

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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FPSC - COMMISSION CLERK

In the Matter of:

DOCKET NO. 20170179-GU

PETITION FOR RATE INCREASE
BY FLORIDA CITY GAS.

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PROCEEDINGS: SERVICE HEARING

COMMISSIONERS
PARTICIPATING:

CHAIRMAN ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN

DATE: Tuesday, January 24, 2018

TIME: Commenced: 6:00 p.m.
Concluded: 6:23 p.m.

PLACE: Melbourne Brevard County
Governmental Center
Commission Chambers
2725 Judge Fran Jamieson Way
Viera (Melbourne), FL 32940

REPORTED BY: ANDREA KOMARIDIS
Court Reporter

PREMIER REPORTING
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1 APPEARANCES:

2 BETH KEATING and GREG MUNSON, ESQUIRES,
3 Gunster Law Firm, 215 South Monroe Street, Suite 601,
4 Tallahassee, Florida 32301-1839, appearing on behalf of
5 Florida Public Florida City Gas.

6 J.R. KELLY, PUBLIC COUNSEL; VIRGINIA PONDER,
7 ESQUIRE, Office of Public Counsel, c/o the Florida
8 Legislature, 111 W. Madison Street, Room 812,
9 Tallahassee, Florida 32399-1400, appearing on behalf of
10 the Citizens of the State of Florida.

11 WALTER TRIERWEILER and STEPHANIE CUELLO,
12 ESQUIRES, FPSC General Counsel's Office, 2540 Shumard
13 Oak Boulevard, Tallahassee, Florida 32399-0850,
14 appearing on behalf of the Florida Public Service
15 Commission Staff.

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I N D E X
WITNESSES

NAME :	PAGE NO .
FRANK MILES	11
DAMANI HOSEY	19

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EXHIBITS

NUMBER:	ID	ADMITTED
4 - Composite exhibit submitted by Florida City Gas including proof of publication, proof of mailing customer notice, and proof of mailing synopsis	9	

1 P R O C E E D I N G S

2 CHAIRMAN GRAHAM: Good evening, everyone.

3 COMMISSIONER BROWN: Good evening.

4 CHAIRMAN GRAHAM: My name is Art Graham and I
5 am the current Chair of the Public Service
6 Commission. And this is the service hearing for
7 the Florida City Gas rate case. Let the record
8 show it is Wednesday, January 24th, just after
9 6:00 p.m. I'm here, joined with my two colleagues,
10 to my right and my left. I'll let them
11 introduce -- introduce themselves.

12 COMMISSIONER BROWN: Thank you, Chairman
13 Graham.

14 And thank you all for being here. You have a
15 lovely town. And we look forward to hearing your
16 comments. We've been traveling the state, taking
17 public testimony and appreciate all of your input
18 today. Thanks, again.

19 COMMISSIONER POLMANN: My name is Don Polmann.
20 And I also appreciate all the input that we receive
21 from our customers -- or customers of the utility.

22 We are here reviewing the rate case, the
23 petition from Florida City Gas. And what we would
24 like to do is hear from the customer -- this is our
25 third customer service hearing in this case. And

1 all of the comments that we receive are helpful to
2 us, whether they are here in person or we receive
3 e-mail or letters. Anything that can be provided
4 on the quality of service that you receive from the
5 utility, any issues that you have, as much detail
6 as you can provide to us, will be taken into
7 account.

8 So, we appreciate your participation. We're
9 glad to be here with you, and thank you for your
10 time.

11 CHAIRMAN GRAHAM: At this point, we're going
12 to take appearance of counsel, starting with
13 Florida City Gas.

14 MR. MUNSON: Good evening, Chairman,
15 Commissioners. Thank you. I am Greg Munson with
16 Gunster, Yoakley & Stewart, appearing on behalf of
17 Florida City Gas, along with my colleague, Beth
18 Keating.

19 CHAIRMAN GRAHAM: Thank you.

20 MR. KELLY: Good evening, Mr. Chair and
21 Commissioners. My name is J.R. Kelly. I'm here
22 with Virginia Ponder. We're with the Office of
23 Public Counsel, and we represent the customers of
24 Florida City Gas.

25 MR. TRIERWEILER: Good evening, Walt

1 Trierweiler and Stephanie Cuello, Commission staff
2 counsel. And with indulgence of the Chair, could
3 we read the notice at this time?

4 CHAIRMAN GRAHAM: Sure. Why not.

5 MS. CUELLO: By notice issued on January 9th,
6 2018, this time and place has been set for a
7 customer hearing in Docket No. 20170179- -- -GU,
8 petition for rate increase by Florida City Gas.

