.

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MR. DOSE: Staff notes for the record that St. Joe Natural Gas has been excused in from participating in these proceedings.

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There are proposed Type 2 stipulations on all issues with intervenors not objecting. These can be voted on today.

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Finally, all witnesses have been excused from these proceedings, and his or her testimony and exhibits may be entered into the record as though read when appropriate.

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CHAIRMAN LA ROSA: Thank you.

Does any of the parties have any preliminary matters that need to be addressed?

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Seeing none, let's go ahead and move to prefiled testimony.

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MR. DOSE: We would ask that the prefiled testimony of all witnesses identified in Section 6 of the Prehearing Order be moved into the record at this time.

25

CHAIRMAN LA ROSA: All right. The prefiled

1 testimony is moved in the record without any
2 objection.

3 (Whereupon, prefiled direct testimony of
4 Miguel Bustos was inserted.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DOCKET NO. 20240003-GU**

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5 **FLORIDA CITY GAS**

6 **PURCHASED GAS ADJUSTMENT FINAL TRUE-UP AMOUNT**

7 **FOR THE PERIOD OF JANUARY 1, 2023 THROUGH DECEMBER 31, 2023**

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9 **DIRECT TESTIMONY OF MIGUEL BUSTOS**

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MAY 1, 2024

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Q. Please state your name and business address.

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

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

A. I am employed by Florida City Gas (“FCG” or “Company”) as Manager of Regulatory.

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

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

Q. Please describe your prior work experience and responsibilities.

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

Q. What is your educational background?

A. I have a Bachelor of Science Degree in Accounting from the National Polytechnic Institute (Mexico City) and completed MBA coursework from the University of 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, 2023 through December 31, 2023.

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, 2023 through December 31, 2023?**

12 A. The total cost of gas for this period is \$25,311,674, 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, 2023 through December 31, 2023?**

16 A. The Company recovered a total of \$15,898,066 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, 2023 through December 31, 2023?**

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 \$8,380,948 as
22 shown on Line 5 of Exhibit MB-1.

1 **Q. What is the amount of estimated true-up for the period January 1, 2023 through**
2 **December 31, 2023 that was included in the PGA Factor being charged for the**
3 **period of January 2024 through December 2024 (“2024 PGA Factor”)?**

4 A. As shown on Line 6 of Exhibit MB-1, there was an estimated under-recovery of
5 \$10,477,497 for the period January 1, 2023 through December 31, 2023 that was
6 included in the 2024 PGA Factor.

7 **Q. What is the final, net PGA true-up amount for the period January 1, 2023 through**
8 **December 31, 2023?**

9 A. The final true-up amount, net of the estimated under-recovery included in the 2024
10 PGA Factor, is an over-recovery of \$2,096,549, as shown on Line 7 of FCG Exhibit
11 MB-1. This net over-recovery should be included in FCG’s projected PGA Factor for
12 the period January 1, 2025 through December 31, 2025.

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

14 A. Yes.

1 (Whereupon, prefiled direct testimony of
2 Stacey L. Laster was inserted.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 DOCKET NO. 20240003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.

3 (Actual/Estimated and Projections)

4 DIRECT TESTIMONY

5 OF STACEY K. LASTER

6 On behalf of Florida Public Utilities Company & Florida City Gas7 **Q. Please state your name and business address.**

8 A. Stacey K. Laster, 1635 Meathe Drive, West Palm Beach, FL33411.

9 **Q. By whom are you employed and in what capacity?**10 A. I am employed by Chesapeake Utilities Corporation ("CUC"), the corporate
11 parent of both Florida City Gas and Florida Public Utilities Company, as a
12 Regulatory Analyst II.13 **Q. Can you please provide a brief overview of your educational and
14 employment background?**15 A. I received a Bachelor of Business Administration Degree, concentration in
16 finance from Florida Atlantic University, Boca Raton, Florida. After graduation,
17 I worked as a financial analyst for the ADT Security Services, assisting in the
18 preparation of budgets and forecasts as well as gathering monthly actual reports.
19 In July 2014, I joined Florida Public Utilities Company in the Gas Reliability
20 Infrastructure Program Department. I am currently in the Regulatory
21 Department, where my responsibilities include preparing various filings such as,
22 Purchased Gas Adjustment, Swing Service, Gas Conservation and the Gas
23 Reliability Infrastructure Program before the Florida Public Service
24 Commission.

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

3 A. Yes.

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

5 A. No.

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

7 A. My testimony will establish a consolidated PGA “true-up” collection amount,
8 based on actual January 2024 through June 2024 data and projected July 2024
9 through December 2025 data for Florida Public Utilities Company (“FPUC”)
10 and Florida City Gas (“FCG”) (herein referred to jointly as the “Companies”).
11 My testimony will summarize the consolidated computations that are contained
12 in composite Exhibits SKL-1 and SKL-2 supporting the January through
13 December 2025 projected consolidated PGA recovery (cap) factor for FPUC and
14 FCG.

15 **Q. Which schedules have you included in your Exhibit SKL-1 & SKL-2?**

16 A. The Companies have previously filed True-Up schedules A-1, A-2, A-3, A-4,
17 A-5, A-6 and A-7 in this proceeding. Exhibit SKL-1, which is included with
18 my testimony, contains the consolidated Schedules E-1, E-1/R, E-2, E-3, E-4,
19 and E-5 for the Companies. These schedules support the calculation of the PGA
20 recovery (cap) factor for January through December 2025 and were prepared
21 this period by combining the costs for both FPUC and FCG. Also included with
22 my testimony is Exhibit SKL-2, which includes the non-consolidated schedules
23 for FPUC and FCG for comparison purposes.

1 **Q. Have there been any changes in the PGA filing compared to the prior year?**

2 A. Yes, at the end of 2023, CUC acquired FCG. Therefore, the Companies request
3 approval to consolidate the costs and schedules for calculating the PGA factor
4 for FPUC and FCG, which will provide administrative efficiencies and potential
5 cost reductions. The schedules were prepared this period by combining the costs
6 for both FPUC and FCG. The consolidated schedules include the approved true-
7 up factors being refunded or collected for the period January 2024 through
8 December 2024. The consolidated PGA cap is being proposed for this projection
9 period.

