**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

| | | |
|---|---|---|
| In Re: Petition by Florida City Gas for Base Rate Increase | ) | DOCKET NO. 20220069-GU |
| | ) | FILED: August 26, 2022 |

Attached for filing is the Direct Testimony and Exhibits of Brian C. Collins on behalf of the Federal Executive Agencies in the above referenced docket.

**Respectfully Submitted,**

Attorney for Federal Executive Agencies

By: ***/s/ Holly L. Buchanan***

Holly L. Buchanan, Maj, USAF
AF/JAOE-ULFSC
139 Barnes Drive, Suite 1
Tyndall Air Force Base, Florida 32403
(850) 283-6347
holly.buchanan.1@us.af.mil

**CERTIFICATE OF SERVICE**
**Docket No. 20220069-GU**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail this 26th day of August, 2022 to the following:

| | |
|---|---|
| **Florida Public Service Commission**<br>**Office of the General Counsel**<br>Matthew Jones<br>Walter Trierweiler<br>2540 Shumard Oak Boulevard<br>Tallahassee, Florida 32399-0850<br>majones@psc.state.fl.us<br>wtrierwe@psc.state.fl.us | **For Florida City Gas**<br>Gunster Law Firm<br>Beth Keating<br>215 South Monroe St., Suite 601<br>Tallahassee, FL 32301<br>(850) 521-1706<br>bkeating@gunster.com |
| **Office of Public Counsel**<br>Richard Gentry<br>Mary A. Wessling<br>c/o The Florida Legislature<br>111 West Madison Street, Room 812<br>Tallahassee, FL 32399-1400<br>Gentry.richard@leg.state.fl.us<br>Wessling.mary@leg.state.fl.us | **Florida Power & Light Company**<br>Christopher T. Wright<br>Joel Baker<br>700 Universe Boulevard<br>Juno Beach, FL 33408<br>(561) 691-7144<br>(561) 691-7135<br>christopher.wright@fpl.com<br>joel.baker@fpl.com |

***/s/ Ebony M. Payton***
Ebony M. Payton
Paralegal for FEA

**BEFORE THE**

**FLORIDA PUBLIC SERVICE COMMISSION**

| | | |
|---|---|---|
| **IN RE: PETITION FOR RATE INCREASE BY FLORIDA CITY GAS** | ) ) ) ) | **DOCKET NO. 20220069-GU** |

Direct Testimony and Exhibits of

**Brian C. Collins**

On behalf of

**Federal Executive Agencies**

August 26 2022

BRUBAKER & ASSOCIATES, INC.

Project 11309

**BEFORE THE**

**FLORIDA PUBLIC SERVICE COMMISSION**

| | | |
|---|---|---|
| **IN RE: PETITION FOR RATE INCREASE BY FLORIDA CITY GAS** | ) ) ) ) | **DOCKET NO. 20220069-GU** |

## Table of Contents to the Direct Testimony of Brian C. Collins

**BEFORE THE**

**FLORIDA PUBLIC SERVICE COMMISSION**

| | | |
|---|---|---|
| **IN RE: PETITION FOR RATE INCREASE BY FLORIDA CITY GAS** | ) ) ) ) | **DOCKET NO. 20220069-GU** |

## Direct Testimony of Brian C. Collins

**Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A Brian C. Collins. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

**Q WHAT IS YOUR OCCUPATION?**

A I am a consultant in the field of public utility regulation and a Managing Principal with the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

**Q PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

A This information is included in Appendix A to this testimony.

**Q ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?**

A I am appearing in this proceeding on behalf of the Federal Executive Agencies ("FEA").

**Q WHAT IS THE SUBJECT MATTER OF YOUR TESTIMONY?**

A My testimony addresses Florida City Gas's ("FCG" or "Company") proposed class cost of service ("CCOS") study and the proposed allocation of any allowed distribution rate increase to the Company's rate classes. These issues are addressed in the direct testimony of FCG witness Tara B. DuBose.

I have examined the testimony and exhibits presented by FCG in this proceeding with respect to class cost of service and class revenue allocation, and will comment on the propriety of its proposals and make certain recommendations.

I also address FCG's proposed rate case expense and proposed Reserve Surplus Amortization Mechanism ("RSAM").

To the extent my testimony does not address any particular issue does not indicate tacit agreement with the Company's or another party's position on that issue.

**Q PLEASE PROVIDE A BRIEF SUMMARY OF YOUR CONCLUSIONS AND RECOMMENDATIONS IN THIS PROCEEDING.**

A My conclusions and recommendations are summarized as follows:

1. The CCOS study filed by FCG in this proceeding does not accurately reflect class cost causation. FCG's CCOS study allocates the costs of distribution mains to customer classes only on the basis of a demand component and not on the basis of both demand and customer components. Allocation of distribution mains costs on both a demand and customer basis better reflects cost causation.

2. The costs of distribution mains and other capacity related costs are allocated to classes using FCG's non-traditional version of the Peak and Average ("P&A") method which does not best reflect cost causation because it allocates those costs on essentially an annual volumetric basis. The Company does not design its distribution system on the basis of annual volumes, but rather on design day demand and the number of customers on its system.

3. The Company bases its class revenue allocation on its proposed flawed P&A CCOS study. Because the Company's CCOS study does not accurately reflect cost causation, I recommend an alternative allocation of

any revenue increase to customers. My proposed class revenue allocation is shown in Exhibit BCC-1. To the extent the Florida Public Service Commission ("Commission") approves a different revenue increase for FCG, the percentage increase should be adjusted accordingly.

4. FCG has not justified the significant increase in requested rate case expense as compared to the level of expense included in its prior rate case. The requested increase is approximately $700,000 or a 63% increase in the level of rate case expense included in the last rate case. I recommend the Commission limit the recovery of rate case expense to the amount approved in the prior case adjusted for inflation, or approximately $1.427 million. This would lower the Company's rate case amortization expense by approximately $141,000 and lower the unamortized deferred rate case expenses included in rate base in 2023 by approximately $494,000.

5. FCG's proposed Reserve Surplus Amortization Mechanism ("RSAM") should be denied because such a mechanism does not incent the Company to manage its costs efficiently to the benefit of its customers if it is automatically guaranteed its approved rate of return. The proposed RSAM is an imbalanced regulatory mechanism, shifting revenue recovery risk to customers and therefore, is inappropriate.

