

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: 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

DOCKET NO. 20220067-GU

SUPPLEMENTAL TESTIMONY

OF

DAVID J. GARRETT

ON BEHALF OF THE FLORIDA OFFICE OF PUBLIC COUNSEL

Richard Gentry
Public Counsel

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c/o The Florida Legislature
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LIST OF EXHIBITS

Exhibit DJG-S-18	Summary Accrual Adjustment
Exhibit DJG-S-20	Detailed Rate Comparison
Exhibit DJG-S-21	Depreciation Rate Development

I. INTRODUCTION

1 **Q. STATE YOUR NAME AND OCCUPATION.**

2 A. My name is David J. Garrett. I am a consultant specializing in public utility regulation. I
3 am the managing member of Resolve Utility Consulting PLLC.

4 **Q. DID YOU FILE DIRECT TESTIMONY IN THIS PROCEEDING?**

5 A. Yes. I filed direct testimony on August 24, 2022. A summary of my qualifications was
6 included in my testimony.¹

7 **Q. DESCRIBE THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY.**

8 A. In my direct testimony, I testified on behalf of the Florida Office of Public Counsel
9 (“OPC”) in response to the petition for rate increase by Florida Public Utilities Company-
10 Gas Division, Florida Division of Chesapeake Utilities Corporation, Florida Public
11 Utilities Company – Fort Meade, and Florida Public Utilities Company – Indiantown
12 Division (collectively “FPUC” or the “Company”). I addressed the Company’s proposed
13 depreciation rates in response to the direct testimony of Company witness Patricia Lee,
14 who sponsors the Company’s depreciation study. On September 9, 2022, Ms. Lee filed
15 revised testimony, which included revisions to a number of the Company’s proposed
16 depreciation parameters. I am filing this supplemental testimony to reflect OPC’s position
17 regarding depreciation pursuant to the Company’s revised testimony.

¹ Exhibit DJG-1.

1 **Q. WERE THERE ANY CHANGES TO THE NARRATIVE OF YOUR DIRECT**
2 **TESTIMONY AS A RESULT OF MS. LEE'S REVISED TESTIMONY?**

3 A. Yes, there is one change. On page 10, line 8 of my direct testimony, the dollar amount is
4 now \$250,098.

5 **Q. ARE YOU FILING ANY REVISED EXHIBITS AS PART OF YOUR**
6 **SUPPLEMENTAL TESTIMONY?**

7 A. Yes. I am filing supplemental versions of Exhibits DJG-18, 20 and 21.

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 A. Yes.

CERTIFICATE OF SERVICE
DOCKET NO. 20220067-GU

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail on this 27th day of September 2022, to the following:

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**Summary Depreciation
Accrual Adjustment**

Plant Function	Plant Balance	FPUC Proposed Accrual	OPC Proposed Accrual	OPC Accrual Adjustment
Distribution	538,699,687	11,028,918	10,740,534	(288,384)
General	37,763,561	2,051,173	2,089,459	38,286
Total Plant Studied	\$ 576,463,248	\$ 13,368,910	\$ 13,118,812	\$ (250,098)

