

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

DATED: September 30, 2022

COMMISSION STAFF'S PREHEARING STATEMENT

Pursuant to Order No. PSC-2022-0222-PCO-GU, filed June 17, 2022, modified by Order No. PSC-2022-0270-PCO-GU, filed July 8, 2022, and revised by Order No. PSC-2022-0323-PCO-GU, filed September 12, 2022, the Staff of the Florida Public Service Commission files its Prehearing Statement.

1. All Known Witnesses

Witness	Subject Matter	Issues #
Direct		
Todd M. Brown	Auditing Report(s)	As needed
Angela L. Calhoun	Consumer Complaints	4

2. All Known Exhibits

Witness	Proffered By	Exhibit #	Description
Direct			
Todd M. Brown	Commission Staff	TMB-1	Auditor's Report-Rate Case
Angela L. Calhoun	Commission Staff	ALC-1	PSC List(s) of Service Complaints
Angela L. Calhoun	Commission Staff	ALC-2	PSC List(s) of Billing Complaints
Angela L. Calhoun	Commission Staff	ALC-3	PSC List(s) of E-Transfer Complaints

3. Staff's Statement of Basic Position

Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

4. Staff's Position on the Issues

ISSUE 1: Is FPUC's projected test period of the twelve months ending December 31, 2023, appropriate?

POSITION: Staff has no position at this time.

ISSUE 2: Are FPUC's forecasts of customer and therms by rate class for the projected test year ending December 31, 2023, appropriate? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 3: Are FPUC's estimated revenues from sales of gas by rate class at present rates for the projected test year appropriate? If not, what adjustments should be made?

POSITION: Staff has no position at this time.

ISSUE 4: Is the quality of service provided by FPUC adequate?

POSITION: Staff has no position at this time.

ISSUE 5: Based on FPUC's 2023 Depreciation Study, what are the appropriate depreciation parameters (e.g. service life, remaining life, net salvage percentage, and reserve percentage) and resulting depreciation rate for each distribution and general plant account?

POSITION: Staff has no position at this time.

ISSUE 6: Based on the application of the depreciation parameters that the Commission has deemed appropriate, and a comparison of the theoretical reserves to the book reserves, what, are the resulting imbalances, if any?

POSITION: Staff has no position at this time.

ISSUE 7: What, if any, corrective depreciation reserve measures should be taken with respect to any imbalances identified in Issue 6?

POSITION: Staff has no position at this time.

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ISSUE 8: What should be the implementation date for revised depreciation rates, and amortization schedules?

POSITION: Staff has no position at this time.

ISSUE 9: Has FPUC made the appropriate adjustments to reflect GRIP investments as of December 31, 2022, in rate base?

POSITION: Staff has no position at this time.

ISSUE 10: Is FPUC's adjustment to move existing Area Extension Program (AEP) projects into rate base appropriate? If so, what additional adjustments, if any, should be made?

POSITION: Staff has no position at this time.

ISSUE 11: What is the appropriate amount of existing environmental costs, if any, that should be removed from rate base and recovered through the Company's proposed environmental cost recovery surcharge mechanism?

POSITION: Staff has no position at this time.

ISSUE 12: Is FPUC's proposed Safety Town project reasonable? If so, what is the appropriate amount for plant-in-service for the project?

POSITION: Staff has no position at this time.

ISSUE 13: Do FPUC's adjustments to Florida Common and Corporate Common plant and accumulated depreciation allocated appropriately reflect allocations among FPUC's gas division, FPUC's electric division, and non-regulated operations? If not, what additional adjustments, if any, should be made?

POSITION: Staff has no position at this time.

ISSUE 14: Has FPUC made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation, and Working Capital?

POSITION: Staff has no position at this time.

ISSUE 15: What is the appropriate level of Miscellaneous Intangible Plant for the projected test year?

POSITION: Staff has no position at this time.

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ISSUE 16: What is the appropriate level of plant in service for the projected test year?
(Fallout Issue)

POSITION: Staff has no position at this time.

ISSUE 17: What is the appropriate level of accumulated depreciation for the projected test year? (Fallout issue)

POSITION: Staff has no position at this time.

ISSUE 18: Should any adjustments be made to the amounts included in the projected test year for acquisition adjustment and accumulated amortization of acquisition adjustment?

POSITION: Staff has no position at this time.

ISSUE 19: What is the appropriate level of Construction Work in Progress (CWIP) to include in the projected test year?

POSITION: Staff has no position at this time.