## I. Class Cost of Service and Rate Design Principles

**Q COULD YOU PLEASE EXPLAIN THE RATEMAKING PROCESS AND THE DESIGN OF RATES?**

A The ratemaking process has three steps. First, we must determine the utility's total revenue requirement and the extent to which an increase or decrease in revenues is necessary. Second, we must determine how any increase or decrease in revenues is to be distributed among the various customer classes. A determination of how many dollars of revenue should be produced by each class is essential for obtaining the appropriate level of rates. Finally, individual tariffs must be designed to produce the required amount of revenues for each class of service and to reflect the cost of serving customers within the class.

The guiding principle at each step should be cost of service. In the first step—determining revenue requirements—it is universally agreed that the utility is entitled to an increase only to the extent that its actual cost of service has increased. If current rate levels exceed the utility's revenue requirement, a rate reduction is required. In short, rate revenues should equal actual cost of service. The same principle should apply in the second and third steps. Each customer class should, to the extent practicable, produce revenues equal to the cost of serving that particular class, no more and no less. This may require a rate increase for some classes and a rate decrease for other classes. The standard tool for performing this exercise is a CCOS study, which shows the rates of return for each class of service. The goal is to modify rate levels so that each class of service provides approximately the same rate of return. Finally, in designing tariffs for individual classes, the goal should also be to align the rate design with the cost of service so that each customer's rate tracks, to the extent practicable, the utility's cost of providing service to that customer.

**Q WHY IS IT IMPORTANT TO ADHERE TO BASIC COST OF SERVICE PRINCIPLES IN THE RATEMAKING PROCESS?**

A The basic reasons for using cost of service as the primary factor in the ratemaking process are equity and stability. Cost of service ratemaking sends efficient price signals and encourages conservation.

**Q PLEASE DISCUSS THE EQUITY CONSIDERATION.**

A When rates are based on a CCOS study that is prepared using allocation methodologies that best reflect cost causation, each customer pays what it costs the

utility to serve that customer, no more and no less. But when rates are not based on a reasonable CCOS study, then some customers are required to contribute disproportionately to the utility's revenues by subsidizing the service provided to other customers. This is inherently inequitable.

**Q PLEASE DISCUSS THE STABILITY CONSIDERATION.**

A When rates are closely tied to costs, the earnings impact on the utility associated with changes in numbers of customers and their usage patterns will be minimized as a result of rates being designed in the first instance to track changes in the level of costs. Thus, cost-based rates provide an important enhancement to a utility's earnings stability, thereby reducing the utility's need to file for future rate increases.

From the perspective of the customer, cost-based rates provide a more reliable means of determining future levels of costs. If rates are based on factors other than costs, it becomes much more difficult for customers to translate expected utility-wide cost changes (*i.e.*, expected increases in overall revenue requirements) into changes in the rates charged to particular customer classes (and to customers within the classes). From the customer's perspective, this situation reduces the attractiveness of expansion, as well as of continued operations, because of the lessened ability to plan.

**Q WHEN YOU SAY "COST," TO WHAT TYPE OF COST ARE YOU REFERRING?**

A I am referring to the utility's "embedded" or actual accounting costs of rendering service; that is, those costs which are used by the Commission in establishing the utility's overall revenue requirement.

**Q WOULD YOU PLEASE COMMENT ON THE BASIC PURPOSE OF A CCOS STUDY?**

A The basic purpose of a CCOS study is to determine the costs that a utility incurs to provide service to different categories of customers. After the utility's overall cost of service (or revenue requirement) is determined, a CCOS study is used, first, to allocate the cost of service between the utility's jurisdictional and non-jurisdictional businesses, and then second, to allocate the jurisdictional cost of service among the utility's jurisdictional customer classes.

A CCOS study shows the extent to which each customer class contributes to the total cost of the system. For example, when a class produces the same rate of return as the total system, it returns to the utility just enough revenues to cover the costs incurred in serving that class (including a reasonable authorized return on investment). If a class produces a rate of return below the system average, the revenues it provides for the utility are insufficient to cover all relevant costs. If, on the other hand, a class produces a rate of return above the average, then that class pays revenues sufficient to cover the costs attributable to it, and it also pays for part of the costs attributable to other classes that produce below-average rates of return. The CCOS study therefore is an important tool, because it shows the revenue requirement for each class along with the rate of return under current rates and any proposed rates.

**Q WOULD YOU PLEASE COMMENT ON THE PROPER FUNDAMENTALS OF A CCOS STUDY?**

A Yes. Cost of service is a basic and fundamental ingredient to proper ratemaking. In all CCOS studies, certain fundamental concepts should be recognized. Of primary importance among these concepts is the functionalization, classification, and allocation of costs. Functionalization is the determination and arrangement of costs according to major functions, such as production, storage, transmission and distribution. Classification involves identifying the nature of these costs according to whether the costs vary with the demand placed upon the system, the quantity of gas consumed, or the number of customers being served. Fixed costs are those costs that tend to remain constant over the short run irrespective of changes in output, and are generally considered to be demand-related. Fixed costs include those costs that are a function of the size of the utility's investment in facilities, and those costs that are necessary to keep the facilities "on line." Variable costs, on the other hand, are basically those costs that tend to vary with throughput (or usage), and are generally considered to be commodity-related. Customer-related costs are those costs that are most closely related to the number of customers served, rather than the demands placed upon the system or the quantity of gas consumed.

## II. FCG's Proposed CCOS Study

**Q HAVE YOU REVIEWED THE CCOS STUDY FILED BY FCG IN THIS PROCEEDING USED TO ESTABLISH RATES?**

A Yes. I have reviewed the CCOS study filed by FCG in this proceeding that is sponsored by Company witness Tara B. DuBose.

According to Ms. DuBose at page 15 of her testimony, the Company's filed CCOS study allocates capacity costs, including the costs of distribution mains, to FCG's customer classes based on the P&A method. This is opposed to a method that allocates a portion of distribution mains costs on a coincident design day demand basis and a portion on the basis of a customer component.

