

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities Company - Fort Meade, and Florida Public Utilities Company - Indiantown Division.

DOCKET NO. 20220067-GU
ORDER NO. PSC-2022-0288-PCO-GU
ISSUED: July 22, 2022

The following Commissioners participated in the disposition of this matter:

ANDREW GILES FAY, Chairman
ART GRAHAM
GARY F. CLARK
MIKE LA ROSA
GABRIELLA PASSIDOMO

ORDER SUSPENDING REQUESTED PERMANENT RATE AND CHARGES INCREASE

BY THE COMMISSION:

Background

On May 24, 2022, Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities Company-Fort Meade, and Florida Public Utilities Company-Indiantown Division (collectively FPUC or Company) filed a petition seeking our approval to increase rates and charges and to consolidate the four natural gas utilities into one utility operating under the name Florida Public Utilities Company (FPUC). The four natural gas utilities provide sales and transportation of natural gas and are public utilities subject to our regulatory jurisdiction under Chapter 366, Florida Statutes (F.S.).

In 2009, Chesapeake Utilities Corporation, a Delaware corporation, which owned and operated the Florida Division of Chesapeake Utilities Corporation, acquired Florida Public Utilities Company's electric and gas divisions. In 2010, Florida Public Utilities Company acquired Indiantown Gas Company and in 2013 the natural gas assets of Fort Meade, a former municipal utility. Since the acquisitions, Indiantown Gas Company operates as Florida Public Utilities Company-Indiantown Division and Fort Meade as Florida Public Utilities Company-Fort Meade.

The Company currently serves approximately 92,000 residential, commercial, and industrial customers in 26 counties throughout the state of Florida. In its petition, the Company requested an increase of \$43.8 million in additional annual revenues. Of that amount, \$19.8 million is associated with moving the Company's current investment in the Commission-

approved Gas Reliability Infrastructure Program (GRIP), which is being recovered through a separate surcharge on customers' bills, into base rates. The remaining \$24 million, according to FPUC, is necessary for the Company to earn a fair return on its investment and a requested return on equity of 11.25 percent. The Company based its request on a 13-month average rate base of \$454.9 million for the projected test year January through December 2023. The requested overall rate of return is 6.43.

FPUC's last approved rate case was in 2008,¹ Florida Division of Chesapeake Utilities Corporation's last rate case was in 2009,² and the Indiantown Division's last rate case was in 2003, prior to its acquisition in 2013.³ Fort Meade was a municipal utility prior to its acquisition in 2013 and has not had a rate case prior to this pending docket. More recently, in Commission Order No. PSC-2021-0148-TRF-GU,⁴ the four individual utilities' tariffs were consolidated without modifications to customer rates. Prior to the consolidation of the tariffs, the utilities provided natural gas service under four separate Commission-approved tariffs.

The Company stated that the key drivers for the proposed rate increase are: capital investments to expand service, technology and safety investments, increased insurance premiums, and an increase in cost of materials and labor as a result of high inflation. As part of the petition, the Company filed a new 2023 depreciation study, a cost recovery environmental surcharge, revisions to its Area Expansion Program (AEP), and consolidated rate structures.

In its petition, the Company requested an interim rate increase of \$7.13 million. Section 366.071, F.S., addresses interim rates and procedures and requires us to authorize within 60 days of a filing for an interim rate increase the collection of interim rates. On June 7, 2022, the Company waived the 60-day provision of Section 366.071(2), F.S., and agreed to defer implementation of the proposed interim rates until the issue is addressed at our scheduled August 2, 2022 Agenda Conference.⁵

This Order exclusively addresses whether to suspend the proposed final rates and charges. Pursuant to Sections 366.06(2) and (4), F.S., FPUC requested that this rate case be processed using our hearing process. Accordingly, an administrative hearing has been scheduled for this matter from October 25 through 28, 2022. We have jurisdiction over this request pursuant to Section 366.06, F.S.

¹ Order No. PSC-2009-0848-S-GU, issued December 28, 2009, in Docket No. 20080366-GU, *In re: Petition for rate increase by Florida Public Utilities Company.*

² Order No. PSC-10-0029-PAA-GU, issued January 14, 2010, in Docket No. 20090125-GU, *In re: Petition for increase in rates by Florida Division of Chesapeake Utilities Corporation.*

³ Order No. PSC-04-0565-PAA-GU, issued June 2, 2004, in Docket No. 20030954-GU, *In re: Petition for rate increase by Indiantown Gas Company.*

⁴ Order No. PSC-2021-0148-TRF-GU, issued April 22, 2021, in Docket No. 20200214-GU, *In re: Joint petition of Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and the Florida Division of Chesapeake Utilities Corporation for approval of consolidation of tariffs, for modifications to retail choice transportation service programs, and to change the MACC for Florida Public Utilities Company.*

⁵ Document No. 03478-2022, filed June 7, 2022.

Decision

Pursuant to Section 366.06(3), F.S., we may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change, a reason, or written statement of a good cause for doing so with 60 days. We find that the reasons previously stated are good cause consistent with the requirements of Section 366.06(3), F.S.

Therefore, FPUC's requested permanent increase in rates and charges shall be suspended to allow our staff and the parties time to analyze the case and for us to conduct a hearing.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Public Utilities Company's requested permanent increase in rates and charges shall be suspended. It is further

ORDERED that this docket shall remain open pending our final resolution of the Company's requested rate increase.

By ORDER of the Florida Public Service Commission this 22nd day of July, 2022.



ADAM J. TEITZMAN
Commission Clerk
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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.

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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, 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 or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.