9 CHAIRMAN GRAHAM: Thank you.

10 As the Commissioner has already said, we are
11 here to hear from the customers. This is your
12 opportunity to tell us about the service that you
13 receive, tell us about the -- the quality. If you
14 have specific examples, those go a long way. Those
15 are things that we want to hear.

16 We have several Public Service Commission
17 staff members here. We have -- from our accounting
18 and finance department, we have Cheryl Banks. From
19 economics department, we have Elisabeth Draper and
20 Riley Doherty. And from engineering, we have Laura
21 King. And from public information -- our public
22 information office, we have Cindy Muir, who was
23 probably taking names out front when you came in,
24 and we have Kelly Thompson, who is over here to the
25 right.

1 This is an official hearing. So, I will be
2 swearing in all those that would like to speak.
3 We'll have you come down here to the microphone,
4 give you about five minutes to speak. Once again,
5 the key thing is talking about the service that
6 you're receiving. And if you're -- if you're here
7 to compliment, that's fine; if you're hear to
8 complain, that's fine. Just try to be as specific
9 as you can.

10 If you choose not to speak, we have these blue
11 forms that are given to you when you came here. If
12 you notice on the back page, you can actually write
13 your comments here and mail it back to us. If you
14 want to get on the internet, you can e-mail us the
15 comments.

16 We will have a technical hearing in March. I
17 believe it's March 26th through the 30th. If you
18 want to come to Jackson- -- I'm sorry. If you want
19 to come to Tallahassee -- excuse me -- come to
20 Tallahassee and watch that, you're welcome to do
21 that. Or if you want to watch it live online, you
22 can do that as well.

23 I guess I will give -- do we have any elected
24 officials here in the aud- -- in the audience?

25 Okay. Then, I'll save that part.

1 We'll have opening comments from our
2 attorneys. We can start with Florida City Gas.

3 MR. MUNSON: Thank you, Chairman.

4 As a preliminary matter, I would like to
5 introduce, please, Hearing Exhibit No. 4. It's a
6 composite exhibit consisting of the proof of
7 publication, proof of mailing the customer notice,
8 and the proof of mailing the synopsis. And a copy
9 has been provided to staff.

10 CHAIRMAN GRAHAM: Okay. Thank you.

11 (Exhibit No. 4 marked for identification.)

12 MR. MUNSON: Thank you. And with that, I
13 would like to introduce Carolyn Bermudez to make
14 the opening statement on behalf of Florida City
15 Gas. She is their general manager and vice
16 president.

17 CHAIRMAN GRAHAM: Sure.

18 MS. BERMUDEZ: Good evening, Chairman,
19 Commissioners, Public Counsel, and others in
20 attendance. I am Carolyn Bermudez. And I just
21 want to first thank all of our customers that
22 showed up to share their thoughts with us. We're
23 very interested in hearing what they have to say.

24 And with me, I have some Florida City Gas
25 colleagues. I would like them to stand. If any of

1 our customers or anyone in the audience have any
2 questions about bills, their service, or any
3 question about this rate proceeding, these
4 individuals will be able to answer their questions.

5 Again, I just want to thank everybody for
6 being here.

7 CHAIRMAN GRAHAM: Thank you.

8 MR. KELLY: Good evening, again. My name is
9 J.R. Kelly with the Office of Public Counsel. And
10 we have the privilege of representing the customers
11 of Florida City Gas in this matter.

12 And to the customers that are here, if you
13 would have -- like to ask me any questions about
14 the case, I will stay after the hearing for a few
15 minutes and be glad to answer any questions or --
16 or talk to you about the process, anything that you
17 would like to cover.

18 Thank you, Mr. Chair.

19 CHAIRMAN GRAHAM: Thank you.

20 Okay. This is the point where I will swear in
21 anybody who would like to give testimony today. If
22 I could get you to stand and raise your right hand.

23 (Persons providing public testimony were sworn
24 en masse.)

25 CHAIRMAN GRAHAM: Thank you.

1 Okay. You will be given five minutes to
2 speak. And if you would, come to the microphone
3 and give your name and address. And then, after
4 you're done with your -- with your testimony, if
5 you would just hang on for just a second because we
6 may have some questions for you, either from one of
7 the counsels or from one of the Commissioners up
8 here.