Based on my review of the Company's CCOS study, it appears that the Company fails to allocate any portion of distribution mains costs on a customer basis.

**Q WHAT IS YOUR CONCLUSION WITH RESPECT TO THE COMPANY'S FILED CCOS STUDY?**

A For the reasons discussed below, I conclude that the Company's CCOS study does not best reflect cost causation. As explained later in this testimony, the Company's CCOS study does not best reflect class cost causation because it uses the P&A method to allocate the cost of mains to customer classes and also fails to classify and allocate any distribution mains costs on a customer basis. Because of these flaws in the Company's CCOS study, the Company CCOS study should not be used to allocate costs to customer classes.

**Q THOUGH THE COMPANY ALLOCATES CAPACITY COSTS ON ITS VERSION OF THE P&A METHOD, HAS IT PREVIOUSLY RECOGNIZED THAT CUSTOMERS' PEAK DEMANDS REFLECT COST CAUSATION?**

A Yes. According to FCG witness Mr. Daniel J. Nikolich's direct testimony at page 18 in FCG's prior rate case, Docket No. 20170179-GU**,** he states that:

> Capacity costs are directly related to being able to meet the peak design or maximum demand requirements placed on the local

distribution system by its customers. Capacity costs are incurred to ensure that the system is ready to serve customers at peak design requirements levels.

The Company designs its distribution system to meet the design day demands of its customer classes as well as to connect all customers to its distribution system. To better reflect class cost causation, the Company should have classified its mains costs on both a demand and customer basis. The demand component should be allocated to classes based on the design day demands while the customer component should be allocated to classes based on the number of customers in each class.

**Q SHOULD A CCOS STUDY PROPERLY REFLECT COST CAUSATION?**

A Yes. In selecting a particular CCOS study methodology, the fundamental question is whether that methodology properly reflects cost causation. In other words, costs should be allocated to the utility's customer classes based on how the costs are incurred. The *Gas Distribution Rate Design Manual* published by the National Association of Regulatory Utility Commissioners ("NARUC") describes this principle as follows: "*Historic or embedded cost of service studies attempt to apportion total costs to the various customer classes in a manner consistent with the incurrence of those cost*s. This apportionment must be based on the fashion in which the utility's system, facilities and personnel operate to provide the service."[1]

The principal objective of any CCOS study is to allocate costs to a utility's customer classes in a manner that is as reasonably consistent as possible with the incurrence of those costs. This does not mean that the method chosen should result in a perfectly precise and accurate allocation of costs, because no such method

[1] NARUC *Gas Distribution Rate Design Manual* at 20 (emphasis added).

exists. Invariably, some amount of judgment will be required. But the "primary goal" must always be to allocate costs in a way that best reflects cost causation, and in my view, the Company's CCOS study does not achieve that objective.

**Q PLEASE EXPLAIN WHY THE COMPANY'S FILED CCOS STUDY DOES NOT BEST REFLECT COST CAUSATION.**

A When a gas distribution utility installs new distribution mains to expand the capacity of its system, there are two factors that the utility must consider. First, the utility must design its system to ensure that it will be capable of meeting customers' demand on the system peak day (or "design day"). The expected demand on the system peak day is the key consideration. It dictates not only the need for an expansion, but also the proper size (in diameter) of the expanded distribution mains to be installed—and that, in turn, dictates the costs that the utility must incur. Thus, the costs incurred by the utility are a function of design day demand, because it is only when the distribution system is designed to meet the design day demand of the utility's rate classes that the utility is able to meet its firm customers' demands each and every day of the year.

Second, the utility must also design its system in such a way that all customers are physically connected to the system. While the diameter of the mains installed depends upon peak demand, the total length of the mains depends upon the number of customers being served. To illustrate, a much greater level of investment is needed to serve 10,000 customers with individual peak demands of 1 Mcf located at various geographical locations than what is needed to serve one customer with a demand of 10,000 Mcf at a single geographic location. Thus, the

costs that a gas distribution utility incurs to provide service are driven by both peak day demand and the number of customers connected to the system.

FCG's filed CCOS study fails to allocate the costs of distribution mains to customer classes on the basis of both (1) each class's contribution to the total design day demand of the system and (2) the number of customers within each class. The Company's CCOS study does not properly allocate costs based on how they are incurred because it allocates distribution mains costs based on the P&A method, which is inconsistent with the cost-causation principle, and therefore, is not reasonable for the purpose of setting rates in this proceeding.

**Q WHY DOES FCG'S P&A METHOD FAIL TO BEST ALLOCATE CAPACITY COSTS BASED ON COST CAUSATION?**

A Based on a review of FCG's CCOS, FCG allocates capacity related costs essentially on each class's annual usage. Allocating capacity-related costs based on annual usage does not reflect cost causation and is not based on sound cost of service principles.

**Q BASED ON YOUR CLASS COST OF SERVICE EXPERIENCE, IS FCG'S P&A METHOD STANDARD AS CLAIMED BY FCG??**

A No it is not. For each class, FCG separately determines peak volumes and average volumes.

The peak volume for each class is a class's non-coincident maximum monthly volume. The average volume for each class is the average of the 12 monthly usages.

For each class, both of these volumes (peak and average) are then summed for each class and used as a class's P&A volume. Each class's contribution to the sum of all classes' total P&A volumes are then used as the basis for FCG's respective class capacity allocators in its CCOS.

Based on my experience, in a traditional P&A CCOS study, capacity class allocators are determined by each class's contribution to the system design day demand, weighted by (1 - system load factor) and by each class's contribution to system annual usage, weighted by the system load factor.

FCG has not used class design day demands for its peak allocators, as is typically used in a traditional P&A CCOS study. Instead, for each class, the peak allocator is based on the monthly maximum volume of a class in the test year.

By using the sum of 13 months of volumes for its class P&A allocators (12 actual monthly usages plus the maximum monthly volumes), FCG is essentially allocating capacity-related costs on annual usage and not on the traditional P&A method which does include a demand-related component in the allocation of costs to classes.

