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October 3, 2022

VIA ELECTRONIC FILING

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


Re: Docket No. 20220069-GU
Florida City Gas – Rebuttal Testimony of Kurt Howard

Dear Mr. Teitzman:

Enclosed for filing on behalf of Florida City Gas (“FCG”) in the above-referenced docket is the **Rebuttal Testimony of FCG witness Kurt Howard**, together with Exhibits KSH-2 through KSH-5.

A copy of this filing is being served in accordance with the attached certificate of service. If you or your staff have any question regarding this filing, please contact me at (561) 691-7144.

Respectfully submitted,



Christopher T. Wright
Authorized House Counsel No. 1007055

Enclosures

Cc: Ken Hoffman

Florida Power & Light Company
700 Universe Boulevard, Juno Beach, FL 33408

CERTIFICATE OF SERVICE

20220069-GU

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail this 3rd day of October 2022 to the following parties:

<p>Walter Trierweiler, Esquire Matthew Jones, Esquire Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 wtrierwe@psc.state.fl.us majones@psc.state.fl.us <i>For Commission Staff</i></p>	<p>Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 Gentry.richard@leg.state.fl.us wessling.mary@leg.state.fl.us <i>For Office of Public Counsel</i></p>
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s/ Christopher T. Wright

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DOCKET NO. 20220069-GU**

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4 **FLORIDA CITY GAS**

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8 **REBUTTAL TESTIMONY OF**

9
10 **KURT S. HOWARD**

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13
14
15
16 **Topics: LNG Facility, AMI Pilot, Plant**
17 **Additions, Employee Complement,**
18 **Injuries and Damages, Storm Damage**
19 **Reserve, Integration of Operations and**
20 **Services, and Customer Service**
21

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26 **Filed: October 3, 2022**

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1 **I. INTRODUCTION**

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

3 A. My name is Kurt S. Howard. My business address is Florida City Gas, 700 Universe
4 Boulevard, Juno Beach, Florida 33408.

5 **Q. Did you previously submit direct testimony?**

6 A. Yes. On May 31, 2022, I submitted written direct testimony on behalf of Pivotal Utility
7 Holdings, Inc. d/b/a Florida City Gas (“FCG” or the “Company”), together with Exhibit
8 KSH-1.

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

10 A. The purpose of my rebuttal testimony is to offer clarifications and corrections
11 concerning statements and recommendations in the testimony of Office of Public
12 Counsel (“OPC”) witness Helmuth W. Schultz, III. Specifically, my testimony
13 addresses the following topics raised in witness Schultz’s testimony: (i) the Liquefied
14 Natural Gas (“LNG”) Facility approved in FCG’s prior rate case in Docket No.
15 20170179-GU; (ii) the proposed advanced metering infrastructure pilot program
16 (“AMI Pilot”); (iii) plant additions; (iv) headcount and payroll; (v) safety, injuries, and
17 damages; (vi) the Storm Damage Reserve; and (vii) integration of FCG into the
18 NextEra Energy, Inc. (“NEE”) organization. Finally, I will address customer
19 comments regarding FCG’s service, and will respond to the testimony of Staff witness
20 Angela L. Calhoun regarding customer complaints.

21 **Q. Are you sponsoring or co-sponsoring any exhibits with your rebuttal testimony?**

22 A. Yes. I am sponsoring the following exhibits with my rebuttal testimony:

- 1 • Exhibit KSH-2 – FCG Responses to Staff Interrogatories Concerning LNG
2 Facility Construction Status (Staff Interrogatory Nos. 78 and 79);
- 3 • Exhibit KSH-3 – FCG Response to Staff Interrogatory Regarding the AMI
4 Pilot (Staff Interrogatory No. 36);
- 5 • Exhibit KSH-4 – FCG Response to OPC Interrogatory Regarding Net Plant
6 Additions (OPC Interrogatory No. 151); and
- 7 • Exhibit KSH-5 – FCG Responses to OPC Interrogatories Regarding
8 Headcount and Payroll (OPC Interrogatory Nos. 150 and 170).

9 I also co-sponsor Exhibit LF-10 – FCG’s Notice of Identified Adjustments filed August
10 16, 2022, filed with the rebuttal testimony of FCG witness Fuentes.

