

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of 2025
depreciation study and for approval to amortize
reserve imbalance, by Florida City Gas.

DOCKET NO. 20250035-GU
ORDER NO. PSC-2025-0444-PHO-GU
ISSUED: December 9, 2025

PREHEARING ORDER

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on December 3, 2025, in Tallahassee, Florida, before Commissioner Gabriella Passidomo Smith, as Prehearing Officer.

APPEARANCES:

BETH KEATING, ESQUIRE, Gunster, Yoakley & Stewart, P.A., 215 South Monroe Street, Suite 601 Tallahassee, Florida 32301.
On behalf of FLORIDA CITY GAS (FCG).

WALT TRIERWEILER and CHARLES REHWINKEL, ESQUIRES, 111 W. Madison Street, Room 812, Tallahassee, Florida 32399-1400.
On behalf of OFFICE OF PUBLIC COUNSEL (OPC).

TIMOTHY SPARKS, JACOB IMIG, and SHAW STILLER, ESQUIRES, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of the Florida Public Service Commission (Staff).

MARY ANNE HELTON, ESQUIRE, Deputy General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
Advisor to the Florida Public Service Commission.

ADRIA E. HARPER, ESQUIRE, General Counsel, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
Florida Public Service Commission General Counsel.

I. CASE BACKGROUND

On February 24, 2025, Florida City Gas (FCG or Company) filed a Petition for Approval of Depreciation Study and for Approval to Amortize Reserve Imbalance under Rule 25-7.045, Florida Administrative Code (F.A.C.). The petition includes a depreciation study (2025 Depreciation Study) and proposes depreciation parameters that result in a total calculated reserve

surplus of \$27.3 million. On August 5, 2025, FCG filed a revised 2025 Depreciation Study that proposed a reserve surplus of \$22.3 million. FCG seeks approval of its 2025 Depreciation Study; an effective date for new depreciation rates of January 1, 2025; and approval to amortize the calculated \$22.3 million reserve surplus over a two-year period.

The Commission last approved depreciation rates for FCG in 2023, in connection with the Company's 2022 request for base rate increase, by Order No. PSC-2023-0177-FOF-GU (2023 Final Order).¹ That order approved depreciation parameters that resulted in a total reserve surplus of \$52,126,500, of which \$25 million could be amortized over a four-year period using a Reserve Surplus Amortization Mechanism (RSAM) requested by FCG. The Office of Public Counsel (OPC) appealed the 2023 Final Order, as well as our subsequent Clarifying Order. That appeal is currently pending before the Florida Supreme Court.

On February 26, 2025, OPC filed a Notice of Intervention² in this docket pursuant to Section 350.0611, Florida Statutes (F.S.). The following day, OPC filed a Motion to Hold Proceedings in Abeyance, which was denied by Order No. PSC-2025-0102-PCO-GU, issued April 1, 2025. OPC timely filed a Motion for Reconsideration of that Order, along with a Request for Oral Argument. Separately, on June 20, 2025, OPC filed a Motion to Dismiss on jurisdictional grounds, along with another Request for Oral Argument. The Commission denied both Motions and Requests for Oral Argument by Order No. PSC-2025-0360-PCO-GU, issued September 24, 2025. A hearing for this docket is scheduled for December 11, 2025.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, F.S. This hearing will be governed by Chapters 120 and 366 F.S., and Rules 25-6, 25-22, and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information

¹ Order No. PSC-2023-0177-FOF-GU, issued June 9, 2023, in Docket No. 20220069-GU, *In re: Petition for rate increase by Florida City Gas*.

² Document No. 01130-2025.

to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing that has not been filed as prefiled testimony or prefiled exhibits, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties (and Staff) has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness's testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally

summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
Patricia Lee ³	FCG	1-5
Matthew Everngam	FCG	4
William Dunkel	OPC	1-5
Edwin A. Kunkler	Staff	1-7
<u>Rebuttal</u>		
Patricia Lee	FCG	1-5
Matthew Everngam	FCG	4, 6

³ Amended Testimony filed November 4, 2025.

