

Writer's E-Mail Address: bkeating@gunster.com

October 7, 2020

VIA E-PORTAL

Mr. Adam Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 20200004-GU – Natural Gas Conservation Cost Recovery Clause

Dear Mr. Teitzman:

Attached for electronic filing, please find Florida City Gas's Prehearing Statement.

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

Sincerely,



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

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Natural Gas Conservation Cost
Recovery

Docket No. 20200004-GU

Filed: October 7, 2020

**FLORIDA CITY GAS
PREHEARING STATEMENT**

Florida City Gas (“FCG” or “the Company”) hereby submits this Prehearing Statement pursuant to Order Establishing Procedure, Order No. PSC-2020-0043-PCO-GU, and states as follows:

1. KNOWN WITNESSES

FCG intends to offer the following testimonies sponsored by FCG witness Miguel Bustos into the evidentiary record in this proceeding:

Witness	Subject Matter	Issue No.
Direct Testimony of Miguel Bustos, submitted on May 4, 2020	Supports FCG’s final Natural Gas Conservation Cost Recovery (“NGCCR”) True-Up amount related to the twelve-month period ended December 31, 2019	1
Direct Testimony of Miguel Bustos, submitted August 7, 2020	Presents the Actual/Estimated True-Up amount (based on actual data for six months and projected data for six months) for the current period January 2020 through December 2020; presents FCG’s projection of total NGCCR costs for the period January 2021 through December 2021; presents the development of NGCCR Factors to be applied for service to be rendered during the period of January 1, 2021 through December 31, 2021; and demonstrates that it is reasonable and appropriate to apply the NGCCR Factors to the GS-1250k and GS 11 M - GS25M rate classes	2-7, 8A, 8B, 9A, 9B, and 10

2. KNOWN EXHIBITS

FCG intends to offer the following exhibits sponsored by FCG witness Miguel Bustos into the evidentiary record in this proceeding:

Witness	Proffered By	Exhibit No.	Description	Issues
Miguel Bustos	FCG	MB-1	Calculation of FCG's final NGCCR True-Up amount related to the twelve-month period ended December 31, 2019	1
Miguel Bustos	FCG	MB-2	Commission prescribed forms supporting calculation of FCG's Actual/Estimated True-Up amount for the current period January 2020 through December 2020 and FCG's proposed 2021 NGCCR Factors	2-7, 8A, 8B, 9A, 9B, and 10

In addition to the above pre-filed exhibits, FCG reserves the right to utilize any exhibit introduced by any other party. FCG additionally reserves the right to introduce any additional exhibit necessary for cross-examination or impeachment at the final hearing.

3. BASIC POSITION

FCG has appropriately calculated its true-up amounts and NGCCR Factors as shown in the Company's positions on Issue Nos. 1 through 7 below. The Company's proposed NGCCR 2021 Factors, final True-Up amount for 2019, and Actual/Estimated True-Up amount for 2020 are consistent with the Commission's methodology for calculating the net true-up and recovery factors for the gas conservation programs and, therefore, should be approved. Additionally, FCG has demonstrated that it is reasonable and appropriate to apply the NGCCR Factorsto the GS-1250k and GS-11 M – GS-25M rate classes consistent with

FCG's cost allocation methodology approved by the Commission to help avoid cross-subsidization and reduce the potential for free riders.

4. **STATEMENT OF ISSUES AND POSITIONS**

FCG's statement of issues and positions in this proceeding are as follows:

Issue No. 1: What are the final conservation cost recovery adjustment true-up amounts for the January 2019 through December 2019?

Florida City Gas: The final net true-up amount (including interest, adjustments, and the estimated under-recovery) for the period January 2019 through December 2019 is an under-recovery of \$454,477. *See* FCG Exhibit MB-1. *(FCG witness Bustos)*

Issue No. 2: What are the appropriate conservation adjustment actual/estimated true-up amounts for the period January 2020 through December 2020?

Florida City Gas: The Actual/Estimated True-Up (based on actual data for six months and projected data for six months) for the current period January 2020 through December 2020 is an under-recovery of \$291,790. *See* FCG Exhibit MB-2, Schedule C-3, page 4, line 8. The interest on this under-recovery is \$3,402. *See* FCG Exhibit MB-2, Schedule C-3, page 5, line 10. *(FCG witness Bustos)*

Issue No. 3: What are the appropriate total conservation adjustment true-up amounts to be collected/refunded from January 2021 through December 2021?

Florida City Gas: The total net true-up (inclusive of the final true-up for 2019, the Actual/Estimated True-Up for 2020, and interest) to be collected from January 2021 through December 2021 is an under-recovery of \$749,669. *See* FCG Exhibit MB-2, Schedule C-3, page 4, line 12. *(FCG witness Bustos)*

Issue No. 4: What are the total conservation cost recovery amounts, net of the true-up amount, to be collected during the period January 2021 through December 2021?