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

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

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

13 A. The projection period is January through December 2025.

14 **Q. What is the appropriate consolidated final PGA true-up amount for the
15 period January through December 2023?**

16 A. As shown on the consolidated Schedule E-4 of Exhibit SKL-1, the final
17 consolidated PGA true-up amount for the period January through December
18 2023 is an over-recovery of \$7,467,718 inclusive of interest .

19 **Q. What is the consolidated projected PGA true-up amount for the period
20 January through December 2024?**

21 A. As also shown on consolidated Schedule E-4 of Exhibit SKL-1, the projected
22 PGA true-up amount is an under-recovery of \$4,156,132 inclusive of interest,
23 for the period January through December 2024.

1 **Q. What is the total projected PGA true-up amount to be collected from or**
2 **refunded to customers for the period January through December 2025?**

3 A. As shown on Schedule E-4 of Exhibit SKL-1, the total consolidated net over-
4 recovery to be refunded for the period January through December 2024 is
5 \$3,311,586 .

6 **Q. What is the appropriate consolidated PGA recovery (cap) factor for the**
7 **period January through December 2025?**

8 A. As shown on Schedule E-1 of Exhibit SKL-1, the consolidated PGA recovery
9 (cap) factor is **100.15¢** per therm for the period January through December 2025.

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

12 A. The consolidated PGA recovery (cap) factor should be effective for all meter
13 readings applying to the period of January 1, 2025 through December 31, 2025.

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

15 A. Yes.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 DOCKET NO. 20240003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.

3 (Actual/Estimated and Projections)

4 DIRECT TESTIMONY

5 OF STACEY K. LASTER

6 On behalf of Florida Public Utilities Company & Florida City Gas

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

8 A. Stacey K. Laster, 1635 Meathe Drive, West Palm Beach, FL33411.

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

10 A. I am employed by Chesapeake Utilities Corporation (“CUC”), the corporate
11 parent of both Florida City Gas and Florida Public Utilities Company, as a
12 Regulatory Analyst II.

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

15 A. I received a Bachelor of Business Administration Degree, concentration in
16 finance from Florida Atlantic University, Boca Raton, Florida. After graduation,
17 I worked as a financial analyst for the ADT Security Services, assisting in the
18 preparation of budgets and forecasts as well as gathering monthly actual reports.
19 In July 2014, I joined Florida Public Utilities Company in the Gas Reliability
20 Infrastructure Program Department. I am currently in the Regulatory
21 Department, where my responsibilities include preparing various filings such as,
22 Purchased Gas Adjustment, Swing Service, Gas Conservation and the Gas
23 Reliability Infrastructure Program before the Florida Public Service
24 Commission.

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

3 A. Yes.

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

5 A. No.

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

7 A. My testimony will establish a consolidated PGA “true-up” collection amount,
8 based on actual January 2024 through June 2024 data and projected July 2024
9 through December 2025 data for Florida Public Utilities Company (“FPUC”)
10 and Florida City Gas (“FCG”) (herein referred to jointly as the “Companies”).
11 My testimony will summarize the consolidated computations that are contained
12 in composite Exhibits SKL-1 and SKL-2 supporting the January through
13 December 2025 projected consolidated PGA recovery (cap) factor for FPUC and
14 FCG.

15 **Q. Which schedules have you included in your Exhibit SKL-1 & SKL-2?**

16 A. The Companies have previously filed True-Up schedules A-1, A-2, A-3, A-4,
17 A-5, A-6 and A-7 in this proceeding. Exhibit SKL-1, which is included with
18 my testimony, contains the consolidated Schedules E-1, E-1/R, E-2, E-3, E-4,
19 and E-5 for the Companies. These schedules support the calculation of the PGA
20 recovery (cap) factor for January through December 2025 and were prepared
21 this period by combining the costs for both FPUC and FCG. Also included with
22 my testimony is Exhibit SKL-2, which includes the non-consolidated schedules
23 for FPUC and FCG for comparison purposes.

1 **Q. Have there been any changes in the PGA filing compared to the prior year?**

2 A. Yes, at the end of 2023, CUC acquired FCG. Therefore, the Companies request
3 approval to consolidate the costs and schedules for calculating the PGA factor
4 for FPUC and FCG, which will provide administrative efficiencies and potential
5 cost reductions. The schedules were prepared this period by combining the costs
6 for both FPUC and FCG. The consolidated schedules include the approved true-
7 up factors being refunded or collected for the period January 2024 through
8 December 2024. The consolidated PGA cap is being proposed for this projection
9 period.

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

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

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

13 A. The projection period is January through December 2025.

14 **Q. What is the appropriate consolidated final PGA true-up amount for the**
15 **period January through December 2023?**

16 A. As shown on the consolidated Schedule E-4 of Exhibit SKL-1, the final
17 consolidated PGA true-up amount for the period January through December
18 2023 is an over-recovery of \$7,467,718 inclusive of interest .

19 **Q. What is the consolidated projected PGA true-up amount for the period**
20 **January through December 2024?**

21 A. As also shown on consolidated Schedule E-4 of Exhibit SKL-1, the projected
22 PGA true-up amount is an under-recovery of \$4,156,132 inclusive of interest,
23 for the period January through December 2024.

1 **Q. What is the total projected PGA true-up amount to be collected from or**
2 **refunded to customers for the period January through December 2025?**

3 A. As shown on Schedule E-4 of Exhibit SKL-1, the total consolidated net over-
4 recovery to be refunded for the period January through December 2024 is
5 \$3,311,586 .

6 **Q. What is the appropriate consolidated PGA recovery (cap) factor for the**
7 **period January through December 2025?**

8 A. As shown on Schedule E-1 of Exhibit SKL-1, the consolidated PGA recovery
9 (cap) factor is **100.15¢** per therm for the period January through December 2025.

