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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20220069-GU

Petition for rate increase
by Florida City Gas.

_____ /

PROCEEDINGS: SERVICE HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN ANDREW GILES FAY
COMMISSIONER MIKE LA ROSA
COMMISSIONER GABRIELLA PASSIDOMO

DATE: Thursday, September 15, 2022

TIME: Commenced: 10:00 a.m.
Concluded: 10:20 a.m.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

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

1 APPEARANCES:

2 JOEL T. BAKER and CHRISTOPHER T. WRIGHT,
3 ESQUIRES, Florida Power & Light Company, 700 Universe
4 Boulevard, Juno Beach, Florida 33408; BETH KEATING,
5 ESQUIRE, Gunster Law Firm, 215 South Monroe Street,
6 Suite 601, Tallahassee, Florida 32301; appearing on
7 behalf of Florida City Gas (FCG).

8 RICHARD GENTRY, PUBLIC COUNSEL; CHARLES
9 REHWINKEL, DEPUTY PUBLIC COUNSEL; MARY ALI WESSLING,
10 ESQUIRE, OFFICE OF PUBLIC COUNSEL, c/o The Florida
11 Legislature, 111 West Madison Street, Room 812,
12 Tallahassee, Florida 32399-1400, appearing on behalf of
13 the Citizens of the State of Florida (OPC.).

14 WALTER TRIERWEILER and MATTHEW JONES,
15 ESQUIRES, FPSC General Counsel's Office, 2540 Shumard
16 Oak Boulevard, Tallahassee, Florida 32399-0850,
17 appearing on behalf of the Florida Public Service
18 Commission (Staff).

19 KEITH HETRICK, GENERAL COUNSEL; MARY ANNE
20 HELTON, DEPUTY GENERAL COUNSEL, Florida Public Service
21 Commission, 2540 Shumard Oak Boulevard, Tallahassee,
22 Florida 32399-0850, Advisor to the Florida Public
23 Service Commission.

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WITNESS :

PAGE

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

2 CHAIRMAN FAY: All right. Good morning,
3 everyone. I have 10:00 a.m. We will start today's
4 customer service meeting.

5 I just want to welcome all of our customers to
6 this meeting. This is your opportunity to provide
7 some input as to the service being provided by
8 Florida City Gas.

9 With me today -- I am Commissioner Andrew Fay.
10 I serve as the Chair of the PSC, and with me today
11 is also Commissioner Mike La Rosa and Commissioner
12 Gabriella Passidomo. I would just like to allow
13 them a few seconds here just to recognize you, and
14 if they have any comments to add to today's
15 hearing.

16 So, Commissioner La Ross, you are recognized.

17 COMMISSIONER LA ROSA: Thank, Chairman.

18 And as always, this is an extremely important
19 part of the rate case process, so an opportunity
20 for us to get to hear from customers directly, what
21 they like, what they don't like, and, of course,
22 what they say, or course, goes into the record and
23 allows us to consider for future decisions. So
24 thank you all that have signed up to participate,
25 and I appreciate you -- your input on whatever it

1 may be. So again, thank you, and I appreciate
2 that, Chairman.

3 CHAIRMAN FAY: Great. Thank you, Commissioner
4 La Rosa.

5 And, Commissioner Passidomo, you are
6 recognized.

7 MS. PASSIDOMO: Thank you, Mr. Chair.

8 And I would just like to echo Commissioner La
9 Rosa's comments about the importance of customer
10 feedback, and so I appreciate all of those who have
11 signed up to speak with us this morning, as well as
12 those who have submitted written comments. We take
13 those with equal amount of weight and review each
14 of those individually, so I appreciate all of those
15 who have written in to us as well.

16 CHAIRMAN FAY: Great. Thank you, Commissioner
17 Passidomo.

18 And next we will move on to the hearing
19 itself.

20 Staff, would you please read the notice.

21 MR. TRIERWEILER: Good morning. By notice
22 issued on August 24, 2022, this time and place has
23 been set for a service hearing in Docket No.
24 20220069-GU. The purpose of the hearing is more
25 fully laid out in the notice.

1 CHAIRMAN FAY: Great. Thank you.

2 Next we will move to appearance. We will
3 start with Florida City Gas, you are recognized.

4 MR. BAKER: Good morning, everyone. This is
5 Joel Baker appearing on behalf of Florida City Gas.
6 And I would also like to enter an appearance for
7 Christopher Wright and Beth Keating of the Gunster
8 Law Firm.