**Q WHY DOES ALLOCATING CAPACITY COSTS, SUCH AS DISTRIBUTION MAINS COSTS, ON AN ANNUAL USAGE BASIS NOT REFLECT SOUND COST OF SERVICE PRINCIPLES?**

A As explained above, when a gas distribution utility is considering whether to expand the capacity of its distribution system, the key consideration is the expected demands of the customer classes on the peak day. The expected demands on the peak day dictate both the need for the expansion as well as the proper size of the expanded mains, and that in turn dictates the total cost of the project. The cost of

the project is therefore a function of the peak day demand—and that cost is *the same* regardless of how much gas customers are expected to use throughout the year. For example, the cost is the same regardless of whether customers are expected to use gas consistently throughout the entire year, or during only part of the year (e.g., the winter months).

**Q IN ADDITION TO THE FACT THAT IT DOES NOT REFLECT SOUND COST OF SERVICE PRINCIPLES, ARE THERE OTHER PROBLEMS WITH ALLOCATING COSTS ON THE BASIS OF ANNUAL USAGE?**

A Yes. Allocating costs based on annual usage also is unfair to the customers that make more efficient use of the facilities. This is best illustrated with a simple example. Assume that Customer A uses 5 Mcf each and every day of the year (an annual total of 1,825 Mcf), and that Customer B, who is located directly across the street, uses 5 Mcf for 180 days of the year, including the peak day, but nothing the rest of the year (an annual total of 900 Mcf). Assume further that the annualized investment cost of the main needed to serve these two customers is $300. The total annual usage of the two customers is 2,725 Mcf, of which approximately two-thirds is attributable to Customer A and approximately one-third to Customer B.

In order to serve these customers, the gas company must construct a main capable of delivering 10 Mcf of design day capacity on the peak day (Customer A's 5 Mcf plus Customer B's 5 Mcf). Because each customer uses one-half of the firm main capacity on the peak day, it seems reasonable that they should share equally in the cost. In fact, that is how the costs would be shared under a design day demand-based allocation.

The results would be quite different, however, if the distribution mains costs were allocated based on annual usage. In that situation, Customer A would be allocated $200 (2/3 of the total $300 cost) while Customer B would be allocated just $100 (1/3 of the total $300 cost) because it does not use its half of the facility for six months of the year. Thus, the fact that Customer A uses the facility efficiently every day of the year will cause Customer B to save money, but Customer B's less efficient use will cause Customer A to pay additional money. In fact, Customer A would likely be much better off if the gas company simply built a dedicated main with a capacity of 5 Mcf solely to serve Customer A's load. Similarly, Customer B would likely be worse off if it had to pay for its own dedicated main.

With proper cost allocation, both customers should be better off sharing a facility because there will be economies of scale resulting from the larger capacity main.

**Q DOES ALLOCATING DISTRIBUTION MAINS COSTS BASED ON ANNUAL USAGE CREATE AN UNBALANCED ALLOCATION AMONG CUSTOMER CLASSES?**

A Yes. In the example above, even though both Customer A and Customer B have the same design day demand, they effectively pay different costs of capacity per unit of design day demand when costs are allocated based on annual usage. The total capacity cost incurred by the gas distribution company is $30 per Mcf of design day capacity ($300/10 Mcf). However, when costs are allocated on annual usage, the higher usage Customer A pays $40 per Mcf of design day capacity ($200/5 Mcf), while the lower usage Customer B pays $20 per Mcf of design day capacity ($100/5 Mcf). Thus, under an annual usage-based allocation, a customer that utilizes the

distribution system more efficiently pays a premium for design day capacity ($40/Mcf - $20/Mcf = $20/Mcf) above what a customer that uses the system less efficiently must pay. This occurs despite the fact that the two customers have equal rights to design day capacity on the system peak day and despite the fact that the average cost of design day capacity incurred by the utility is $30 per Mcf on average.

This simple example illustrates why it is unreasonable to allocate distribution mains costs on the basis of annual usage, when such costs are incurred to ensure adequate capacity for all customers that require firm service throughout the year.

**Q IS ANNUAL USAGE A DESIGN CRITERION FOR A TYPICAL GAS DISTRIBUTION COMPANY FACILITY?**

A No, it is not. To be sure, annual usage is certainly a factor that should be and is considered in allocating the variable cost of operating the gas system. However, annual usage does not determine the amount of system capacity that is necessary to provide firm (i.e., non-interruptible) service to every customer every day of the year. Rather, the actual physical size of the distribution mains, compressors, and related equipment is based on customers' contributions to the system design day demand. The system's capacity must be sized for design day demand, so that all firm customers can utilize their entitlement to that capacity to receive a firm, uninterrupted supply of gas every day of the year, including the day of the system peak demand.

**Q IS THE COMPANY'S P&A BASED CCOS STUDY, WHICH ALLOCATES THE COSTS OF DISTRIBUTION MAINS BASED ON ANNUAL USAGE, REASONABLE?**

A No. The Company's CCOS study based on the P&A method fails to meet the cost of service principle of cost causation. As explained above, a typical gas utility (such as FCG) does not use annual usage to design its distribution facilities. Rather, it designs the distribution system based on its customers' contributions to the system's design day demand. Therefore, allocating the capacity-related costs associated with distribution mains (including both rate base and expenses) on the basis of annual usage is inappropriate, because it does not reflect how the costs are incurred by the Company. Such a cost allocation does not follow how the costs are actually incurred.

**Q BUT DOESN'T THE COMPANY'S DISTRIBUTION SYSTEM ALLOW CUSTOMERS TO RECEIVE VOLUMES OF GAS THROUGHOUT THE YEAR?**

A I do not dispute that, after the distribution system is designed and constructed to meet design day demand, customers use the system to receive volumes of gas throughout the year. However, if firm customers expect supply sufficient to meet their design day demand, then they should pay for adequate distribution capacity to allow gas to be delivered every day to meet their expected demands, including days with above-average demands. Otherwise, firm customers will not be allocated adequate capacity to deliver gas on days with above-average usage, which would be most cold days, and their service would be interrupted on all of those days.

It is the design day demand which drives the capacity-related cost incurred in order to design, construct, implement and maintain a distribution system that is

adequate to provide firm service throughout the year, including the system peak day, to all customers that want firm service. Distribution systems are sized based on design day demands to ensure that firm gas supply can actually be delivered every single day of the year. Because cost causation is driven by design day demand, distribution-related costs should be allocated based on design day demand.

