

Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

August 5, 2022

VIA E-PORTAL

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

Re: Docket No. 20220003-GU – Purchased Gas Adjustment (PGA) True Up.

Dear Mr. Teitzman:

Attached for filing, please find Florida Public Utilities Company's and Florida Public Utilities Company-Fort Meade's Petition for Approval of 2023 PGA Factor, along with the Testimony and Exhibit of Company witness Robert Waruszewski and the Testimony of Jeffrey Bates.

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,



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

MEK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment)
(PGA) True-Up)
_____)

Docket No. 20220003-GU
Filed: August 5, 2022

**PETITION FOR APPROVAL OF THE PURCHASED GAS (PGA)
FACTOR FOR FLORIDA PUBLIC UTILITIES COMPANY**

Florida Public Utilities Company and Florida Public Utilities Company – Fort Meade (together “FPUC” or “the Company”) hereby files this petition for approval of the Purchased Gas Adjustment (“PGA”) factor to be applied for service to be rendered by the Company during the projected period of January 1, 2023 through December 31, 2023. In support of this Petition, FPUC states:

1. The Company is a natural gas utility with its principal office located at:

Florida Public Utilities Company
208 Wildlight Avenue,
Yulee, Florida 32097

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

Beth Keating, Esq
Gunster, Yoakley & Stewart, P.A.
215 S. Monroe St., Suite 601
Tallahassee, FL 32301-1839
(850) 521-1706
bkeating@gunster.com

Mike Cassel, VP/Regulatory and
Governmental Affairs
Florida Public Utilities Company
208 Wildlight Avenue,
Yulee, Florida 32097
mcassel@fpuc.com

3. Pursuant to the requirements in this docket, FPUC, concurrently with the filing of this petition, files testimony and Schedules E-1, E-1R, E-2, E-3, E-4, and E-5 (Exhibit RCW-2) for its consolidated gas division to support the calculation of the PGA recovery (cap) factor for the period January 2023 through December 2023.
4. As indicated in the testimony of Mr. Robert C. Waruszewski, FPUC has calculated its total net true-up (including interest and applicable regulatory assessment fees) for the

period January 2021 through December 2021 to be an under-recovery of \$4,347,350, inclusive of interest.


5. Schedule E-4 also shows the projected true-up for the current period January 2022 through December 2022 is an over-recovery of \$3,982,145 inclusive of interest.
6. The total net true-up as shown on Schedule E-4 is an under-recovery of \$365,205 to be collected during the projected period.
7. Consistent with the prior year, the Company's projected period costs include amounts associated with anticipated capacity costs for extending service to unserved areas Palm Beach, Polk, and Nassau counties, as well as costs associated with limited use of compressed natural gas and renewable natural gas in certain instances, as explained in the testimony of Mr. Jeffrey B. Bates. In addition, the Company has included costs allocated from the Company's sister utility, the Florida Division of Chesapeake Utilities Corporation, in accordance with Order PSC-2015-0321-PAA-GU, issued August 10, 2015, in Docket No. 20150117-GU. These costs are reflected in Schedules E-1 and E-3, which are incorporated in composite Exhibit RCW-2 to the Direct Testimony of Mr. Waruszewski.
8. The Company has forecasted the 2023 weighted average cost of gas using the projected monthly pipeline demand costs, less the projected cost of capacity temporarily relinquished to third parties, the projected pipeline usage and no-notice costs, and the projected supplier commodity costs, while also incorporating projected costs associated with the Company's purchased gas functions. Consistent with Commission Order No. PSC-2016-0422-TRF-GU, a portion of the intrastate capacity costs is now allocated to certain transportation service customers outside the PGA, which has resulted in a decrease to the costs to be allocated to customers subject to the PGA. As explained in

the testimony of Company witness Jeffrey Bates, the sum of the costs to be allocated through the PGA mechanism is then divided by projected therm sales to traditional, non-transportation service customers. In addition, included in the calculation is the allocation of certain Covid-related costs consistent with the approved settlement in Docket No. 20200194-PU.

9. In calculating the costs to be allocated, the Company has included costs for outside consulting expenses associated with the ongoing review and modification to the Company's PGA and capacity cost allocation process, as well as a software tool used to assess usage and customer demand. The costs included are directly tied to the gas purchase function of the Company and were not otherwise contemplated in the Company's last rate case.
10. Based on the estimated therm purchases for resale during the projected period, Schedule E-1 reflects that the maximum purchased gas cost recovery factor is 141.91¢ per therm. This rate includes not only the projected cost of gas purchased, but also the prior period true-up and revenue tax factors.

WHEREFORE, FPUC respectfully requests that the Commission enter its Order approving the Company's proposed PGA cost recovery factor cap of 141.91 cents per therm to be applied to customer's bills for the period January 2023 through December 2023.


RESPECTFULLY SUBMITTED this 5th day of August, 2022.


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

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of FPUC's Petition for Approval of PGA Factor, in Docket No. 20220003-GU, along with the Testimony and Exhibit RCW-2 of Robert Waruszewski and the Testimony of Jeffrey Bates, have been furnished by electronic mail to the following parties of record this 5th day of August, 2022:

Florida Public Utilities Company Mike Cassel 208 Wildlight Ave Yulee, Florida 32097 mcassel@fpuc.com	J. Jeffrey Wahlen Malcolm Means Virginia Ponder Ausley & McMullen P.O. Box 391 Tallahassee, FL 32302 jwahlen@ausley.com mmeans@ausley.com vponder@ausley.com
Ryan Sandy, Esquire Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 rsandy@psc.state.fl.us	Office of Public Counsel Patricia Christensen c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 Christensen.Patty@leg.state.fl.us
Peoples Gas System Paula Brown/Kandi Floyd P.O. Box 111 Tampa, FL 33601-0111 regdept@tecoenergy.com kfloyd@tecoenergy.com	St. Joe Natural Gas Company, Inc. Andy Shoaf/Debbie Stitt P.O. Box 549 Port St. Joe, FL 32457-0549 Andy@stjoegas.com dstitt@stjoegas.com
Christopher T. Wright Senior Attorney Florida Power & Light Company 700 Universe Boulevard (JB/LAW) Juno Beach, Florida 33408 Christopher.Wright@fpl.com	


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

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 DOCKET NO. 20220003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.

