

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (M. Andrews, Mouring) *ALM*
Division of Economics (Coston, Forrest) *JGH*
Division of Engineering (P. Buys, Ramos) *TB*
Office of the General Counsel (Stiller, J. Crawford, Osborn) *JSC*

RE: Docket No. 20200039-GU – Petition for approval to implement a temporary storm cost recovery surcharge, by St. Joe Natural Gas Company.

AGENDA: 05/04/21 – Regular Agenda – Parties May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Graham

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On January 24, 2020, St. Joe Natural Gas Company (SJNG or Company) filed a petition to recover \$381,512 in incremental storm restoration costs associated with Hurricane Michael. In the petition, the Company stated that it had incurred incremental costs of \$312,012 and projected \$60,500 in remaining costs to restore its gas system to pre-storm condition. By Order No. PSC-2020-0066-PCO-GU, issued March 2, 2020, the Office of Public Counsel's (OPC) intervention was acknowledged. On March 20, 2020, the Commission issued an order allowing SJNG to implement an interim storm recovery surcharge beginning May 1, 2020.¹ On February 19, 2021, SJNG filed a request to approve final costs based on an actual amount of \$402,720 in incremental storm restoration costs.

¹ Order No. PSC-2020-0117-PCO-GU, issued April 20, 2020, in Docket No. 20200039-GU, *Petition for approval to implement a temporary storm cost recovery surcharge, by St. Joe Natural Gas Company.*

On March 25, 2021, SJNG and OPC (the Parties) filed a Joint Petition for Approval of Stipulation and Settlement (Settlement Agreement). The Settlement Agreement is attached as Attachment A. The Settlement Agreement includes adjustments to the recoverable storm amount, an adjustment to base rates after the storm surcharge terminates, and storm restoration cost process improvements to facilitate cost effective and timely storm damage recovery and service restoration.

The Settlement Agreement allows SJNG to recover \$330,115 in storm costs through its current storm charge levels established by Order No. PSC-2020-0117-PCO-GU. The storm surcharge will be extended through December 2024 at which time the surcharge will cease. Any under or over-recovery will be handled through the Natural Gas Conservation Cost Recovery Clause.

The Parties agree that it is appropriate for SJNG to record \$77,761 associated with the remaining life value of lost capital assets in a regulatory asset and recover said amount over a period of 10 years through an increase to the Company's base rates. The increase will be implemented after the storm surcharge terminates.

The Commission should vote on whether or not to grant the Joint Motion for Approval of Stipulation and Settlement which is attached as Attachment A.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval of a Temporary Storm Cost Recovery Surcharge to Recover Incremental Storm Restoration Costs associated with Hurricane Michael by St. Joe Natural Gas Company, Inc.	DOCKET NO. 20200039-GU DATED: March 25, 2021
---	---

JOINT MOTION FOR APPROVAL OF STIPULATION AND SETTLEMENT

St. Joe Natural Gas Company, Inc., (herein "SJNG" or "Company"), and the Office of Public Counsel ("OPC") (collectively, "Joint Movants" or "Parties") by and through their undersigned attorneys, respectfully move the Florida Public Service Commission ("Commission") to approve the Stipulation and Settlement ("Storm Settlement") attached hereto as Attachment "A". The Joint Movants have entered into this Storm Settlement in resolution of all issues in the above-referenced Docket. In support hereof, the Joint Movants state as follows:

1. The Company filed its Petition initiating this Docket on January 24, 2020. Therein, the Company requested recovery of \$381,512 in storm costs, which included \$60,500 in projected costs. The Office of Public Counsel filed its notice of intervention on February 28, 2020. Thereafter, by Order PSC-2020-0117-PCO-GU, issued April 20, 2020, the Commission authorized an interim surcharge for each of the Company's rate classes, which went into effect May 1, 2020. Since that time, the Company's request for recovery has been audited by the Commission staff's audit team, and the Company has responded to numerous data requests. The Company has also undertaken the remaining work associated with storm restoration, which is now complete in terms of direct, incremental storm-related costs.