VII. BASIC POSITIONS

FCG: FCG filed its initial request for approval of its 2025 Depreciation Study on February 24, 2025. Since then, the Company has provided responses to numerous data requests and formal discovery requests and responded to a series of motions filed by OPC seeking to either delay or dismiss this case. Ultimately, given the level of contention regarding FCG's study, this matter was set for hearing by Order PSC-2025-0366-PCO-GU issued October 2, 2025.

The Commission will hear from FCG's Witness Patricia Lee that she has conducted FCG's 2025 Depreciation Study in accordance with the Commission's Rule 25-7.045, F.A.C., ("Rule"), consistent with guidance in NARUC's Public Utility Depreciation Practices (1996) manual, and using similar processes and analyses utilized in other depreciation studies approved by this Commission. Witness Lee will also explain that the Commission's gas utility depreciation Rule does not require that a utility wait five years before it files a depreciation study and does not require that a gas utility file a depreciation study as part of a rate case, nor has the Commission ever expressed a desire to change its rule or policies in either regard. In the context of gas utilities, in fact, it has been much more common, historically, for depreciation studies to be submitted separately from a rate proceeding.

Witness Lee will also address the changes and adjustments to the depreciation study that the Company has made over the past 9 months, which have arisen from issues discovered over the course of responding to Staff's data requests and discovery from both Commission Staff and OPC. The Company has made the appropriate adjustments openly and voluntarily. Furthermore, OPC Witness Dunkel's suggestion that these adjustments, updates and corrections demonstrate that FCG's data and study are suspect belies the fact that such refinement of data over the course of reviewing a depreciation is not uncommon and is a part of the process that this Commission has itself recognized on more than one occasion.⁴ It also disregards the fact that conducting a depreciation study is both a science and an art that produces a forecast, or projection, of the service lives of a Company's assets. Witness Dunkel's assessment should also be discounted because he did very little in terms of his own analysis, choosing instead to question FCG's filing through the use of oversimplified analogies and by flagging inconsistencies between FCG's study and its annual reports for which reconciliations had been provided and were otherwise easily explained.

In addition, while both Witness Dunkel and Staff's Witness Edwin A. Kunkler take issue with the fact that Witness Lee did not conduct a historical statistical analysis of the lives of FCG's assets, the Commission should give no weight to these assertions. The plain fact of the matter is that a historical statistical analysis

⁴ See, for instance, Order No. PSC-1995-1050-FOF-GU, issued August 24, 1995, in Docket No. 19951776-GU.

is not required by the Commission's Rule, as Witness Lee explains, and the Commission has approved other depreciation studies, as recently as 2022, that did not incorporate such an analysis. To decide differently in this case would be inconsistent with prior Commission policy and likely necessitate a change to the Rule. Witness Kunkler also takes issue with Witness Lee's parameters for two accounts, Steel Mains and Plastic Services, but Witness Lee also explains that her life parameters can be expected to better reflect the future, actual lives of the assets in those accounts, because she focused her analysis on more current data and input from Company personnel, rather than on the statistical analysis of past lives of the assets conducted in the prior depreciation study upon which Witness Kunkler relied.

Finally, FCG Witnesses Everngam and Lee have both addressed FCG's proposal to correct the reserve imbalance that exists if the depreciation parameters recommended by Witness Lee are approved. The proposal to amortize the imbalance over two years is a legitimate means to correct the imbalance, has been similarly implemented in other Commission cases, and is consistent with the "matching principle" often referenced by the Commission. Witness Dunkel's assertions that this amounts to a cash grab for FCG's shareholders, along with his related analogies, are misleading oversimplifications of what a reserve imbalance is and what amortization does. Witness Lee and Witness Everngam address, respectively, the mechanics of amortization of the imbalance and the Company's rationale for requesting correction of the imbalance in this manner. They will demonstrate that FCG's proposal is not unique and is appropriate under the circumstances of this case.

