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May 24, 2022

BY E-FILING

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

Re: Docket No. 20220067-GU: Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities Company - Fort Meade, and Florida Public Utilities Company - Indiantown Division.


Dear Mr. Teitzman:

Attached, for electronic filing, please find the Testimony and Exhibit WG-1 of Wraye Grimard.

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

(Document 18 of 27)

Sincerely,


Beth Keating
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1 Before the Florida Public Service Commission

2 Docket No. 20220067-GU: Petition for rate increase by Florida Public Utilities Company,
3 Florida Division of Chesapeake Utilities Corporation,
4 Florida Public Utilities Company - Fort Meade, and Florida Public Utilities Company -
5 Indiantown Division.
6

7 Prepared Direct Testimony of Wraye Grimard

8 Date of Filing: May 24, 2022
9

10 **Q. Please state your name, business address, and occupation.**

11 A. My name is Wraye Grimard. My business address is 1295 56th Street North, St.
12 Petersburg, Florida 33710. I am President of Wraye Grimard LLC and I have provided
13 consulting, regulatory, and tariff support for Florida Public Utilities Company
14 (“FPUC” or “Company”) since May 2017.

15 **Q. Please describe your professional experience.**

16 A. I have over forty years of experience in the natural gas industry with a focus on federal
17 and state regulatory, rates, and tariff matters. Prior to retiring in 2017, I worked for
18 TECO Energy (“TECO”). At TECO, I was responsible for developing and managing
19 SeaCoast pipeline’s intrastate pipeline services and regulatory matters, as well as
20 TECO’s subsidiary, Peoples Gas System’s (“PGS”) transportation service programs.
21 I oversaw and managed the evolution of PGS’s operating tariffs since 2000. I have
22 testified before the Florida Public Service Commission (“FPSC”) for several matters
23 related to fuel clause filings, tariff modification requests, and in rate case filings. Since
24 2017, I have consulted and participated in the modification and consolidation of
25 FPUC’s four operating tariffs, as well as provide subject matter expertise for the

1 implementation of the Company's Gas Transportation Service software that went into
2 service on May 1, 2022.

3 **Q. What is the purpose of your testimony in this proceeding?**

4 A. The purpose of my testimony is to present and support the tariff modifications
5 proposed as part of the Company's rate case filing. My testimony will describe the
6 proposed modifications to i) the Company's Miscellaneous Charges, ii) rate schedules,
7 iii) certain clauses and surcharges, iv) non-rate related tariff changes proposed by the
8 Company in this proceeding, and v) additional changes to tariff language to make
9 certain minor revisions for editorial purposes, or to correct or clarify language.

10 **Q. Are you sponsoring any exhibits in this proceeding?**

11 A. Yes. I am sponsoring Exhibit No. WG-1, which is a comparison of the Company's
12 current and proposed Miscellaneous Charges. I am also sponsoring both the complete
13 proposed Tariff Volume 2 (the "clean tariff") and the red-lined version of the tariff
14 that are filed as part of the minimum filing requirement ("MFR") schedule E-9. These
15 exhibits were prepared by me or under my direction.

16 **Q. Please describe the Company's most recent tariff consolidation efforts.**

17 A. Since 2014, the Company has received approval for the consolidation of certain
18 surcharges and the recovery of associated expenses across business units. Most
19 recently, the Company filed and received approval (FPSC Order No. PSC-2021-0148-
20 TRF-GU) to implement the Company's final tariff consolidation in which the Maps
21 and Counties and Communities Served, Technical Terms and Abbreviations, general
22 Rules and Regulations, and transportation service programs were consolidated and
23 made consistent.

1 **MISCELLANEOUS CHARGES**

2 **Q. Please describe the proposed changes to the Company’s non-transport related**
3 **miscellaneous service charges.**

4 A. In general, the Company is proposing increases to each of its existing tariff
5 Miscellaneous Charges. Exhibit No. (WG-1) provides a comparison of the Company’s
6 current and proposed Miscellaneous Charges. As outlined in Witness Everngam’s
7 testimony, a cost study was performed using operations, customer service, and
8 accounting data to determine the Company’s cost to provide each service for which a
9 Miscellaneous Service Charges was proposed, except the returned check charge that
10 is established by Florida Statute. At this time, the miscellaneous service charge
11 applicability is contingent on a customer’s rate schedule. Given the similarity of the
12 field activities required to perform each of these miscellaneous services, it is no longer
13 necessary to stratify the charges by rate class. Therefore, the Company is proposing to
14 apply these charges by using service classifications (residential and non-residential)
15 rather than rate classifications. Restructuring these charges to apply on a less-stratified,
16 more consolidated basis will provide greater clarity for FPUC’s customers.

