

STATE OF FLORIDA



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Public Service Commission

March 14, 2018

Beth Keating, Esquire
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STAFF'S FIRST DATA REQUEST
via e-mail

RE: Docket No. 20170179-GU - Petition for rate increase by Florida City Gas.

Dear Ms. Keating:

By this letter, the Commission staff requests that Florida City Gas provide responses to the following data requests.

Rate Case Expense

1. On page 8, paragraph 9, of the proposed Stipulation and Settlement Agreement, it states that the annual amortization of the regulatory asset established to recover the rate case expense incurred for the this rate case shall not be less than \$150,000, and the amortization period runs from June 1, 2018, through May 31, 2022. This provision also states that the Company may, at its sole discretion, amortize additional amounts.
 - a. What is the anticipated balance of the regulatory asset on June 1, 2018?
 - b. Could the additional amortization authorized in this paragraph be considered in evaluating the Company's earned return on common equity under the terms of Paragraph 7 of this proposed Stipulation and Settlement Agreement?

Acquisition Adjustment

2. As part of its rate case filing, FCG requested continued approval of the 2007 Acquisition Adjustment that the Commission had approved on a provisional basis in Docket No. 060657-GU.

While the proposed Stipulation and Settlement Agreement reached by the parties asserts to be comprehensive to all issues outlined in the rate case filing, it does not directly address the Acquisition Adjustment and its continued prudence.

- a. Is it the intention of the parties for the proposed Stipulation and Settlement Agreement to address the Acquisition Adjustment and its continued prudence?
- b. As part of the proposed Stipulation and Settlement Agreement, have the parties agreed to stipulate their approval of the acquisition adjustment?
- c. If yes, does FCG believe that this Stipulation and Settlement Agreement fulfills its obligation to demonstrate to the Commission the prudence of the Acquisition Adjustment?

Federal Income Tax Reform

3. Please provide the method, including the calculations and schedules (formulas intact), used to determine the projected tax savings of \$4,584,338.

Revenue Requirement

4. Please discuss how the two step increases will be allocated to the rate classes (e.g., across the board same percentage increase to all rate classes)

LNG Facility

5. Please explain whether FCG intends to use the LNG facility for purposes of selling LNG as an alternative fuel for transportation. For instance, will the LNG plant have a trucking rack and scale to allow long-haul trucks to buy LNG. If so, explain how such potential revenues from the sale of LNG will be treated by FCG.
6. Does FCG intend to sell any of the gas from the LNG facility to wholesale customers (e.g., another LDC, an electric utility, or a third party supplier or marketer that is not on FCG's system), and how would FCG treat such revenues?

Transportation Tariff

7. Please explain the methodology FCG will use to allocate the 20,000 Dth/h of additional capacity to the Third Party Shippers and please explain whether provision XI b. of the proposed Agreement was originally contemplated in the proposed transportation service tariffs or whether that provision is new to the Agreement (i.e., that Third Party Shippers would be responsible for the full 20,000 Dth/d of additional FGT capacity).
8. How many Third Party Shippers are on FCG's system?

9. FCG Witness Becker's rebuttal testimony stated that only one Third Party Shipper has firm capacity rights on the FGT system. Will that shipper also have to buy capacity from FCG?
10. Please explain whether Third Party Shippers will be required to buy their allocated share of the 20,000 Dth/d additional capacity, or whether Third Party Shippers will be able to choose to buy capacity from FCG or continue to rely solely on the FGT secondary capacity release market.
11. Please discuss whether FCG has communicated the proposed settlement to its Third Party Shippers and how it affects them. If so, please provide a discussion on the acceptance of the proposed transportation tariff and/or proposed settlement by the shippers.