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

12 A. The consolidated PGA recovery (cap) factor should be effective for all meter
13 readings applying to the period of January 1, 2025 through December 31, 2025.

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

15 A. Yes.

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

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240003-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 and Florida City Gas

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”)?

DOCKET NO. 20240003-GU

1 A. Yes.

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

3 A. No. Numerical references made in my testimony relate to Exhibit SKL-1 and
4 Exhibit SKL-2 being sponsored by Stacey Laster.

5 **Q. Have there been any changes in the PGA filing compared to the prior year?**

6 Yes, as noted in the testimony of Company witness Stacey Laster.

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

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

1 and the Henry Hub natural gas futures settlements provided by the Nymex plus
2 the locational basis settlements at FGT Zone 3 provided by Intercontinental
3 Exchange through the end of the projection period. The forecasts of the
4 commodity costs were then adjusted to reflect the unexpected potential market
5 increases in the projection period.

6 **Q. Please describe how the forecasts of the weighted average cost of gas are**
7 **developed for the projection period.**

8 A. The Company has forecasted the 2025 weighted average cost of gas using the
9 projected monthly pipeline demand costs, less the projected cost of capacity
10 temporarily relinquished to third parties, the projected pipeline usage and no-
11 notice costs and the projected supplier commodity costs. The weighted average
12 cost of gas also includes projected costs related to our purchased gas functions
13 and anticipated a credit for the swing service rider. The sum of these costs is
14 then divided by the projected therm sales to the traditional non-transportation
15 customers resulting in the projected weighted average cost of gas and ultimately
16 the PGA recovery (cap) factor, as shown on Schedule E-1. Capacity shortfall if
17 any, would be satisfied by gas and capacity repackaged and delivered by another
18 FGT, or Gulfstream capacity holder. If other services become available and it
19 is economic to dispatch supplies under those services, the Company will utilize
20 those services as part of its portfolio.

21 **Q. Are the pipeline capacity and supply costs associated with expansions**
22 **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 costs
3 associated with service expansions to new areas.

4 **Q. Did you include costs of other expansions or interconnects related to Florida**
5 **Public Utilities Company and Florida City Gas in the calculations of your**
6 **true-up and projected amounts?**

7 A. Yes. There is a Local Distribution Company (“LDC”) to LDC interconnect with
8 TECO/PGS and FPUC (former CFG facilities) for pressure stabilization of
9 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 and the expansion into Escambia County. There is
12 an interconnection to FPUC’s facilities from a new Gulfstream gate station in
13 Auburndale. There are additional expansion projects and reinforcement projects
14 that will enhance delivery in Hillsborough and Polk counties serving FPUC
15 customers. The East Coast Reinforcement Projects will increase supply
16 capability and enhance reliability to FPUC’s service territories in Boynton
17 Beach and New Smyrna Beach. There are multi-phase expansion projects in
18 Nassau County that will serve FPUC Residential and Commercial customers.
19 Finally, there is an expansion project in the area of St. Cloud, Florida that will
20 serve projected growth for FPUC customers. Additionally, for FCG the Indian
21 River, Brevard and Medley reinforcement and expansion projects.

22

23

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

2 A. In Docket No. 20160085-GU, prior to the consolidation that took place in
3 Docket No. 20220069-GU, Florida Public Utilities Company, the Florida
4 Division of Chesapeake Utilities Corporation, and the Florida Public Utilities
5 Company divisions for Indiantown and Ft. Meade filed a joint petition for
6 approval of the Swing Service Rider. The Swing Service Rider was developed
7 to allocate a portion of intrastate capacity and balancing costs to transportation
8 service customers on FPUC's system (i.e., customers who are not part of the
9 current PGA mechanism) as well as shippers that are not part of the TTS pools.
10 The Commission approved the Swing Service ride by Order No. PSC-2016-
11 0422-TRF-GU, stating that "We believe that the implementation of the proposed
12 swing service rider will enable the Companies to recover their costs while
13 allocating the costs in a more equitable manner across customer classes."
14 Similarly, by Order No. PSC-2024-0076-TRF-GU, the Commission approved a
15 similar mechanism for FCG.

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

17 A. As shown on Schedule E-1, these mechanisms result in a reduction to PGA costs
18 of \$23,502,643.

19 **Q. Have the appropriate related costs and credits been included in the
20 Projections for 2025?**

21 A. Yes, as more specifically reflected in Schedule E-1 and E-3 of Exhibit SKL-1,
22 the Companies have included the costs of existing and planned interstate and

1 intrastate capacity agreements, as well as the costs associated with the Swing
2 Service Rider as described above.

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

5 A. Yes, we have included consulting and legal expenses to assist in the
6 advancement of our PGA processes. Additionally, the Companies have included
7 costs associated with a software tool used by the FPUC to manage customer
8 usage and assist in determining the gas supply needs for the rate classes subject
9 to the PGA. This new system went live in May of 2022. We anticipate this
10 tool will be adopted by FCG as well. These costs directly influence the
11 Companies' PGA factors and are appropriate for recovery through the PGA
12 clause. The Companies have also included legal expenses related to the FGT
13 rate case. Also, in addition to these costs, there is a level of payroll included for
14 employees directly involved in the PGA process, which is similar to payroll
15 included in the Companies' conservation clauses

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

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

DOCKET NO. 20240003-GU

- 1 **Q. What is the projection period for this filing?**
- 2 A. The projection period is January through December 2025.
- 3 **Q. Does this conclude your testimony?**
- 4 A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased Gas Adjustment (PGA) True-Up

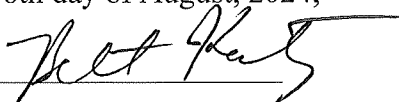
Docket No. 20240003-GU
Filed: August 8, 2024

**FLORIDA PUBLIC UTILITIES COMPANY'S AND FLORIDA CITY GAS'S
ERRATA SHEET TO THE TESTIMONY OF JEFFREY B. BATES**

Florida Public Utilities Company ("FPUC") and Florida City Gas hereby submit this Errata Sheet to correct the Direct Testimony of its witness Jeffrey B. Bates, which was originally filed August 6, 2024.