In sum, FCG asks that the Commission approve the 2025 Depreciation Study, provided as Witness Lee's amended Exhibit PSL-2. The 2025 Depreciation Study is based on sound data and analysis, is consistent with the Commission's Rule 25-7.045, F.A.C., and provides an appropriate basis for revising FCG's depreciation rates. The Commission should also approve FCG's request to amortize the resulting reserve imbalance over a period of two years. The Commission has allowed amortization of reserve imbalances over less than the remaining life of assets in prior proceedings and should approve such amortization in this proceeding as well. Moreover, as Witness Everngam explains, this approach will appropriately balance the interests of the utility and its ratepayers by enabling FCG, which is currently underearning, an opportunity to earn at, or near, its allowed earnings range for 2025.

OPC: This is the incredible expanding and shrinking depreciation reserve case that never should have been filed. It only exists to facilitate the attempted creation of surplus theoretical depreciation reserve balance for improper purposes – to enhance shareholder profits at the expense of customers. This attempt should be rejected.

The Commission is faced with a request for a determination on depreciation parameters, rates and costs that is unnecessary, unfair, and at best premature by two years. Even though a new depreciation study does not have to be filed until May 31, 2027, FCG has made a hurried filing that it dubbed a “depreciation study” in an effort to capitalize on the \$27 million theoretical depreciation surplus that it originally (and ultimately unsuccessfully) conjured up. After scrutiny by Commission Staff, this theoretical depreciation reserve shriveled up to \$3.6 million in the initial Staff report filed on August 12, 2025. FCG then conceded its claimed reserve surplus should have been no more than \$22 million after more scrutiny. The company then filed a correction on the day before the OPC testimony was due, further shrinking the claimed surplus to \$19.2 million. The Staff calculated a surplus of no more than \$6.9 million in testimony filed on October 12, 2025.

With regard to FCG’s revised request, and as an analogy, assume a bank owner took \$10,000 out of a customer’s retirement account and put that money in his or her pocket. Of course that is improper, but it is a good analogy to what FCG is proposing in this case. In this case, FCG is proposing to take \$19.2 million out of the depreciation reserve and credit that amount to the income statement to bolster shareholder earnings. FCG admits that any reserve surplus is the result of “over payment of depreciation expense” by the “ratepayers.” FCG’s proposal would gift that ratepayers’ overpayment to the shareholders instead of returning it to ratepayers.

Removing \$19.2 million from the depreciation reserve in this case would create a \$19.2 million lower depreciation reserve and increase the Net Rate Base by \$19.2 million in the coming rate case. FCG says it expects “to file its next base rate case within the next year.” The increase in Net Rate Base means that, if allowed and after the upcoming rate case, the ratepayers will pay a rate of return approximately \$1.2 million per year higher than they would if the \$19.2 million is not taken out of the depreciation reserve in this case. This additional \$1.2 million annual earnings benefit would be in addition to the windfall shareholders would receive from taking \$19.2 million out of the ratepayer-provided depreciation surplus. Such an outcome would be unjust and unreasonable.

In support of its request, FCG claims that the earnings levels presented in FCG’s “most recent twelve months ended June 2025 earnings surveillance report and its pro-forma 2024 year-end report” should be considered as supporting the FCG proposal. At the same time they deny that “that a consideration of its earnings should be part of the Commission's standard review and processing of depreciation studies or that it is part of their request in this case. In any event the earnings numbers which have been claimed by FCG including and the assumptions and allocations which underly them, have not been thoroughly reviewed by Staff or OPC because this is a depreciation case. Any required detailed review can only be done in the time and number of discovery requests in

a rate case. In fact FCG's level of earnings is not a subject matter of this case. The issues in the OEP do not contemplate such an inquiry.

It is obvious that the original target of the filing is the seizure of putative depreciation reserve surplus for the earnings-enhancement benefit of the shareholders. FCG desires to create or sustain a surplus through changing, without justification, logic, or evidence, certain parameters that have the effect of boosting the coveted surplus balance. While unjustified and illogical, the proposed adjustments to the parameters have the heavy odor of, as OPC expert William Dunkel notes, an appearance of a "conflict of interest." Such an appearance exists because the company has an obvious, undisguisable goal of creating a surplus through the massaging of the parameters – especially the negative net salvage values – to generate shareholder earnings enhancement. Put another way, the filing has all the hallmarks of providing an opportunity for FCG to first create, and then skim, customer-provided funds to the benefit of shareholders. If FCG is allowed to siphon away the surplus funds, the result would be that FCG customers' costs and bills will increase. The evidence in this case is overwhelming that there is no basis, accounting standard, or public policy weighing in favor of changing depreciation parameters, rates or costs at this time. FCG has failed to meet its burden to support its requested increase in customer costs. The OPC urges that any changes to these elements of revenue requirements coincide with the next rate case so that customers are treated fairly.