9 And Mr. Kelly, if you would, call your first
10 client.

11 MR. KELLY: The first speaker is Frank Miles.

12 CHAIRMAN GRAHAM: Welcome, sir.

13 MR. MILES: Thank you. Good to be here
14 tonight. Let me just say, I appreciate the
15 opportunity to come and address the Commission
16 here.

17 I'm not a gas industry or an economics major
18 or anything like that. I'm just a customer here to
19 express my opinion. And I know you said you were
20 interested in hearing about service comments. I
21 really can't address that too much. I -- I would
22 say the service I've gotten from Florida City
23 Gas -- and I've been here as a resident in Brevard
24 County, since 2001 -- has been very good. I've
25 experienced no disruptions, you know, in gas supply

1 or anything like that.

2 Now, today, I did get online to their
3 website -- I don't know. Are any of you Florida
4 City Gas customers? No?

5 CHAIRMAN GRAHAM: No, sir.

6 MR. MILES: Anybody familiar with their
7 website?

8 CHAIRMAN GRAHAM: Yes.

9 MR. MILES: Okay. Well, I went on their
10 website today and tried to pull up my historical
11 records for this past year. And I was able to pull
12 up about six or seven months worth, but then when I
13 got to about the August time frame, I couldn't pull
14 up anything. All that came up was my most-current
15 bill. So, I think they're having a little issue
16 with their website right now.

17 But that's really not why I'm here. I came to
18 talk about rates. When I go to their website and I
19 look at the -- the initial page, I see the
20 statement that says, "Our typical residential
21 customer will experience an average increase of
22 \$1.73 or 6.4 percent per month."

23 If I did my math the correctly, that would
24 work out to a monthly bill of about \$27.03. I'm
25 not so sure that's the typical customer because, to

1 come up with an increase of only a \$1.73, I guess
2 you would have to be a residential customer, in the
3 GS220 range with usage of around 40 therms a month.
4 So, I would be well on the low side of the bell
5 curve, I would think, in that regard.

6 So, I have issues with just some of the
7 general documentation that they've put forward in
8 how credible the rest of the information will be
9 that's presented to the Commission.

10 And I -- I tried to go to their website and
11 look at their links and everything and make sense
12 of the numbers. And I will tell you, I went on the
13 their website on the 22nd and pulled up some
14 documentation. Today, that documentation, I pull
15 up the same thing, and it's different and it has
16 different numbers in it. So, it's, you know, not
17 exactly where you can compare an apple to an apple
18 anymore. So, I do have issues with that.

19 And as an example, I pulled up the general
20 service 100 schedule out of the document that was
21 listed. They list a distribution charge per therm.
22 That number, whatever it represents, is not -- does
23 not match any of the three numbers for the
24 associated rate category in the notice to customers
25 that was sent out. So, I'm a little confused about

1 where some of these numbers are coming from.

2 Rider B in the same attachment -- that
3 addresses the energy conservation cost recovery
4 adjustment factors. That number was down slightly
5 from the one I pulled up a couple of days ago. So,
6 again, I'm not sure -- this seems to be an evolving
7 process. I'm not sure how information is getting
8 posted.

9 Another example was the Rider F on the SAFE
10 program. That concerns me a little bit because it
11 looks like this program was instituted in 2015, and
12 started out at an initial charge of 71 cents, and
13 then it climbed, at some point, to \$1.53. And now,
14 in the most-current version I'm looking at here,
15 which is also reflected on the bill that I just
16 received, shows a charge going up to 2.60.

17 So, I'm not sure how that factors into all
18 this because I was not aware there was going to be
19 an increase in the SAFE surcharge as well,
20 especially in light of what I saw in the Commission
21 order, I think, from the 4th of January, where it
22 talks about the interim rate increase.

23 And it says all those increases are going to
24 be handled on a -- on a cents-per-therm basis. So,
25 I'm not sure why there's an increase in the SAFE

1 surcharge at this point. I don't know if anybody
2 can answer that question for me.

3 CHAIRMAN GRAHAM: I'm sure we can get somebody
4 afterwards to answer that question for you.

5 MR. MILES: Okay. And in looking at what was
6 filed in the petition that came from, I believe,
7 their legal counsel, Gunster -- I looked at the key
8 factors that were driving the rate increase. I
9 also saw where, as part of the base rate increase,
10 they want to include \$58 million for an LNG plant.
11 There were also some other things in there.

12 And -- and don't get me wrong. I'm not
13 opposed to an increase for the company so they earn
14 a reasonable rate of return or investment.
15 However, there are a few things that bother me; one
16 of them being, now, the company's request to
17 establish and fund a storm reserve. I've not seen
18 that addressed anywhere before.