11

12 **II. LNG FACILITY**

13 **Q. On pages 23-24 of his testimony, OPC witness Schultz discusses the loss of the**
14 **original site and delay to the in-service date for the LNG Facility, and**
15 **recommends that the additional \$10 million necessary to complete construction of**
16 **the LNG Facility be disallowed. Before addressing his specific concerns, can you**
17 **provide an overview of the selection of the original site for the LNG Facility?**

18 **A.** Yes. The LNG Facility was approved as part of a Stipulation and Settlement
19 Agreement in FCG’s last base rate case that was approved by Commission Order No.
20 PSC 2018-0190-FOF-GU in Docket No. 20170179-GU (the “2018 Settlement”). OPC
21 was a signatory to the 2018 Settlement. The 2018 Settlement provided (emphasis
22 added):

23 In its October 23, 2017, petition, FCG sought approval to construct
24 an LNG Facility to address the Company's capacity concerns. The

1 Parties agree that FCG shall be authorized to construct a LNG
2 Facility as described in the testimonies of FCG witnesses Gregory
3 Becker and Stephen Wassell capable of providing an additional
4 10,000 Dth/d of capacity and which would include the following
5 items discussed in those testimonies: (i) truck loading facilities; (ii)
6 three storage tanks holding a total of 270,000 gallons of LNG; (iii)
7 vaporization equipment; and (iv) other related specifications.

8 With respect to the location of the LNG Facility, the direct testimony of FCG witness
9 Wassell submitted in Docket No. 20170179-GU stated as follows (emphasis added):

10 The facility will be located on property along FCG's 6" Jet Fuel Line
11 in the area between Cutler Ridge and Homestead. We are currently
12 evaluating locations for the facility. This area is well suited as the
13 land is more rural and less developed when compared to the northern
14 portions of the pipeline, which are urban and fully developed.

15 * * *

16 The Jet Fuel Line is a high pressure 6" steel pipeline that originally
17 transported jet fuel from Miami International Airport ("MIA") to
18 Homestead Air Reserve Base. After Hurricane Andrew hit in 1992,
19 the line was taken out of service. FCG purchased and converted the
20 pipeline to natural gas service in 2010 to reinforce the FCG
21 distribution system south of the MIA.

22 * * *

23 Once the planned Homestead LNG facility is constructed, we can
24 meet the needs of these customers with the LNG plant. It creates an
25 additional supply source that is needed by FCG at this time and is
26 discussed in the testimony of Witness Becker. By displacing the
27 FGT gas from the areas south of MIA, this gives extra capacity to
28 be used north of MIA.

29 Thus, the Commission did not specifically approve a location for the LNG Facility and,
30 in fact, the Commission and parties to the 2018 Settlement, including OPC, were fully
31 aware that FCG was evaluating locations for the facility and had not selected an exact
32 location.

33

1 Following the approval of the LNG Facility as part of the 2018 Settlement, FCG began
2 an intensive effort to secure an appropriate site for the LNG Facility in Miami-Dade
3 County (the “County”) consistent with the 2018 Settlement and the direct testimony of
4 FCG witness Wassell in Docket No. 20170179-GU. The original site was selected due
5 to its proximity to the existing Jet Fuel Line, which would provide reinforcement to
6 FCG’s system south of the Miami International Airport. The original site was located
7 outside the County’s urban development boundary and, as such, only agricultural and
8 agricultural accessory uses were permitted without first obtaining a special or unusual
9 use exemption. FCG therefore requested a formal opinion from the County Planning
10 Director as to whether the development of an LNG facility would be suitable at the
11 initial proposed site. On August 17, 2018, FCG received a formal consistency
12 determination from the County Planning Director. Thereafter, FCG acquired the
13 original site for the LNG Facility and began pursuing the permits and approvals needed
14 for the site, including the special or unusual use zoning exemption from the County.

15
16 As part of its process to obtain the special or unusual use exemption, FCG engaged in
17 community outreach to educate the community on the benefits and necessity of natural
18 gas and to inform them of the benefits of the LNG Facility. Although the Company
19 received support and recommendations of approval from County staff, the Community
20 Council ultimately declined to grant the special or unusual use zoning exemption on
21 June 5, 2019.

1 **Q. On page 24, lines 3-5 of his testimony, OPC witness Schultz states that “it would**
2 **not be prudent to buy property zoned residential and plan industrial construction**
3 **on the hope and whim that a zoning change will be allowed.” Do you have a**
4 **response?**

5 A. Yes. First, the original site for the LNG Facility was not zoned as residential as
6 incorrectly suggested by OPC witness Schultz. Rather, as explained above, the original
7 site was zoned for agricultural and agricultural accessory uses. Second, FCG did not
8 acquire the property on a “hope and whim” that the zoning for the original site would
9 be changed. To the contrary, FCG undertook due diligence with the County Planning
10 Director regarding the consistency of the LNG Facility within the established zoning
11 requirements as previously explained. Finally, OPC witness Schultz overlooks that the
12 LNG Facility was eligible for a special or unusual use zoning exemption without the
13 need for a zoning change.