Page and Line Number	Correction
Page 5, Line 3	Change Commission Docket referenced from Docket No. 20220069-GU to Docket No. 20220067-GU

Respectfully submitted this 8th day of August, 2024,

By: 

Beth Keating
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Tallahassee, FL 32301
(850) 521-1706

*Attorneys for Florida Public Utilities Company and
Florida City Gas*

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240003-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 and Florida City Gas

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”)?

1 A. Yes.

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

3 A. No. Numerical references made in my testimony relate to Exhibit SKL-1 and
4 Exhibit SKL-2 being sponsored by Stacey Laster.

5 **Q. Have there been any changes in the PGA filing compared to the prior year?**

6 Yes, as noted in the testimony of Company witness Stacey Laster.

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

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

1 and the Henry Hub natural gas futures settlements provided by the Nymex plus
2 the locational basis settlements at FGT Zone 3 provided by Intercontinental
3 Exchange through the end of the projection period. The forecasts of the
4 commodity costs were then adjusted to reflect the unexpected potential market
5 increases in the projection period.

6 **Q. Please describe how the forecasts of the weighted average cost of gas are**
7 **developed for the projection period.**

8 A. The Company has forecasted the 2025 weighted average cost of gas using the
9 projected monthly pipeline demand costs, less the projected cost of capacity
10 temporarily relinquished to third parties, the projected pipeline usage and no-
11 notice costs and the projected supplier commodity costs. The weighted average
12 cost of gas also includes projected costs related to our purchased gas functions
13 and anticipated a credit for the swing service rider. The sum of these costs is
14 then divided by the projected therm sales to the traditional non-transportation
15 customers resulting in the projected weighted average cost of gas and ultimately
16 the PGA recovery (cap) factor, as shown on Schedule E-1. Capacity shortfall if
17 any, would be satisfied by gas and capacity repackaged and delivered by another
18 FGT, or Gulfstream capacity holder. If other services become available and it
19 is economic to dispatch supplies under those services, the Company will utilize
20 those services as part of its portfolio.

21 **Q. Are the pipeline capacity and supply costs associated with expansions**
22 **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 costs
3 associated with service expansions to new areas.

4 **Q. Did you include costs of other expansions or interconnects related to Florida**
5 **Public Utilities Company and Florida City Gas in the calculations of your**
6 **true-up and projected amounts?**

7 A. Yes. There is a Local Distribution Company (“LDC”) to LDC interconnect with
8 TECO/PGS and FPUC (former CFG facilities) for pressure stabilization of
9 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 and the expansion into Escambia County. There is
12 an interconnection to FPUC’s facilities from a new Gulfstream gate station in
13 Auburndale. There are additional expansion projects and reinforcement projects
14 that will enhance delivery in Hillsborough and Polk counties serving FPUC
15 customers. The East Coast Reinforcement Projects will increase supply
16 capability and enhance reliability to FPUC’s service territories in Boynton
17 Beach and New Smyrna Beach. There are multi-phase expansion projects in
18 Nassau County that will serve FPUC Residential and Commercial customers.
19 Finally, there is an expansion project in the area of St. Cloud, Florida that will
20 serve projected growth for FPUC customers. Additionally, for FCG the Indian
21 River, Brevard and Medley reinforcement and expansion projects.

22

23

- 1 **Q. Please explain the Swing Service Rider.**
- 2 A. In Docket No. 20160085-GU, prior to the consolidation that took place in
3 Docket No. 20220069-GU, Florida Public Utilities Company, the Florida
4 Division of Chesapeake Utilities Corporation, and the Florida Public Utilities
5 Company divisions for Indiantown and Ft. Meade filed a joint petition for
6 approval of the Swing Service Rider. The Swing Service Rider was developed
7 to allocate a portion of intrastate capacity and balancing costs to transportation
8 service customers on FPUC's system (i.e., customers who are not part of the
9 current PGA mechanism) as well as shippers that are not part of the TTS pools.
10 The Commission approved the Swing Service ride by Order No. PSC-2016-
11 0422-TRF-GU, stating that "We believe that the implementation of the proposed
12 swing service rider will enable the Companies to recover their costs while
13 allocating the costs in a more equitable manner across customer classes."
14 Similarly, by Order No. PSC-2024-0076-TRF-GU, the Commission approved a
15 similar mechanism for FCG.
- 16 **Q. What is the effect of Swing Service Rider on PGA costs?**
- 17 A. As shown on Schedule E-1, these mechanisms result in a reduction to PGA costs
18 of \$23,502,643.
- 19 **Q. Have the appropriate related costs and credits been included in the
20 Projections for 2025?**
- 21 A. Yes, as more specifically reflected in Schedule E-1 and E-3 of Exhibit SKL-1,
22 the Companies have included the costs of existing and planned interstate and

1 intrastate capacity agreements, as well as the costs associated with the Swing
2 Service Rider as described above.

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

5 A. Yes, we have included consulting and legal expenses to assist in the
6 advancement of our PGA processes. Additionally, the Companies have included
7 costs associated with a software tool used by the FPUC to manage customer
8 usage and assist in determining the gas supply needs for the rate classes subject
9 to the PGA. This new system went live in May of 2022. We anticipate this
10 tool will be adopted by FCG as well. These costs directly influence the
11 Companies' PGA factors and are appropriate for recovery through the PGA
12 clause. The Companies have also included legal expenses related to the FGT
13 rate case. Also, in addition to these costs, there is a level of payroll included for
14 employees directly involved in the PGA process, which is similar to payroll
15 included in the Companies' conservation clauses

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

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

DOCKET NO. 20240003-GU

- 1 **Q. What is the projection period for this filing?**
- 2 A. The projection period is January through December 2025.
- 3 **Q. Does this conclude your testimony?**
- 4 A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased Gas Adjustment (PGA) True-Up

Docket No. 20240003-GU

Filed: August 8, 2024

**FLORIDA PUBLIC UTILITIES COMPANY'S AND FLORIDA CITY GAS'S
ERRATA SHEET TO THE TESTIMONY OF JEFFREY B. BATES**

Florida Public Utilities Company ("FPUC") and Florida City Gas hereby submit this Errata Sheet to correct the Direct Testimony of its witness Jeffrey B. Bates, which was originally filed August 6, 2024.