Florida City Gas: Applying the total net true-up results in a total of \$6,540,349 of energy conservation program costs to be collected during the period January 2021 through December 2021. *See* FCG Exhibit MB-2, Schedule C-1. *(FCG witness Bustos)*

Issue No. 5: What are the conservation cost recovery factors for the period January 2021 through December 2021?

Florida City Gas: The appropriate factors are:

<u>Rate Class</u>	<u>CCR Factor (\$/per therm)</u>
RS-1	\$0.26401
RS-100	\$0.14211
RS-600	\$0.08400
GS-1	\$0.05728
GS-6K	\$0.04197
GS-25K	\$0.04136
Gas Lights	\$0.06523
GS-120K	\$0.02629
GS1250K	\$0.01863
GS-11M – GS-25M	\$0.01094

See FCG Exhibit MB-2, Schedule C-1. (FCG witness Bustos)

Issue No. 6: Should the Commission approve revised tariffs reflecting the natural gas conservation cost recovery amounts and establishing natural gas conservation cost recovery factors determined to be appropriate in this proceeding?

Florida City Gas: Yes. The Commission should approve revised tariffs reflecting the new energy conservation cost recovery charges determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision. *(FCG witness Bustos)*

Issue No. 7: What should be the effective date of the new conservation cost recovery factors for billing purposes?

Florida City Gas: The new conservation cost recovery factors should be effective beginning the first billing cycle in January 2021 through the last billing cycle in December 2021, and continuing until modified by subsequent order of this Commission. *(FCG witness Bustos)*

Florida City Gas

Issue No. 8A: Should the Commission approve FCG's Petition to establish a conservation cost recovery factor for the GS-1250K rate class, and if so, what is the appropriate conservation cost recovery factor for the period January 2021 through December 2021?

Florida City Gas: Yes. During the last two years, FCG has increased its technical support of its industrial customers, including for rate class GS-1250K, which support includes energy efficiency technology guidance and energy conservation program solutions, cost benefit analysis and on-site visits. The costs associated with such technical support are recovered through the NGCCR Factors. Additionally, all industrial customers, including the GS-1250K rate class, are eligible to participate in FCG's commercial and industrial programs (Programs 9 through 11 in Schedule C-5 of Exhibit MB-2). There currently are eight (8) industrial customers receiving service under the GS-1250K tariff rate, and there are two (2) potential new customers that may become active customers in 2021 at a GS-1250K level or above. Although the customers in rate class GS-1250K are currently eligible for and do receive these benefits today, they have not previously been charged a NGCCR Factor. FCG's request to apply the NGCCR Factors to the GS-1250K rate class is intended to help avoid cross subsidization by other rate classes and reduce the potential for free riders that benefit from but do not pay for the applicable energy conservation programs. Consistent with FCG's cost allocation methodology approved by the Commission, FCG submits that the appropriate NGCCR Factor to be applied to the GS-1250K rate class for the period January 2021 through December 2021 is \$0.01863 per therm. If FCG's request is denied, FCG would need to close its energy conservation programs and discontinue providing conservation and efficiency related technical support for the GS-1250K rate class in order to avoid free ridership and cross subsidization by other rate classes. *(FCG witness Bustos)*

Florida City Gas

Issue No. 8B: How should the clause recoverable amounts allocated to this rate class be recorded in the trueup filing for 2021?

Florida City Gas: The natural gas conservation cost recovery clause recoverable amounts have been allocated to rate class GS-1250K pursuant to FCG's Commission-approved allocation methodology. The clause recoverable amounts allocated to this rate class will be recorded in the true-up filing for 2021 consistent with the Commission's methodology for calculating the net true-up and recovery factors for the gas conservation programs. Consistent with the NGCCR Factor true-up applied to all other rate classes subject to the NGCCR clause, the actual NGCCR Factor revenues received from rate class GS-1250K during 2021 will be compared to the projected NGCCR Factor revenues, and any over-/under-recovery will be included in the net true-up and applied to the total energy conservation program costs to be collected in 2022. In the event that any projected new customers do not become a customer of FCG and/or do not become a customer in the GS-1250K rate class during 2021, the actual NGCCR Factor costs projected, but not recovered from this rate class would be reflected in FCG's true-up filing for 2021. (*FCG witness Bustos*)

Florida City Gas

Issue No. 9A: Should the Commission approve FCG's Petition to establish a conservation cost recovery factor for the GS-11M – GS-25M rate class, and if so, what is the appropriate conservation cost recovery factor for the period January 2021 through December 2021?