17 **Q. Is the Company proposing any new Miscellaneous Service Charges?**

18 A. Yes. In this filing, the Company is seeking approval to consolidate its non-
19 transportation related miscellaneous service charges. To be clear, these service charges
20 will apply across the entire FPUC platform, if approved. When identifying charges as
21 “added” for certain areas, it is to reflect that the charge will be entirely new for
22 customers in those areas. In this proceeding, the Company is requesting to add i) the
23 Bill Collection with Service Disconnect Charge and ii) a Late Payment Charge to the

1 Florida Division of Chesapeake Utilities. units. In the Indiantown Division, the
2 Company is proposing to add a i) Failed Trip Charge, ii) Temporary Disconnection
3 Charge, iii) a Late Payment Charge, and iv) Bill Collection with Service Disconnect
4 Charge. In the FPUC and Ft. Meade Divisions, the Company is proposing to add a Bill
5 Collection with Service Disconnect Charge. Details concerning the Company's
6 proposed Miscellaneous Service Charges can be found in Exhibit No. WG-1 which is
7 a comparison of the Company's current and proposed Miscellaneous Service Charges.

8 **Q. Is the Company proposing changes to its miscellaneous transportation service**
9 **charges?**

10 A. No.

11

12 **RATE SERVICE CHANGES**

13 **Q. Is the Company proposing to revise its tariff consistent with the rate design and**
14 **other related rate modifications?**

15 A. Yes. Consistent with the rate design sponsored by Witness Taylor, the Company has
16 made proposed reclassification and rate adjustments for some business units. The
17 Company is submitting proposed revisions to its tariff as required in both legislative
18 (red-lined) and final format. See, MFR Schedule E-9.

19 **Q. Please describe the changes to the Company's rate schedules.**

20 A. The Company has merged its base rates, consolidated its rate schedules, and adopted
21 common rate schedule descriptions similar to those used by the former Florida Public
22 Utilities Company tariff. The base rate applicable to the sales service rate schedules is
23 now referred to (commonly) as the "Non-Fuel Energy Charge" and the base rate

1 applicable to the transportation service rate schedules is now referred to (commonly)
2 as the “Transportation Charge.” The interruptible rate schedules continue to be closed
3 at this time.

4

5 **CLAUSES AND SURCHARGES**

6 **Q. Is the Company proposing to make any changes to its current clauses and**
7 **surcharges applicable to any of the distribution systems?**

8 Recovery of Bad Debt Expense Associated with Specific Clauses

9 A. Yes. The Company is proposing to recover bad debt expense associated with
10 individual cost recovery mechanisms and riders within each specific recovery
11 mechanism or rider. Specifically, the Purchased Gas Cost Recovery Factor
12 (“PGCRF”) Sheet No. 7.425, the Energy Conservation Cost Recovery (“ECCR”)
13 factor Sheet Nos. 7.402 through 7.406, and the Swing Service Rider (“SSR”) Sheet
14 Nos. 7.412 through 7.415, will include the bad debt expense associated with each
15 individual cost recovery mechanism or rider. The Company has removed the bad debt
16 expense associated with the PGCRF, the ECCR, and the SSR from the Company’s
17 proposed base rates. The Company proposed to allocate associated bad debt costs
18 across rate classes in accordance with the cost allocation methodology currently in
19 place for each of the associated cost recovery mechanisms.

20 Base Rate Tax Change

21 The Company is also proposing to implement a base rate adjustment to the Company’s
22 Non-Fuel Energy charges and Transportation Service charges to recover or refund
23 base rate expenses that result from a state or federal governmental mandated tax