Docket No. 20200039-GU

2. On February 19, 2021, the Company filed its Request for approval of final costs in the actual amount of \$402,720 in direct, incremental, storm-related costs through January 2021 (“Final True Up”). The Company’s Final True Up reflected several adjustments from the Company’s initial January 24, 2020 request, namely actual, finalized costs for the work completed after the Company’s initial filing in the amount of \$102,597, as compared to the originally projected amount of \$60,500, as well as other adjustments to reduce third party expense in Account 906 by \$20,888.
3. On March 4, 2021, Order No. PSC-2021-0096-PCO-GU was issued setting this matter for hearing and establishing the schedule for this proceeding.
4. The Storm Settlement is the result of good faith efforts to address the issues in this proceeding in a manner that will provide regulatory certainty with regard to SJNG’s rates and recovery by the Company of its significant losses resulting from Hurricane Michael. The Joint Movants represent that approval of this Storm Settlement will avoid the unnecessary expense and uncertainty associated with further litigation. The Storm Settlement results in rates and a surcharge that are fair, just, and reasonable. Therefore, the Joint Movants submit the Storm Settlement is in the public interest and respectfully request its approval as further described below.
5. In furtherance of this Joint Motion and approval of the Storm Settlement, the Joint Movants waive any right to seek reconsideration of, or otherwise appeal, any decision of the Commission approving, in its entirety, this Storm Settlement.
6. The Storm Settlement provides, among other things:

Docket No. 20200039-GU

- a. SJNG should be allowed to recover \$330,115 in storm costs through its current storm charge levels established by Order No. PSC-2020-0117-PCO-GU (“Storm Surcharge”), which shall be extended through December 2024 based upon the Company’s current therm usage projections, at which point the surcharge will cease. Any under or over-recovery shall be handled through the Natural Gas Conservation Cost Recovery Clause.
 - b. The Parties agree that it is appropriate for SJNG to record \$77,761 associated with the remaining life value of lost capital assets in a regulatory asset and recover said amount over a period of 10 years through an increase to the Company’s base rates (“Base Rates”). The increase to Base Rates will be implemented after the Storm Surcharge terminates. As such it is anticipated that the increase to Base Rates will be implemented January 1, 2025. SJNG will file revised tariffs in 2024 to reflect this increase.
 - c. SJNG will implement the storm restoration policies attached as Exhibit A to the Storm Settlement.
7. To date, no other parties have intervened in this proceeding. As the only two parties to the proceeding have executed the Storm Settlement, no party will be prejudiced by the proposed procedure or the Commission’s approval of the Storm Settlement. Should any new party seek to intervene at any point in the future, in accordance with Commission rules, such party would then take the case as they find it.
 8. The Joint Movants represent that the Storm Settlement provides an equitable and just balance of the positions of the parties on the issues in this proceeding. The Joint Movants submit approval of the Storm Settlement is in the best interests of both the Company and its customers, and therefore, respectfully request approval of same.

Docket No. 20200039-GU

9. Commission approval of this Joint Motion is consistent with the Commission's long-standing policy to encourage settlements that provide benefits to the customers and avoid unnecessary additional litigation expense.

10. Pending Commission consideration of this Storm Settlement, the Joint Movants ask that the schedule established by Order No. PSC-2021-0096-PCO-GU be suspended.

WHEREFORE, the Joint Movants hereby respectfully request that the Commission grant this Joint Motion, and approve the Stipulation and Settlement attached hereto as Attachment "A".

RESPECTFULLY SUBMITTED this 25th day of March, 2021.

/s/ Charles Rehwinkel
Charles Rehwinkel, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400
Rehwinkel.charles@leg.state.fl.us

/s/ Beth Keating
Beth Keating, Esquire
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706
*Attorneys for St. Joe Natural Gas Company,
Inc.*

Docket No. 20200039-GU

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by Electronic Mail this 25th day of March, 2021.

Shaw Stiller, Senior Attorney Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 sstiller@psc.state.fl.us	Richard Gentry, Public Counsel Charles Rehwinkel, Deputy Public Counsel Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Gentry.richard@leg.state.fl.us Rehwinkel.charles@leg.state.fl.us
--	--

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

DOCKET NO. 20200039-GU - In re: Petition for Approval of a Temporary Storm Cost
Recovery Surcharge to Recover Incremental Storm Restoration Costs associated with Hurricane
Michael by St. Joe Natural Gas Company, Inc.