14 **Q. What actions did FCG take after the County declined to grant the special or**
15 **unusual use zoning exemption for the original LNG Facility site?**

16 A. FCG determined that the most appropriate strategy was to sell the original site and
17 promptly begin a search for an alternative parcel that was consistent with the design,
18 location, and need for the LNG Facility as adopted in the 2018 Settlement. In pursuit
19 of this new strategy, FCG performed a review of over 100 potential parcels, as well as
20 extensive due diligence of 10 locations to develop an alternative site for the LNG
21 Facility that would still allow the facility to tie into FCG’s Jet Fuel Line and reinforce
22 FCG’s system south of the Miami International Airport. After this extensive research,
23 FCG located a suitable site within the City of Homestead. Additional details

1 concerning this FCG's pursuit of a suitable alternative site were provided in FCG's
2 response to Staff Interrogatory No. 78, which is included in Exhibit KSH-2 to my
3 rebuttal testimony.

4
5 In April 2020, a zoning verification letter was submitted to the City of Homestead's
6 Planning Director to determine if the development of an LNG storage facility would be
7 suitable at the new location. After receiving favorable feedback from the City's
8 Planning Director, FCG proceeded with the submittal of a new zoning application in
9 October 2020. The Homestead City Council approved the zoning application in July
10 2021. The new site is fully permitted, and the LNG Facility is currently under
11 construction with a planned completion date of March 2023.

12 **Q. In his testimony, OPC witness Schultz is critical of FCG's delay in getting the new**
13 **site. Do you have a response?**

14 A. Yes. As explained above, FCG acted prudently and reasonably in selecting the original
15 site and promptly sought the necessary special or unusual use exemption, which was
16 permitted under the County zoning code. The time it took for the Community Council
17 to reach its final decision on June 5, 2019, was largely beyond FCG's control.
18 Thereafter, additional time was necessary to identify and evaluate other feasible
19 alternative sites that would still meet the purpose, scope, and requirements of the LNG
20 Facility as approved by the 2018 Settlement. FCG has no control if and when such
21 properties would become available. Finally, the time it took to obtain final zoning
22 approval for the new LNG Facility site from the Homestead City Council in July 2021
23 was also largely beyond FCG's control. Given that the 2018 Settlement provided an

1 additional base rate increase upon the in-service date of the LNG Facility, FCG
2 certainly would have preferred and was incentivized to minimize and eliminate delays
3 where practicable. However, that simply was not possible due to factors largely beyond
4 FCG's control.

5 **Q. Do you have any additional response to OPC witness Schultz's recommendation**
6 **that the \$10 million cost increase for the LNG Facility be disallowed?**

7 A. Yes. First, OPC witness Schultz overlooks that, as explained in the direct testimony of
8 FCG witness Wassell submitted in Docket No. 20170179-GU, the original project cost
9 estimate of \$58 million was only an estimate:

10 Q: Is the project cost final at this time?

11 A: No, it is an estimate. As the project gets closer to completion,
12 the accuracy of the cost estimate will be refined.

13 Again, the 2018 Settlement adopted the LNG Facility as described in the testimony of
14 FCG witness Wassell. Thus, the Commission and parties were fully aware that the
15 total cost for the LNG Facility could change. FCG's current cost estimate of \$68
16 million reflects detailed engineering and actual construction activities, making it more
17 refined than the original estimate provided in Docket No. 20170179-GU.

18
19 Second, OPC does not dispute that the project is still needed, nor does OPC witness
20 Schultz claim that the project should not be completed. Although the primary drivers
21 for the increased project costs were the loss of the original site and delay to the in-
22 service date, FCG acted reasonably and diligently in securing the new site for the LNG
23 Facility and the delays in doing so were largely beyond FCG's control as explained
24 above. As explained in my direct testimony, the increase in the total cost to complete

1 LNG Facility is due to the following factors: (i) \$6.2 million in increased costs
2 associated with geotechnical analysis, environmental studies, and permitting; (ii) \$3.5
3 million in increased pipeline costs needed to connect the LNG Facility with the Jet Fuel
4 Line as approved in the 2018 Settlement; and (iii) \$2.5 million in increased engineering
5 costs.¹ It is undisputed that these additional costs are necessary and appropriate to
6 complete the LNG Facility as approved under the 2018 Settlement. Further, no parties
7 have suggested that these necessary costs are unreasonable or excessive. For these
8 reasons, OPC witness Schultz’s recommendation to disallow the \$10 million increase
9 in costs to complete the LNG Facility should be rejected.