Detailed Rate Comparison

Account No.	Description	[1]	[2]		[3]		[4]	
		Plant Balance	Rate	Annual Accrual	Rate	Annual Accrual	Rate	Annual Accrual
DISTRIBUTION PLANT								
3741	Land Rights	33,410	1.20%	401	1.20%	390	0.00%	-11
375	Structures & Improvements	1,572,719	2.80%	44,036	2.80%	43,599	0.00%	-437
3761	Mains - Plastic	129,087,416	1.60%	2,065,399	1.50%	1,930,600	-0.10%	-134,799
3762	Mains - Steel	61,810,864	2.10%	1,298,028	2.10%	1,310,993	0.00%	12,965
376G	Mains - GRIP	148,906,029	1.60%	2,350,496	1.70%	2,476,104	0.10%	125,608
378	Measuring and Regulating Equip. - General	6,890,853	2.70%	186,053	2.20%	154,669	-0.50%	-31,384
379	Measuring and Regulating Equip. - City Gate	14,603,999	2.50%	365,100	1.90%	277,706	-0.60%	-87,394
3801	Services - Plastic	69,786,805	2.50%	1,744,670	2.20%	1,533,979	-0.30%	-210,691
3802	Services - Other	1,327,469	3.50%	46,461	3.60%	48,054	0.10%	1,593
380G	Services - GRIP	48,993,831	2.50%	1,224,846	2.50%	1,229,371	0.00%	4,525
381	Meters	23,268,059	3.70%	860,918	3.80%	884,074	0.10%	23,156
3811	Meters - AMR Equipment	2,303,034	2.20%	50,667	2.30%	53,144	0.10%	2,477
382	Meter Installations	18,239,922	2.60%	474,238	2.60%	475,121	0.00%	883
3821	Meter Installations - MTU/DCU	593,040	2.20%	13,047	2.20%	12,976	0.00%	-71
383	House Regulators	6,859,108	2.00%	137,182	2.00%	138,061	0.00%	879
384	House Regulator Installations	1,081,399	2.40%	25,954	2.50%	27,439	0.10%	1,485
385	Indus. Meas. & Reg. Station Equip	1,883,028	2.00%	37,661	2.20%	40,998	0.20%	3,337
387	Other Equipment	3,458,702	3.00%	103,761	3.00%	103,257	0.00%	-504
Total Distribution Plant		538,699,667	2.05%	11,028,918	1.99%	10,740,534	-0.05%	-288,384
GENERAL PLANT								
390	Structures & Improvements.	14,092,184	2.30%	324,120	2.30%	330,942	0.00%	6,822
3910	Office Equipment	2,294,441	7.14%	163,889	7.14%	163,889	0.00%	0
3912	Computer Hardware	374,792	10.00%	37,479	10.00%	37,479	0.00%	0
3913	Office Furniture	758,651	5.00%	37,933	5.00%	37,933	0.00%	0
3914	Computer Software	7,283,950	10.00%	728,395	10.00%	728,395	0.00%	0
3921	Transportation - Cars	298,594	5.70%	17,020	5.70%	17,083	0.00%	63
3922	Transportation - Light Trucks & Vans	6,692,224	5.60%	374,765	5.90%	397,394	0.30%	22,629
3923	Transportation - Heavy Trucks	0	8.20%	0	8.20%	0	0.00%	0
3924	Transportation - Other	63,465	1.90%	1,206	2.00%	1,238	0.10%	32
393	Stores Equipment	29,458	3.85%	1,133	3.85%	1,133	0.00%	0
394	Tools, Shop & Garage Equipment	1,366,809	6.67%	91,121	6.67%	91,121	0.00%	0
395	Laboratory Equipment	0	5.00%	0	5.00%	0	0.00%	0
396	Power Operated Equipment	1,789,042	4.00%	71,562	4.50%	80,303	0.50%	8,741
397	Communication Equipment	2,351,047	7.69%	180,850	7.69%	180,850	0.00%	0
398	Miscellaneous Equipment	368,904	5.88%	21,700	5.88%	21,700	0.00%	0
399	Miscellaneous Tangible	0	20.00%	0	20.00%	0	0.00%	0
Total General Plant		37,763,561	5.43%	2,051,173	5.53%	2,089,439	0.10%	38,286
Revised General Plant Amortization				288,819	288,819		0	
TOTAL PLANT STUDIED		\$ 576,463,268	2.32%	\$ 13,368,910	2.28%	\$ 13,118,812	-0.04%	\$ (250,098)

[1], [2] From depreciation study
 [3] From Exhibit DJG-S-21
 [4] = [3] - [2]