The OPC recommends this case be closed and the current depreciation rates remain in effect. Under the five-year filing requirement, a new depreciation study does not have to be filed until May 31, 2027. The OPC recommends that a new, correct, depreciation study be filed as part of the rate case which is coming within a year. The OPC recommends that the new depreciation study include the statistical analysis of the life data. Any reserve surplus identified in the new depreciation study should be used to benefit the ratepayers, since any depreciation reserve surplus is the result of over payment of depreciation expense by the ratepayers.

STAFF: Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

VIII. ISSUES AND POSITIONS

ISSUE 1: Should currently prescribed depreciation rates for Florida City Gas be revised?

FCG: Yes. Given the change in ownership of FCG since its last study and other factors, such as the expansion of the SAFE program, it is appropriate to update FCG's depreciation rates based upon the 2025 Depreciation Study sponsored by Witness Lee. Rule 25-7.045, F.A.C., does not require that a gas utility wait 5 years to file a new study, nor does it require that a gas utility submit a depreciation study only when it submits a full request and MFRs, nor has the Commission ever enunciated a policy or rule interpretation to that effect. Approval of the 2025 Depreciation Study results in a net decrease in FCG's depreciation rates compared to the currently prescribed rates, which decreases annual depreciation and amortization expenses by about \$10.7 million based on January 1, 2025 investments.

OPC: No. The information provided by FCG is inadequate to support a change in depreciation parameters, rates, or costs at this time. Furthermore, the company's petition supporting the creation of a surplus for the purpose of amortizing credits to income to boost earnings is inconsistent with the principles underlying the establishment of depreciation rates; is premature; lacks a valid justification to change depreciation parameters, rates, and costs; and would improperly transfer overcollections from customers of revenues associated with depreciation expense to the benefit of shareholders. Additionally, Rule 25-7.045, Florida Administrative Code, does not allow the Commission to take action to create a reserve imbalance for the purpose of adjusting achieved earnings. (Dunkel)

STAFF: Staff takes no position.

ISSUE 2: Based on FCG's 2025 Depreciation Study, what are the appropriate depreciation parameters (e.g., service lives, remaining life, net salvage percentage, and reserve percentage) and resulting depreciation rates for each depreciable plant account?

FCG: The appropriate depreciation parameters and resulting depreciation rates are those set forth in amended PSL-2, which is the 2025 Depreciation Study conducted by Witness Lee on behalf of FCG. The parameters set forth therein are based upon the sound depreciation analysis of Witness Lee, who is a member and former president of the Society of Depreciation Professionals and a co-author of NARUC's Public Utility Depreciation Practices (1996) manual. Witness Lee analyzed current plant and reserve data, historic average retirement rates for the plant accounts, consulted with FCG personnel responsible for the installation, operation, and removal of the assets, and reviewed the service lives for similar assets owned by similarly situated, Florida natural gas utilities. The process

utilized by Witness Lee was much like the process she has used to conduct depreciation studies that have been approved for other Florida natural gas utilities and resulted in a complete, reliable depreciation study that should be approved by the Commission. Furthermore, Commission Rule 25-7.045, F.A.C., does not require that a statistical analysis be included in a depreciation study nor is FCG aware of any depreciation study for a Florida gas or electric utility that has been rejected on the basis that it did not include a statistical analysis.

OPC: The record is inadequate to determine the correct depreciation parameters for FCG. FCG did not file a complete study as required by Rule 25-7.045, F.A.C. This deficiency deprives the commission and customers of the ability to perform statistical analyses of the life and net salvage data, including any new data generated since 2020. Additionally, FCG utilized biased selection of parameters, primarily associated with negative net salvage values, that had the effect of creating a surplus which the company seeks to use to boost shareholder earnings. Additionally, Rule 25-7.045, F.A.C., does not allow the Commission to take action to create a reserve imbalance for the purpose of adjusting achieved earnings. The Commission should reject the filing and the Commission order that in the upcoming rate case, FCG should file a new depreciation study which includes the statistical analyses for life and salvage factors which include the actual data after the year 2020. (Dunkel)

STAFF: Staff takes no position.