ATTACHMENT "A"
STIPULATION AND SETTLEMENT

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval of a Temporary Storm Cost Recovery Surcharge to Recover Incremental Storm Restoration Costs associated with Hurricane Michael by St. Joe Natural Gas Company, Inc.	DOCKET NO. 20200039-GU DATED: March 23, 2021
---	---

STIPULATION AND SETTLEMENT

WHEREAS, St. Joe Natural Gas Company, Inc. (“SJNG” or “Company”) and the Office of Public Counsel (“OPC”) have signed this Stipulation and Settlement regarding the Company’s requests for relief, which initiated each of the above-referenced Dockets, (“Storm Settlement”); and

WHEREAS, unless the context clearly intends otherwise, the term “Party” or “Parties” shall mean a signatory or signatories to this Storm Settlement; and

WHEREAS, Hurricane Michael, as a Category 5 Hurricane, inflicted unprecedented and catastrophic damage in both breadth and scope to SJNG’s facilities in and around Port St. Joe, Florida; and

WHEREAS, the Company filed its Petition initiating this proceeding on January 24, 2020, and therein, requested recovery of \$381,512 in storm costs, which included \$60,500 in projected costs; and

WHEREAS, the Office of Public Counsel filed its notice of intervention on February 28, 2020; and

WHEREAS, by Order PSC-2020-0117-PCO-GU, issued April 20, 2020, the Commission authorized an interim surcharge for each of the Company’s rate classes, which went into effect May 1, 2020; and

WHEREAS, on February 19, 2021, the Company filed its Request for approval of final costs in the actual amount of \$402,720 in direct, incremental, storm-related costs through January 2021 (“Final True Up”) reflecting several adjustments from the Company’s initial January 24, 2020 request, namely actual, finalized costs for the work completed after the Company’s initial

Docket No. 20200039-GU

filing in the amount of \$102,597, as compared to the originally projected amount of \$60,500, as well as other adjustments to reduce third party expense in Account 906 by \$20,888; and

WHEREAS, on March 4, 2021, Order No. PSC-2021-0096-PCO-GU was issued setting this matter for hearing and establishing the schedule for this proceeding; and

WHEREAS, Commission Staff has conducted its audit and submitted its audit report in the Docket; and

WHEREAS, the Company has been responsive to data requests from both Commission Staff and the OPC;

WHEREAS, pursuant to the established schedule, this Docket is set for hearing on June 23, 2021; and

WHEREAS, after full and extensive review of documentation produced, the Parties have engaged in good faith discussion and have reached a full and complete resolution of all matters in this Docket; and

WHEREAS, the legal system, as well as the Commission, favors settlement of disputes, including interim solutions, for a variety of reasons, including that they are in the public interest; and

WHEREAS, the Parties to this Storm Settlement, individually and collectively, agree that this Storm Settlement, when taken as a whole, is in the public interest; and

WHEREAS, the Parties have mutually agreed in compromise, without conceding either Party's position on the legal and policy questions, to adjustments to the amounts requested for recovery by SJNG, as well as a different mechanism for recovery of one aspect of SJNG's request; and

WHEREAS, the Parties have entered into this Storm Settlement in compromise of positions taken in accord with their rights and interests under Chapters 350, 366 and 120, Florida Statutes, as applicable, and as part of a negotiated exchange of consideration among the Parties, each Party has agreed to concessions to the others with the expectation, intent, and understanding

Docket No. 20200039-GU

such that all provisions of this Storm Settlement, upon approval by the Commission, will be enforced by the Commission as to all matters addressed herein with respect to both Parties;

NOW THEREFORE, in consideration of the foregoing and the covenants contained herein, the Parties hereby stipulate and agree as follows:

I. Recovery Amount

1. SJNG will be allowed to recover \$330,115 in storm costs through its current storm charge levels established by PSC-2020-0117-PCO-GU ("Storm Surcharge"), which shall be extended through December 2024 based upon the Company's current therm usage projections, at which point the surcharge will cease. Any under or over-recovery shall be handled through the Natural Gas Conservation Cost Recovery Clause.
2. The Parties agree that it is appropriate for SJNG to record \$77,761 associated with the remaining life value of lost capital assets in a regulatory asset and recover said amount over a period of 10 years through an increase to the Company's base rates ("Base Rates").
3. The increase to Base Rates contemplated by Paragraph 2 will be implemented after the Storm Surcharge terminates. As such it is anticipated that the increase to Base Rates will be implemented January 1, 2025. SJNG will file revised tariffs in 2024 to reflect this increase.

II. Process Changes

4. SJNG will implement the storm restoration policies attached and incorporated herein as Exhibit A.

III. Future Storm Recovery

5. Nothing in this Storm Settlement shall preclude SJNG from petitioning the Commission to seek recovery of costs associated with (1) any tropical systems named by the National Hurricane Center or its successor, or (2) other catastrophic storm events causing damage to SJNG's natural gas distribution system.