9 CHAIRMAN FAY: Great. Thank you.

10 And next, Office of Public Counsel, Ms.
11 Wessling, good morning.

12 MS. WESSLING: Good morning. This is Ali
13 Wessling with the Office of Public Counsel, and I
14 would also like to enter an appearance for Richard
15 Gentry and Charles Rehwinkel.

16 CHAIRMAN FAY: Great. Thank you.

17 Staff counsel.

18 MR. TRIERWEILER: Walt Trierweiler and Matt
19 Jones for Commission staff.

20 CHAIRMAN FAY: All right. Great. Thank you
21 for being here this morning.

22 Next we will move no the proceeding itself.
23 Just a reminder, this is designed for customers to
24 provide their feedback as to Florida City Gas'
25 petition. We do want to make sure that you provide

1 the opportunity -- you have the opportunity to
2 provide your comments in an orderly fashion, so
3 this morning we will provide you with some contact
4 information and then some direction as to each
5 caller and how we will move forward with the
6 proceeding this morning.

7 There will be a technical hearing in December
8 that will go over the substance and specific
9 evidence of the case. This is designed
10 specifically for customer feedback today.

11 For some of these contacts we are going to
12 give you, we have Florida City Gas customer
13 representatives that are available from 8:00 a.m.
14 to 5:00 p.m., but to give you their direct number,
15 it is (305)835-3645.

16 The Commission has also allocated a specific
17 representative for this docket in your Engineering
18 division. Her name is Emily Knoblauch, and her
19 e-mail address is E-K-N-O-B-L-A-U @psc.state.fl.us,
20 or her contact number is (850)413-6632.

21 As a reminder, as I mentioned, the comments
22 provided today will be transcribed and placed in
23 the record, which does mean that those who are
24 providing those comments, if the parties choose to
25 do so, they can cross-examine and ask for some

1 clarification as to the comments that are provided
2 today.

3 Just some quick little housekeeping for our
4 customers who are on the line to speak. Some of
5 this may be obvious, but we just want to make sure
6 we respect all of our callers and give everybody
7 the opportunity speak today. So please try to keep
8 a quiet setting on your line, and mute if you have
9 any sort of background noise as to where you are
10 calling from today. Try not to place your phone on
11 hold.

12 If you do speak into the phone, please use
13 some form of a headset or the phone itself.
14 Sometimes we get feedback through the speakerphone
15 function. And this also applies if you are
16 watching the hearing in an audio or video form. If
17 that audio is up, we will hear that feedback on the
18 call and it can be difficult to hear you, so just
19 make sure that that volume is taken down.

20 If for any reason you are disconnected, please
21 just call back and we will make sure that we get to
22 you at the end once we finish our list of customers
23 who have signed up, we will provide an opportunity
24 if there were any of those that we missed today to
25 be available.

1 As I mentioned before, please just make sure
2 that we operate with the respect and the procedure
3 that the Commission would expect for all parties
4 and the customers who are speaking today.

5 Just one last form of contact for our
6 customers. We want to make sure you are able to
7 present any information that you want to us. You
8 can present -- you can mail a comment card which
9 can be found on our website. In addition to that,
10 you can email comments into this docket, and
11 specifically the comments will be placed into the
12 docket for review. Please email those to clerk,
13 C-L-E-R-K, @psc.state.fl.U.S., and just make sure
14 to reference Docket 20220069.

15 If there is anything that's said that you
16 essentially agree with or is somewhat identical to
17 your comments today, feel free to reference those
18 previous comments and confirm with those for
19 efficiency purposes.

20 With that, we will move into our opening
21 statements. We will first recognize Florida City
22 Gas to present their opening statement.

23 MR. BAKER: Thank you, Chairman Fay.

24 For our opening, I will hand it over to Kurt
25 Howard, who is the General Manager of Florida City

1 Gas.

2 CHAIRMAN FAY: Great. Mr. Howard, you are
3 recognized this morning. Thank you.

4 MR. HOWARD: Thank you, Mr. Chairman, and good
5 morning, Commissioners, and thank you for
6 conducting this hearing. And thank you to the
7 customers who have taken time out of their day to
8 join us as well.