New Rates

12. Please state when and how FCG will notify its customers of the proposed rates effective June 1, 2018.

Exhibit A

13. Please refer to Exhibit A to the stipulation and settlement, page 3. Should the proposed settlement charge for Reconnection (Residential-outside regular business hours) be \$50 instead of the \$80 as shown?
14. Please refer to Exhibit A to the stipulation and settlement, page 3. The row for Reconnection (non residential outside regular business hours) appears twice. Should the first row with the proposed settlement charge of \$50 be deleted, as the following row showing a proposed charge of \$100 is correct?
15. Please provide the work papers showing the derivation of the proposed customer, distribution, and demand charges for all rate classes and provide proof that they are designed to produce the June 2018 additional increase in revenues contained in the stipulation and settlement (\$11.5 million).

Exhibit B

16. Please provide a revised Exhibit B to the stipulation and settlement that in addition to total Base Rate Revenues under original filed, adjusted for tax law changes, and settlement proposal, also shows as a separate line item the revenue increase associated with miscellaneous service charges.

Exhibit C - Depreciation

17. Please refer to Exhibit C, page 2, of the proposed Settlement, and the Direct Testimony of FCG witness Watson, Exhibit No. DAW-2, pages 42, 168, and 169 for the following Data Request. For Federal Energy Regulatory Commission (FERC) Account 380.20 - Service, Plastic (shown on page 2 of Exhibit C), please confirm that the *Proposed* and

OPC Settlement rates of Net Salvage are both negative 45 percent, rather than the shown zero percent.

18. Please refer to Exhibit C, page 1, of the proposed Settlement, and the Direct Testimony of FCG witness Watson, Exhibit No. DAW-2, page 62.
 - a. Please confirm that FCG still intends to implement General Plant Amortization as alluded to by the values shown on Exhibit C, page 2, of the proposed Settlement.
 - b. Please confirm if it is still the Company's intention to retire certain assets whose ages' are greater than the average service life of their corresponding (amortizable) accounts.
19. Please provide an estimated total annual depreciation expense differential (including plant amortization expense) based upon the depreciation rates shown on Exhibit C of the proposed Settlement, with an implementation date of January 1, 2018, to the Company's proposed "Total Depreciated Plant" expense shown on Exhibit DAW-2, page 103 of 171.

Billing Determinants

20. Please refer to Page 4 of the Settlement and Stipulation, Section III.a. The settlement states the FCG shall be authorized to increase base rates and service charges "based on the projected test year December 2018 billing determinants reflected in the Minimum Filing Requirements ("MFRs") filed with the Company's Petition in this docket." Do the parties to the Stipulation and Settlement affirm that the billing determinants appearing in MFR Schedules E1 and E2 as filed on October 23, 2017 in this proceeding...
 - a. are the same billing determinants used to set base rates in this settlement?
 - b. were not revised in FCG's revised MFR schedules filed February 26, 2018?
21. Please refer to Page 4 of the Settlement, Section III.a. Is it the intent of the parties to set the base rates for the step revenue increases discussed in this section based on the December 2018 billing determinants appearing in MFR Schedules E1 and E2 as filed in this proceeding on October 23, 2017? If not, please explain how the parties expect the billing determinants used to implement the step increases to base rates will be determined.

Other Cost Recovery

22. Please refer to page 6 of the Settlement, Section VI – Other Cost Recovery. This section states, in part;

"As part of the base rate freeze, agreed to herein, the Company will not seek approval to defer for later recovery in rates, any costs incurred or reasonably expected to be incurred from the Effective Date through and including May 31, 2022, which are of the type which historically or

traditionally have been or would be recovered in base rates, unless such deferral and subsequent recovery is expressly authorized herein or otherwise agreed to by each of the Parties.”

Please indicate whether FCG contemplates seeking approval to defer any specific costs to be recovered in rates after May 31, 2022 which have already been “otherwise agreed to by each of the Parties” but not expressly authorized in the Settlement. If applicable, please provide a reasonably detailed description and estimate of such costs.

Please file all responses electronically no later than Monday, March 19, 2018, from the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. Please feel free to call me at (850) 413-6584 if you have any questions.

Sincerely,

/s/ Walt Trierweiler

Walt Trierweiler
Senior Attorney

WLT/nah

cc: Office of Commission Clerk
Office of Public Counsel
Federal Executive Agencies