

FLORIDA PUBLIC SERVICE COMMISSION

Item 3

VOTE SHEET

FILED 12/3/2024
DOCUMENT NO. 10085-2024
FPSC - COMMISSION CLERK

December 3, 2024

Docket No. 20240046-GU – Petition for rate increase by St. Joe Natural Gas Company, Inc.

Docket No. 20240004-GU – Natural gas conservation cost recovery.

Issue 1: Is SJNG’s projected test period of the twelve months ending December 31, 2024, appropriate?

Recommendation: Yes, SJNG’s projected test period of the twelve months ending December 31, 2024, is appropriate.

APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS’ SIGNATURES

MAJORITY

DISSENTING

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Five horizontal lines for dissenting signatures.

REMARKS/DISSENTING COMMENTS:

Docket No. 20240046-GU – Petition for rate increase by St. Joe Natural Gas Company, Inc.

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Issue 2: Should the Commission approve SJNG’s forecasts of customers and therms by rate class for the projected test year ending December 31, 2024? If not, what adjustments should be made?

Recommendation: The Commission should approve SJNG’s forecasts of customers and therms by rate class for the projected test year ending December 31, 2024 with two exceptions: (1) the test year sales projections for the GS-4 rate class should be increased by 42,391 therms, and (2) the test year sales projections for the FTS-4 rate class should be decreased by 2,694 therms.

APPROVED

Issue 3: Are SJNG’s estimated revenues from sales of gas by rate class at present rates for the projected test year appropriate? If not, what adjustments should be made?

Recommendation: No. SJNG’s estimated revenues from sales of gas by rate class at present rates for the projected test year are underestimated for the GS-4 rate class and overestimated for the FTS-4 rate class. SJNG’s estimated revenues from the sales of gas for all other rate classes are appropriate. The Company’s GS-4 rate class test year revenues should be increased by \$6,715 and the FTS-4 rate class revenues should be decreased by \$427, resulting in a net \$6,288 increase to SJNG’s estimated test year revenues from sales of gas at present rates.

APPROVED

Issue 4: Is the quality of service provided by SJNG adequate?

Recommendation: Yes. SJNG’s quality of service is adequate.

APPROVED

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Issue 5: Should the depreciation rates approved in SJNG’s last depreciation study by Order No. PSC-2023-0215-PAA-GU, issued July 26, 2023, be used in this docket for calculating the projected test year’s depreciation expense?

Recommendation: Yes, the depreciation rates approved in SJNG’s last depreciation study and appearing in Order No. PSC-2023-0215-PAA-GU, issued July 26, 2023, should be used for calculating the projected test year’s depreciation expense.

APPROVED

Issue 6: Has SJNG made the proper adjustments to remove all non-utility activities from the projected test year rate base? If not, what adjustments should be made?

Recommendation: No. Plant-in-Service should be decreased by \$58,773 and Accumulated Depreciation increased by \$16,080 in the projected test year rate base related to non-utility activities.

APPROVED

Issue 7: What level of projected test year Plant-in-Service should be approved?

Recommendation: The appropriate amount of Plant-in-Service for the projected test year is \$9,431,217. Staff recommends a reduction to the 13-month average Plant-in-Service of \$59,800 associated with SJNG’s 2024 plant additions. Staff also recommends that SJNG provide the Commission a written update on the purchase status of the trucks within one calendar year of the issuance of the final order in this proceeding.

APPROVED

Issue 8: What level of projected test year Accumulated Depreciation should be approved?

Recommendation: Staff recommends an Accumulated Depreciation balance of \$6,254,754 for the projected test year. Staff recommends increasing Accumulated Depreciation by \$11,930.

APPROVED

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Issue 9: What level of projected test year Construction Work in Progress (CWIP) should be approved?

Recommendation: The level of projected test year CWIP that should be approved is \$0.

APPROVED

Issue 10: What level of projected test year Working Capital should be approved?

Recommendation: The amount of projected test year Working Capital should be \$74,822.

APPROVED

Issue 11: What level of projected test year rate base should be approved?

Recommendation: The level of projected test year rate base that should be approved is \$3,251,285.

APPROVED

Issue 12: What amount of projected accumulated deferred taxes should be approved for the projected test year capital structure?

Recommendation: The amount of accumulated deferred income taxes to include in the 2024 projected test year capital structure is \$602,050.

APPROVED

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Issue 13: What amount and cost rate for customer deposits should be approved for the projected test year capital structure?

Recommendation: The amount and cost rate for customer deposits for the 2024 projected test year capital structure is \$50,111 at a cost rate of 2.00 percent.

APPROVED

Issue 14: What amount and cost rate of long-term debt should be approved for inclusion in the projected test year capital structure?

Recommendation: An amount of \$883,741 for long-term debt at a cost rate of 8.36 percent should be approved for inclusion in the projected test year capital structure.

APPROVED

Issue 15: What equity ratio should be approved for the projected test year capital structure?

Recommendation: An equity ratio of 60.00 percent, based on investor sources, should be approved for the projected test year capital structure.

APPROVED

Issue 16: What return on equity (ROE) should be approved for establishing SJNG's projected test year revenue requirement?

Recommendation: An authorized ROE of 10.50 percent, with a range of plus or minus 100 basis points, should be approved for establishing SJNG's projected test year revenue requirement.

APPROVED

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Issue 17: What capital structure and weighted average cost of capital should be approved for establishing SJNG’s projected test year revenue requirement?

Recommendation: The projected test year capital structure that should be approved consists of 40.77 percent common equity, 27.18 percent long-term debt, 1.54 percent customer deposits, 18.52 percent deferred taxes, and 11.99 percent for the Florida Coast Paper Company (FCPC) deferred credits. The appropriate WACC that should be approved for establishing SJNG’s projected test year revenue requirement is 6.58 percent.