Depreciation Rate Development

Account No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		(10)
		Plant Balance	lowa Curve Type AL	Net Salvage	Depreciable Base	Book Reserve	Future Accruals	Age (Years)	Remaining Life	Accrual	Rate	
DISTRIBUTION PLANT												
3741	Land Rights	33,410	SQ - 75	0.0%	33,410	11,583	21,827	19.2	56.0		390	1.20%
375	Structures & Improvements	1,572,719	S4 - 40	0.0%	1,572,719	351,957	1,220,762	11.7	28.0		43,599	2.80%
3761	Mains - Plastic	129,087,416	S3 - 75	-25.0%	161,359,270	32,009,063	129,350,207	8.0	67.0		1,930,600	1.50%
3762	Mains - Steel	61,810,864	S3 - 65	-40.0%	86,535,210	30,162,494	56,372,716	22.2	43.0		1,310,993	2.10%
376G	Mains - GRIP	146,906,029	S3 - 75	-25.0%	183,632,536	17,733,587	165,898,949	8.0	67.0		2,476,104	1.70%
378	Measuring and Regulating Equip. - General	6,890,853	R3 - 46	-10.0%	7,579,938	1,702,522	5,877,416	8.0	38.0		154,669	2.20%
379	Measuring and Regulating Equip. - City Gate	14,603,999	R3 - 49	-10.0%	16,064,399	5,789,277	10,275,122	12.7	37.0		277,706	1.90%
3801	Services - Plastic	69,786,805	S3 - 57	-30.0%	90,722,847	15,557,857	75,164,990	8.7	49.0		1,533,979	2.20%
3802	Services - Other	1,327,469	S2 - 60	-130.0%	3,053,179	1,419,349	1,633,830	26.3	34.0		48,054	3.60%
380G	Services - GRIP	48,993,831	S3 - 57	-30.0%	63,691,980	3,452,804	60,239,176	8.7	49.0		1,229,371	2.50%
381	Meters	23,268,059	R3 - 28	0.0%	23,268,059	7,354,720	15,913,339	9.9	18.0		884,074	3.80%
3811	Meters - AMR Equipment	2,303,034	R3 - 28	0.0%	2,303,034	1,452,732	850,302	12.1	16.0		53,144	2.30%
382	Meter Installations	18,239,922	S2 - 45	-20.0%	21,887,906	5,258,682	16,629,224	10.2	35.0		475,121	2.60%
3821	Meter Installations - MTU/DCU	593,040	S2 - 45	-20.0%	711,648	283,446	428,202	12.5	33.0		12,976	2.20%
383	House Regulators	6,859,108	R4 - 40	0.0%	6,859,108	3,131,461	3,727,647	13.1	27.0		138,061	2.00%
384	House Regulator Installations	1,081,399	S3 - 45	-20.0%	1,297,679	694,010	603,669	23.0	22.0		27,439	2.50%
385	Indus. Meas. & Reg. Station Equip	1,883,028	R3 - 38	0.0%	1,883,028	1,217,066	655,962	22.3	16.0		40,988	2.20%
387	Other Equipment	3,458,702	S3 - 30	0.0%	3,458,702	1,496,827	1,961,875	10.9	19.0		103,257	3.00%
Total Distribution Plant		538,699,687		-25.5%	675,914,652	129,089,437	546,825,215		50.9		10,740,534	1.99%
GENERAL PLANT												
390	Structures & Improvements	14,092,184	R3 - 40	10.0%	12,682,966	1,099,982	11,582,984	4.8	35.0		330,942	2.30%
3910	Office Equipment	2,294,441	SQ - 14	0.0%	2,294,441	458,888	1,835,553	14.0	14.0		163,889	7.14%
3912	Computer Hardware	374,792	SQ - 10	0.0%	374,792	247,363	127,429	10.0	10.0		37,479	10.00%
3913	Office Furniture	758,651	SQ - 20	0.0%	758,651	189,663	568,988	20.0	20.0		37,933	5.00%
3914	Computer Software	2,283,950	SQ - 10	0.0%	2,283,950	4,588,889	2,695,061	10.0	10.0		728,395	10.00%
3921	Transportation - Cars	298,594	S2 - 12	10.0%	268,735	114,990	153,745	2.9	9.0		17,083	5.70%
3922	Transportation - Light Trucks & Vans	6,692,224	S2 - 12	20.0%	5,353,779	2,969,418	2,384,361	6.1	6.0		397,394	5.90%
3923	Transportation - Heavy Trucks	0	SQ - 11	10.0%	0	0	0	0.0	11.0		0	8.20%
3924	Transportation - Other	63,465	S4 - 27	0.0%	63,465	49,848	13,617	15.5	11.0		1,238	2.00%
393	Stores Equipment	29,458	SQ - 26	0.0%	29,458	9,064	20,394		26.0		1,133	3.85%
394	Tools, Shop & Garage Equipment	1,366,809	SQ - 15	0.0%	1,366,809	464,715	902,094		15.0		91,121	6.67%
395	Laboratory Equipment	0	SQ - 20	0.0%	0	0	0		20.0		0	5.00%
396	Power Operated Equipment	1,789,042	S2 - 20	5.0%	1,699,590	1,057,166	642,424	12.4	8.0		80,303	4.50%
397	Communication Equipment	2,351,047	SQ - 13	0.0%	2,351,047	1,030,934	1,320,113		13.0		180,850	7.65%
398	Miscellaneous Equipment	368,904	SQ - 17	0.0%	368,904	247,387	121,517		17.0		21,700	5.88%
399	Miscellaneous Tangible	0	SQ - 5	0.0%	0	0	0		5.0		0	20.00%
Total General Plant		37,763,561		7.6%	34,896,586	12,528,307	22,368,279		10.7		2,089,459	5.53%
Revised General Plant Amortization											288,819	
TOTAL PLANT STUDIED		\$ 576,463,248		-23.3%	\$ 710,811,238	\$ 141,617,744	\$ 569,193,494		43.4		\$ 13,118,812	2.28%

[1] From depreciation study
 [2] Average life for adjusted accounts based on average of approved lives in Exhibit DJG-19
 [3] Less net salvage rates developed through statistical analysis and professional judgment
 [4] = [1] * [1] - [3]
 [5] From depreciation study
 [6] = [4] - [5]
 [7] Company calculated ages from depreciation study
 [8] Composite remaining life based on lowa curve in [2]
 [9] = [6] / [8]
 [10] = [9] / [1]