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**FPUC's Response to Staff's First  
Interrogatories Nos. 1-7**

RESPONSES TO INTERROGATORIES

1. What specific methodology does FCG employ to adjust (flex or not flex) its monthly purchased gas adjustment recovery factor? Please be as specific as possible.

**Company Response:**

Florida Public Utilities closely monitors the actual costs incurred versus the projected costs to be recovered. In order to maintain the over/under balance at a neutral annual position, FPUC will adjust the recovery factor monthly based on projected monthly pipeline demand costs, less the projected cost of capacity temporarily relinquished to third parties, the projected pipeline usage and no-notice costs and the projected supplier commodity costs. The weighted average cost of gas also includes projected costs related to our purchased gas functions and anticipated credit for the swing service rider. The sum of these costs are then divided by the projected therm sales to the traditional non-transportation customers. The factor will be increased or decreased as deemed necessary in order to maintain the appropriate recovery of costs.

**Respondent: Jeff Bates**

Interrogatory No. 2

2. What specific methodology does FCG employ to set its PGA Factor? Please be as specific as possible.

**Company Response**

The Company has forecasted the 2023 weighted average cost of gas using the projected monthly pipeline demand costs, less the projected cost of capacity temporarily relinquished to third parties, the projected pipeline usage and no-notice costs and the projected supplier commodity costs. The weighted average cost of gas also includes projected costs related to our purchased gas functions and anticipated credit for the swing service rider. The sum of these costs are then divided by the projected therm sales to the traditional non-transportation customers resulting in the projected weighted average cost of gas and ultimately the PGA recovery (cap) factor, as shown on Schedule E-1.

**Respondent: Jeff Bates**

Interrogatory No. 3

3. Please describe the forecasting methodology the Company used to establish its 2023 forecast of natural gas costs as appears in the Testimony of Robert C. Waruscewski, Exhibit RCW-2, Schedule E-1 (Cost Recovery Clause Calculation) filed August 5, 2022. Please be as specific as possible.

**Company Response:**

The expected costs of natural gas purchased by the Company as well as Renewable Natural Gas injections during the projection period were developed using actual prices paid during relevant historical periods and the Henry Hub natural gas futures settlements provided by the (CME) plus the locational basis settlements provided by Intercontinental Exchange through the end of the projection period. The forecasts of the commodity costs were then adjusted to reflect the unexpected potential market increases in the projection period.

**Respondent: Jeff Bates**

Interrogatory No. 4

4. Identify any changes to FPUC's forecast methodology discussed in response to Interrogatory No. 3 that may be different from the methodology used by FPUC in past years.

**Company Response:**

No changes are expected to the methodology.

**Respondent: Jeff Bates**

Interrogatory No. 5

5. Please refer to the testimony of witness Jeffrey B. Bates, filed on August 5, 2022. Testimony on Page 7, Line 21 refers to a “software tool” used to by the Company to manage customer usage. Please answer the following questions about the software tool.
- a. Please provide a more comprehensive description of this software tool.

**Company Response:**

a) GTS is a scalable gas management system that can be used across Chesapeake’s platform of utilities to streamline energy logistics and gas management functions and processes. This system allows third-party shippers to access their own pool data in order to allow for effective management of the company’s various customer and shipper pools.

In general, the system will manage the Company’s critical Gas shipper programs, processes, and communications between third party suppliers and business partners in one solution. GTS will be a repository for pipeline gas deliveries, city gate incoming gas volumes, large customer consumption, third party supplier nominations, delivery requirements, imbalances, and settlement. GTS will manage data currently stored in Chesapeake’s legacy Gas Management/Shipper Program Administration System. GTS will allow Chesapeake and its third-party gas suppliers and business partners to manage all LDC-based daily and monthly processes of their gas delivery activities on Chesapeake’s system for their four LDCs within one solution.

**Respondent: Jeff Bates**

Interrogatory No. 5(b)

- b. Please state the cost of this software tool, and by schedule (page, column, line and amount), please identify where the cost of this tool is recorded.

**Company Response:**

b) The cost of this tool is \$310,000, which is comprised of annual cloud hosting service, \$annual maintenance, and upgrades beyond the scope of original project. This total of \$310,000 is was spread evenly across the twelve months. This software cost is a direct replacement of Cardinal Tech who was performing the same function and have been previously included for recovery through were included in the PGA filing in previous years. This is included in line item 6 "Other" on Schedule E-1.

**Respondent: Jeff Bates**

Interrogatory No. 6

6. Please refer to Schedule E-1, attached to the testimony of witness Robert C. Waruszewski, filed on August 5, 2022. Line 6 identifies that \$508,982 in "Other Costs" are projected for the January through December 2023 period. Please describe what specific items are included in the \$508,982 in "Other Costs" that are identified on this Schedule.

**Company Response:**

Other Costs includes the following:

- Costs related to the settlement regarding the COVID-19 regulatory asset in Docket No. 20200194 and approved in Order No. PSC-2021-0266-S-PU
- Software Subscription to S&P Global Platts used to retrieve market data and gas daily pricing
- Outside consulting costs from Pierpont & McLelland for advancement of our PGA and transportation processes, addressing the Company's capacity needs, and assistance with the execution of transportation agreements.
- Outside legal expense from Gunster for various legal matters not associated with the normal PGA filings and activities, such as issues related to pipeline and capacity contracts/agreements and affiliate transactions.
- The software tool, which is discussed in further detail above in #5.

**Respondent: Bob Waruszewski**



Interrogatory No. 7

7. Please refer to the Schedule E1/R, attached to the testimony of witness Robert C. Waruszewski, filed on August 5, 2022. Line 27 provides data for Total Therm Sales (actual data for January through June, 2022, and estimated data for July through December, 2022). Please describe how the amounts shown on Line 27 for January through June, 2022 were calculated.

**Company Response:**

The Company obtains the monthly therms from the billing system for all usage related to sales service customers, who are subject to PGA.

**Respondent: Bob Waruszewski**

20220003.GU Staff Hearing Exhibits 00018  
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased Gas Adjustment True-up ) Docket No. 20220003-GU  
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 ) Filed: September 28, 2022  
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**DECLARATION**

I hereby certify and affirm that I sponsored the Company's responses to FLORIDA PUBLIC SERVICE COMMISSION STAFF'S FIRST SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Nos. 1, 2, 3, 4 and 5 in Docket No. 20220003. The responses are true and correct to the best of my knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory responses identified above, and that the facts stated therein are true.

Jeff Bates  
Digitally signed by Jeff  
Bates  
Date: 2022.09.28 09:04:29  
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Jeff Bates, Declarant

Dated: September 28, 2022

In re: Purchased Gas Adjustment True-up ) Docket No. 20220003-GU  
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) Filed: September 28, 2022  
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**DECLARATION**

I hereby certify and affirm that I sponsored the Company's responses to FLORIDA PUBLIC SERVICE COMMISSION STAFF'S FIRST SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Nos. 6 and 7 in Docket No. 20220003. The responses are true and correct to the best of my knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory responses identified above, and that the facts stated therein are true.

/s/ Robert C. Waruszewski

Robert C. Waruszewski, Declarant

Dated: September 28, 2022