3 (Actual/Estimated and Projections)

4 DIRECT TESTIMONY

5 OF ROBERT C. WARUSZEWSKI

6 On behalf of Florida Public Utilities Company

7 **Q. Please state your name and business address.**

8 A. Robert C. Waruszewski, 500 Energy Lane, Suite 100, Dover, Delaware 19901.

9 **Q. By whom are you employed and in what capacity?**

10 A. I am employed by Chesapeake Utilities Corporation as Regulatory Manager,
11 South.

12 **Q. Can you please provide a brief overview of your educational and**
13 **employment background?**

14 A. I received a Bachelor of Science Degree in mathematics and economics from
15 St. Vincent College, Latrobe, Pennsylvania. After graduation, I worked as a
16 junior accounting clerk for the Bank of New York Mellon, assisting in the
17 preparation of audits as well as gathering local tax data for the bank's
18 employees before joining Columbia Gas of Pennsylvania in November 2011 in
19 the Regulatory Department. There, I prepared rate case and gas cost filings and
20 in 2013, I was promoted to Senior Regulatory Analyst. I joined Peoples
21 Natural Gas in December 2017, as the Senior Rates and Regulatory Analyst,
22 where I was responsible for assisting in budget preparation and compiling
23 regulatory filings for the Company's Pennsylvania and West Virginia
24 affiliates. I was subsequently promoted to Finance and Rates Analyst IV. In

1 January 2022, I joined Chesapeake Utilities Corporation where my
2 responsibilities include monthly filing of the Purchase Gas Adjustment (PGA),
3 and other regulatory filings and analysis.

4 **Q. Are you familiar with the Purchased Gas Adjustment (PGA) clause of the**
5 **Company?**

6 A. Yes.

7 **Q. Have you ever testified in the PGA Docket before?**

8 A. Yes.

9 **Q. What is the purpose of your testimony in this docket?**

10 A. My testimony will establish the PGA “true-up” collection amount, based on
11 actual January 2022 through June 2022 data and projected July 2022 through
12 December 2023 data. My testimony will summarize the computations that are
13 contained in composite exhibit RCW-2 supporting the January through
14 December 2023 projected PGA recovery (cap) factor for the FPUC
15 consolidated gas division.

16 **Q. Which schedules have you included in your Exhibit RCW-2?**

17 A. The Company has previously filed True-Up schedules A-1, A-2, A-3, A-4, A-
18 5, A-6 and A-7 in this proceeding. Exhibit RCW-2, which is included with
19 my testimony, contains Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5 for the
20 FPUC consolidated gas division. These schedules support the calculation of the
21 PGA recovery (cap) factor for January through December 2023.

22 **Q. Were these schedules completed by you or under your supervision?**

23 A. Yes, these schedules were completed by me.

1 **Q. What is the projection period for this filing?**

2 A. The projection period is January through December 2023.

3 **Q. What is the appropriate final PGA true-up amount for the period**
4 **January through December 2021?**

5 A. As shown on Schedule E-4, the final PGA true-up amount for the period
6 January through December 2021 is an under-recovery of \$4,347,350 inclusive
7 of interest.

8 **Q. What is the projected PGA true-up amount for the period January**
9 **through December 2022?**

10 A. As also shown on Schedule E-4, the projected PGA true-up amount is an over-
11 recovery of \$3,982,145 inclusive of interest, for the period January through
12 December 2022.

13 **Q. What is the total projected PGA true-up amount to be collected from or**
14 **refunded to customers for the period January through December 2023?**

15 A. As shown on Schedule E-4, the total net under-recovery to be collected for the
16 period January through December 2023 is \$365,205.

17 **Q. What is the appropriate PGA recovery (cap) factor for the period January**
18 **through December 2023?**

19 A. As shown on Schedule E-1, the PGA recovery (cap) factor is 141.91¢ per
20 term for the period January through December 2023.

21 **Q. What should be the effective date of the PGA recovery (cap) factor for**
22 **billing purposes?**

23 A. The PGA recovery (cap) factor should be effective for all meter readings

1 applying to the period of January 1, 2023 through December 31, 2023.