10 **Q. On page 24, lines 15-18 of his testimony, OPC witness Schultz states that there is**
11 **a “good possibility” that the LNG Facility will not meet its in-service date. Do you**
12 **have a response?**

13 A. Yes. OPC witness Schultz states that his concern regarding the in-service date is based
14 on the fact that the LNG Facility has previously been delayed. However, as I explained
15 above, those delays were associated with the time it took for a final zoning decision on
16 the original site, find an alternative site, and obtain zoning approval for the new site –
17 all of which were largely out of FCG’s control. Moreover, FCG received zoning
18 approval of the new site in July 2021 and, therefore, these prior delays will not continue
19 or re-occur as suggested by OPC witness Schultz.

20

¹ These costs have been offset by \$2.2 million in land-related savings associated with switching to the new site for the LNG Facility.

1 Furthermore, OPC witness Schultz is incorrect about the construction status of the LNG
2 Facility. Construction of the LNG Facility commenced in June of 2022 and there are
3 no known obstacles that could meaningfully stall or delay the progress of construction.
4 In fact, as of this time, the vast majority of the equipment deliveries needed to construct
5 the facility have been completed. FCG’s response to Staff Interrogatory No. 79, which
6 is attached to my testimony as Exhibit KSH-2, provides additional detail regarding the
7 status of the construction activities at the site of the LNG Facility. Although all
8 construction projects can face various unforeseen challenges that can cause a delay in
9 the expected in-service date, I believe that FCG is making significant progress on the
10 LNG Facility and is on track to meet the projected March 2023 in-service date.

11

12 **III. AMI PILOT**

13 **Q. On page 26 of his testimony, OPC witness Schultz recommends that costs**
14 **associated with the AMI Pilot should be borne by shareholders since the**
15 **technology is new to the gas industry. Do you agree?**

16 **A.** No. OPC witness Schultz is apparently unaware that the Commission has approved the
17 recoverability of numerous utility pilot projects that allow utilities to implement a novel
18 technology or concept at a limited scale to better understand the associated benefits. A
19 prime and recent example is the cost for the Florida Power & Light Company (“FPL”)
20 Green Hydrogen Pilot project that was included in rate base as part of a settlement
21 joined by OPC and approved by Commission Order No. PSC-2021-0446-S-EI in
22 Docket No. 20210015-EI.

23

1 Utility pilot projects, if appropriately tailored and sized, provide a significant benefit
2 to both the utility and its customers. Pilot projects enable the utility to test and evaluate
3 new initiatives and technologies on a limited basis to determine if it would be
4 appropriate and beneficial to deploy these new features system wide. Such pilot
5 projects provide real-world data and information regarding the implementation,
6 deployment, functionality, operating and maintenance requirements, costs, and benefits
7 of new initiatives and technologies. This information is valuable in determining the
8 benefits and feasibility of system-wide deployment, as well as providing an opportunity
9 to identify best practices and lessons learned before full-scale deployment. OPC
10 witness Schultz's rationale, if accepted, would disincentivize utilities from proposing
11 limited-scope pilot programs for the Commission's consideration. In effect, this would
12 negate opportunities for utilities to investigate and better understand potential service
13 innovations and the benefits of deploying emerging technologies system wide.

14
15 I also note that AMI technology has been deployed by a limited number of gas utilities
16 in the United States already, and it is widely used by electric utilities throughout the
17 nation. FCG explained this in its response to Staff Interrogatory No. 36, which is
18 attached to my rebuttal testimony as Exhibit KSH-3. The industry's experience with
19 the capabilities of the technology has provided FCG with background on the potential
20 benefits of AMI deployment, which FCG seeks to study and test as part of its pilot.
21 FCG believes an approach that allows it to perform a paced and carefully evaluated
22 implementation on its own system, instead of a full-scale system-wide deployment, will
23 allow FCG to better understand the prospects of the technology without the full system

1 being reliant on it or customers being responsible for the costs associated with a full-
2 scale deployment.