9 My name is Kurt Howard. And as the General
10 Manager of Florida City Gas, I want to express my
11 gratitude for the opportunity to serve you.

12 Florida City Gas, or FCG, is a regulated
13 utility, which means the Public Service Commission
14 oversees our rates and operations to ensure we
15 deliver safe and reliable service at fair prices.

16 FCG has requested Commission approval of new
17 base rates. The need for this proceeding is driven
18 primarily by the investments the company has made
19 to support new growth and maintain exceptional
20 system reliability. It's been about five years
21 since FCG's last rate proceeding, so, of course,
22 inflation is also a factor.

23 Everyone has been facing increased costs
24 lately, and we know no one likes to pay higher
25 prices. At FCG, we work hard to keep our

1 operations efficient while making sure to deliver
2 you safe and reliable service. We are proposing a
3 four-year plan that is designed to provide
4 stability and certainty for our customers. After a
5 single necessary increase in February of 2023, the
6 plan would keep base rates flat until at least
7 January of 2027. You can find more information
8 about our plan on-line, but today is about hearing
9 from you.

10 Some customers have told us the value of the
11 service we provide, and we are grateful for that
12 feedback. But we also want to hear about ways we
13 can improve and serve you better.

14 As always, we are here to support our
15 customers. If you need assistance with your
16 service, as Commissioner Fay mentioned, please
17 contact us as at (305)835-3645, and speak with one
18 of our representatives who is standing by.

19 On behalf of everyone at FCG, I want to thank
20 you for your participation today, and we look
21 forward to hearing from you.

22 CHAIRMAN FAY: Great. Thank you.

23 Next we will move to the Office of Public
24 Counsel for their opening statement. Ms. Wessling.

25 MS. WESSLING: Thank you, Chairman.

1 And good morning again. My name is Ali
2 Wessling, and I am with the Office of Public
3 Counsel. For those of you who are not familiar
4 with our office, the Office of Public Counsel was
5 created by the Legislature, and we represent all
6 the customers of Florida City Gas.

7 We are here today because Florida City Gas has
8 filed a request for a variety of changes to their
9 current rates, including an increase in base rates
10 and charges sufficient to generate a total base
11 rate revenue increase of \$29 million, an
12 incremental base rate revenue increase of \$22
13 million, a 10.75 return on equity, or profit, an
14 equity ratio of 59.6 percent, the implementation of
15 something called a reserve surplus amputation
16 amortization mechanism, or RSAM, approval of
17 artificially derived RSAM facilitating depreciation
18 rates, permission for a mechanism to adjust base
19 rates in the event that tax laws change during or
20 after the conclusion of this proceeding, as well as
21 several other requests.

22 We have intervened for you in this case, and
23 we have two expert witnesses who are going to
24 testify on your behalf. We are going to contest
25 those areas of this request that we do not feel are

1 reasonable or prudent. We will challenge the
2 overall level of the rate increase, and it's our
3 expert's opinion that the company is asking for
4 four-and-a-half times what they need in order to
5 provide good service. Our expert has calculated
6 that the company needs no more than \$4.8 million
7 instead of the \$22 million that they have
8 requested.

9 One of the largest areas that we will focus on
10 is the RSAM. We and our experts believe that this
11 is not warranted or reasonable. We also believe
12 that the requested profit is far too high, and our
13 experts will be recommending a much more well
14 reasoned and appropriate profit rate of 9.5 percent
15 for the Commission's consideration.

16 We also believe that the equity ratio, which
17 is the basis upon which the profits are determined,
18 is far too high. And our experts will provide
19 testimony to support a more suitable equity ratio
20 that is close to what the company has operated with
21 just fine for the past 20 years. There are several
22 other aspects of Florida City Gas' request that we
23 will be taking issue with and providing testimony
24 about.

25 Also, please keep in mind that the law

1 requires that Florida City Gas prove what they are
2 asking for is reasonable and prudent, and we are
3 going to challenge all of those areas where we do
4 not believe that they are reasonable or prudent.

5 Now, today, is your hearing, and this is not
6 the PSC's hearing. It's not OPC's hearing. It's
7 not Florida City Gas' hearing. This is you, the
8 customers, hearing. Please take advantage of this
9 opportunity and speak up and tell the Commissioners
10 how you feel about Florida City Gas, whether that's
11 good or bad. You can talk about the quality of FCG
12 service, how you feel about the rate increase, et
13 cetera. Please use your voice to participate, and
14 I look forward to hearing from you.