If the distribution system can meet the design day demand of its customers, it can meet the demand of its customers on every single day of the year. Daily needs must be met, but the only way to ensure that will happen is through a system that is designed to meet the design day demand.

Using annual usage to allocate capacity-related costs based on perceived benefits resulting from year-round use of the Company's distribution system is not based on cost-causative factors. There are no objective measures to define such benefits or determine the extent to which particular customers derive such benefits. In contrast, cost causation is based on the design and engineering of the distribution system and an understanding of the drivers that determine a utility's costs of such distribution system. The Company's CCOS study does not best represent the allocation of capacity-related costs on the Company's distribution system.

**Q PLEASE SUMMARIZE WHY THE ALLOCATION OF DISTRIBUTION MAINS COSTS ON BOTH A DEMAND AND CUSTOMER BASIS MORE ACCURATELY REFLECTS COST CAUSATION AS COMPARED TO AN ALLOCATION OF MAINS COSTS BASED PARTIALLY ON ANNUAL USAGE.**

A As previously discussed, a gas distribution company designs its distribution mains to meet the firm coincident demands of its rate classes on the system design day. The company also designs its distribution mains in such a way that all customers are

connected to the system. The company does not design its system to meet the total annual volumes of gas sold to its rate classes. It is only when the distribution mains system is designed to meet the design day demand of the company's rate classes that the company is able to deliver gas each and every day of the year to meet its customers' demands. Therefore, the company incurs the costs of these facilities to meet class coincident design day demands and to connect all customers to the distribution mains system. Allocating the costs of these facilities on a coincident design day demand basis and on a customer basis reflects how the costs are incurred and, as a result, more accurately reflects cost causation than allocating costs on an annual usage basis. As a result, the Company's CCOS study does not best reflect class cost causation on the FCG distribution system.

**Q HAVE YOU CORRECTED FCG'S CLASS COST OF SERVICE STUDY FOR THE ALLOCATION OF DISTRIBUTION MAINS COSTS AND OTHER CAPACITY RELATED COSTS?**

A Yes. I have based my capacity allocators for classes on a composite allocator that utilizes a peak component and a customer component. The customer component is based on the number of customers in each class as a percent of total customers, and is weighted by 59%. The weighting is determined by a minimum system study for the FCG system. Because the Company did not provide Design Day demands for its classes in its CCOS, the peak component is determined by each class's contribution to the sum of FCG's classes' non-coincident peak monthly volumes and is weighted by 41%.

**Q DO YOUR PROPOSED CLASS CAPACITY ALLOCATORS BETTER REFLECT COST CAUSATION THAN THE COMPANY'S PROPOSED P&A ALLOCATORS?**

A Yes. My proposed class capacity allocators better reflect class cost causation because the allocators include both a peak component and a customer component. Allocating the costs of these facilities on a peak basis and on a customer basis, and not on an annual usage basis, better reflects how the capacity costs are incurred and, as a result, more accurately reflects cost causation than allocating costs on an annual usage basis. The results of my CCOS study are shown in Exhibit BCC-1. I recommend that the results of my CCOS be the basis for determining class revenue allocation described below.

## III. Distribution of Gas Revenue Increase to Classes

**Q HAVE YOU REVIEWED FCG'S PROPOSAL FOR DISTRIBUTING ITS REQUESTED REVENUE INCREASE TO CLASSES?**

A Yes. The Company's proposed class revenue allocation to customer classes is summarized on Exhibit BCC-1.

**Q DO YOU AGREE WITH THE COMPANY'S PROPOSED CLASS REVENUE ALLOCATION?**

A No. Because FCG's CCOS study does not accurately reflect class cost causation, I recommend that the Company's class revenue allocation be distributed to classes using the results of my CCOS study, with no class receiving an increase greater than 1.5 times the system average increase, and with no class receiving a rate decrease.

My proposed class revenue allocation is summarized on Exhibit BCC-1. To the extent the Commission approves a different revenue increase for FCG, the percentage class increases should be adjusted accordingly.

## IV. Rate Case Expense

**Q PLEASE DESCRIBE FCG'S PROPOSAL REGARDING ITS RATE CASE EXPENSE IN THIS PROCEEDING.**

A FCG proposes a four-year amortization beginning in January 2023 for approximately $2.0 million in rate case expense associated with this case. As described by FCG witness Liz Fuentes, the rate case expense includes $1.6 million for affiliate rate case support from FPL, $0.4 million for external consultant and legal services, and $0.1 million for other miscellaneous expenses.[2] FCG provides detail for its rate case expense as Schedule C-13. The 2023 test year impact of rate case expense is the 13-month average of $1,742,227 of deferred rate case expense in rate base and $497,779 in amortization expense.[3]

**Q DO YOU HAVE ANY CONCERNS WITH FCG'S RATE CASE EXPENSE?**

A Yes, FCG has not justified the significant increase in rate case expense since its last rate case. As shown on Schedule C-13, FCG's 2017 rate case cost approximately $1.2 million (including rebuttal witnesses which were not included in FCG's current rate case expense estimate).[4] The current rate case expense represents an increase of over $700,000, or 63%. This increase is higher than the rate of inflation and has not been justified by the Company. Schedule C-13 shows that a majority of

[2] Liz Fuentes Direct Testimony at page 17.
[3] FCG's response to OPC Interrogatory No. 90 attached as Exhibit BCC-2.
[4] The case prior to the 2017 rate case was in 2003. See FCG's response to OPC Interrogatory No. 92 attached as Exhibit BCC-3.

the rate case expense comes from Florida Power and Light ("FPL") affiliate support. FCG argues the use of FPL affiliate support allows the Company to avoid permanent staff and leverage the expertise of FPL resources.[5] However, FCG has not demonstrated what rate case services FPL is providing that were not provided by other support in FCG's last rate case and therefore, what is driving the increase in costs for this rate case. Given FCG became a subsidiary of FPL in 2018, Schedule C-13 does not offer an explanation of the increase given the affiliate support was not present in the prior rate case.

The comparisons provided on Schedule C-13 show the increase in rate case expense between cases. While rate case expense as a percent of rate base remains the same between the current and prior cases (0.41%), rate case expense as a percentage of revenues increased and rate case expense per customer increased.

