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September 20, 2022

BY E-FILING

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

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

Dear Mr. Teitzman:

Attached, for electronic filing, please find the **Rebuttal Testimony of Noah Russell**, submitted on behalf of Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation.

Sincerely,

/s/Beth Keating
Beth Keating
Gunster, Yoakley & Stewart, P.A.
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cc.(Certificate of Service)

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 REBUTTAL TESTIMONY OF NOAH T. RUSSELL
3 ON BEHALF OF FLORIDA PUBLIC UTILITIES COMPANY AND THE FLORIDA
4 DIVISION OF CHESAPEAKE UTILITIES CORPORATION
5 DOCKET NO. 20220067-GU
6 September 20, 2022
7

8 SECTION I. INTRODUCTION

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

10 A. My name is Noah T. Russell. My business address is 100 Commerce Drive, Newark
11 DE, 19713.

12 **Q. Have you previously filed direct testimony in this docket?**

13 A. Yes, I filed direct testimony on behalf of Florida Public Utilities Company (all
14 divisions) and the Florida Division of Chesapeake Utilities Corporation, which I
15 refer to herein jointly as either “the Companies” or “FPUC.”

16 **Q. Are you providing any exhibits with your rebuttal testimony?**

17 A. No.

18 II. PURPOSE AND SUMMARY OF TESTIMONY

19 **Q. What is the purpose of your rebuttal testimony?**

20 A. The purpose of my testimony is to rebut the proposed adjustment to reduce Directors
21 and Officers Liability (‘D&O) insurance expense and working capital contained in the
22 direct testimony of OPC’s witness Ralph Smith.

1 **Q. Do you agree with witness Smith’s testimony that states there is no question that**
2 **D&O liability insurance, which FPUC has elected to purchase, is primarily for**
3 **the benefit of shareholders?**

4 A. No, I do not agree with this statement. While D&O insurance does provide benefits
5 to shareholders it also provides coverage for lawsuits brought by other parties,
6 including employees, customers, creditors, vendors, competitors and regulators.
7 Without D&O insurance, the Company’s assets are at risk. A D&O policy mitigates
8 this risk by covering the legal fees and other costs the Company may incur as a result
9 of such a suit.

10 Additionally, many officers and non-employee directors would refuse to accept a
11 position with a company that doesn’t have a D&O policy and refuses to purchase one.
12 Establishing an appropriate D&O insurance policy for officers and non-employee
13 directors, serves to attract and retain qualified candidates with the necessary
14 experience and skillsets to provide oversight and governance around the changing
15 environment that all of the Company’s business units are impacted by.

16 **Q. Do you agree with witness Smith’s rationale for removing 50% of the D&O**
17 **insurance expense and 50% of D&O insurance from working capital?**

18 A. No, I do not agree with his rationale. First, as noted above purchasing a D&O insurance
19 policy is necessary to attract and retain qualified employees and directors to provide
20 oversight and governance around the changing environment that all of the Company’s
21 business units are impacted by. Secondly, as mentioned in my previous testimony, the
22 Company continuously assess the Corporation’s current risks, insurance needs and

1 costs in in determining the appropriate level of insurance coverage. Purchasing D&O
2 insurance is an effective tool for mitigating risk. Without this coverage, the Company
3 could be exposed to a claim which could result in material legal fees and other costs
4 that would ultimately impact ratepayers and shareholders more negatively.

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

6 A. Yes it does.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Rebuttal Testimony has been served by Electronic Mail this 20th day of September, 2022, upon the following:

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