15 Thank you.

16 CHAIRMAN FAY: Great. Thank you, Ms.
17 Wessling.

18 Next we will move on to the customer testimony
19 portion of this hearing. So we will be providing
20 each customer this morning three minutes to present
21 their comments. We will allow a little flexibility
22 to that, but if you exceed that time, we will just
23 ask you to wrap it up at that point.

24 Of course, just one last reminder, these
25 comments are transcribed for the record. And so

1 with that, we will move on to our first caller for
2 this morning, and that is Teylar Arroyo. Taylor or
3 Teylar?

4 All right. Next I have Ivette Bermudez.

5 MS. BERMUDEZ: Me.

6 CHAIRMAN FAY: Ms. Bermudez, you are
7 recognized. Go ahead.

8 PUBLIC COMMENT

9 MS. BERMUDEZ: I was echoing.

10 CHAIRMAN FAY: You sound okay on our end.

11 MS. BERMUDEZ: Can you hear me okay?

12 CHAIRMAN FAY: Yes. You sound okay on our
13 end, Ms. Bermudez.

14 MS. BERMUDEZ: Okay. I called Florida City
15 Gas just for information because my husband and I
16 were interested in purchasing a home that a builder
17 was building just four homes in a small middle
18 block. And out of curiosity -- we've always wanted
19 natural gas in the house, so I called Florida City
20 Gas and Nelly picked up the phone, and what I
21 thought was going to be impossible, she made it
22 possible. She was extremely knowledgeable, helpful
23 in -- in my thought process of maybe this brand new
24 how's that this builder was building, bringing
25 natural gas and tying in to the main line, I just

1 did it to see if maybe.

2 Well, here we are probably four months later,
3 I am getting ready to move into my new house. And
4 Nelly took the time to meet with the builder, and
5 then she met with all four homeowners, me being one
6 of them, and three out of the four agreed; because
7 what better than having natural gas in all of our
8 appliances in a home?

9 That, to me, was a dream, and she made my
10 dream come true. She was extremely knowledgeable
11 to the extent she took the time to make a
12 relationship with all these homeowners. And now,
13 that fourth homeowner that really didn't agree kind
14 of feels regretful. So he really -- he didn't want
15 to because of the expense or whatnot, but later
16 realized that it was going to be a savings towards,
17 you know, through time of living in the house. So
18 I don't know what the status much him is at this
19 point, but we have all agreed, and we are all super
20 excited that all of our appliances, washer, dryer,
21 everything is going to be natural gas, even our
22 outdoor kitchen.

23 So I just wanted to come out here and take a
24 few minutes of your time to tell you that I am all
25 for natural gas.

1 CHAIRMAN FAY: Great. Thank you for calling
2 this morning, Ms. Bermudez. We appreciate your
3 input in this docket.

4 With that, we will next move --

5 MS. BERMUDEZ: If my pleasure. Thank you.

6 CHAIRMAN FAY: Thank you.

7 With that, we will move to Mr. Hiegel, Larry
8 Hiegel.

9 MR. HIEGEL: Good morning, this is Larry
10 Hiegel, and I am calling as a satisfied customer
11 for the last seven years --

12 CHAIRMAN FAY: Mr. Hiegel --

13 MR. HIEGEL: I live at --

14 CHAIRMAN FAY: -- Mr. Hiegel, I am going to
15 interrupt you just real quick.

16 MR. HIEGEL: Yes.

17 CHAIRMAN FAY: I just -- we have you as called
18 in, but I need to just make sure I give you the
19 oath for you to provide your information in this
20 docket. Those who have submitted on-line check a
21 box, and we have marked here that you hadn't filled
22 that out.

23 (Whereupon, Larry Hiegel was sworn by Chairman
24 Fay.)

25 MR. HIEGEL: Absolutely.

1 CHAIRMAN FAY: Great. Okay. Mr. Hiegel,
2 sorry to interrupt you. Go ahead.

3 PUBLIC COMMENT

4 MR. HIEGEL: Yes. Again, I am a resident of
5 Vero Beach, and have been a very satisfied customer
6 over the last seven years using Florida City Gas.
7 I have never had an interruption of service, and
8 only had to call one time from a home improvement
9 project, and the contractor believed it to be the
10 pressure coming into my house from Florida City
11 Gas. I called them. Florida City Gas promptly
12 came that day. They checked the calibration of the
13 meters and found out that the contractor that
14 installed our gas equipment had put the wrong
15 orifice inside the equipment.