19 So, now I understand, from reading all this,
20 that they want to include that in the permanent
21 rate adjustment at the tune of a hundred thousand
22 dollars a year. So, I'm assuming, given their
23 total of \$1 million, they want this for ten years.

24 I'm not sure how long the agreement will be in
25 effect for, given that there's already been changes

1 to the SAFE program. And I understand that the
2 SAFE program now would be rolled into the base
3 rate, under a new agreement, and it would reset to
4 zero.

5 So, I'm not so sure there's a lot of control
6 or oversight of what's going into that SAFE program
7 and what's appropriate, especially given the
8 numbers I pointed out to earlier -- I mean, you're
9 talking a 365-percent increase in little over two
10 years. So, I have real concerns about what audits
11 and inspections are being done on those projects
12 and what the benefits are to the customers.

13 Finally, I would say that -- I did notice one
14 of the key drivers was the personnel aspect, with
15 the aging workforce and bringing on new people and
16 new technology and things like that.

17 Having worked on the corporate side a little
18 bit myself, you know, I would say personnel is one
19 of those -- those key ingredients. And you know,
20 in my mind, right now, it appears maybe they are a
21 little behind in that regard. Personnel is always
22 a key factor. Recruiting, retention, education,
23 training, all of those things -- it's part of your
24 normal O-and-M expenses.

25 So, I'm curious, in the long run, now,

1 especially with the passage of the tax reform and
2 jobs act for 2018, what impact that's going to have
3 on the request made by the company. I would
4 certainly expect the tax decrease that corporations
5 are getting to offset some of these costs that
6 we're seeing here in this rate request.

7 CHAIRMAN GRAHAM: Is that it?

8 MR. MILES: I think that's it, for me.

9 CHAIRMAN GRAHAM: Thank you, sir. As I said
10 before, most of this stuff is going to be handled
11 during our technical hearing. That's going to be
12 back in March. This is just the beginning of the
13 process here, where -- that's where we're going
14 around trying to have the service hearings so we
15 can hear from customers out in the field.

16 And once again, you've got to remember, this
17 is just what they're asking for. This is just a
18 proposal. That's not necessarily what they're --

19 MR. MILES: Understand, and --

20 CHAIRMAN GRAHAM: That's why we appreciate you
21 coming down and giving us all these facts because
22 these are things that we need to look into.

23 Yes, Commissioner Polmann.

24 COMMISSIONER POLMANN: Thank you,
25 Mr. Chairman.

1 I very much appreciate your -- the work that
2 you've put into this. It sounds like you've --
3 you've looked into this in quite a bit of detail.
4 And it's very helpful to us. If you have time,
5 I -- I would suggest that you speak with our
6 technical staff --

7 MR. MILES: Certainly.

8 COMMISSIONER POLMANN: -- after -- after this
9 hearing.

10 MR. MILES: Be glad to.

11 COMMISSIONER POLMANN: And the types of things
12 that -- that you brought up, as the Chairman
13 indicated, this is -- this is the work that we do
14 as a -- a public agency, a state agency. And all
15 of what you've -- what you've raised will be
16 examined during the process, between now and -- and
17 the March hearing. And the staff here -- you
18 mentioned auditing and so forth. This is what we
19 do. And -- and they can explain to you the
20 process.

21 But the amount of detail that you've -- that
22 you've gone through, we do appreciate. It's very
23 helpful. So, thank you, sir.

24 MR. MILES: Well, again, it just, to me, in
25 looking at the SAFE program, it looks like that has

1 now gotten out of control. And there needs to be
2 some kind of institutional cap on that program,
3 maybe per year or something like that, to control
4 those costs because a 365-percent increase, you
5 know, in the matter of two to three years is way
6 too much.

7 CHAIRMAN GRAHAM: Commissioner Brown.

8 COMMISSIONER BROWN: Mr. Miles, I just want to
9 echo my fellow Commissioners' comments, and thank
10 you for raising some very important issues that we
11 will take a closer look at. So, this has been very
12 valuable to, quite frankly, me.

13 But I would like to ask our staff, Ms. Draper
14 or -- or Cheryl, either one of you, after the
15 meeting, if you could get with him to discuss the
16 SAFE program a little bit more so that he
17 understands it more clearly.

18 Thank you so much.

19 MR. MILES: Okay. Thank you. Any other
20 questions?

21 CHAIRMAN GRAHAM: Anyone else?

22 Okay. Thank you, sir.

23 Mr. Kelly, your next client.

24 MR. KELLY: The next speaker is Damani Hosey.

25 (Phone ringing.)

