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April 27, 2018

BY E-PORTAL/ELECTRONIC FILING

Ms. Carlotta Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 20180003-GU – Purchased Gas Adjustment (PGA) True-Up

Dear Ms. Stauffer:

Attached for filing, please find Florida City Gas' Petition for Approval of the Purchased Gas Adjustment (PGA) True-Up Amount in the above-referenced docket.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

A handwritten signature in blue ink, appearing to read 'G. Munson'.

Gregory Munson
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1713

cc: Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment)
(PGA) True-Up)
_____)
Docket No. 20180003-GU
Filed: April 27, 2018

**PETITION FOR APPROVAL OF THE PURCHASED GAS ADJUSTMENT (PGA)
TRUE-UP AMOUNT FOR FLORIDA CITY GAS**

Florida City Gas (“FCG” or “the Company”) hereby files its petition for approval of its final purchased gas adjustment true-up amount related to the twelve month period ended December 31, 2017. In support of this Petition, FCG states:

1. The name of the petitioner and mailing address of its principal office is:

Florida City Gas
933 East 25th Street
Hialeah, Florida 33013-3498

2. The name and mailing address of the persons authorized to receive notices are:

Greg Munson
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Blake O’Farrow, Director
Regulatory Affairs/Florida and Tennessee
Southern Company Gas
933 East 25th Street
Hialeah, FL 33013-3498

3. Pursuant to the requirements in this docket, FCG, concurrently with the filing of this petition, files testimony and PGA Schedule A-7 for the period of January through December 2017, consisting of the purchased gas adjustment true-up reporting form supplied by the Commission Staff.
4. As indicated in the testimony of Kenny R. Smith, FCG’s final true-up amount for the period January through December 2017, including interest, net of the estimated true-up for the same period, is an over-recovery of \$1,160,543.
-

WHEREFORE, FCG respectfully requests that the Commission enter its Order approving the Company's final true-up amount for the period January 1 through December 31, 2017.

RESPECTFULLY SUBMITTED this 27th day of April, 2018.



Greg Munson
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1713

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of FCG's Petition for Approval of the Purchased Gas Adjustment (PGA) True-Up Amount in Docket No. 20180003-GU has been furnished by Email to the following parties of record this 27th day of April, 2018:

Florida Public Utilities Company Mike Cassel 1750 S 14 th Street, Suite 200 Fernandina Beach, FL 32034 mcassel@fpuc.com	MacFarlane Ferguson Law Firm Ansley Watson, Jr./Andrew Brown P.O. Box 1531 Tampa, FL 33601-1531 aw@macfar.com / AB@macfar.com
Margo Leathers, Esquire Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 mleather@psc.state.fl.us	Office of Public Counsel J.R. Kelly/Patricia Christensen c/o The Florida Legislature 111 West Madison Street Room 812 Tallahassee, FL 32399-1400 Kelly.JR@leg.state.fl.us Christensen.Patty@leg.state.fl.us
Peoples Gas System Paula K. Brown/Kandi Floyd P.O. Box 111 Tampa, FL 33601-0111 regdept@tecoenergy.com kfloyd@tecoenergy.com	St. Joe Natural Gas Company, Inc. Mr. Andy Shoaf P.O. Box 549 Port St. Joe, FL 32457-0549 Andy@stjoegas.com
Florida City Gas Carolyn Bermudez 933 East 25 th Street Hialeah, FL 33013-3498 cbermude@southernco.com	Southern Company Gas Elizabeth Wade 10 Peachtree Place Location 1470 Atlanta, GA 30309 ewade@southernco.com
Southern Company Gas Blake O'Farrow 10 Peachtree Place Location 1686 Atlanta, GA 30309 bofarrow@southernco.com	

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Attorneys for Florida City Gas

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY OF

KENNY R. SMITH

ON BEHALF OF FLORIDA CITY GAS

(Final True-Up)

DOCKET NO. 20180003-GU

1

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Kenny Smith. My business address is Ten
4 Peachtree Place, Atlanta, Georgia, 30309.

5

6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 A. I am currently employed as Rates Manager at Southern
8 Company Gas. Southern Company Gas is the parent holding
9 company for multiple natural gas distribution companies,
10 including Florida City Gas ("FCG" or the "Company").

11

12 **Q. BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND AND**
13 **EMPLOYMENT EXPERIENCE.**

14 A. I received a Bachelor of Industrial Engineering degree from
15 Georgia Institute of Technology and a Bachelor of Science
16 degree from Georgia Southwestern College. Prior to my current
17 position, I was employed by Georgia Power Company as

1 Resource Planning Project Manager from 2007-2017, Economic
2 Analysis Manager from 2003-2006, Rate Design Manager from
3 2001-2002 and Rate Design Analyst from 1996-2001. I was
4 previously employed by Southern Company Services as
5 Capacity Pricing Engineer from 1991-1995.