16 I am also calling, one of the reasons that was
17 brought up was improvement of service. And I am
18 all for Florida City Gas providing additional
19 service to the barrier island of Vero Beach. I am
20 very concerned about all the propane trucks that
21 are involved in the streets. It's unregulated, the
22 fluctuation of their prices, as they are not
23 regulated, and it's created a large inconvenience
24 in additional expenses for individuals.

25 I also am the Director of the Windsor Golf

1 Club, and we are looking so forward to natural gas
2 being brought in to the barrier island and allowing
3 improved service of providing energy to all the
4 residents and the facilities on Vero Beach.

5 I am all for this rate increase. I would like
6 for them to continue their expansion. And it would
7 definitely be more predictable for costs compared
8 to what we use now in the propane market. I am all
9 for this increase, and I thank you for this
10 opportunity to speak on behalf of Florida City Gas
11 in their improving our area.

12 Thank you.

13 CHAIRMAN FAY: Great. And thank you, Mr.
14 Hiegel, for taking the time to call in this
15 morning. We appreciate it.

16 Next we will move to Mr. David Smith. Mr.
17 Smith, are you on the line?

18 MR. SMITH: Yes, I am.

19 CHAIRMAN FAY: Okay. You are recognized.

20 PUBLIC COMMENT

21 MR. SMITH: Thank you. My name is David
22 Smith. I am the General Manager of Seaport
23 Canaveral Corporation, which is the fuel oil
24 terminal that's located in the Canaveral port.

25 We are the largest independent terminal in the

1 state of Florida. There is different areas, of
2 course, that have more storage, for example, Tampa
3 and Port Everglades, but we are the largest
4 terminal, and so we are a large commercial customer
5 of Florida City Gas.

6 We've always had fantastic service, but to
7 highlight some of the things that they have done
8 for us. For example, we provide all of the bunker
9 fuel for any of the cruise ships that come in and
10 out of the port. And so part of the equipment that
11 we use is a hot oil heater that's provided by
12 natural gas, the cleanest fuel that we can. And so
13 over 12 years of operation, there is a lot of
14 corrosion. They've always worked with us.
15 Whenever we've had an issue on our side, they've
16 come out and worked with us in order to solve the
17 problems.

18 Part of our operation also is a vapor
19 combustion unit that's regulated by the Florida
20 DEP. We use assist gas on that as well in order to
21 meet the regulatory requirements, and so we've
22 recently upgraded in the last year as well, and
23 needed more gas applied from them, and so they were
24 absolutely able and available to help us with that
25 as well, but it's also even on the rate side.

1 One of the things that they had provided which
2 is not a benefit to them, but yet they still gave
3 it to us as an idea as a customer is, there are
4 different brokers on the commercial side that we
5 could have used in order to try to reduce the costs
6 of natural gas. Now, in this case, it didn't
7 really work out for us for what we were trying to
8 do. But again, they were forthcoming, gave us
9 different names. Didn't support anybody. Said, go
10 ahead and use that if you want to research it on
11 how to actually save as well.

12 So from my standpoint, I have never been
13 through one of these hearings, but I would say that
14 the service that they provide to us, and the
15 continual feedback and the customer service is
16 exemplary.

17 CHAIRMAN FAY: Great. Thank you for taking
18 the time to call in this morning, Mr. Smith. We
19 appreciate it.

20 MR. SMITH: Thank you.

21 CHAIRMAN FAY: With that, next we will move to
22 Diane Rodriguez. Ms. Rodriguez, are you on the
23 line? Diane Rodriguez?

24 Okay. With that, that concludes our signed up
25 list. Let me make sure, are there any other

1 callers on the line that are customers of City Gas
2 and would like to provide customer feedback in this
3 hearing?

4 All right. With that, that will conclude our
5 hearing.

6 Commissioners, anything to add? Nope?

7 With that, we conclude our customer service
8 hearing this morning. Thank you for being here.

9 (Proceedings concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, 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 27th day of September, 2022.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH31926
EXPIRES AUGUST 13, 2024