Page and Line Number	Correction
Page 5, Line 3	Change Commission Docket referenced from Docket No. 20220069-GU to Docket No. 20220067-GU

Respectfully submitted this 8th day of August, 2024,

By: 

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Tallahassee, FL 32301
(850) 521-1706

*Attorneys for Florida Public Utilities Company and
Florida City Gas*

1 (Whereupon, prefiled direct testimony of
2 Michelle D. Napier was inserted.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 20240003-GU: PURCHASED GAS ADJUSTMENT
(PGA) TRUE-UP

Direct (Final True Up) Testimony of Michelle D. Napier
On Behalf of
Florida Public Utilities Company

- 1 Q. Please state your name and business address.
- 2 A. Michelle D. Napier, 1635 Meathe Drive, West Palm Beach, Florida 33411.
- 3 Q. By whom are you employed and in what capacity?
- 4 A. I am employed by Chesapeake Utilities Corporation as Directory of
- 5 Regulatory Affairs. Chesapeake Utilities is the parent company of Florida
- 6 Public Utilities Company (“Company” or “FPUC”).
- 7 Q. Briefly state your education background and employment experience.
- 8 A. I received a Bachelor of Science degree in Finance from the University of South
- 9 Florida. I have been employed with FPUC since 1987. Over the course of my
- 10 employment at FPUC, I have performed various roles and functions in
- 11 accounting, including General Accounting Manager, before moving to the
- 12 regulatory department in 2011. As previously stated, I am currently the Director,
- 13 Regulatory Affairs and in this role, my responsibilities include directing the
- 14 regulatory activities for all regulated distribution companies of Chesapeake
- 15 Utilities Corporation. This includes regulatory analysis and filings before the
- 16 Florida Public Service Commission (“FPSC” or “Commission”) for FPUC
- 17 natural gas and electric, as well as Delaware and Maryland Public Service

1 Commissions.

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

3 A. Yes. I have previously provided written, pre-filed testimony in a variety of the
4 Company's annual proceedings, including the Purchased Gas Adjustment,
5 Docket No. 20170003-GU; the Gas Reliability Infrastructure Program (GRIP)
6 Cost Recovery Factors for FPUC and our sister company, CFG, Docket No.
7 20120036-GU; and the Swing Service Cost Recovery for FPUC and CFG,
8 Docket No. 20170191-GU; and the Limited Proceeding for Hurricane Michael,
9 Docket No. 20190156 as well as the Consolidate Natural Gas Rate Proceeding,
10 Docket No. 20220067.

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

12 A. To advise the Commission of the actual over/under recovery of the
13 Purchased Gas Adjustment for the period January 1, 2023 through
14 December 31, 2023, as compared to the true-up amount previously
15 reported for that period which was based on six months actual and six
16 months estimated.

17 Q. Please state the actual amount of over/under recovery of the Purchased
18 Gas Adjustment for January 1, 2023 through December 31, 2023.

19 A. During January 2023 through December 2023, FPUC over-recovered
20 \$7,251,763.

21 Q. How does this amount compare with the estimated true-up amount, which
22 was allowed by the Commission during the November 2023 hearing?

1 A. As recognized in Order No. PSC-2023-0347-FOF-GU, in Docket No.
2 20230003-GU, FPUC had an anticipated over-recovery of \$1,880,594
3 based upon six months of actual and six months of projected data.

4 Q. Have you prepared any exhibits at this time?

5 A. I prepared and pre-filed composite Exhibit MDN-1, containing Schedule
6 A-7, Final PGA Over/Under Recovery for the Period January 2023
7 through December 2023.

8 Q. Does this conclude your testimony?

9 A. Yes.

1 (Whereupon, prefiled direct testimony of
2 Matthew E. Elliott was inserted.)

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240003-GU
IN RE: PURCHASED GAS ADJUSTMENT (PGA)
TRUE-UP BY PEOPLES GAS SYSTEM, INC.

TESTIMONY AND EXHIBIT
OF
MATTHEW E. ELLIOTT

FILED: MAY 1, 2024

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **MATTHEW E. ELLIOTT**

5

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

7

8 **A.** My name is Matthew E. Elliott. 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, Inc. ("Peoples" or
14 the "company") as Manager, Regulatory Affairs having held
15 that position since 2021.

16

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

19

20 **A.** I graduated from the University of South Florida in 1999
21 with a Bachelor of Arts degree in Business Administration
22 with a concentration in accounting. I completed a fifth
23 year of accounting credits at University of South Florida
24 in 2012 and was licensed as a Certified Public Account in
25 the State of Florida in June 2013. My work experience

1 includes sixteen years of gas and electric utility
2 experience. My utility work has included various positions
3 in Corporate Tax, Audit Services, Pipeline Compliance,
4 Safety, and Regulatory Affairs. In my current position, I
5 am responsible for Peoples' Purchased Gas Adjustment
6 ("PGA") Clause, Natural Gas Energy Conservation Cost
7 Recovery Clause and Cast-Iron Bare Steel Replacement Rider,
8 as well as various other regulatory activities at Peoples.
9

10 **Q.** What is the purpose of your testimony in this docket?
11

12 **A.** The purpose of my testimony is to present for Commission
13 review and approval the true-up of the company's actual
14 PGA costs incurred during the January through December
15 2023 period.
16

17 **Q.** Did you prepare any exhibits in support of your testimony?
18

19 **A.** Yes. I have caused to be prepared as Exhibit MEE-1,
20 entitled "People Gas System, Inc., January 2023 through
21 December 2023: Schedule A-7 - Final Fuel Over/Under
22 Recovery" schedule with respect to the final true-up for
23 the period.
24

25 **Q.** What was Peoples' cost of gas to be recovered through the
C7-77

1 PGA clause for the period January 2023 through December
2 2023?

3
4 **A.** As shown on Exhibit A-7 in MEE-1, the cost of gas
5 purchased, adjusted for company use, was \$142,161,910.