1 increase or decrease. Each time the federal or state corporate income tax rate changes
2 from the rate(s) approved in the Company's current rate case, the Company will make
3 a one-time adjustment to base rates to implement the effects of the tax change(s).
4 Within one-hundred twenty (120) days following the tax rate change, the Company
5 will file a forecasted surveillance earnings report for the year in which the tax reform
6 will become effective with the Commission. In that filing, the Company will quantify
7 the impact of the tax rate change on current rates and calculate the rate adjustment
8 requested for each customer. The adjustment will be calculated by applying a uniform
9 percentage change to the Non-Fuel Energy Charge, and Transportation Charge to
10 reflect the change in tax rates. The revised rates would remain in effect until either the
11 tax rates change again or the Company files its next rate case. The Company is
12 proposing to defer all unprotected excess deferred taxes as either a regulatory asset or
13 liability and include them in the FPSC capital structure and will flow the savings back
14 to customers. The Company is proposing a five (5) year flow back period for assets or
15 liabilities less than \$800,000 and a ten (10) year flow back period for assets or
16 liabilities greater than or equal to \$800,000. Protected excess deferred taxes will also
17 be recorded as either a regulatory asset or liability and included in the FPSC capital
18 structure and will be flowed back to customers consistent with the Average Rate
19 Assumption Method ("ARAM") remaining life.

20 Environmental Surcharge

21 Because there will no longer be separate companies, and FPUC and CFG have
22 different mechanisms to address environmental costs, one mechanism for treating the
23 costs needs to be established as part of the consolidation. The tariff was designed

1 based on the treatment in the CFG tariff. In Docket No. 20090125-GU (*Petition for*
2 *Rate Increase by Florida Division of Chesapeake Utilities Corporation*) in Order No.
3 PSC-10-0029-PAA-GU, the Commission approved certain Environmental Clean-up
4 Costs and a cost recovery mechanism.¹ This Environmental Clean-up Recovery
5 Mechanism was applicable to a Manufactured Gas Plant (“MGP”) located in the
6 Florida Division of Chesapeake Utilities Company’s service area in Winter Haven. In
7 this instant filing, the Company is seeking approval to take a similar approach as it
8 relates to other similar environmental clean-up projects for which the Company is
9 responsible. Specifically, the Company is seeking, as explained in greater detail by
10 Witness Cassel, recovery of certain environmental cleanup costs through an
11 environmental surcharge. Tariff Sheet Nos. 7.419 through 7.420 reflect the
12 Environmental Cost Recovery Surcharge that encompasses the costs associated with
13 remediation activities for all Company service areas including the Florida Division of
14 CUC (Winter Haven) West Palm Beach and the Key West MGP sites.

15 Area Extension Program (“AEP”) and Recovery Modifications

16 The Company’s Area Expansion Program is a Commission-approved program
17 designed to provide the Company with an optional method to recover the capital
18 investment that exceeds the Maximum Allowable Construction Costs (“MACC”) for
19 the extension of gas service to new customers in discrete geographic locations. The
20 Company is proposing three modifications to its AEP and associated cost recovery

¹ By Order No. PSC-14-0052-PAA-GU, issued January 27, 2014, in Docket No. 130273-GU, In re: Petition for approval to extend environmental surcharge by Florida Division of Chesapeake Utilities Corporation, the Commission approved an extension of the Company’s Environmental Surcharge. This extended the fixed surcharge by 20 months and allowed Chesapeake to recover an additional \$380,781 related to remediation activities of the Company’s former MGP site in Winter Haven, Florida. A final true-up of the surcharge was approved by Order No. 2016-0562-PAA-GU, issued December 16, 2016, in Docket No. 20160153-GU.

1 mechanism, which are discussed in more detail within the testimony of Witness Lake.
2 The Company believes that these changes will result in less confusion to the customer
3 concerning the AEP surcharge rate and reduce inquiries from customers, as well as
4 allow for more straightforward administration of the AEP surcharge by the Company.
5 The AEP Rider is found on Sheet No. 7.303 of the proposed tariff.

6 Minimum Volume Commitment Tariff and Agreement

7 As discussed in more detail within the testimony of Witness Lake, the tariff
8 modification for which the Company now seeks approval would provide the Company
9 with the option to require a customer that will need a facility extension to receive
10 service, to commit to receive service at a defined minimum level and to pay for such
11 minimum level of service “take-or-pay” provision. The proposed Minimum Volume
12 Commitment provision is found on Sheet No. 6.152 and the corresponding proposed
13 Minimum Volume Commitment Agreement is found on Sheet Nos. 8.170 through
14 8.173 of the proposed tariff.

15

16 **NON-RATE RELATED TARIFF CHANGES**

17 **Q. Please describe changes to non-rate related tariff language requested by the**
18 **Company in this docket.**

19 **A.** In addition to those tariff revisions that relate to rate changes described previously, the
20 following testimony summarizes the Company’s non-rate related tariff revision
21 proposals filed in this case.