Florida City Gas: Yes. During the last two years, FCG has increased its technical support of its industrial customers, including for rate classes GS-11M – GS-25M, which support includes energy efficiency technology guidance and energy conservation program solutions, cost benefit analysis and on-site visits. The costs associated with such technical support are recovered through the NGCCR Factors. Additionally, all industrial customers, including the GS-11M – GS-25M rate classes, are eligible to participate in FCG’s commercial and industrial programs (Programs 9 through 11 in Schedule C-5 of Exhibit MB-2). Currently there are no industrial customers in the GS-11M – GS-25M rate classes but, based on conversations with potential customers, FCG projects that there could be one (1) potential new customer in 2021 at a GS-11M level or above. Currently, the NGCCR Factor is not applied to the GS-11M – GS-25M rate classes because FCG has not previously projected any customers in these rate classes. FCG’s request to apply the NGCCR Factors to the GS-11M – GS-25M rate classes is intended to help avoid cross subsidization by other rate classes and reduce the potential for free riders that benefit from but do not pay for the applicable energy conservation programs. Consistent with FCG’s cost allocation methodology approved by the Commission, FCG submits that the appropriate NGCCR Factor to be applied to the GS-11M – GS-25M rate classes for the period January 2021 through December 2021 is \$0.01094 per therm. If FCG’s request is denied, FCG would need to close its energy conservation programs and discontinue providing conservation and efficiency related technical support for the GS-11M – GS-25M rate classes in order to avoid free ridership and cross subsidization by other rate classes. *(FCG witness Bustos)*

Florida City Gas

Issue No. 9B: How should the clause recoverable amounts allocated to this rate class be recorded in the true-up filing for 2021?

Florida City Gas: The natural gas conservation cost recovery clause recoverable amounts have been allocated to rate classes GS-11M – GS-25M pursuant to FCG’s Commission-approved allocation methodology. The clause recoverable amounts allocated to these rate classes will be recorded in the true-up filing for 2021 consistent with the Commission’s methodology for calculating the net true-up and recovery factors for the gas conservation programs. Consistent with the NGCCR Factor true-up applied to all other rate classes subject to the NGCCR, the actual NGCCR Factor revenues received from rate classes GS-11M – GS-25M during 2021 will be compared to the projected NGCCR Factor revenues, and any over-/under-recovery will be included in the net true-up, with interest, and applied to the total energy conservation program costs to be collected in 2022. Further, in the event that the projected new customer does not become a customer of FCG and/or does not become a customer in the GS-11M – GS-25M rate class during 2021, the actual NGCCR Factor costs projected to but not recovered from this rate class would be reflected in FCG’s true-up filing for 2021. (*FCG witness Bustos*)

Issue No. 10: Should this docket be closed?

Florida City Gas: Yes. This docket should be closed upon the issuance of an appropriate order approving Company’s proposed 2021 NGCCR Factors for application to bills beginning the first billing cycle in January 2021 through the last

billing cycle in December 2021, and continuing until modified by subsequent order of the Commission. (*FCG witness Bustos*)

5. STIPULATED ISSUES

FCG is not a party to and is not aware of any stipulations at this time. However, FCG remains willing to work with all parties to resolve any outstanding issues, and believes it should be possible to reach a stipulation on each of the above-listed issues as they relate to FCG.

6. PENDING MOTIONS

FCG is not aware of any motions currently pending before the Commission for disposition.

7. REQUESTS/CLAIMS FOR CONFIDENTIALITY

FCG has no pending requests or claims for confidentiality.

8. OBJECTIONS TO WITNESS QUALIFICATIONS

FCG has no objections to the qualifications of any witness, and further states that it is not aware of any objections or challenges to the qualifications of any FCG witness.

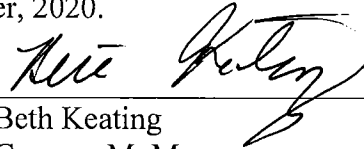
9. REQUEST FOR SEQUESTRATION OF WITNESSES

FCG has no pending requests for sequestration of any witness, and further states that it is not aware of any such request related to any FCG witness.

10. **COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE**

FCG states that it believes it is in full compliance with the Commission's Order Establishing Procedure.

Respectfully submitted this 7th day of October, 2020.



Beth Keating
Gregory M. Munson
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301


Christopher T. Wright, Senior Attorney
Fla. Auth. House Counsel No. 1007055
Christopher.Wright@fpl.com
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, Florida 33408
(561) 304-5662

Attorneys for Florida City Gas

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic or US Mail to the following parties of record this 7th day of October, 2020

Florida Public Utilities Company Mike Cassel Florida Public Utilities Company 208 Wildlight Ave. Yulee FL 32097 mcassel@fpuc.com	MacFarlane Ferguson Law Firm Thomas R. Farrior/Andrew Brown P.O. Box 1531 Tampa, FL 33601-1531 tf@macfar.com AB@macfar.com
Florida Public Service Commission Gabriella Passidomo 2540 Shumard Oak Boulevard Tallahassee, FL 32399 gpassido@psc.state.fl.us	Office of Public Counsel J.R. Kelly/Charles Rehwinkel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 Kelly.JR@leg.state.fl.us Rehwinkel.charles@leg.state.fl.us
Peoples Gas System Paula Brown/Karen Bramley Kandi Floyd P.O. Box 111 Tampa, FL 33601-0111 regdept@tecoenergy.com KLBramley@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 Kurt Howard 700 Universe Blvd. Juno Beach, FL 33409 Kurt.Howard@fpl.com	Sebring Gas System, Inc. Jerry H. Melendy, Jr. 3515 U.S. Highway 27 South Sebring, FL 33870 jmelendy@floridasbestgas.com



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301