6
7 **Q.** What was the amount of gas revenue collected for the
8 period January 2023 through December 2023?

9
10 **A.** The amount of gas revenue collected to cover the cost of
11 gas was \$146,981,380.

12
13 **Q.** What was the amount of interest and adjustments for the
14 period January 2023 through December 2023?

15
16 **A.** The interest provision for the period is \$402,420 and the
17 adjustments are \$89,255. The adjustments are system
18 balancing refunds from Florida Gas Transmission Company
19 and Seacoast Gas Transmission Company.

20
21 **Q.** What was the final true-up amount for the period January
22 2023 through December 2023?

23
24 **A.** The final true-up amount for the period, including
25 interest and adjustments, is an over-recovery of

1 \$5,311,145.

2

3 **Q.** Is this amount net of the estimated true-up for the period
4 January 2023 through December 2023, which was included in
5 the January 2024 through December 2024 PGA cap factor
6 calculation?

7

8 **A.** No. The final true-up net of the estimated true-up for
9 the period January 2023 through December 2023 is an over-
10 recovery of \$2,061,348.

11

12 **Q.** Is this the final under-recovery amount to be included in
13 the January 2025 through December 2025 projection?

14

15 **A.** Yes.

16

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

18

19 **A.** Yes, it does.

20

21

22

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25



BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240003-GU
PURCHASED GAS ADJUSTMENT (PGA)
BY PEOPLES GAS SYSTEM, INC.

TESTIMONY AND EXHIBIT
OF
MATTHEW E. ELLIOTT

FILED: AUGUST 1, 2024

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**2 **PREPARED DIRECT TESTIMONY**3 **OF**4 **MATTHEW E. ELLIOTT**

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 Matthew E. Elliott. My business address is
10 702 North Franklin Street, Tampa, Florida 33602. I am
11 employed by Peoples Gas System, Inc. ("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 1999
18 with a Bachelor of Arts degree in Business Administration
19 with a concentration in accounting. I completed a fifth
20 year of accounting credits at University of South Florida
21 in 2012 and was licensed as a Certified Public Account in
22 the State of Florida in June 2013. My work experience
23 includes sixteen years of gas and electric utility
24 experience. My utility work has included various
25 positions in Corporate Tax, Audit Services, Pipeline

1 Compliance, Safety, and Regulatory Affairs. In my current
2 position, I am responsible for Peoples' Purchased Gas
3 Adjustment ("PGA") Clause, Natural Gas Conservation Cost
4 Recovery Clause, Cast-Iron Bare Steel Replacement Rider,
5 and various other regulatory activities at Peoples.

6

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

8

9 **A.** The purpose of my testimony is to describe generally the
10 components of Peoples' cost of purchased gas and
11 upstream pipeline capacity. In my testimony, I also
12 explain how Peoples' projected weighted average cost of
13 gas ("WACOG") for the January 2025 through December 2025
14 period was determined and the resulting requested
15 maximum PGA ("Cap").

16

17 **Q.** Please summarize your testimony.

18

19 **A.** My testimony will address the following areas:

20

21 1. How Peoples will obtain its gas supplies during the
22 projected period.

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

1 3. The projections and assumptions used to estimate
2 the purchase price to be paid by Peoples for such gas
3 supplies.

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

7

8 **Q.** Have you prepared or caused to be prepared certain
9 schedules for use in this proceeding?

10

11 **A.** Yes. Composite Exhibit MEE-2 was prepared by me or under
12 my supervision.

13

14 **Q.** What is the appropriate final purchased gas adjustment
15 true-up amount for the period January 2023 through
16 December 2023?

17

18 **A.** As shown on Schedule E-4, the final PGA true-up amount
19 for the year 2023 is an over-recovery of \$2,061,348.

20

21 **Q.** What is the estimated purchased gas adjustment true-up
22 amount for the period January 2024 through December
23 2024?

24

25 **A.** As shown on Schedule E-4, the estimated PGA true-up

1 amount for 2024 is an over-recovery of \$345,340.

2

3 **Q.** What is the total purchased gas adjustment true-up
4 amount to be collected during the period January 2025
5 through December 2025?

6

7 **A.** As shown on Schedule E-4, the total PGA true-up amount
8 to be refunded in 2025 is an over-recovery of
9 \$2,406,687.

10

11 **Q.** Please describe how Peoples will obtain its gas supplies
12 during the projected period of January 2025 through
13 December 2025.

14

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

24

25 **Q.** In general, how does Peoples determine its sources of

1 supply?

2

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

14

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

18

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

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

10

11 **Q.** How did Peoples estimate the amount of gas to be
12 purchased from various sources during the projected
13 period of January 2025 through December 2025?

14

15 **A.** Peoples' projected gas purchases are based on the
16 company's preliminary total throughput of therms
17 delivered to customers projected for 2025, including
18 both sales of Peoples' system supply and transportation
19 deliveries of third-party gas purchased by end-users of
20 Peoples. The throughput was then adjusted for the
21 anticipated level of transportation service.

22

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

25

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 2025
15 through December 2025, 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 2023 (i.e., July 3rd - 5th and July 8th - 9th) to
19 forecast natural gas prices. The price projection is
20 then adjusted to reflect any basis differential between
21 zones and the potential for unexpected and unforeseen
22 changes due to market forces for natural gas prices in
23 the projection period.

24

25 **Q.** What has contributed to the stable price of natural gas

1 in 2024 and the slightly higher price projected for 2025
2 compared to 2023?