22

23

1 Title Page

2 The Company is proposing the title page be changed to reflect the Company name,
3 Florida Public Utilities.

4 Miscellaneous and General Information

5 The Company proposes this page now includes a “Statement of Agents” that provides
6 no employee or agent of the Company has authority to make any promise, agreement,
7 or representation inconsistent with the tariff.

8 System Maps

9 The Company proposes the Indiantown and Ft. Meade service area maps make it clear
10 that these service areas are applicable to the Indiantown and Ft. Meade customers
11 acquired through the respective mergers and located within their respective city
12 boundaries.

13 Technical Terms and Abbreviations

14 The Company proposes the definition of “Company” has been updated as Florida
15 Public Utilities Company. In addition, the Company proposes to include new
16 definitions for “FPUC Ft. Meade Service Area” and “FPUC Indiantown Service
17 Area,” “CFG Service Area” and “FPUC Service Area” have now been included in the
18 tariff.

19 General Rules and Regulations

20 The Company proposes to add language to make consistent that telemetry is required
21 for all interruptible customers and those sales service customers that use greater than
22 1,500 Therms per day.

1 The Company proposes to change the automatic electronic payment for customer bills
2 to align with the Company's current business processes.

3 Transportation Service Rules and Regulations

4 The Company is proposing that Individual Transportation Service will be available to
5 those customers served under the Company's rate schedules Contract Transportation
6 Service and Flexible Gas Service as well as those customers served under a special
7 contract that has been explicitly approved by the FPSC. Currently, the Indiantown
8 business unit allows individual customers that use greater than 25,000 therms an
9 option to transport on an individual basis, as opposed to an aggregated basis. This
10 proposal was made to make the Indiantown business unit rules consistent with the
11 other business units' individual transportation service applicability.

12 The Company is proposing to add language to make the telemetry requirement for
13 transportation service customers consistent across service areas.

14 With the initiation of an electronic sign-up process for transportation service
15 customers by pool managers, the Company proposes that the language referencing the
16 provision of the Letter of Authorization ("LOA") form to the Company be changed to
17 require the non-residential transportation customers and pool managers to execute the
18 LOA prior to the electronic enrollment of the customer into one of the Company's
19 transportation service programs. The pool manager will be required to retain the
20 original copy of the LOA. Upon Company request, the pool manager will be required
21 to produce the original LOA between the customer and pool manager.

1 The deadline for the initial enrollment, pool transfer, or transport customer drop has
2 been made consistent and clarified across service areas and set at ten (10)
3 business/working days prior to the first day of the succeeding month.

4 The Company is requesting that the nomination language in the Company’s tariff be
5 updated to include those required fields to be included on the Pool Manager’s
6 nominations to the Company. These changes are necessary to allow the Company to
7 evolve from a manual confirmation process to a more efficient automated confirmation
8 approval process.

9

10 **MINOR REVISIONS**

11 **Q. Briefly describe changes to the tariff the Company characterizes as editorial,**
12 **corrections, and clarifications.**

13 A. In addition to those tariff revisions proposed by the Company above, the Company is
14 requesting approval by the Commission for the following tariff corrections and
15 clarifications.

16 Counties and Communities Served

17 The Company requests approval for Counties and communities that are served by the
18 Company’s propane affiliate and that were included erroneously in the Company’s
19 recent tariff consolidation revisions be removed.

20 Technical Terms and Abbreviations

21 The Company proposes the term “Area Extension Program (AEP) Recovery Amount”
22 definition was inadvertently left out of the recent tariff consolidation filing be
23 reinstated to the tariff in this instant filing.

24

1 General Rules and Regulations

2 The Company requests approval for the provision for the Company to request a new
3 or additional security deposit for existing customers, pursuant to Commission Rule
4 25-7.083 (4), that was inadvertently left out of the recent tariff consolidation be
5 reinstated in the proposed version of the tariff.

6 Transportation Service Rules and Regulations

7 The Company requests the security requirement calculation for pool managers be
8 corrected to be equal to the greater as opposed to the lesser of \$10,000 and the
9 calculation dependent on the pool manager's delivery requirements, as proposed by
10 the Company.

11 Last, the Company proposes language pertaining to a pool manager's performance
12 related to non-delivery penalties, operational flow order, and alert day penalties be
13 clarified, and calculation methodologies be clarified and corrected as proposed by the
14 Company as well.

15 **Q. In your opinion, are the Company's proposed changes to the miscellaneous rates,**
16 **clauses, and surcharges just and reasonable?**

17 A. Yes. The rates modifications proposed by the Company are just and reasonable and
18 result in each customer moving toward a more uniform contribution to costs associated
19 with providing the service(s) requested.