ISSUE 20: Have under recoveries and over recoveries related to the Purchased Gas Adjustment and Energy Conservation Cost Recovery been appropriately reflected in the Working Capital Allowance?

POSITION: Staff has no position at this time.

ISSUE 21: Should an adjustment be made to remove unamortized rate case expense from working capital?

POSITION: Staff has no position at this time.

ISSUE 22: Should an adjustment be made to remove a portion of prepaid Directors and Officers ("D&O") Liability Insurance from working capital?

POSITION: Staff has no position at this time.

ISSUE 23: What is the appropriate level of working capital for the projected test year?

POSITION: Staff has no position at this time.

ISSUE 24: What is the appropriate level of rate base for the projected test year?

POSITION: Staff has no position at this time.

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ISSUE 25: What is the appropriate amount and cost rate for short-term debt to include in the projected test year capital structure?

POSITION: Staff has no position at this time.

ISSUE 26: What is the appropriate amount and cost rate for long-term debt to include in the projected test year capital structure?

POSITION: Staff has no position at this time.

ISSUE 27: What is the appropriate amount and cost rate for customer deposits to include in the projected test year capital structure?

POSITION: Staff has no position at this time.

ISSUE 28: What is the appropriate amount of accumulated deferred taxes to include in the projected test year capital structure?

POSITION: Staff has no position at this time.

ISSUE 29: What is the appropriate equity ratio to use in the capital structure for ratemaking purposes?

POSITION: Staff has no position at this time.

ISSUE 30: What is the appropriate authorized return on equity (ROE) to use in establishing FPUC's projected test year revenue requirement?

POSITION: Staff has no position at this time.

ISSUE 31: What is the appropriate method to reconcile average capital structure to average jurisdictional rate base?

POSITION: Staff has no position at this time.

ISSUE 32: What is the appropriate weighted average cost of capital to use in establishing FPUC's projected test year revenue requirement?

POSITION: Staff has no position at this time.

ISSUE 33: Has FPUC properly removed Purchased Gas Adjustment and Natural Gas Conservation Cost Recovery Revenues, Area Extension Plan Revenues, Expenses, and Taxes Other than Income from the projected test year?

POSITION: Staff has no position at this time.

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ISSUE 34: Has FPUC made the appropriate adjustments to remove all non-utility activities from operation expenses, including depreciation and amortization expense?

POSITION: Staff has no position at this time.

ISSUE 35: Should an adjustment be made to the number of employees in the projected test year?

POSITION: Staff has no position at this time.

ISSUE 36: What is the appropriate amount of salaries and benefits to include in the projected test year?

POSITION: Staff has no position at this time.

ISSUE 37: What is the appropriate amount of pensions and post-retirement benefits expense to include in the projected test year?

POSITION: Staff has no position at this time.

ISSUE 38: Should an adjustment be made to remove a portion of Directors and Officers Liability ("D&O") insurance expense from projected test year cost of service?

POSITION: Staff has no position at this time.

ISSUE 39: Should the projected test year O&M expenses be adjusted to reflect changes to the non-labor trend factors for inflation and customer growth?

POSITION: Staff has no position at this time.

ISSUE 40: What is the appropriate annual storm damage accrual and cap?

POSITION: Staff has no position at this time.

ISSUE 41: Is a Parent Debt Adjustment pursuant to Rule 25-14.004, Florida Administrative Code, appropriate, and if so, what is the appropriate amount?

POSITION: Staff has no position at this time.

ISSUE 42: Should an adjustment be made to Regulatory Commission Expense for Rate Case Expense for the projected test year, and what is the appropriate amortization period?

POSITION: Staff has no position at this time.

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ISSUE 43: Should an adjustment be made to Uncollectible Accounts and for Bad Debt in the Revenue Expansion Factor?

POSITION: Staff has no position at this time.

ISSUE 44: Should an adjustment be made to reduce rental expense from the projected test year?

POSITION: Staff has no position at this time.

ISSUE 45: What is the appropriate amount of projected test year O&M expenses? (Fallout Issue)

POSITION: Staff has no position at this time.

ISSUE 46: Do FPUC's adjustments to Florida Common and Corporate Common depreciation and amortization expense allocated appropriately reflect allocations among FPUC's gas division, FPUC's electric division, and non-regulated operations? If not, what additional adjustments, if any, should be made?

POSITION: Staff has no position at this time.

ISSUE 47: What is the appropriate amount of depreciation expense to include in the projected test year for FPUC's GRIP program?

POSITION: Staff has no position at this time.