ISSUE 3: **Based on the application of the depreciation parameters that the Commission has deemed appropriate to FCG's data, and the comparison of the theoretical reserves to the book reserves, what, if any, are the resulting imbalances?**

FCG: The application of the depreciation parameters set forth in the 2025 Depreciation Study results in an imbalance between the theoretical and book reserves in the amount of a \$19.2 million surplus.

OPC: Since FCG did not produce a complete study as required by Rule 25-7.045, F.A.C., there is insufficient information to determine the correct parameters and thus no basis to determine any imbalance that may result. Additionally, Rule 25-7.045, F.A.C., does not allow the Commission to take action to create a reserve imbalance for the purpose of adjusting achieved earnings. The Commission should direct that a new, correct, depreciation study be filed as part of the coming rate case. By then FCG will have had more time to assemble more accurate data and perform the statistical analyses. A new depreciation study does not have to be filed until May 31, 2027. (Dunkel)

STAFF: Staff takes no position.

ISSUE 4: What, if any, corrective depreciation reserve measures should be taken with respect to any imbalances identified in Issue 3?

FCG: FCG believes that amortization of the reserve surplus over two years is appropriate in this case. This action will correct the reserve imbalance quickly by way of an annual credit to depreciation expense. In this way, reserve imbalance will be corrected for the current the generation of ratepayers, consistent with the matching principle. It will also establish more appropriate depreciation rates, as well as an expedited mechanism to correct the reserve imbalance, in advance of FCG's anticipated rate case, and allow FCG the opportunity to earn within its currently allowed earnings range for 2025. FCG's proposal to amortize the reserve imbalance over less than the remaining lives of the assets is an accepted depreciation practice that has been approved for other utilities by this Commission in prior cases. Furthermore, arguments that such proposal could harm ratepayers in the next rate case should be taken with a grain of salt, because such arguments focus only on the limited impact to rate base and fail to consider the multiple other factors, costs, and projections that are involved in a full rate case proceeding. FCG's proposal makes sense, would not be a unique approach to resolve a reserve imbalance, and provide a fair outcome for both FCG and its ratepayers.

OPC: Since FCG did not produce a complete study as required by Rule 25-7.045, F.A.C., there is not enough information to determine the correct parameters and thus not enough information to determine a resulting imbalance. The data that was provided by FCG is incomplete and contains unexplained and material variances between the FCG "study" data and there booked and audited data. Additionally, Rule 25-7.045, F.A.C., does not allow the Commission to take action to create a reserve imbalance for the purpose of adjusting achieved earnings. The Commission should direct that a new correct and complete depreciation study be filed as part of the upcoming rate case. By then FCG will have had more time to assemble more accurate data and perform the necessary statistical analyses. A new depreciation study does not have to be filed until May 31, 2027. To the extent that the Commission nevertheless orders adjustments to depreciation parameters and rates, any imbalance identified in this case should be addressed in the remaining life calculations using remaining life technique. Likewise, if the Commission adjusts depreciation parameters and rates over the objection of the OPC, any reserve transfers (which are not justified as FCG has proposed them) should not be undertaken in a manner that would artificially increase depreciation costs. (Dunkel)

STAFF: Staff takes no position.

ISSUE 5: What should be the implementation date for revised depreciation rates and amortization schedules?

FCG: The appropriate implementation date is January 1, 2025. All data contained in FCG's depreciation study matches that date.

OPC: There should be no new implementation of revised depreciation rates and amortization schedules. Instead of attempting to implement FCG's attempted "study," the Commission should direct that a new, correct, depreciation study be filed as part of the coming rate case. By then FCG will have had more time to assemble more accurate data and perform the statistical analyses. A new depreciation study does not have to be filed until May 31, 2027. (Dunkel)

STAFF: Staff takes no position.

ISSUE 6: Should the current amortization of investment tax credits (ITCs) and flow back of excess deferred income taxes (EDITS) be revised to reflect the approved depreciation rates and amortization schedules?