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

3 **A. Yes.**

COMPANY:		PURCHASED GAS ADJUSTMENT COST RECOVERY CLAUSE CALCULATION												SCHEDULE E-1
FLORIDA PUBLIC UTILITIES COMPANY		ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2023 THROUGH DECEMBER 2023												
		PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	TOTAL	
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
COST OF GAS PURCHASED														
1	COMMODITY (Pipeline)	\$23,499	\$20,568	\$17,953	\$16,727	\$14,318	\$12,337	\$11,310	\$10,756	\$10,978	\$11,351	\$14,725	\$20,369	\$184,891
2	NO NOTICE SERVICE	\$10,156	\$7,262	\$6,686	\$4,472	\$1,896	\$1,835	\$1,879	\$1,879	\$1,802	\$3,554	\$5,782	\$8,040	\$55,243
3	SWING SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	COMMODITY (Other)	\$5,315,007	\$4,582,671	\$3,313,353	\$2,067,257	\$1,706,073	\$1,489,902	\$1,393,735	\$1,338,539	\$1,364,404	\$1,427,359	\$1,901,475	\$2,768,304	\$28,668,079
5	DEMAND	\$3,296,046	\$3,199,017	\$3,294,986	\$3,213,455	\$2,829,912	\$2,756,829	\$2,771,437	\$2,771,084	\$2,755,556	\$2,876,708	\$3,254,696	\$3,287,143	\$36,306,869
6	OTHER	\$42,415	\$42,415	\$42,415	\$42,415	\$42,415	\$42,415	\$42,415	\$42,415	\$42,415	\$42,415	\$42,415	\$42,415	\$508,982
LESS END-USE CONTRACT:														
7	COMMODITY (Pipeline)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	DEMAND - SWING SERVICE CREDIT	\$1,710,690	\$1,710,690	\$1,710,690	\$1,710,690	\$1,710,690	\$1,710,690	\$1,710,690	\$1,710,690	\$1,710,690	\$1,710,690	\$1,710,690	\$1,710,690	\$20,528,280
9	COMMODITY (Other)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Second Prior Month Purchase Adj. [OPTIONAL]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	TOTAL COST $(+1+2+3+4+5+6-10)-(7+8+9)$	\$6,976,433	\$6,141,243	\$4,964,703	\$3,633,636	\$2,883,924	\$2,592,628	\$2,510,086	\$2,453,983	\$2,464,465	\$2,650,697	\$3,508,403	\$4,415,582	\$45,195,783
12	NET UNBILLED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	COMPANY USE	\$1,249	\$302	\$450	\$1,011	\$572	\$629	\$889	\$723	\$805	\$755	\$623	\$463	\$8,472
14	TOTAL THERM SALES	\$6,975,184	\$6,140,941	\$4,964,253	\$3,632,625	\$2,883,352	\$2,591,999	\$2,509,197	\$2,453,260	\$2,463,660	\$2,649,942	\$3,507,780	\$4,415,118	\$45,187,311
THERMS PURCHASED														
15	COMMODITY (Pipeline)	4,125,960	3,610,010	3,140,780	2,924,710	2,495,150	2,145,070	1,960,850	1,862,620	1,903,630	1,968,200	2,569,090	3,570,010	32,276,080
16	NO NOTICE SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	-
17	SWING SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	-
18	COMMODITY (Other)	4,125,960	3,610,010	3,140,780	2,924,710	2,495,150	2,145,070	1,960,850	1,862,620	1,903,630	1,968,200	2,569,090	3,570,010	32,276,080
19	DEMAND	13,480,970	12,169,360	13,464,230	12,250,200	6,119,400	5,038,800	5,195,910	5,190,330	5,018,700	6,858,440	12,901,500	13,340,540	111,028,380
20	OTHER	-	-	-	-	-	-	-	-	-	-	-	-	-
LESS END-USE CONTRACT:														
21	COMMODITY (Pipeline)	-	-	-	-	-	-	-	-	-	-	-	-	-
22	DEMAND - SWING SERVICE CREDIT	-	-	-	-	-	-	-	-	-	-	-	-	-
23	COMMODITY (Other)	-	-	-	-	-	-	-	-	-	-	-	-	-
24	TOTAL PURCHASES $(+17+18+20)-(21+23)$	4,125,960	3,610,010	3,140,780	2,924,710	2,495,150	2,145,070	1,960,850	1,862,620	1,903,630	1,968,200	2,569,090	3,570,010	32,276,080
25	NET UNBILLED	-	-	-	-	-	-	-	-	-	-	-	-	-
26	COMPANY USE	1,249	302	450	1,011	572	629	889	723	805	755	623	463	8,472
27	TOTAL THERM SALES $(For Estimated, 24 - 26)$	4,124,711	3,609,708	3,140,330	2,923,699	2,494,578	2,144,441	1,959,961	1,861,897	1,902,825	1,967,445	2,568,467	3,569,547	32,267,608
CENTS PER THERM														
28	COMMODITY (Pipeline) (1/15)	0.570	0.570	0.572	0.572	0.574	0.575	0.577	0.577	0.577	0.577	0.573	0.571	0.573
29	NO NOTICE SERVICE (2/16)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
30	SWING SERVICE (3/17)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
31	COMMODITY (Other) (4/18)	128.819	126.943	105.495	70.682	68.376	69.457	71.078	71.863	71.674	72.521	74.014	77.543	88.821
32	DEMAND (5/19)	24.450	26.287	24.472	26.232	46.245	54.712	53.339	53.389	54.906	41.944	25.227	24.640	32.701
33	OTHER (6/20)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LESS END-USE CONTRACT:														
34	COMMODITY Pipeline (7/21)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
35	DEMAND - SWING SERVICE CREDIT (8/22)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
36	COMMODITY Other (9/23)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
37	TOTAL COST OF PURCHASES (11/24)	169.086	170.117	158.072	124.239	115.581	120.864	128.010	131.749	129.461	134.676	136.562	123.685	140.029
38	NET UNBILLED (12/25)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
39	COMPANY USE (13/26)	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000	100.000
40	TOTAL COST OF THERM SOLD (11/27)	169.138	170.131	158.095	124.282	115.608	120.900	128.068	131.800	129.516	134.728	136.595	123.701	140.065
41	TRUE-UP (REFUND)/RECOVER (E-4)	1.132	1.132	1.132	1.132	1.132	1.132	1.132	1.132	1.132	1.132	1.132	1.132	1.132
42	TOTAL COST OF GAS (40+41)	170.270	171.263	159.227	125.414	116.740	122.032	129.200	132.932	130.648	135.860	137.727	124.833	141.197
43	REVENUE TAX FACTOR	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503
44	PGA FACTOR ADJUSTED FOR TAXES (42+43)	171.12511	172.12391	160.02705	126.04437	117.32633	122.64518	129.84942	133.60011	131.30460	136.54258	138.41929	125.46075	141.90701
45	PGA FACTOR (ROUNDED TO NEAREST .001)	171.125	172.124	160.027	126.044	117.326	122.645	129.849	133.600	131.305	136.543	138.419	125.461	141.907

