

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for authority to issue debt securities during calendar year 2019, pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by Florida City Gas.

DOCKET NO. 20180166-GU
ORDER NO. PSC-2018-0550-FOF-GU
ISSUED: November 19, 2018

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
JULIE I. BROWN
DONALD J. POLMANN
GARY F. CLARK
ANDREW GILES FAY

FINAL ORDER GRANTING FLORIDA CITY GAS APPROVAL TO FINANCE ITS
WORKING CAPITAL AND CAPITAL EXPENDITURE REQUIREMENTS THROUGH
SHORT-TERM AND LONG-TERM BORROWINGS FROM FLORIDA POWER & LIGHT
COMPANY

BY THE COMMISSION:

Florida City Gas (FCG) filed an application on September 7, 2018, seeking authority, pursuant to Section 366.04, Florida Statutes (F.S.), and Chapter 25-8, Florida Administrative Code (F.A.C.), to finance its working capital and capital expenditure requirements through short-term and long-term borrowings from Florida Power & Light Company (FPL). FCG is a division of Pivotal Utility Holdings, Inc., which is a wholly-owned subsidiary of FPL.

Notice of FCG's application was given in the Florida Administrative Register on October 22, 2018.

Proposed Transactions

FCG asserts that timing of any borrowings made by it from FPL will depend on FCG's cash flow projections and other factors impacting FCG's cash and working capital requirements. FCG's 2019 capital expenditures are forecasted to total approximately \$100 million. Any borrowings made by FCG from FPL will be unsecured and may be subordinated or unsubordinated.

FCG also asserts that the amount of short-term borrowings by FCG from FPL will be an aggregate amount not to exceed \$50 million in principal at any one time. In addition, the amount

of long-term borrowings by FCG from FPL will be an aggregate amount not to exceed \$250 million in principal at any one time.

As provided by FCG, the interest rate on any short-term or long-term borrowings from FPL is expected to be a pass-through of FPL's average weighted cost for borrowing these funds and will vary depending on the term of the debt and whether the debt is secured or unsecured and subordinated or unsubordinated, as well as market conditions. FCG also asserts that short-term borrowings from FPL will have maturities not to exceed one year and long-term borrowings from FPL will have maturities ranging from more than one year to one hundred years.

Purposes of Issues

According to FCG, it will cause the proceeds from any borrowings made by FCG to be used for capital expenditures, working capital requirements, and general corporate purposes related to FCG's regulated utility operations.

FCG asserts that, although it does not require a certificate of need, the proceeds from the loans made by FPL will be used, in part, for the anticipated construction of a new Liquefied Natural Gas (LNG) Facility in southern Florida in the 2019 period. As approved by the Commission in Order No. PSC-2018-0190-FOF-GU issued April 20, 2018, the new LNG Facility will be capable of providing an additional 10,000 Dth/day of capacity and will include (i) truck loading facilities, (ii) three storage tanks holding a total of 270 ,000 gallons of LNG, (iii) vaporization equipment and (iv) other related facilities. The estimated construction cost for its new LNG Facility is \$58 million. According to FCG, as of June 30, 2018, development, design and construction costs expended on its new LNG Facility were approximately \$3.0 million.

In connection with its application, FCG confirms that the capital raised pursuant to its application will be used in connection with its regulated activities, and not the nonregulated activities of its affiliates.

Having reviewed the application, it is the finding of this Commission that the transactions described in the application will not impair the ability of FCG to perform the services of a public utility. These transactions are for such lawful purposes within FCG's corporate powers and, as such, the application is granted.

Our approval of the proposed issuance of securities by FCG does not indicate specific approval of any rates, terms, or conditions associated with the issuance. Such matters are properly reserved for review by this Commission within the context of a rate proceeding.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission, that Florida City Gas's request to finance its working capital and capital expenditure requirements through short-term and long-

term borrowings from Florida Power & Light Company, is granted as set forth herein. It is further

ORDERED that, during 2019, FCG's maximum aggregate short-term borrowings shall not exceed \$50 million in principal at any one time and FCG's long-term borrowings shall not exceed \$250 million in principal at any one time. It is further

ORDERED that FCG shall file a consummation report in compliance with Rule 25-8.009, Florida Administrative Code, within 90 days of the end of any fiscal year in which it issues any securities authorized by this Order. It is further

ORDERED that this docket shall remain open to monitor the issuance and/or sale of securities until FCG submits and Commission staff has reviewed the Consummation Report, at which time it shall be closed administratively.

By ORDER of the Florida Public Service Commission this 19th day of November, 2018.



CARLOTTA S. STAUFFER
Commission Clerk
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Tallahassee, Florida 32399
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request:

- 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or
- 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.