APPROVED

Issue 18: Has SJNG made the proper adjustments to remove all non-utility activities from projected test year net operating expenses, including depreciation and amortization expense? If not, what adjustments should be made?

Recommendation: No. SJNG did not remove all non-utility activities from projected test year net operating expenses. Staff recommends a decrease of \$14,393 to the projected test year operations and maintenance (O&M) expense for non-utility activities, as well as a corresponding increase of \$14,494 to projected test year revenues.

APPROVED

Issue 19: What is the appropriate amount of salaries and benefits to include in the projected test year?

Recommendation: The appropriate amount of projected salaries and benefits that should be included in the test year is \$769,803.

APPROVED

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Issue 20: What amount of projected test year Rate Case Expense should be approved? What amortization period should be used?

Recommendation: The appropriate amount of rate case expense is \$137,500. This expense should be recovered over four years for an annual expense of \$34,375. The annual amortization expense should be increased by \$14,875.

APPROVED

Issue 21: What amount of projected test year O&M expenses should be approved?

Recommendation: Staff recommends a total O&M expense of \$1,548,893 for the projected test year. Staff, therefore, recommends an increase of \$51,072 to projected test year O&M expenses.

APPROVED

Issue 22: What amount of projected test year Depreciation and Amortization Expense should be approved?

Recommendation: The amount of Depreciation and Amortization Expense that should be approved for the projected test year is \$370,803. Based on adjustments in Issues 6, 7, and 8, staff recommends a decrease in depreciation expense of \$3,246.

APPROVED

Issue 23: What amount of projected test year Taxes Other than Income should be approved?

Recommendation: The appropriate amount of Taxes Other Than Income (TOTI) for the 2024 projected test year is \$129,363. TOTI should be increased by \$1,000 for the projected test year.

APPROVED

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Issue 24: What amount of projected test year Income Tax Expense should be approved?

Recommendation: The appropriate amount of projected test year Income Tax Expense is \$0. Projected Income Tax Expense should be decreased by \$102,452.

APPROVED

Issue 25: What amount of projected test year Total Operating Expenses should be approved?

Recommendation: The appropriate amount of Total Operating Expenses in the projected test year should be \$2,049,059. Total Operating Expenses should be reduced by \$76,915.

APPROVED

Issue 26: What amount of projected test year Net Operating Income should be approved?

Recommendation: The appropriate amount of Net Operating Income in the projected test year, prior to the rate increase, should be negative \$479,274.

APPROVED

Issue 27: What revenue expansion factor and net operating income multiplier should be approved for the projected test year?

Recommendation: The appropriate revenue expansion factor and net operating income multiplier is 74.058 percent and 1.3503, respectively.

APPROVED

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Issue 28: What annual operating revenue increase should be approved for the projected test year?

Recommendation: The appropriate annual operating revenue increase for the projected test year should be \$936,224.

APPROVED

Issue 29: What is the appropriate cost of service methodology to be used in allocating costs to the rate classes?

Recommendation: The appropriate cost of service methodology to be used in allocating costs to the various rate classes is reflected in the cost of service study contained in the MFRs. SJNG should file a revised cost of service study, including rates and tariffs that reflect the Commission's vote on all issues by December 16, 2024, close of business.

APPROVED

Issue 30: What are the appropriate customer charges?

Recommendation: This is a fallout issue and will be addressed at the rates agenda on January 7, 2025.

APPROVED

Issue 31: What are the appropriate per therm Gas Delivery Service Rates?

Recommendation: This is a fallout issue and will be addressed at the rates agenda on January 7, 2025.

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Issue 32: What are the appropriate miscellaneous service charges?

Recommendation: The appropriate miscellaneous service charges are contained in Table 32-1 of staff's memorandum dated November 21, 2024. The Company should file a revised tariff sheet to reflect returned charges as pursuant to Section 68.065, F.S.

APPROVED

Issue 33: Should the new Realtor Inspection Charge be approved?

Recommendation: Yes, the new Realtor Inspection Charge of \$105 should be approved.

APPROVED

Issue 34: Is SJNG's proposal to combine the RS-1 class into RS-2 class appropriate?

Recommendation: SJNG's proposal to combine the RS-1 class into RS-2 is appropriate and should be approved. SJNG should file revised energy conservation cost recovery (ECCR) factors and associated ECCR tariffs based on the two residential rate classes, for Commission approval at the rates agenda on January 7, 2025.

APPROVED

Issue 35: Should the Commission give staff administrative authority to approve tariffs reflecting Commission-approved rates and charges?

Recommendation: This is a fallout issue and will be addressed at the rates agenda on January 7, 2025.

APPROVED

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Issue 36: What is the effective date for SJNG's revised rates and charges?

Recommendation: This is a fallout issue and will be addressed at the rates agenda on January 7, 2025.

APPROVED

Issue 37: Should any portion of the interim increases granted be refunded to the customers?

Recommendation: No. The proper refund amount should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenues granted. Based on this calculation, no refund is required. Further, upon issuance of the final order in this docket, the corporate undertaking should be released.

APPROVED

Issue 38: Should SJNG be required to establish and maintain a Cost Allocation Manual (CAM)?

Recommendation: Yes. SJNG should be required to establish and maintain a CAM. The Company should be required to file its CAM with the Commission, in Docket No. 20240046-GU, by December 31, 2025.

APPROVED

Issue 39: Should SJNG be required to 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?

Recommendation: Yes. SJNG should be required to 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.

APPROVED

Vote Sheet

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Issue 40: Should this docket be closed?

Recommendation: This docket should remain open for the Commission to determine the final rates at a subsequent Commission Conference.

APPROVED