COMPANY:		PURCHASED GAS ADJUSTMENT COST RECOVERY CLAUSE CALCULATION ACTUAL JANUARY 2022 THROUGH JUNE 2022 ESTIMATED JULY 2022 THROUGH DECEMBER 2022												SCHEDULE E-1/R
FLORIDA PUBLIC UTILITIES COMPANY		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	TOTAL
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
COST OF GAS PURCHASED														
1	COMMODITY (Pipeline)	\$11,081	\$10,380	\$20,612	\$12,915	\$7,827	2,944	\$7,813	\$7,976	\$7,933	\$8,305	\$10,674	\$14,727	\$123,187
2	NO NOTICE SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$1,645	\$1,645	\$1,577	\$3,112	\$5,062	\$7,039	\$20,080
3	SWING SERVICE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4	COMMODITY (Other)	\$689,327	\$2,313,178	\$2,730,352	\$1,623,198	\$1,581,097	\$1,108,499	\$1,194,913	\$1,220,519	\$1,211,956	\$1,272,419	\$1,649,825	\$2,310,852	\$18,906,134
5	DEMAND	\$3,008,061	\$2,898,700	\$2,086,789	\$2,850,899	\$2,548,028	\$2,304,863	\$2,568,328	\$2,568,113	\$2,553,287	\$2,655,011	\$2,975,445	\$3,005,598	\$32,023,123
6	OTHER	\$14,127	\$7,576	\$7,863	\$24,494	\$14,901	\$20,183	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$358,337
LESS END-USE CONTRACT:														
7	COMMODITY (Pipeline)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	DEMAND - SWING SERVICE CREDIT	\$0	\$0	\$0	\$0	\$0	\$0	\$1,639,743	\$1,639,743	\$1,639,743	\$1,639,743	\$1,639,743	\$1,639,743	\$9,838,459
9	COMMODITY (Other)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	Second Prior Month Purchase Adj. (OPTIONAL)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	TOTAL COST (1+2+3+4+5+6-10-11+17+8-9)	\$3,722,596	\$5,229,834	\$4,845,617	\$4,511,506	\$4,151,853	\$3,436,490	\$2,177,823	\$2,203,377	\$2,179,877	\$2,343,971	\$3,046,130	\$3,743,330	\$41,592,402
12	NET UNBILLED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	COMPANY USE	\$1,168	\$298	\$434	\$976	\$575	\$645	\$700	\$700	\$700	\$600	\$600	\$1,000	\$8,396
14	TOTAL THERM SALES	\$5,415,830	\$5,610,290	\$5,054,934	\$4,257,803	\$4,225,946	\$4,218,838	\$2,177,123	\$2,202,677	\$2,179,177	\$2,343,371	\$3,045,530	\$3,742,330	\$44,473,849
THERMS PURCHASED														
15	COMMODITY (Pipeline)	1,989,180	1,879,510	3,652,300	2,372,840	1,467,970	713,420	1,905,540	1,945,420	1,934,930	2,025,830	2,603,360	3,591,880	26,082,180
16	NO NOTICE SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	0
17	SWING SERVICE	-	-	-	-	-	-	-	-	-	-	-	-	0
18	COMMODITY (Other)	4,040,902	3,174,615	3,074,606	2,236,185	2,495,045	1,511,826	1,905,540	1,945,420	1,934,930	2,025,830	2,603,360	3,591,880	30,540,139
19	DEMAND	9,191,546	6,707,624	8,588,730	12,485,940	7,914,170	5,185,080	5,206,450	5,202,420	5,031,600	6,836,430	12,969,900	13,428,890	98,748,780
20	OTHER	-	-	-	-	-	-	-	-	-	-	-	-	0
LESS END-USE CONTRACT:														
21	COMMODITY (Pipeline)	-	-	-	-	-	-	-	-	-	-	-	-	0
22	DEMAND - SWING SERVICE CREDIT	-	-	-	-	-	-	-	-	-	-	-	-	0
23	COMMODITY (Other)	-	-	-	-	-	-	-	-	-	-	-	-	0
24	TOTAL PURCHASES (15+16+17+18+19-20-21-22-23)	\$4,040,902	\$3,174,615	\$3,074,606	\$2,236,185	\$2,495,045	\$1,511,826	1,905,540	1,945,420	1,934,930	2,025,830	2,603,360	3,591,880	30,540,139
25	NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	0
26	COMPANY USE	1,249	302	450	1,011	572	629	1,116	1,062	1,060	927	882	1,494	10,754
27	TOTAL THERM SALES (For Estimated, 24-26)	3,883,766	3,806,601	3,224,610	2,906,041	2,471,090	2,243,851	1,904,424	1,944,358	1,933,870	2,024,903	2,602,478	3,590,386	32,536,379
CENTS PER THERM														
28	COMMODITY (Pipeline) (1/25)	0.557	0.552	0.564	0.544	0.533	0.413	0.410	0.410	0.410	0.410	0.410	0.410	0.472
29	NO NOTICE SERVICE (2/26)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
30	SWING SERVICE (3/27)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
31	COMMODITY (Other) (4/18)	17.059	72.865	88.803	72.583	63.369	73.322	62.707	62.738	62.636	62.810	63.373	64.335	61.906
32	DEMAND (5/19)	32.726	43.215	24.297	22.833	32.196	44.452	49.330	49.364	50.745	38.836	22.941	22.382	32.429
33	OTHER (6/20)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LESS END-USE CONTRACT:														
34	COMMODITY (Pipeline) (7/21)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
35	DEMAND - SWING SERVICE CREDIT (8/22)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
36	COMMODITY (Other) (9/23)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
37	TOTAL COST OF PURCHASES (11+12+13+14-15-16-17-18-19)	92.123	164.739	157.601	201.750	166.404	227.307	114.289	113.260	112.659	115.704	117.008	104.216	136.189
38	NET UNBILLED (12/25)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
39	COMPANY USE (13/26)	93.530	98.505	96.514	96.515	100.494	102.485	62.723	65.913	66.055	64.758	68.064	66.919	78.075
40	TOTAL COST OF THERM SOLD (11+27)	95.850	137.389	150.270	155.246	168.017	153.151	114.356	113.322	112.721	115.757	117.047	104.260	127.834
41	TRUE-UP (E-4)	(5.892)	(5.892)	(5.892)	(5.892)	(5.892)	(5.892)	(5.892)	(5.892)	(5.892)	(5.892)	(5.892)	(5.892)	(5.892)
42	TOTAL COST OF GAS (40+41)	89.958	131.497	144.378	149.354	162.125	147.259	108.464	107.430	106.829	109.865	111.155	98.368	121.942
43	REVENUE TAX FACTOR	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503
44	PGA FACTOR ADJUSTED FOR TAXES (42*43)	90.41020	132.15731	145.10335	150.10427	162.93975	147.99939	109.00902	107.96940	107.36576	110.41724	111.71382	98.86214	122.55429
45	PGA FACTOR (ROUNDED TO NEAREST .001)	90.410	132.157	145.103	150.104	162.940	147.999	109.009	107.969	107.366	110.417	111.714	98.862	122.554