3
4 **A.** Lower domestic gas production is the primary factor
5 contributing to the stable natural gas prices in 2024.
6 Slightly higher natural gas prices are expected in 2025
7 because of the draw down of domestic storage inventories
8 throughout 2024 and new demand from liquefied natural gas
9 export projects.

10 **Q.** Referring to Schedules E-3 (A) through (G) of Composite
11 Exhibit MEE-2, please explain the components of these
12 schedules and the assumptions that were made in
13 developing the company's projections.

14
15 **A.** Schedule E-3, column (G) is a compilation of the annual
16 data that appears on Schedules E-3 (E) through (F) for
17 the year ending December 31, 2025. In Column (B), "FGT"
18 indicates that the volumes are to be purchased for
19 delivery via FGT interstate pipeline transportation.
20 "SONAT" indicates that the volumes are to be purchased
21 for delivery via SONAT interstate pipeline
22 transportation. "GULFSTREAM" indicates that the volumes
23 are to be purchased for delivery via Gulfstream
24 interstate pipeline transportation. "SEACOAST" indicates

1 the volumes are to be purchased for delivery via
2 SeaCoast intrastate pipeline transportation. "THIRD
3 PARTY" indicates that the volumes are to be purchased
4 directly from various third-party suppliers for delivery
5 into FGT, SONAT, or Gulfstream.

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

1 consists of one component, a reservation charge.
2 Individual Transportation Service customers reimburse
3 Peoples or directly pay the upstream pipeline for all
4 pipeline reservation charges associated with the
5 transportation capacity that Peoples reserves and uses
6 on their behalf.

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

18
19 Column (F) is the gas purchased by end-users for
20 transportation. Column (G) is the total of Columns (E)
21 and (F) in each row. Columns (H), (I), (J) and (K)
22 represent the corresponding third-party supplier
23 commodity costs, pipeline transportation commodity
24 costs, pipeline transportation reservation costs, and
25 other charges (e.g., balancing charges), respectively.

1 These costs are determined using the actual amounts paid
2 by Peoples. In the case of end-user transportation,
3 these costs are reimbursed to Peoples or paid directly
4 to FGT. All ACA and fuel charges are included in the
5 commodity costs in Column (I) and, therefore, are not
6 shown in Column (K). Column (L) in each row is the sum
7 of Columns (H), (I), (J) and (K) divided by Column (G).
8

9 **Q.** Please explain the components of these schedules and the
10 assumptions that were made in developing the company's
11 projections.

12
13 **A.** Schedule E-1 shows the Cost of Gas Purchased, Therms
14 Purchased, and Cents Per Therm for all rate classes.

15
16 The costs associated with various categories or items
17 are shown on lines 1 through 14. Line 6 on Schedule E-1
18 includes legal expenses associated with various
19 interstate pipeline dockets, such as tariff filings,
20 seasonal fuel filings, and certification proceedings.
21 These expenses have historically been included for
22 recovery through the Purchased Gas Adjustment Clause
23 because they are fuel-related expenses. The volumes
24 consumed for similar categories or items are shown on
25 lines 15 through 27, and the resulting effective cost

1 per therm rate for each similar category or item is
2 contained on lines 28 through 45. The data shown on
3 Schedule E-1 is calculated from Schedules E-3 (A)
4 through (F) for the year ending December 31, 2024.

5

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

8

9 **A.** Schedule E-1/R of Composite Exhibit MEE-2 shows six
10 months actual and six months estimated data for the
11 current period from January 2024 through December 2024
12 for all customer classes.

13

14 **Q.** What information is presented on Schedule E-2 of
15 Composite Exhibit MEE-2?

16

17 **A.** Schedule E-2 of Composite Exhibit MEE-2 shows the amount
18 of the prior period over/under recoveries of gas costs
19 that are included in the current PGA calculation.

20

21 **Q.** What is the purpose of Schedule E-4 of Composite Exhibit
22 MEE-2?

23

24 **A.** Schedule E-4 of Composite Exhibit MEE-2 shows the
25 calculation of the estimated true-up amount for the

1 January 2024 through December 2024 period. It is based
2 on actual data for six months and projected data for six
3 months.

4
5 **Q.** What information is contained on Schedule E-5 of
6 Composite Exhibit MEE-2?

7
8 **A.** Schedule E-5 of Composite Exhibit MEE-2 is statistical
9 data that includes the projected therm sales and numbers
10 of customers by customer class for the period from
11 January 2025 through December 2025.

12
13 **Q.** What is the appropriate cap factor for which Peoples
14 seeks approval?

15
16 **A.** The WACOG for which Peoples seeks approval as the annual
17 cap is a factor of \$1.00135 per therm as shown on Line
18 44 of Schedule E-1. This annual cap will be applicable
19 to all rate classes.

20
21 **Q.** Does this conclude your testimony?

22
23 **A.** Yes, it does.
24
25

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

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

1
2
3 In Re: Purchased Gas Recovery)
4 _____)

Docket No. 20240003-GU
Submitted for filing:
May 1, 2024

5 DIRECT TESTIMONY OF CHARLES A. SHOAF ON
6 BEHALF OF ST. JOE NATURAL GAS COMPANY, INC.
=====

7
8 Q. Please state your name, business address, by whom
9 you are employed and in what capacity.

10 A. Charles A. Shoaf, 301 Long Avenue, Port St. Joe,
11 Florida 32456, St. Joe Natural Gas Company in the
12 capacities of V-President and Regulatory Affairs.