**Q WHAT DO YOU RECOMMEND?**

A I recommend the Commission limit the recovery of rate case expense to the amount approved in the prior rate case adjusted for inflation, or approximately $1.427 million. This would lower the Company's amortization expense by approximately $141,000 and lower the deferred rate case expenses in rate base by approximately $494,000.

## V. Reserve Surplus Amortization Mechanism ("RSAM")

**Q PLEASE DESCRIBE THE COMPANY'S RSAM PROPOSAL?**

A The Company proposes to implement an RSAM as described in the testimony of FCG witness Mark Campbell. According to the Company, the RSAM is an

[5] FCG's response to OPC Interrogatory No. 137 attached as Exhibit BCC-4.

accounting mechanism that will be used by the Company to respond to changes in its underlying revenues and expenses during the four-year rate plan in order to maintain a Commission adjusted ROE within the ROE range authorized by the Commission.

Mr. Campbell indicates at page 29 of his direct testimony that for purposes of the RSAM, the Company requests approval of the RSAM adjusted depreciation parameters and resulting depreciation rates discussed by FCG witness Liz Fuentes. Mr. Campbell further indicates in his testimony that approval of these parameters will support a Reserve Amount of up to $52 million; however, FCG is requesting an RSAM Reserve Amount of $25 million be available for use during the four-year rate plan.

At page 28 of Mr. Campbell's testimony he states the following with respect to the RSAM:

> The Company will be able to record debits (increases to expense) or credits (decreases to expense) in any accounting period, at its sole discretion, to achieve the pre-established ROE for that period. However, the Company will not be allowed to credit (i.e., decrease) depreciation expense (and correspondingly debit/decrease the depreciation reserves) at any time during the four-year rate plan that would cause the Reserve Amount to be reduced below $0. Similarly, FCG will not be able to debit (i.e., increase) depreciation expense (and correspondingly credit/increase the depreciation reserve) at any time during the four-year rate plan that would cause the Reserve Amount to exceed the maximum amount of RSAM available for use.

**Q SHOULD FCG BE GUARANTEED TO EARN ITS AUTHORIZED RATE OF RETURN?**

A No. A utility has an opportunity to earn its approved rate of return, but not a guarantee. The proposed RSAM should be rejected because such a mechanism does not incent the Company to manage its costs efficiently to the benefit of both its shareholders and customers. Rather, under the proposed RSAM the Company can

manage earned ROE by adjusting recorded depreciation expense to stabilize earnings. Adjusting depreciation expense can distort the pay down of rate base, and artificially inflate rate base by distorting the accurate measurement of the undepreciated or net plant value of assets included in rate base over rate case cycles.

**Q IS THERE A POTENTIAL COST TO CUSTOMERS OF FCG'S RSAM PROPOSAL?**

A Yes. There is a potential future cost to FCG's customers by the reduction of depreciation expense to increase the Company's earned return. Under the Company's proposal to guarantee its authorized rate of return is earned, reduced depreciation expense will be used to increase the Company's earnings and its return. Reduced depreciation expense reduces the accumulated depreciation reserve, which is an offset to gross plant. As a result, rate base will not decline as rapidly had depreciation expense not been reduced under the RSAM proposal to guarantee FCG's approved rate of return. Customers will likely pay more return over a longer period of time on a higher level of rate base, and as a result, customers will see increased costs under the Company's proposal.

**Q FCG CLAIMS THAT THE RSAM WILL LOWER THE COST OF RATE CASES. PLEASE RESPOND.**

A FCG claims that customers would benefit by being spared the expense of rate case filings during the four-year period during which FCG is guaranteed its approved rate of return.

I disagree with this premise because paying excessive rates can be a far greater detriment to customers than rate case expense. As described above, the RSAM inflates rate base, and likely will inflate customers' rates. Also, there are many factors that could delay rate cases without an RSAM. For example, FCG has stated in its testimony it continues to realize growth in customers on its system. This should help reduce the necessity of a future rate case as increased customer growth will provide revenue growth to the Company. The Company has not demonstrated that its RSAM proposal is necessary or beneficial to customers.

**Q WHAT IS YOUR RECOMMENDATION WITH RESPECT TO FCG'S PROPOSED RSAM?**

A The RSAM improperly shifts the risk of revenue recovery to customers in order to guarantee FCG's approved rate of return. As a result, FCG loses its incentive to effectively manage its costs on behalf of customers. Because it is an imbalanced regulatory mechanism, the RSAM should be rejected.

**Q DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

A Yes, it does.

# Qualifications of Brian C. Collins

**Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

A Brian C. Collins. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

**Q WHAT IS YOUR OCCUPATION AND BY WHOM ARE YOU EMPLOYED?**

A I am a consultant in the field of public utility regulation and a Managing Principal with the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

**Q PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.**

A I graduated from Southern Illinois University Carbondale with a Bachelor of Science degree in Electrical Engineering. I also graduated from the University of Illinois at Springfield with a Master of Business Administration degree. Prior to joining BAI, I was employed by the Illinois Commerce Commission and City Water Light & Power ("CWLP") in Springfield, Illinois.

My responsibilities at the Illinois Commerce Commission included the review of the prudence of utilities' fuel costs in fuel adjustment reconciliation cases before the Commission as well as the review of utilities' requests for certificates of public convenience and necessity for new electric transmission lines. My responsibilities at CWLP included generation and transmission system planning. While at CWLP, I completed several thermal and voltage studies in support of CWLP's operating and planning decisions. I also performed duties for CWLP's Operations Department, including calculating CWLP's monthly cost of production. I also determined CWLP's

allocation of wholesale purchased power costs to retail and wholesale customers for use in the monthly fuel adjustment.