COMPANY:		PURCHASED GAS ADJUSTMENT CALCULATION OF TRUE-UP AMOUNT												SCHEDULE E-2	
FLORIDA PUBLIC UTILITIES COMPANY		ACTUAL JANUARY 2022 THROUGH JUNE 2022 ESTIMATED JULY 2022 THROUGH DECEMBER 2022													
		ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	TOTAL
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC		
TRUE-UP CALCULATION															
1	PURCHASED GAS COST	\$689,327	\$2,313,178	\$2,730,352	\$1,623,198	\$1,581,097	\$1,108,499	\$1,194,913	\$1,220,519	\$1,211,956	\$1,272,419	\$1,649,825	\$2,310,852	\$18,906,134	
2	TRANSPORTATION COST	\$3,033,269	\$2,916,656	\$2,115,265	\$2,888,308	\$2,570,756	\$2,327,991	\$982,910	\$982,858	\$967,921	\$1,071,552	\$1,396,305	\$1,432,478	\$22,686,268	
3	TOTAL	\$3,722,596	\$5,229,834	\$4,845,617	\$4,511,506	\$4,151,853	\$3,436,490	\$2,177,823	\$2,203,377	\$2,179,877	\$2,343,971	\$3,046,130	\$3,743,330	\$41,592,402	
4	FUEL REVENUES (NET OF REVENUE TAX)	\$5,415,830	\$5,610,290	\$5,054,934	\$4,257,803	\$4,225,946	\$4,218,838	\$2,065,614	\$2,088,815	\$2,065,933	\$2,224,664	\$2,892,792	\$3,531,785	\$43,653,244	
5	TRUE-UP - (COLLECTED) OR REFUNDED	\$160,078	\$160,083	\$160,083	\$160,083	\$160,083	\$160,083	\$160,083	\$160,083	\$160,083	\$160,083	\$160,083	\$160,083	\$1,920,991	
6	FUEL REVENUE APPLICABLE TO PERIOD	\$5,575,908	\$5,770,373	\$5,215,017	\$4,417,886	\$4,386,029	\$4,378,921	\$2,225,697	\$2,248,898	\$2,226,016	\$2,384,747	\$3,052,875	\$3,691,868	\$45,574,235	
7	TRUE-UP - OVER(UNDER) - THIS PERIOD	\$1,853,312	\$540,540	\$369,400	(\$93,620)	\$234,176	\$942,432	\$47,874	\$45,521	\$46,139	\$40,776	\$6,745	(\$51,462)	\$3,981,833	
8	INTEREST PROVISION - THIS PERIOD	(\$79)	(\$71)	(\$62)	(\$100)	(\$209)	\$68	\$520	\$374	\$227	\$77	(\$99)	(\$334)	\$312	
9	BEGINNING OF PERIOD TRUE-UP AND INTEREST	(\$2,426,362)	(\$733,207)	(\$352,822)	(\$143,567)	(\$397,368)	(\$323,484)	\$458,933	\$347,244	\$233,056	\$119,339	\$109	(\$153,328)	(\$2,426,362)	
10	TRUE-UP COLLECTED OR (REFUNDED)	(\$160,078)	(\$160,083)	(\$160,083)	(\$160,083)	(\$160,083)	(\$160,083)	(\$160,083)	(\$160,083)	(\$160,083)	(\$160,083)	(\$160,083)	(\$160,083)	(\$1,920,991)	
10a	FLEX RATE REFUND (if applicable)														
11	TOTAL ESTIMATED/ACTUAL TRUE-UP	(\$733,207)	(\$352,822)	(\$143,567)	(\$397,369)	(\$323,484)	\$458,933	\$347,244	\$233,056	\$119,339	\$109	(\$153,328)	(\$365,207)		
INTEREST PROVISION															
12	BEGINNING TRUE-UP	(\$2,426,362)	(\$733,207)	(\$352,822)	(\$143,567)	(\$397,368)	(\$323,484)	\$458,933	\$347,244	\$233,056	\$119,339	\$109	(\$153,328)	(\$3,371,456)	
13	ENDING TRUE-UP BEFORE INTEREST	(\$733,128)	(\$352,751)	(\$143,505)	(\$397,269)	(\$323,275)	\$458,865	\$346,724	\$232,682	\$119,112	\$32	(\$153,229)	(\$364,873)	(\$1,310,614)	
14	TOTAL (12+13)	(\$3,159,490)	(\$1,085,958)	(\$496,326)	(\$540,836)	(\$720,643)	\$135,381	\$805,657	\$579,926	\$352,168	\$119,371	(\$153,119)	(\$518,201)	(\$4,682,071)	
15	AVERAGE	(\$1,579,745)	(\$542,979)	(\$248,163)	(\$270,418)	(\$360,322)	\$67,691	\$402,829	\$289,963	\$176,084	\$59,686	(\$76,560)	(\$259,100)	(\$2,341,035)	
16	INTEREST RATE - FIRST DAY OF MONTH	0.05%	0.06%	0.25%	0.35%	0.54%	0.86%	1.55%	1.55%	1.55%	1.55%	1.55%	1.55%		
17	INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	0.06%	0.25%	0.35%	0.54%	0.86%	1.55%	1.55%	1.55%	1.55%	1.55%	1.55%	1.55%		
18	TOTAL	0.11%	0.31%	0.60%	0.89%	1.40%	2.41%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%		
19	AVERAGE	0.055%	0.155%	0.300%	0.445%	0.700%	1.205%	1.550%	1.550%	1.550%	1.550%	1.550%	1.550%		
20	MONTHLY AVERAGE	0.005%	0.013%	0.025%	0.037%	0.058%	0.100%	0.129%	0.129%	0.129%	0.129%	0.129%	0.129%		
21	INTEREST PROVISION	(\$79)	(\$71)	(\$62)	(\$100)	(\$209)	\$68	\$520	\$374	\$227	\$77	(\$99)	(\$334)	\$312	