20 **Q. Does this conclude your testimony?**

21 A. Yes.

Comparison of Current and Proposed Miscellaneous Charges

Florida Division of CUC Service	<u>Residential Charges</u>		<u>Non-Residential Charges</u>	
	Current	Proposed	Current	Proposed
<u>General Service Charges</u>				
Service Connection	\$52	\$75	\$75 or \$200	\$125
Service Reconnection	\$52	\$60	\$52	\$60
Change of Account	\$13	\$45	\$13	\$45
Failed Trip	\$20	\$55	\$20	\$55
Temporary Disconnection	\$21	\$55	\$21	\$55
Field Collection	\$40	\$50	\$40	\$50
Bill Collection with Service Disconnect	NA	\$50	NA	\$50
Same Day or Outside Normal Business Hours	1.5 x rate	\$200	1.5 x rate	\$200
Late Payment Charge	NA	> 1.5% of bill or \$5.00	NA	> 1.5% of bill or \$5.00
Worthless Check Charge	per statute	per statute	per statute	per statute

Comparison of Current and Proposed Miscellaneous Charges

FPUC, Indiantown Service	<u>Residential Charges</u>		<u>Non-Residential Charges</u>	
	Current	Proposed	Current	Proposed
<u>General Service Charges</u>				
Service Connection	\$35/\$60*	\$75	\$35/\$60*	\$125
Service Reconnection	\$35/\$60*	\$60	\$35/\$60*	\$70
Change of Account	\$15/\$40*	\$45	\$15/\$40*	\$45
Failed Trip	NA	\$55	NA	\$55
Temporary Disconnection	NA	\$55	NA	\$55
Field Collection	\$10	\$50	\$10	\$50
Bill Collection with Service Disconnect	NA	\$50	NA	\$50
Same Day or Outside Normal Business Hours	* above	\$200	* above	\$200
Late Payment Charge	> 1.5% of bill or \$5.00	> 1.5% of bill or \$5.00	> 1.5% of bill or \$5.00	> 1.5% of bill or \$5.00
Worthless Check Charge	per statute	per statute	per statute	per statute

Comparison of Current and Proposed Miscellaneous Charges

FPUC, Ft. Meade Service	<u>Residential Charges</u>		<u>Non-Residential Charges</u>	
	Current	Proposed	Current	Proposed
<u>General Service Charges</u>				
Service Connection	\$50/\$50*	\$75	\$112/\$114	\$125
Service Reconnection	\$30/\$50	\$60	\$30/\$50	\$70
Change of Account	\$23/\$29	\$45	\$23/\$29	\$45
Failed Trip	\$23	\$55	\$23	\$55
Temporary Disconnection	\$29/\$35*	\$55	\$29/\$35*	\$55
Field Collection	\$25	\$50	\$25	\$50
Bill Collection with Service Disconnect	NA	\$50	NA	\$50
Same Day or Outside Normal Business Hours	* above	\$200	* above	\$200
Late Payment Charge	> 1.5% of bill or \$5.00	> 1.5% of bill or \$5.00	> 1.5% of bill or \$5.00	> 1.5% of bill or \$5.00
Worthless Check Charge	per statute	per statute	per statute	per statute

Comparison of Current and Proposed Miscellaneous Charges

Florida Public Utilities	<u>Residential Charges</u>		<u>Non-Residential Charges</u>	
<u>Service Area</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
<u>General Service Charges</u>				
Service Connection	\$52/\$69*	\$75	\$75 or \$112/\$96* or \$144*	\$125
Service Reconnection	\$81/\$98*	\$60	\$104 or \$141/\$125* or \$173*	\$70
Change of Account	\$23/\$29*	\$45	\$23/\$29*	\$45
Failed Trip	\$23/\$29*	\$55	\$23/\$29*	\$55
Temporary Disconnection	\$29/\$35*	\$55	\$29/\$35*	\$55
Field Collection	\$25	\$50	\$25	\$50
Bill Collection with Service Disconnect	\$25	\$50	\$25	\$50
Same Day or Outside Normal Business Hours	* above	\$200	* above	\$200
Late Payment Charge	> 1.5% of bill or \$5.00	> 1.5% of bill or \$5.00	> 1.5% of bill or \$5.00	> 1.5% of bill or \$5.00
Worthless Check Charge	per statute	per statute	per statute	per statute