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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

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

_____ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 8

COMMISSIONERS
PARTICIPATING: CHAIRMAN ANDREW GILES FAY
COMMISSIONER ART GRAHAM
COMMISSIONER GARY CLARK
COMMISSIONER MIKE LA ROSA
COMMISSIONER GABRIELLA PASSIDOMO

DATE: Tuesday, August 2, 2022

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: DANA W. REEVES
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
112 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

1 P R O C E E D I N G S

2 CHAIRMAN FAY: Next, we will move to a panel
3 item, Item No. 8 for Mr. Hampson to present the
4 item. You're recognized Mr. Hampson, when you're
5 ready.

6 MR. HAMPSON: Good morning, Commissioners.
7 This is Corey Hampson with the Division of
8 Economics. Item 8 is Florida Public Utility
9 Company's petition for approval of interim rates.
10 Staff had an oral modification to the
11 recommendation, which has provided -- has been
12 provided to the offices and filed in the docket
13 file. Modification does not alter staff's
14 recommendations or calculations. Staff recommends
15 that the Commission should approve a total interim
16 rate increase of approximately 5.3 million for
17 FPUC, 2.3 million for Chesapeake, 31,000 for
18 Indiantown and 35,000 for Fort Meade.

19 CHAIRMAN FAY: Great. Thank you, Mr. Hampson.
20 Commissioners, we had a -- sort of a late request
21 for OPC to provide a comment on this item, so I
22 didn't pull it off move staff, but we'll allow them
23 to comment. And then if it's something that the
24 petitioners would like to respond to our comment,
25 we'll also will allow them to do that. So, Ms.

1 Christensen, you're recognized.

2 MS. CHRISTENSEN: Good morning, Commissioners.
3 Patty Christensen on behalf of the customers of
4 Florida Public Utility. Normally OPC does not
5 comment on interim rates, but there's a departure
6 from past Commission practice that we'd like to
7 bring to the Commission's attention before the
8 vote.

9 We would urge you, the Commission, not to
10 increase the interim rates above what the company
11 requested, and the amount they requested, because
12 customers are already experiencing significant rate
13 increases in their cost of service, due to the
14 increases in the cost of the natural gas. An
15 example of that is the Commission just approved a
16 mid-course correction in the electric side for 3.7
17 million to start in August '22.

18 We would urge the commission to approve no
19 more of a rate increase than what the company
20 requested in its petition. Staff, in the
21 recommendation, had made an adjustment upwards to
22 correct for end-of-year to adjust the
23 cost-of-service to the end of the year instead of
24 the average test year, which is what the company
25 had filed, and that is increasing the interim rate

1 request. And we would urge you to just limit the
2 interim rate request to what was in the FPC
3 petition for interim rates. Thank you.

4 CHAIRMAN FAY: Okay. Ms. Keating, I'll let
5 you respond. But I just want to make sure, Ms.
6 Christensen, I'm clear. So you're -- you are
7 arguing to reject part of staff's recommendation
8 based on the end-of-year and to use the average for
9 the calculation? Is that --

10 MS. CHRISTENSEN: Well, we agree that the
11 correct methodology would be used at the end of the
12 year, but we're saying that it's been Commission
13 practice not to give the company more than they
14 requested. So since the company used the average
15 year, and that was the amount that they requested
16 was less than what that adjustment that end-of-year
17 test year would result in, we're urging the
18 Commission just give them what they asked for.

19 CHAIRMAN FAY: Okay. Great. Ms. Keating,
20 you're recognized and then I'll probably have staff
21 weigh in.

22 MS. KEATING: Good morning, Mr. Chairman,
23 Commissioners, Beth Keating with the Gunster Law
24 Firm, here today on behalf of Florida Public
25 Utilities and Chesapeake.

1 First off, I would just note that the interim
2 statute and your rule addressing interim rates is a
3 formula. So if you look back historically, the
4 Commission has made adjustments both ways. And in
5 this particular case, the staff has made the
6 appropriate adjustments to meet the formula. Also,
7 customers are protected. These interim rates are
8 going to be collected and held subject to refund.
9 So, at the end of the day, if the Commission
10 determines that the company's over-collected, those
11 amounts will be refunded to ratepayers.

12 So, with that, Commissioners, we just say that
13 we support your staff's recommendation.

14 CHAIRMAN FAY: Okay. Great. And then if, Mr.
15 Hampson, if you had anything to add or any staff --
16 okay. If you wanted to --

17 MR. ANDREWS: Good morning, Commissioners.
18 Dylan Andrews with the Accounting and Finance.
19 Yes, the increase that staff made to the initial
20 request was largely based on, as the petitioner
21 said, the formula that we use. So we adjusted the
22 bad debt rate for each of the utilities, and that
23 kind of had more to play as far as the increase
24 goes, and that was something that we felt we didn't
25 really -- once we determined the correct bad debt

1 rate for each system within this, we had to kind of
2 go with that, as far as the requested increase for
3 this. And, as I said, the customers are protected
4 and can be refunded.

5 CHAIRMAN FAY: Okay. Great. Thank you,
6 Commissioner Clark, you're recognized.

7 COMMISSIONER CLARK: Thank you, Mr. Chairman.
8 Just -- my apologies. I'm a little bit confused as
9 to where we are in this discussion.