COMPANY:		PURCHASED GAS ADJUSTMENT TRANSPORTATION PURCHASES SYSTEM SUPPLY AND END USE								SCHEDULE E-3	
ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2023 THROUGH DECEMBER 2023											
MONTH	PURCHASED FROM	PURCHASED FOR	SCH TYPE	UNITS SYSTEM SUPPLY	UNITS END USE	UNITS TOTAL PURCHASED	COMMODITY COST		DEMAND COST	OTHER CHARGES ACA/GRI/FUEL	TOTAL CENTS PER THERM
							THIRD PARTY	PIPELINE			
JANUARY	VARIOUS	SYS SUPPLY	N/A	4,125,960	0	4,125,960	\$5,315,007	\$65,914	\$1,595,512	INCLUDED IN COST	169.086
FEBRUARY	VARIOUS	SYS SUPPLY	N/A	3,610,010	0	3,610,010	\$4,582,671	\$62,983	\$1,495,589	INCLUDED IN COST	170.117
MARCH	VARIOUS	SYS SUPPLY	N/A	3,140,780	0	3,140,780	\$3,313,353	\$60,368	\$1,590,982	INCLUDED IN COST	158.072
APRIL	VARIOUS	SYS SUPPLY	N/A	2,924,710	0	2,924,710	\$2,067,257	\$59,142	\$1,507,237	INCLUDED IN COST	124.239
MAY	VARIOUS	SYS SUPPLY	N/A	2,495,150	0	2,495,150	\$1,706,073	\$56,733	\$1,121,118	INCLUDED IN COST	115.581
JUNE	VARIOUS	SYS SUPPLY	N/A	2,145,070	0	2,145,070	\$1,489,902	\$54,752	\$1,047,974	INCLUDED IN COST	120.864
JULY	VARIOUS	SYS SUPPLY	N/A	1,960,850	0	1,960,850	\$1,393,735	\$53,725	\$1,062,626	INCLUDED IN COST	128.010
AUGUST	VARIOUS	SYS SUPPLY	N/A	1,862,620	0	1,862,620	\$1,338,539	\$53,171	\$1,062,273	INCLUDED IN COST	131.749
SEPTEMBER	VARIOUS	SYS SUPPLY	N/A	1,903,630	0	1,903,630	\$1,364,404	\$53,393	\$1,046,668	INCLUDED IN COST	129.461
OCTOBER	VARIOUS	SYS SUPPLY	N/A	1,968,200	0	1,968,200	\$1,427,359	\$53,766	\$1,169,572	INCLUDED IN COST	134.676
NOVEMBER	VARIOUS	SYS SUPPLY	N/A	2,569,090	0	2,569,090	\$1,901,475	\$57,140	\$1,549,788	INCLUDED IN COST	136.562
DECEMBER	VARIOUS	SYS SUPPLY	N/A	3,570,010	0	3,570,010	\$2,768,304	\$62,785	\$1,584,493	INCLUDED IN COST	123.685
TOTAL				32,276,080	0	32,276,080	\$28,668,079	\$693,873	\$15,833,832		140.029