ISSUE 48: What is the appropriate amount of Depreciation and Amortization Expense for the projected test year? (Fallout Issue)

POSITION: Staff has no position at this time.

ISSUE 49: What adjustments, if any, are appropriate to account for interest synchronization?

POSITION: Staff has no position at this time.

ISSUE 50: Should any adjustments be made to the amounts included in the projected test year for amortization expense associated with the acquisition adjustment?

POSITION: Staff has no position at this time.

ISSUE 51: What is the appropriate amount of projected test year Taxes Other than Income?

POSITION: Staff has no position at this time.

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ISSUE 52: What is the appropriate amount of projected test year Income Tax Expense (Fallout Issue)

POSITION: Staff has no position at this time.

ISSUE 53: What is the appropriate amount of Total Operation Expenses for the projected test year? (Fallout Issue)

POSITION: Staff has no position at this time.

ISSUE 54: What is the appropriate amount of Net Operating Income for the projected test year? (Fallout Issue)

POSITION: Staff has no position at this time.

ISSUE 55: What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPUC?

POSITION: Staff has no position at this time.

ISSUE 56: What is the appropriate annual operating revenue increase for the projected test year? (Fallout Issue)

POSITION: Staff has no position at this time.

ISSUE 57: Should FPUC's proposal to consolidate its cost of service for Florida Public Utilities Company, CFG, Fort Meade, and Indiantown be approved?

POSITION: Staff has no position at this time.

ISSUE 58: Is FPUC's proposed cost of service study appropriate?

POSITION: Staff has no position at this time.

ISSUE 59: Are FPUC's proposed consolidated residential and commercial rate classes appropriate?

POSITION: Staff has no position at this time.

ISSUE 60: Are FPUC's proposed customer charges for Florida Public Utilities Company, CFG, Fort Meade, and Indiantown appropriate?

POSITION: Staff has no position at this time.

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ISSUE 61: Are FPUC's proposed per therm distribution charges for Florida Public Utilities Company, CFG, Fort Meade, and Indiantown appropriate?

POSITION: Staff has no position at this time.

ISSUE 62: Are FPUC's proposed consolidated miscellaneous service charges appropriate?

POSITION: Staff has no position at this time.

ISSUE 63: Is FPUC's proposal to modify its existing AEP appropriate?

POSITION: Staff has no position at this time.

ISSUE 64: Is FPUC's proposed Environmental Cost Recovery Surcharge an appropriate mechanism to recover environmental remediation costs related to FPUC's former manufactured gas plant sites?

POSITION: Staff has no position at this time.

ISSUE 65: Are FPUC's non-rate related tariff changes appropriate?

POSITION: Staff has no position at this time.

ISSUE 66: What is the appropriate effective date of FPUC's revised rates and charges?

POSITION: Staff has no position at this time.

ISSUE 67: Should the Commission approve a rate adjustment mechanism in the event State or Federal income tax rates change in the future?

POSITION: Staff has no position at this time.

ISSUE 68: Should FPUC's proposal to modify its Extension of Facilities tariff to provide the Company with the option of requiring a Minimum Volume Commitment from non-residential customers be approved?

POSITION: Staff has no position at this time.

ISSUE 69: Should any portion of the interim increases granted be refunded to the customers?

POSITION: Staff has no position at this time.

ISSUE 70: Should FPUC be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission's findings in this rate case?

POSITION: Staff has no position at this time.

ISSUE 71: Should this docket be closed?

POSITION: Staff has no position at this time.

5. Stipulated Issues

None at this time

6. Pending Motions

None

7. Pending Confidentiality Claims or Requests

None

8. Objections to Witness Qualifications as an Expert

None

9. Compliance with Order No. PSC-2022-0222-PCO-GU

Staff has complied with all requirements of the Order Establishing Procedure entered in this docket.

Respectfully submitted this 30th day of September, 2022.

/s/ Ryan Sandy

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DATED: September 30, 2022

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that STAFF'S PREHEARING STATEMENT has been filed with the Office of Commission Clerk and that a true copy has been furnished to the following by electronic mail this 30th day of September, 2022:

Mike Cassel Florida Public Utilities Company Florida Division of Chesapeake Utilities Corp. 208 Wildlight Avenue Yulee, Florida 32097 mcassel@fpuc.com	Michelle D. Napier Florida Public Utilities Company 1635 Meathe Drive West Palm Beach, Florida 33411 mnapier@fpuc.com
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/s/ Ryan Sandy

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