In June 2001, I joined BAI as a Consultant. Since that time, I have participated in the analysis of various utility rate and other matters in several states and before the Federal Energy Regulatory Commission ("FERC"). I have filed or presented testimony before the Arkansas Public Service Commission, the California Public Utilities Commission, the Delaware Public Service Commission, the Public Service Commission of the District of Columbia, the Florida Public Service Commission, the Georgia Public Service Commission, the Guam Public Utilities Commission, the Idaho Public Utilities Commission, the Illinois Commerce Commission, the Indiana Utility Regulatory Commission, the Kentucky Public Service Commission, the Public Utilities Board of Manitoba, the Minnesota Public Utilities Commission, the Mississippi Public Service Commission, the Missouri Public Service Commission, the Montana Public Service Commission, the North Carolina Utilities Commission, the North Dakota Public Service Commission, the Public Utilities Commission of Ohio, the Oklahoma Corporation Commission, the Oregon Public Utility Commission, the Rhode Island Public Utilities Commission, the Public Service Commission of Utah, the Virginia State Corporation Commission, the Public Service Commission of Wisconsin, the Washington Utilities and Transportation Commission, and the Wyoming Public Service Commission. I have also assisted in the analysis of transmission line routes proposed in certificate of convenience and necessity proceedings before the Public Utility Commission of Texas.

In 2009, I completed the University of Wisconsin – Madison High Voltage Direct Current ("HVDC") Transmission Course for Planners that was sponsored by the Midwest Independent Transmission System Operator, Inc. ("MISO").

BAI was formed in April 1995. BAI and its predecessor firm have participated in more than 700 regulatory proceedings in forty states and Canada.

BAI provides consulting services in the economic, technical, accounting, and financial aspects of public utility rates and in the acquisition of utility and energy services through RFPs and negotiations, in both regulated and unregulated markets. Our clients include large industrial and institutional customers, some utilities and, on occasion, state regulatory agencies. We also prepare special studies and reports, forecasts, surveys and siting studies, and present seminars on utility-related issues.

In general, we are engaged in energy and regulatory consulting, economic analysis and contract negotiation. In addition to our main office in St. Louis, the firm also has branch offices in Corpus Christi, Texas; Detroit, Michigan; Louisville, Kentucky and Phoenix, Arizona.

444557

**BEFORE THE**

**FLORIDA PUBLIC SERVICE COMMISSION**

| | | |
|---|---|---|
| **IN RE: PETITION FOR RATE INCREASE BY FLORIDA CITY GAS** | ) ) ) ) | **DOCKET NO. 20220069-GU** |

**STATE OF MISSOURI** )
) **SS**
**COUNTY OF ST. LOUIS** )

## Affidavit of Brian C. Collins

Brian C. Collins, being first duly sworn, on his oath states:

1. My name is Brian C. Collins. I am a consultant with Brubaker & Associates, Inc., having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, Missouri 63017. We have been retained by the Federal Executive Agencies in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes are my direct testimony and exhibits which were prepared in written form for introduction into evidence in the Florida Public Service Commission Docket No. 20220069-GU.

3. I hereby swear and affirm that the testimony and exhibits are true and correct and that they show the matters and things that they purport to show.

Brian C. Collins

Brian C. Collins

Subscribed and sworn to before me this 26th day of August, 2022.

SALLY D. WILHELMS
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires: Aug. 5, 2024
Commission # 20078050

Sally D Wilhelms

Notary Public

# Florida City Gas

## Summary of Proposed Class Cost of Service and Revenue Allocation

**($ ' 000)**

| Line No. | Description | RS-1 | RS-100 | RS-600 | GS-1 | GS-6k | GS-25k | GS-120k | GS-1250k | GS-11M | GS-25M | GAS LIGHTING | NATURAL GAS VEHICLES | CONTRACT DEMAND | THIRD PARTY SUPPLIER | TOTAL SALES & TRANSPORTATION |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| ***FEA PROPOSAL - COST OF SERVICE*** | | | | | | | | | | | | | | | | |
| 1 | COST OF SERVICE @ Equal Rate of Return of x.xx% | $18,623 | $46,318 | $953 | $10,087 | $5,916 | $2,275 | $5,467 | $3,729 | $ - | $ - | $1 | $0 | $0 | $137 | $93,505 |
| 2 | PRESENT REVENUE | $6,330 | $21,987 | $1,008 | $7,397 | $9,863 | $5,149 | $9,394 | $3,331 | $ - | $ - | $11 | $0 | $0 | $271 | $64,741 |
| 3 | REVENUE DEFICIENCY | $12,292 | $24,332 | -$56 | $2,690 | -$3,947 | -$2,874 | -$3,927 | $398 | $ - | $ - | -$10 | $0 | $0 | -$134 | $28,764 |
| 4 | COS % INCREASE ON PRESENT REVENUE | 194.2% | 110.7% | -5.5% | 36.4% | -40.0% | -55.8% | -41.8% | 11.9% | --- | --- | -94.7% | --- | --- | -49.3% | 44.4% |
| 5 | INDEX | 4.37 | 2.49 | -0.12 | 0.82 | -0.90 | -1.26 | -0.94 | 0.27 | --- | --- | -2.13 | --- | --- | -1.11 | 1.00 |
| ***SUMMARY OF FCG PROPOSAL - COST OF SERVICE*** | | | | | | | | | | | | | | | | |
| 6 | COST OF SERVICE @ Equal Rate of Return of x.xx% | $9,103 | $24,980 | $896 | $12,431 | $13,093 | $6,257 | $16,727 | $9,875 | $0 | $0 | $6 | $0 | $0 | $137 | $93,505 |
| 7 | PRESENT REVENUE | $6,024 | $21,301 | $1,007 | $7,472 | $10,093 | $5,277 | $9,755 | $3,528 | $0 | $0 | $11 | $0 | $0 | $271 | $64,741 |
| 8 | REVENUE DEFICIENCY | $3,078 | $3,679 | -$110 | $4,959 | $3,000 | $980 | $6,971 | $6,346 | $0 | $0 | -$5 | $0 | $0 | -$134 | $28,764 |
| 9 | COS % INCREASE ON PRESENT REVENUE | 51.1% | 17.3% | -11.0% | 66.4% | 29.7% | 18.6% | 71.5% | 179.9% | --- | --- | -47.8% | --- | --- | -49.3% | 44.4% |
| 10 | INDEX | 1.15 | 0.39 | -0.25 | 1.49 | 0.67 | 0.42 | 1.61 | 4.05 | --- | --- | -1.08 | --- | --- | -1.11 | 1.00 |