13 Q. What is the purpose of your testimony?

14 A. My purpose is to discuss the final true-up for
15 the period January 2023 through December 2023.

16 Exhibits

17 Q. Would you please identify the Composite Exhibit which
18 you are sponsoring with this Testimony?

19 A. Yes. As Composite Exhibit CAS-1, I am sponsoring the
20 following schedules with respect to the final
21 true-up for period January 2023 through December 2023.
22 Schedule A-7 - Final Fuel Over/Under Recovery

23 Q. Was this schedule prepared under your direction
24 and supervision?

25 A. Yes, it was.

Final True-Up January 2023 - December 2023

- 1
- 2 Q. What were the total therm sales for the period January
- 3 2023 through December 2023?
- 4 A. Total therm sales were 938,276 therms.
- 5 Q. What were total therm purchases for the period January
- 6 2023 through December 2023?
- 7 A. Total therm purchases were 771,540.
- 8 Q. What was the cost of gas to be recovered through the
- 9 PGA for the period January 2023 through December 2023?
- 10 A. The cost of gas purchased for January 2023 through
- 11 December 2023 was \$494,937.93.
- 12 Q. What was the amount of gas revenue collected for the
- 13 period January 2023 through December 2023?
- 14 A. The amount of gas revenue collected to cover the cost
- 15 of gas was \$470,137.10.
- 16 Q. What is the total true-up provision for the period
- 17 January 2023 through December 2023?
- 18 A. The total true-up provision, including interest, is an
- 19 under-recovery of \$23,677.56 for the period.
- 20 Q. What is the amount of estimated true-up included for
- 21 January 2023 thru December 2023 in the January 2024
- 22 through December 2024 PGA factor calculation?
- 23 A. The amount of estimated true-up for the period January
- 24 thru December 2023 included in the January 2024 through
- 25 December 2024 PGA factor calculation was an under-

1 recovery of \$72,173.00.

2 Q. What is the final over/under-recovery for the January
3 through December 2023 period to be included in the
4 January through December 2025 projection?

5 A. The final over-recovery for the current period to be
6 included in the January 2025 through December 2025
7 projections are \$48,495.44.

8 Q. Does this conclude your testimony?

9 A. Yes

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Recovery)
)
 _____)

Docket No. 20240003-GU
Submitted for filing
August 1, 2024

DIRECT TESTIMONY OF ANDY SHOAF ON
BEHALF OF ST. JOE NATURAL GAS COMPANY, INC.

=====

Q. Please state your name, business address, by whom
you are employed and in what capacity.

A. Andy Shoaf, 301 Long Avenue, Port St. Joe,
Florida 32456, St. Joe Natural Gas Company in the
capacities of V-President and Regulatory Affairs.

Q. What is the purpose of your testimony?

A. My purpose is to submit known and estimated gas
costs and therm sales from January 1, 2024 through
December 31, 2024, used in developing the maximum twelve
month levelized purchased gas cost factor to be applied
to customer bills from January 1, 2025 through
December 31, 2025.

Q. Have you prepared any exhibits in conjunction with
your testimony?

A. Yes, I have prepared and filed on August 1, 2024
Schedules E-1 through E-5.

Q. What Purchased Gas Cost Recovery Factor does

1 St. Joe Natural Gas seek approval through its petition for
2 the period January 1, 2025 through December 31, 2025?

3 A. .984 cents per therm

4 Q. Does this conclude your testimony?

5 A. Yes

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1 CHAIRMAN LA ROSA: Let's go ahead and move to
2 exhibits.

3 MR. DOSE: Staff has compiled a Comprehensive
4 Exhibit List, which includes the prefiled exhibits
5 attached to the witnesses' testimony in this case,
6 as well as staff exhibits. The list has been
7 provided for the parties, the Commissioners and
8 court reporter.

9 Staff requests that the Comprehensive Exhibit
10 List marked as Exhibit No. 1, and the other
11 exhibits marked as set forth in the Comprehensive
12 Exhibit List.

13 CHAIRMAN LA ROSA: The exhibits are so marked.
14 (Whereupon, Exhibit Nos. 1-22 were marked for
15 identification.)

16 MR. DOSE: Staff requests that the
17 Comprehensive Exhibit List, marked as Exhibit No.
18 1, be entered into the record.

19 CHAIRMAN LA ROSA: Exhibit 1 is entered.
20 (Whereupon, Exhibit No. 1 was received into
21 evidence.)

22 MR. DOSE: Staff requests to move Exhibits 2
23 through 22 into the record as set forth in the
24 Comprehensive Exhibit List.

25 CHAIRMAN LA ROSA: All right. Have the

1 parties had an opportunity to review the exhibit
2 list? Any objections to those exhibits that are to
3 be entered into the record?

4 All right. Hearing no objections, Exhibits
5 No. 2 through 22 are entered, then, into the
6 record.

7 (Whereupon, Exhibit Nos. 2-22 were received
8 into evidence.)

9 CHAIRMAN LA ROSA: Commissioners -- oh, throw
10 it back to staff. Sorry.

11 MR. DOSE: Because the parties have reached
12 Type 2 stipulations with the intervenors not
13 objecting to the Commission considering the
14 stipulations on all the issues in this case, staff
15 suggests that the Commission may take a bench
16 decision in this docket because the parties agreed
17 to waive post-hearing briefs.

18 Staff is also availability to answer any
19 questions.

20 CHAIRMAN LA ROSA: All right. Commissioners,
21 do we have any questions of staff on this case?

22 If none, then open for a motion regarding the
23 proposed Type 2 stipulations for Issues A and 1
24 through 7.

25 COMMISSIONER CLARK: Move to approve the

1 stipulated items in the 03 docket, Mr. Chairman.

2 COMMISSIONER GRAHAM: Second.

3 CHAIRMAN LA ROSA: Hearing a motion, and
4 hearing a second.

5 All those in favor signify by saying yay.

6 (Chorus of yays.)

7 CHAIRMAN LA ROSA: Yay.

8 Opposed no.

9 (No. response.)

10 CHAIRMAN LA ROSA: Show that the motion
11 passes.

12 Do any of the parties have any additional
13 matters that need to be addressed it before us?

14 All right. Seeing none, let's go ahead, then,
15 and adjourn the 03 docket, and let's go ahead and
16 move on to the 04.

17 (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 21st day of November, 2024.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH575054
EXPIRES AUGUST 13, 2028