Docket No. 20200039-GU

6. The Office of Public Counsel is not precluded from participating in any such proceedings and opposing the amount of SJNG's claimed costs (for example, and without limitation, on grounds that such claimed costs were not reasonable or were not prudently incurred) or whether the proposed recovery is consistent with the Commission's proposed or final, adopted Rule 25-7.0143, F.A.C., or otherwise allowed by law.

IV. Additional Commitments

7. Nothing in this Storm Settlement will have precedential value.
8. The Parties' agreement to the terms in this Storm Settlement shall be without prejudice to any Party's ability to advocate a different position in future proceedings not involving this Storm Settlement. The Parties further expressly agree that no individual provision, by itself, necessarily represents a position of any Party in any future proceeding, and the Parties further agree that no Party shall assert or represent in any future proceeding in any forum that another Party endorses any specific provision of this Storm Settlement by virtue of that Party's signature on, or participation in, this Storm Settlement. It is the intent of the Parties to this Storm Settlement that the Commission's approval of all the terms and provisions of this Storm Settlement is an express recognition that no individual term or provision, by itself, necessarily represents a position, in isolation, of any Party or that a Party to this Storm Settlement endorses a specific provision, in isolation, of this Storm Settlement by virtue of that Party's signature on, or participation in, this Storm Settlement.
9. The Parties agree Approval of this Storm Settlement by the Commission resolves all issues in this proceeding. The Parties agree that approval of the Storm Settlement will avoid additional litigation costs for all Parties. The Parties agree to waive:
 - i. All notice requirements for a hearing as set forth in Section 120.569(2)(b), Florida Statutes, or other applicable law;
 - ii. Their right to require a hearing on the merits;
 - iii. Their respective rights to seek reconsideration of any Final Order that approves this Storm Settlement in its entirety without change; and

Docket No. 20200039-GU

- iv. Their respective right to judicial review of any such final agency action approving this Storm Settlement afforded by Section 120.68, Florida Statutes.
10. The Parties further agree they will support this Storm Settlement and affirmatively assert that this Storm Settlement is in the public interest and should be approved. The Parties likewise agree and acknowledge that the Commission's approval of this Storm Settlement promotes planning and regulatory certainty for both SJNG and its customers.
11. The effective date of this Storm Settlement shall be the date of the Commission's vote approving this Storm Settlement.
12. The provisions of this Storm Settlement are contingent upon approval by the Commission in its entirety without modification, which the Parties agree is in the public interest. Approval of this Storm Settlement will resolve all matters and issues in this Docket.
13. Attached hereto as Attachment A are the appropriate tariff sheets reflecting the appropriate rate changes and surcharge, which, upon Commission approval, shall become effective on the dates set forth herein.

[SIGNATURE PAGES FOLLOW]

Docket No. 20200039-GU

In Witness Whereof, the Parties evidence both acceptance and agreement with the provisions of this Storm Settlement by their signature.

Dated this 23rd day of March, 2021.

St. Joe Natural Gas Company

Office of Public Counsel

By: 

By: /s/ Richard Gentry

Docket No. 20200039-GU

Exhibit A

STORM RESTORATION COST PROCESS IMPROVEMENTS

The following future processes summarizes the STORM RESTORATION COST PROCESS IMPROVEMENTS which is to facilitate cost effective and timely storm damage recovery and service restoration which reasonably balances the customers right to prompt restoration of service with the customers' equal right not to pay excessive or improper costs to achieve that restoration:

I. Contracting and Vendor Engagement, Travel and Work Policies

- A. Contracting policy – The Company will, to the extent practicable given its small size, make good-faith efforts to contract and establish major terms and conditions in advance with independent vendors who perform restoration services.
- B. Billing Start Point Policy- The Company will, to the extent practicable given its small size, endeavor to establish a policy that vendor billing should begin at the point in time the crew mobilizes after acquisition.
- C. Travel Time Billing Policy- The Company will, to the extent practicable given its small size, establish a policy and use its best efforts to ensure that any contracts with vendors include terms and conditions designed to limit compensation for travel time to actual time traveled.
- D. Daily Timesheet Review and Documentation Policy - The Company, given its small size, will use its best efforts to require, review and verify the daily time sheets for all its vendor crews for storm restoration work done that is not otherwise subject to an established contract price which covers all work to be performed.