Docket No. 20220069-GU
Summary of Proposed Class Cost of Service and Revenue Allocation
Exhibit BCC-1, Page 1 of 2

# Florida City Gas

## Summary of Proposed Class Cost of Service and Revenue Allocation

**($ ' 000)**

| Line No. | Description | RS-1 | RS-100 | RS-600 | GS-1 | GS-6k | GS-25k | GS-120k | GS-1250k | GS-11M | GS-25M | GAS LIGHTING | NATURAL GAS VEHICLES | CONTRACT DEMAND | THIRD PARTY SUPPLIER | TOTAL SALES & TRANSPORTATION |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) | (15) | (16) |
| | ***FEA PROPOSAL- CLASS REVENUE ALLOCATION*** | | | | | | | | | | | | | | | |
| 1 | PROPOSED REVENUE | $10,549 | $36,639 | $1,259 | $10,087 | $12,310 | $6,427 | $11,724 | $4,157 | $ - | $ - | $14 | $ - | $ - | $338 | $93,505 |
| 2 | PROPOSED INCREASE ($) | $4,219 | $14,653 | $250 | $2,690 | $2,447 | $1,278 | $2,331 | $826 | | | $3 | | | $67 | $28,764 |
| 3 | PROPOSED INCREASE (%) | 66.64% | 66.64% | 24.81% | 36.37% | 24.81% | 24.81% | 24.81% | 24.81% | --- | --- | 24.81% | --- | --- | 24.81% | 44.43% |
| 4 | INDEX | 1.50 | 1.50 | 0.56 | 0.82 | 0.56 | 0.56 | 0.56 | 0.56 | --- | --- | 0.56 | --- | --- | 0.56 | 1.00 |
| | ***SUMMARY OF FCG PROPOSAL - CLASS REVENUE ALLOCATION*** | | | | | | | | | | | | | | | |
| 5 | PROPOSED REVENUE | $9,381 | $28,541 | $1,550 | $11,491 | $15,199 | $7,621 | $14,350 | $5,085 | | | $11 | | | $276 | $93,506 |
| 6 | PROPOSED INCREASE ($) | $3,356 | $7,240 | $543 | $4,019 | $5,106 | $2,344 | $4,594 | $1,556 | $ - | $ - | $0 | $ - | $ - | $5 | $28,765 |
| 7 | PROPOSED INCREASE (%) | 55.7% | 34.0% | 54.0% | 53.8% | 50.6% | 44.4% | 47.1% | 44.1% | --- | --- | 0.2% | --- | --- | 1.9% | 44.4% |
| 8 | INDEX | 1.25 | 0.77 | 1.22 | 1.21 | 1.14 | 1.00 | 1.06 | 0.99 | --- | --- | 0.01 | --- | --- | 0.04 | 1.00 |

**Florida City Gas Company**
**Docket No. 20220069-GU**
**OPC's First Set of Interrogatories**
**Interrogatory No. 90**
**Page 1 of 1**

QUESTION:
Please provide the amount of rate case expense included in the test year broken out by category.

RESPONSE:
The total amount of rate case expenses FCG estimates for this docket is $1,991,116. Please refer to MFR C-13 for this amount broken out by category. As discussed in FCG witness Fuentes's direct testimony, FCG is requesting to amortize the total amount of rate case expenses over four years. As such, FCG has included a 13-month average of $1,742,227 of deferred rate case expenses in rate base and $497,779 in amortization expense in the 2023 Test Year.

**Florida City Gas Company**
**Docket No. 20220069-GU**
**OPC's First Set of Interrogatories**
**Interrogatory No. 92**
**Page 1 of 1**

QUESTION:
Provide the rate case expense in each of the Company's last five rate cases.

RESPONSE:
Please see requested information in the table below:

| Date of FCG Rate Case Petition | Docket | Rate Case Expense Amount | Source |
|---|---|---|---|
| 05/20/1994 | 19940276-GU | $485,000 | http://www.psc.state.fl.us/library/filings/1994/12656-1994/12656-1994.pdf (Order No. PSC-94-1570-FOF-GU at 9) |
| 06/18/1996 | 19960502-GU | $376,920 | http://www.psc.state.fl.us/library/filings/2000/10525-2000/10525-2000.pdf (MFR Schedule C-13) |
| 08/25/2000 | 20000768-GU | $342,537 | http://www.psc.state.fl.us/library/filings/2003/07496-2003/07496-2003.PDF (MFR Schedule C-13) |
| 08/15/2003 | 20030569-GU | $431,707 | http://www.floridapsc.com/library/filings/2017/09537-2017/09537-2017.pdf (MFR Schedule C-13) |
| 10/23/2017 | 20170179-GU | $1,221,766 | http://www.psc.state.fl.us/library/filings/2022/03285-2022/03285-2022.pdf (MFR Schedule C-13) |

**Florida City Gas Company**
**Docket No. 20220069-GU**
**OPC's Second Set of Interrogatories**
**Interrogatory No. 137**
**Page 1 of 1**

QUESTION:
Refer to testimony of Liz Fuentes, Pages 17 and 22. Please explain how rate case costs from FPL can exceed the direct charges for a full year from FPL.

RESPONSE:
The reference to Page 17 in FCG witness Fuentes's testimony refers to $1.6 million of affiliate support from FPL in the total amount of rate case expenses forecasted to be incurred as of December 31, 2022 for this docket. As reflected and described on MFR Schedule C-13, this forecasted amount includes witness, legal, and other support. The use of affiliate support by FPL allows FCG to secure outside temporary staff for an effort as time intensive as a rate case and leverage the expertise of FPL resources. By doing so, FCG avoids permanent staff to meet peak workload requirements that would otherwise be included in FCG's base rate revenue requirements. In addition, as described in the testimony of FCG witness Fuentes, the fact that FCG is requesting a four-year rate plan in this proceeding reduces the amount of rate case expenses FCG would otherwise incur for multiple, back-to-back proceedings.

The reference to Page 22 refers to $1.3 million of projected direct charges from FPL and other affiliates of FCG in the 2023 Test Year, which is based on historical charges to FCG for specific project support not related to rate case activities. It is not proper to compare rate case efforts to non-rate case projects as they require different levels of support and therefore, result in different levels of expenses incurred.