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY		PURCHASED GAS ADJUSTMENT CALCULATION OF TRUE-UP AMOUNT				SCHEDULE E-4
		ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2023 THROUGH DECEMBER 2023				
		PRIOR PERIOD: JANUARY 2021 THROUGH DECEMBER 2021			CURRENT PERIOD: JANUARY 2022 THROUGH DECEMBER 2022	
		(1) SIX MONTHS ACTUAL PLUS SIX MONTHS PROJECTED	(2) ACTUAL	(3) (2) - (1) DIFFERENCE	(4) SIX MONTHS ACTUAL PLUS SIX MONTHS PROJECTED	(5) (3)+(4) COMBINED TOTAL TRUE-UP
1	TOTAL THERM SALES (\$)	\$41,892,410	\$45,671,208	\$3,778,798	\$45,574,235	\$49,353,034
2	TRUE-UP PROVISION FOR THE PERIOD OVER/(UNDER) COLLECTION (\$)	\$5,119,510	\$772,321	(\$4,347,189)	\$3,981,833	(\$365,355)
3	INTEREST PROVISION FOR THE PERIOD (\$)	\$616	\$455	(\$161)	\$312	\$150
4	END OF PERIOD TOTAL NET TRUE-UP (\$)	\$5,120,126	\$772,776	(\$4,347,350)	\$3,982,145	(\$365,205)
TOTAL TRUE-UP DOLLARS - OVER/(UNDER) RECOVERY						(\$365,205)
PROJECTED THERM SALES FOR JANUARY 2023 - DECEMBER 2023						32,267,608
CENTS PER THERM NECESSARY TO REFUND OVERRECOVERY / (COLLECT UNDERRECOVERY)						(1.132)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20220003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.

(Actual/Estimated and Projections)

DIRECT TESTIMONY

OF JEFFREY B BATES

On behalf of Florida Public Utilities Company

Q. Please state your name and business address.

A. My name is Jeffrey Bates. My business address is 331 W. Central Ave, Suite 239, Winter Haven, FL 33880.

Q. By whom are you employed and in what capacity?

A. I am employed by Florida Public Utilities Company ("FPUC" or "Company") as a Senior Energy Logistics Analyst.

Q. Can you please provide a brief overview of your educational and employment background?

A. I graduated from Delaware State University in 1994 with a Bachelor's of Science degree in Accounting. I graduated from Wilmington University in 1999 with a Masters of Business Administration. I have been employed by FPUC since January of 1996.

Q. Are you familiar with the Purchased Gas Adjustment (PGA) clause of the Company and the associated projected and actual revenues and costs?

A. Yes.

Q. Have you ever testified before the Florida Public Service Commission ("FPSC")?

A. Yes.

1 **Q. Are you sponsoring any Exhibits in this case?**

2 A. No. Numerical references made in my testimony relate to Exhibit RCW-2
3 being sponsored by Robert Waruszewski.

4

5 **Q. Please describe how the forecasts of pipeline charges and commodity costs**
6 **of gas were developed for the projection period.**

7 A. The purchases for the gas cost projection model are based on projected sales to
8 traditional non-transportation service customers. Florida Gas Transmission
9 Company's ("FGT") FTS-1, FTS-2, FTS-3, NNTS-1, and ITS-1 as well as
10 Southern Natural Gas ("SONAT") and the Florida Southeast Connection
11 ("FSC") effective charges (including surcharges) and fuel rates, based on the
12 prices from the FGT and SONAT posted rates and FSC rates from a precedent
13 agreement. These were used for the entire projection period. As is further
14 explained herein, the Company has also included costs related to the various
15 expansion projects in the counties of Palm Beach, Polk and Nassau. FPUC has
16 entered into an Asset Management Agreement ("AMA") with Emera Energy to
17 help facilitate the delivery of natural gas in the northeast division.
18 Additionally, the company has included costs related to compressed natural gas
19 which is used to bring supply to areas as a virtual pipeline for emergency and
20 planned services. The expected costs of natural gas purchased by the Company
21 as well as Renewable Natural Gas injections during the projection period were
22 developed using actual prices paid during relevant historical periods and the
23 Henry Hub natural gas futures settlements provided by the CME plus the

1 locational basis settlements at FGT Zone 3 provided by Intercontinental
2 Exchange through the end of the projection period. The forecasts of the
3 commodity costs were then adjusted to reflect the unexpected potential market
4 increases in the projection period.

5 **Q. Please describe how the forecasts of the weighted average cost of gas are**
6 **developed for the projection period.**

7 A. The Company has forecasted the 2023 weighted average cost of gas using the
8 projected monthly pipeline demand costs, less the projected cost of capacity
9 temporarily relinquished to third parties, the projected pipeline usage and no-
10 notice costs and the projected supplier commodity costs. The weighted average
11 cost of gas also includes projected costs related to our purchased gas functions
12 and anticipated a credit for the swing service rider. The sum of these costs are
13 then divided by the projected therm sales to the traditional non-transportation
14 customers resulting in the projected weighted average cost of gas and
15 ultimately the PGA recovery (cap) factor, as shown on Schedule E-1.
16 Capacity shortfall if any, would be satisfied by gas and capacity repackaged
17 and delivered by another FGT or SONAT capacity holder. If other services
18 become available and it is economic to dispatch supplies under those services,
19 the Company will utilize those services as part of its portfolio.

20 **Q. Are the pipeline capacity and supply costs associated with expansions**
21 **appropriate for recovery in the PGA docket?**

1 A. Yes. Historically, the Commission has allowed recovery, through the clause, of
2 upstream transmission pipeline capacity, transportation and related supply
3 costs associated with service expansions to new areas.

4 **Q. Did you include costs of other expansions or interconnects related to**
5 **Florida Division of Chesapeake Utilities (CFG) in the calculations of your**
6 **true-up and projected amounts?**

7 A. Yes. There is a Local Distribution Company (“LDC”) to LDC interconnect
8 with TECO/PGS and CFG for pressure stabilization of CFG’s system in
9 Hernando County. There is also an interconnection to CFG’s facilities for
10 Gulfstream’s Baseball City Gate southward through Davenport and Haines
11 City as well as the expansion into Escambia County. There is an
12 interconnection to CFG’s facilities from a new Gulfstream gate station in
13 Auburndale. There are expansion projects planned for Q2 2023 completion in
14 Winter Haven and St Cloud built to serve CFG. Finally, a three phase
15 expansion in Nassau county will serve FPU Residential and Commercial
16 customers is expected to be completed by Q4 2023.