10 Ms. Christensen, Ms. Keating, could you point
11 to the table -- are we talking about the increases
12 that are proposed in Table 5.1 in the
13 recommendation? I think everybody just kind of
14 assumed we were all on the same page here.

15 MS. CHRISTENSEN: Yes, I believe that's
16 correct. The Table 5.1 shows the interim rate
17 increases with the staff adjustments that I was
18 talking about.

19 COMMISSIONER CLARK: And, Ms. Keating, can you
20 give me a little bit more detail as to why -- as to
21 what is in this -- I realize staff's making the
22 adjustment, but I'm assuming you understand the
23 company's perspective -- what is in the requested
24 adjustment, the basis?

25 MS. KEATING: I believe that the Commission

1 staff made a determination that the amount and the
2 projected revenues that the company had included in
3 its request was an incorrect application of the
4 Commission and statutory formula, and therefore
5 they made adjustments to make those corrections.

6 COMMISSIONER CLARK: Can staff verify that for
7 us, Mr. Chairman?

8 MS. NORRIS: Yes, sir. This is Amber Norris
9 with Commission staff. And one other one thing I
10 wanted to add in there is that in water and
11 wastewater, you probably have heard where we have
12 limited to ask in final rate. We did do a thorough
13 search in the specific interim and in gas in terms
14 of looking at citing Commission precedent in terms
15 of us limiting, and that's something that we did
16 not find.

17 CHAIRMAN FAY: Okay. Great. And I just --
18 pardon. Did you have a follow-up? That was all.

19 And I recognize OPC's comments as to if one
20 thing is asked for they don't want the Commission
21 providing something else to it. This seems like a
22 formula-based calculation that can go both ways if
23 staff adjusts and then adjust in the final rates.
24 So I don't -- I don't take issue with what the
25 recommendation says here.

1 Mr. Rehwinkel, I would ask you to please be
2 brief. Now we've -- on this item that was not
3 pulled originally, we now have two speakers on it.
4 So if you could just --

5 MR. REHWINKEL: Just a few seconds, Mr.
6 Chairman. The only thing I would like to point out
7 permanent request is for consolidated rates, which
8 will take four systems and put them together. So
9 the opportunity to evaluate a refund at the end of
10 that, if that's what occurs, will not be as clean
11 as it may seem, because you will have subsidies
12 flowing. So that's our caution that we would put
13 forward as far as whether traditionally the refund
14 opportunity's there.

15 CHAIRMAN FAY: Okay. Great. Thank you. And
16 then, Ms. Norris, I just want to make sure you have
17 a chance to respond to that if you have anything
18 you want to add.

19 MS. NORRIS: And I can -- based on our
20 experience in looking at the UIF and we looked at
21 the refund when we did consolidate rates there, we
22 do look at that refund posture from a separate
23 basis prior to -- when we look at revenue
24 requirement, we look at a separate basis in terms
25 of evaluating if necessary, if there were to be

1 refunds. So it's not so much tangled together,
2 post consolidation. We look at that refund
3 possibility prior to consolidating revenue.

4 CHAIRMAN FAY: Okay. Valid points.
5 Commissioner Clark.

6 COMMISSIONER CLARK: Could you share with us,
7 you know, what those calculations look like? You
8 know, Mr. Rehwinkel's point is very valid, but it
9 seems to me if you're talking about a \$475,000
10 adjustment over that many customers over a year's
11 time, are we talking about a significant potential
12 refund or is it \$1 per customer?

13 MS. NORRIS: I think at this juncture, it
14 would be -- it would be hard to give a ballpark
15 right now because really you're looking -- we look
16 at many different factors going into final. So I
17 wouldn't want to misquote in terms of the
18 possibility, but I can assure you that staff looks
19 at that very specifically for each of those
20 systems -- or former companies prior to
21 consolidation.

22 COMMISSIONER CLARK: But would you
23 characterize it as a significant potential refund
24 or minor?

25 MS. NORRIS: I don't know that I'd go so far

1 to say significant. Yeah. I can say that.

2 CHAIRMAN FAY: Thank you. Commissioners, any
3 other questions or discussion?

4 With that, I will take a motion on Item No. --
5 let's make sure it's the right one. Yeah. Item
6 No. 8.

7 COMMISSIONER CLARK: It's limited, I believe,
8 to the three of us. Is that correct?

9 CHAIRMAN FAY: Yes.

10 COMMISSIONER CLARK: I'll make the motion, Mr.
11 Chairman, to approve staff recommendation on all
12 items as presented.

13 CHAIRMAN FAY: Okay. We have a motion.

14 COMMISSIONER PASSIDOMO: Second.

15 CHAIRMAN FAY: We have a motion and a second
16 to approve staff recommendation all items. We will
17 include the oral modification in that acceptance.
18 I will also be voting in confirmation of that item.

19 With that, Item 8 passes as a panel unanimous.

20 All right. Thank you.

21 (Agenda item concluded.)

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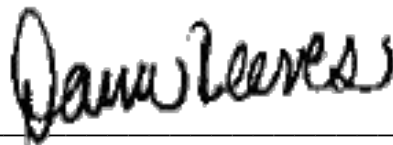
STATE OF FLORIDA)
COUNTY OF LEON)

I, DANA W. REEVES, Professional Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 15th day of August, 2022.



DANA W. REEVES
NOTARY PUBLIC
COMMISSION #GG970595
EXPIRES MARCH 22, 2024