FCG: If the Commission approves the 2025 Depreciation Study, the flow back of excess deferred income taxes should be revised to reflect the depreciation rates and amortization schedules ultimately approved by the Commission in this proceeding. Currently, however, FCG does not have any investment tax credits.

OPC: Since FCG did not file a complete depreciation study as required by Rule 25-7.045, F.A.C., there is no lawful basis to change depreciation rates and amortization schedules and thus this issue is moot.

STAFF: Staff takes no position.

ISSUE 7: Should this docket be closed?

FCG: Upon approval of the 2025 Depreciation Study submitted by FCG in this proceeding, this docket should be closed.

OPC: Yes.

STAFF: Staff takes no position.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>Exhibit</u>	<u>Description</u>
<u>Direct</u>			
Patricia Lee	FCG	PSL-1	Curriculum Vitae
Patricia Lee	FCG	PSL-2 ⁵	Depreciation Study and Workbook
Patricia Lee	FCG	PSL-3	Life Table example
Patricia Lee	FCG	PSL-4	Florida peer gas companies' averages
William Dunkel	OPC	WWD-1	Qualifications
William Dunkel	OPC	WWD-2	Staff ROG 24 – New Depr. Outside Rate Case Effects Earnings
William Dunkel	OPC	WWD-3	ROR & Tax Effect – Prior Case Order
William Dunkel	OPC	WWD-4	2021 Annual Report
William Dunkel	OPC	WWD-5	OPC ROG 17,18, & 19 Variances
William Dunkel	OPC	WWD-6	OPC No. 16 – NARUC not say 1%
William Dunkel	OPC	WWD-7	Net Salvage Analysis & Customer No.
William Dunkel	OPC	WWD-8	From FPUC Order
William Dunkel	OPC	WWD-9	OPC ROG 23 Plastic Accessible
William Dunkel	OPC	WWD-10	Peoples Net Salvage
William Dunkel	OPC	WWD-11	Reserve Surplus – as filed by FCG

⁵ Amended PSL-2 filed November 4, 2025.

<u>Witness</u>	<u>Proffered By</u>	<u>Exhibit</u>	<u>Description</u>
William Dunkel	OPC	WWD-12	Surplus – Adjust Service Plastic & Mains Steel
William Dunkel	OPC	WWD-13	New Depr. Effective When Prices Changed
Edwin A.Kunkler	STAFF	EAK-1	Accounts 3761 an 3762 Placement Band 1963-2020 Experience Band 2005-2020 Stub Survivor Curve
Edwin A.Kunkler	STAFF	EAK-2	Accounts 3761 an 3762 Placement Band 1963-2020 Experience Band 2005-2020 Age vs Percent Surviving
Edwin A.Kunkler	STAFF	EAK-3	Proposed Reserve Transfers
Edwin A.Kunkler	STAFF	EAK-4	Depreciation Rates and Annual Expenses
Edwin A.Kunkler	STAFF	EAK-5	Florida City Gas 2022 Depreciation Study Prepared by: Gannett Fleming

Rebuttal

Patricia Lee	FCG	PSL-5	(Composite) Reconciliation Schedules to Annual Reports
Patricia Lee	FCG	PSL-6	FCG's response to Staffs Second Set of Interrogatories, No. 26 (List of PSC Orders Approving Amortization of Imbalance over less than remaining life).

X. PROPOSED STIPULATIONS

There are no proposed stipulations at this time.

XI. PENDING MOTIONS

There are no pending motions at this time.

XII. PENDING CONFIDENTIALITY MATTERS

There is one pending confidentiality request from FCG for DN 02599-2025; x-ref DN 02700-2025.

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 75 words, it must be reduced to no more than 75 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages and shall be filed at the same time.

XIV. RULINGS

Opening statements, if any, shall not exceed eight minutes per party.

It is therefore,

ORDERED by Commissioner Gabriella Passidomo Smith, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Gabriella Passidomo Smith, as Prehearing Officer,
this 9th day of December, 2025.



Gabriella Passidomo Smith
Commissioner and Prehearing Officer
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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.

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.