1 MR. HOSEY: Sorry. Sorry about that.

2 CHAIRMAN GRAHAM: Welcome, sir.

3 MR. HOSEY: Thank you. Thank you for having
4 me. My name is Damani Hosey. I'm a resident here
5 of Suntree and a customer of Florida City Gas. And
6 like your previous speaker, the service with
7 Florida City, for myself personally, has been good.
8 I haven't had any interruptions in my service.

9 However, like him, I do share some concerns
10 about the -- the proposal for rate increases. What
11 I do appreciate is the detail that he went -- went
12 into. I learned some things there. Certainly,
13 what I'm going to say is not to that level of
14 detail. It's more general.

15 My concern is that there have been new
16 developments, you know, with the recent tax plan
17 that was passed by the Congress. Companies like
18 Florida City Gas stand to make quite a windfall, I
19 would think, especially with the corporate tax rate
20 going down from 35 percent to 21 percent.

21 I've read that that's going to be a boom for
22 some utility companies, like Florida City Gas. And
23 there's also going to -- there were changes in the
24 depreciation rules, which would allow companies
25 like Florida City to make capital investments and

1 reap the tax benefits early, you know, in the first
2 year or two, rather than spreading it out over
3 years, which would help with some of the capital
4 investments they want to make.

5 So, in light of those tax reforms, I have
6 concerns that Florida City has decided to pass --
7 you know -- instead of pass some of those benefits
8 of those reforms to its customers, like other
9 companies are doing, they've decided to go ahead
10 with increases that I presume were already in the
11 works, say, before the tax plan was -- was put
12 forth.

13 Like any corporation, I think that they would
14 have -- I would think they would have the capacity
15 with changes in the environment to make changes in
16 their policy. And the tax-relief plan that came
17 out of Congress will provide a significant windfall
18 into perpetuity, you know. So, I would think that
19 they would could take that into consideration
20 before they would make a rate -- rate increase like
21 this.

22 Other companies -- I briefly, you know, did a
23 little bit of research, but other utility companies
24 around the country have already decided to
25 decrease, delay, or even -- or decrease or delay

1 any rate increases that they had planned on
2 inter- -- implementing. In some cases, they passed
3 on rate decreases to their customers.

4 So, for me, it just -- it's just concerning
5 that they're -- that, at this time, that they're --
6 you know, deciding to go forth with a rate increase
7 in light of this -- what's happened.

8 But I appreciate the previous gentleman's
9 testimony and the detail that he -- that he put
10 into it. There are specific areas, I'm sure, that
11 also are of concern, too.

12 I think that's all I have.

13 CHAIRMAN GRAHAM: Thank you, Mr. Hosey. I can
14 tell you that this rate case was actually filed
15 before that tax increase came through. So, you can
16 rest assured that part of this rate case is going
17 to be what's going to happen to that, as you called
18 it, surplus. And you know, so, that will all be
19 taken into account.

20 Any Commissioners?

21 Okay. Well, sir, thank you very much for your
22 time. Thanks for coming down.

23 MR. HOSEY: Thank you.

24 CHAIRMAN GRAHAM: Is there anybody else in the
25 audience that would like to speak? Okay. I --

1 once again, I thank you very much. You have
2 people, once again, over on this side, staff
3 members from the Public Service Commission, if you
4 have other questions or details. Or Florida City
5 Gas has got employees over here that can help you
6 with any other questions or concerns you may have.
7 And they're going to be here at the end of the
8 meeting.

9 And you also have your -- your attorney,
10 Office of General Counsel, J.R. Kelly, who is also
11 here if you want to give him some direction or just
12 want to speak to him about the process and what's
13 the next step. But once again, we do appreciate
14 you coming down and giving your -- your evening
15 here today.

16 And if there is nothing else, we stand
17 adjourned. Thank you very much.

18 (Whereupon, proceedings concluded at 6:23
19 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, ANDREA KOMARIDIS, Court Reporter, do hereby
certify that the foregoing proceeding was heard at the
time and place herein stated.

IT IS FURTHER CERTIFIED that I
stenographically reported the said proceedings; that the
same has been transcribed under my direct supervision;
and that this transcript constitutes a true
transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative,
employee, attorney or counsel of any of the parties, nor
am I a relative or employee of any of the parties'
attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED THIS 2nd day of February, 2018.



ANDREA KOMARIDIS
NOTARY PUBLIC
COMMISSION #GG060963
EXPIRES February 9, 2021