17 **Q. Please explain how these costs incurred by CFG are recoverable under the**
18 **PGA clause.**

19 A. Consistent with the prior years, the modified cost allocation methodology and
20 revised purchased gas adjustment calculation approved by the Commission by
21 Order No. PSC-2015-0321-PAA-GU, issued August 10, 2015, had been
22 applied to allocate these costs to the Transitional Transportation Service (TTS)
23 pool customers, until the approval of the Swing Service Rider in 2016, which

1 allocates these costs to certain transportation service customers who were not
2 part of modified cost allocation methodology approved in 2015.

3 **Q. Please explain the Swing Service Rider.**

4 A. On April 11, 2016, Docket No. 20160085-GU, Florida Public Utilities, CFG,
5 Florida Public Utilities Indiantown and Ft. Meade Divisions (the Companies)
6 filed a joint petition for approval of the Swing Service Rider with this
7 Commission. The Swing Service Rider proposed that the allocation of all
8 costs be expanded to include transportation service customers on FPUC's
9 system (i.e., customers who are not part of the current PGA mechanism) as
10 well as shippers on CFG's system that are not part of the TTS pools. The
11 Companies believe that these customers ultimately should bear their fair
12 portion of the intrastate capacity costs. However, the Companies recognize that
13 shippers for the larger classes of customers provide a service under contracts
14 that will likely need to be amended to adjust for the revised cost allocations
15 and systems need to be implemented to allow for billing of these charges to
16 transportation customers and/or shippers. This petition was approved
17 September 2016, Order No. PSC-2016-0422-TRF-GU.

18 **Q. What is the effect of Swing Service Rider on PGA costs?**

19 A. As shown on Schedule E-1, the Company has reduced PGA costs of
20 \$20,528,280 attributable to the Swing Service Rider allocated to certain gas
21 transportation customers.

22 **Q. Describe how the Company computed the Swing Service Rider and its**
23 **impact on PGA costs.**

1 A. The Company compiled the actual throughput volumes, based on the most
2 recent 12-months usage data, for each affected transportation and sales rate
3 schedule to determine the percentage split between transportation and sales
4 service customers relative to the total throughput for the affected rate
5 schedules. The split for allocating the annual total intrastate and LDC-to-LDC
6 capacity costs of \$19.7 million is 71.16 percent (\$14.1 million) to
7 transportation customers and 28.84 percent (\$5.7 million) to sales customers.
8 Then, the transportation customers' share of the \$14.1 million would be
9 allocated to the affected transportation rate schedules in proportion to each rate
10 schedule's share of the total throughput for the affected transportation rate
11 schedules. The costs allocated to each rate schedule was then divided by the
12 rate schedule's number of therms to calculate the cost recovery factor to be
13 billed by rate schedule directly to the transportation customers.

14 **Q. Has there been an effect from the COVID-19 pandemic on the Florida**
15 **Public Utilities Purchased Gas Adjustment true-up collection?**

16 A. Yes. Per a June 11, 2021, jointly-filed motion referencing Docket No. 2020-
17 0194, Florida Public Utilities informed the Commission of a settlement
18 agreement between Florida Public Utilities and the Florida Office of Peoples
19 Counsel. This settlement agreement, which was approved by the Commission
20 on July 22, 2021, allows Florida Public Utilities to recover approximately \$2.1
21 million over the next two years in COVID-19 related incremental expenses.
22 This recovery is to be achieved through the use of the Company's customer
23 usage riders, including the swing service rider and purchased gas adjustment

1 recovery factor.

2 Of this \$2.1 million in incremental expenses, approximately \$1.35 million was
3 attributable to electric and approximately \$732k was attributable to natural gas
4 customers. Utilizing the same allocation methodology used in the calculation
5 of the swing service rider, 71.16% of this amount, or approximately \$520k,
6 would be allocated to the transportation customers and, therefore, recovered
7 through the use of the swing service rider over the next two years. The
8 remaining 28.84% is to be recovered over the same two-year time frame
9 through the use of the purchased gas adjustment, resulting in an aggregate
10 increase to the recovery factor of \$211k, or about \$105k on an annual basis.

11 **Q. Have the appropriate related costs and credits been included in the**
12 **Projections for 2023?**

13 A. Yes, as more specifically reflected in Schedule E-1 and E-3 of Exhibit RCW-2,
14 the Company has included the costs of existing and planned interstate and
15 intrastate capacity agreements, as well as the costs associated with the Swing
16 Service Rider as described above.

17 **Q. Did you include costs in addition to the costs specific to purchased gas in**
18 **the calculations of your true-up and projected amounts?**

19 A. Yes, included with our purchased gas costs are consulting expenses to assist in
20 the advancement of our PGA processes. Additionally, the Company has
21 included costs associated with a software tool used by the Company to manage
22 customer usage and assist in determining the gas supply needs for the rate
23 classes subject to the PGA. This new system went live in May of 2022.

1 These costs directly influence the Company's PGA factor and are appropriate
2 for recovery through the PGA clause. The company has also included legal
3 expenses related to the FGT rate case.

4 **Q. Please explain how these costs were determined to be recoverable under**
5 **the PGA clause.**

6 A. The costs the Company has included are integrally related to the gas purchase
7 function and were not anticipated or included in the cost levels used to
8 establish the current base rates. These costs relate to the Company's
9 optimization of fuel supply in an effort to protect current fuel savings, and
10 directly benefit our customers. These costs have historically been allowed for
11 recovery through the PGA and are not being recovered through the
12 Companies' base rates.

13 **Q. What is the projection period for this filing?**

14 A. The projection period is January through December 2023.

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

16 A. Yes.