6

7 **Q. PLEASE EXPLAIN THE PURPOSE OF YOUR TESTIMONY?**

8 A. The purpose of my testimony is to present the comparison of
9 actual versus original estimate of the purchased gas adjustment
10 true-up amount for the period January through December, 2017
11 for FCG.

12

13 **Q. HAS THE COMPANY PREPARED THE FORM PRESCRIBED
14 BY THIS COMMISSION FOR THIS PURPOSE?**

15 A. Yes. The Company has prepared the form prescribed by the
16 Commission attached as Schedule A-7, and identified as Exhibit
17 KRS-1.

18

19 **Q. HAS FCG PREPARED A SCHEDULE WHICH SHOWS THE
20 ACTUAL GAS COSTS ASSOCIATED WITH THE
21 PURCHASED GAS ADJUSTMENT COST RECOVERY
22 FACTOR?**

1 A. Yes. FCG prepared Schedule A-7, attached, which describes
2 the total actual fuel cost for the period in question, recovery of
3 such cost from ratepayers through the Purchased Gas
4 Adjustment (PGA) Cost Recovery Factor, and remaining over or
5 under-recovery of gas cost.

6

7 **Q. WHAT WAS THE TOTAL GAS COST INCURRED BY THE**
8 **COMPANY DURING THE TWELVE MONTHS ENDED**
9 **DECEMBER 31, 2017?**

10 A. As shown on Schedule A-7, Line 1, the total cost of gas for the
11 twelve months ended December 31, 2017 is \$22,676,900.

12

13 **Q. WHAT WAS THE TOTAL AMOUNT OF GAS COST**
14 **RECOVERED BY THE COMPANY DURING THE TWELVE**
15 **MONTHS ENDED DECEMBER 31, 2017?**

16 A. The Company recovered \$20,768,244 from customer billings
17 plus an additional \$1,276,427 from margin sharing credits.

18

19 **Q. WHAT IS THE COMPANY'S ACTUAL TRUE-UP FOR THE**
20 **TWELVE MONTHS ENDED DECEMBER 31, 2017?**

21 A. The actual true-up amount, including adjustments, margin
22 sharing and interest, is an under-recovery of \$618,348.

23

1 **Q. CAN YOU EXPLAIN HOW YOU ARRIVED AT THAT**
2 **AMOUNT?**

3 A. Yes. As shown on Schedule A-7, the total fuel cost for the
4 period is \$22,676,900 and the total fuel revenues are
5 \$20,768,244. The difference between the fuel cost and fuel
6 revenues is an under-recovery of \$1,908,656. This under-
7 recovery was offset by an adjustment of \$1,276,427 for margin
8 sharing, and an interest provision of \$13,881. The sum of these
9 is an under-recovery of \$618,348.

10

11 **Q. WHAT IS THE FINAL OVER/UNDER RECOVERY FOR THE**
12 **JANUARY THROUGH DECEMBER 2017 PERIOD TO BE**
13 **INCLUDED IN THE 2019 PROJECTION?**

14 A. The final true-up amount for the period of January through
15 December 2017 to be included in the 2019 projection is an over-
16 recovery of \$1,160,543. This is the difference between the
17 estimated under-recovery of \$1,778,891 that is included in the
18 current cost recovery factor being collected during 2018 and the
19 actual under-recovery of \$618,348 during 2017.

20

21 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

22 A. Yes.

Exhibit ____ (KRS-1)
Docket No. 20180003-GU
FCG Witness Smith

COMPANY: FLORIDA CITY GAS		FINAL FUEL OVER/UNDER RECOVERY	SCHEDULE A-7
FOR THE PERIOD:		JANUARY 17	Through DECEMBER 17
1	TOTAL ACTUAL FUEL COST FOR THE PERIOD	A-2 Line 3	\$22,676,900
2	TOTAL ACTUAL FUEL REVENUES FOR THE PERIOD	A-2 Line 6	\$20,768,244
3	ACTUAL OVER/(UNDER) RECOVERY FOR THE PERIOD (Line 2- Line 1)	A-2 Line 7	(\$1,908,656)
3a	PRIOR PERIOD ADJUSTMENT	A-2 Line 10a	\$0
3b	OSS 50% MARGIN SHARING & PIPELINE CREDITS	A-2 Line 10b	\$1,276,427
4	INTEREST PROVISION	A-2 Line 8	\$13,881
5	ACTUAL OVER/(UNDER) RECOVERY FOR THE PERIOD (Lines 3 + 3a + 3b + 4)		(\$618,348)
6	LESS: ESTIMATED OVER/(UNDER) RECOVERY FOR THE PERIOD JAN 17 through DEC 17 WHICH WAS INCLUDED IN THE CURRENT PERIOD RECOVERY FACTOR (JAN 18 through DEC 18)		<u>(\$1,778,891)</u>
7	FINAL FUEL OVER/(UNDER) RECOVERY TO BE INCLUDED IN THE PROJECTED PERIOD (JAN 19 through DEC 19) (Line 5- Line 6)		<u>\$1,160,543</u>