3 **Q. You mentioned that pilot programs should be appropriately tailored and sized.**
4 **Can you please elaborate?**

5 A. Yes. If the scope of a pilot program is too broad, it could be difficult to pinpoint the
6 specific features that are driving the benefits, costs, savings, or even concerns. Further,
7 a pilot program that is overly broad in scope of size could significantly increase the
8 costs to customers. Thus, it is appropriate to limit the scope of the pilot to meet the
9 hypothesis or goals to be tested, and to limit the deployment size to a reasonable sample
10 that will still provide meaningful data that can be used to support future deployment
11 decisions.

12
13 As explained in my direct testimony, FCG took a thoughtful and measured approach to
14 its AMI Pilot, limiting the implementation of the pilot to only an initial 5,000 meters in
15 a part of the Company's service territory that experiences accelerated replacement and
16 retirement due to corrosion. This is a sufficient number of meters to allow FCG to
17 understand the capabilities of the meters and whether the benefits that FCG expects are
18 achievable and would be beneficial as a full-scale deployment.

19 **Q. OPC witness Schultz also states that "it is not known whether there will be a**
20 **benefit" associated with the AMI Pilot. Do you agree?**

21 A. No. OPC witness Schultz ignores the value and benefits that a limited pilot provides
22 to both the utility and its customers as explained above. OPC witness Schultz also
23 simply ignores the anticipated benefits of the AMI Pilot that I describe in my direct

1 testimony. In short, it is anticipated that the AMI Pilot will allow for automated daily
2 or hourly remote meter reads for the smart meters installed. The remote monitoring of
3 this data will allow for: (i) reduced costs associated with driving routes to read meters
4 on monthly basis; (ii) remote disconnection of meters; (iii) remote leak and outage
5 detection capabilities; (iv) more accurate billing; and (v) enhanced customer access to
6 individualized data and usage information. These are real, tangible customer benefits
7 that we expect to test and evaluate during the AMI Pilot. Gathering and analyzing data
8 on these benefits, together with the lessons learned on deployment and implementation,
9 will facilitate a more educated determination regarding the potential system-wide
10 deployment of AMI infrastructure in the future.

11 **Q. Has FCG identified any adjustments that should be made to the AMI Pilot?**

12 A. Yes. FCG determined that it incorrectly forecasted the amount of O&M expense
13 related to the proposed AMI Pilot for (i) its use of FPL's mesh network and (ii) the
14 vendor software and managed service fees, that when corrected resulted in an O&M
15 expense decrease of \$3,104. To reflect the impacts of this correction, FCG filed a
16 Notice of Identified Adjustments on August 16, 2022, which is provided as Exhibit LF-
17 10 to the rebuttal testimony of FCG witness Fuentes.

18

19 **IV. PLANT ADDITIONS**

20 **Q. On page 28 of his testimony, OPC witness Schultz suggests that FCG's plant
21 additions reflected in 2022 and 2023 may be overly optimistic. Do you agree?**

22 A. No. As support for his position, OPC witness Schultz references that FCG's total plant
23 additions for 2020 was \$46.1 million as compared to \$22.0 million in 2021, which he

1 then claims makes FCG’s plant additions projection of \$41.6 million for 2022 and
2 \$51.3 million (excluding the plant additions associated with the LNG Facility) for the
3 2023 Test Year unreasonable. For the reasons explained in the rebuttal testimony of
4 FCG witness Campbell, OPC witness Schultz’s analyses based on three-year historical
5 averages as the forecasted amount to be used for the 2023 Test Year plant in service is
6 flawed and not appropriate.

7
8 Further, OPC witness Schultz fails to recognize that 2021 – not 2020 – should be
9 regarded as the outlier year. As noted in FCG’s response to OPC interrogatory No.
10 151, which is attached to my testimony as Exhibit KSH-4, lower new business in 2021
11 as a result of the ongoing impacts of the COVID-19 pandemic had a significant impact
12 on the growth of new business for FCG. The growth of new business is a significant
13 driver of the Company’s plant additions and is a contributing factor to the amount of
14 plant additions forecasted for the 2023 Test Year.

15
16 FCG’s 2023 capital addition projections are more than guesswork. Projects with 2023
17 costs are already in motion. It takes significant time to design, engineer, and permit
18 projects, plus account for any unanticipated obstacles that may arise. FCG’s normal
19 planning process enables visibility into upcoming capital spend for the immediate years
20 as some projects require significant planning; and, for 2023, projects are already being
21 studied and designed to meet customer demands or ensure system integrity across
22 FCG’s expanding infrastructure. As detailed in my direct testimony, a significant
23 portion of our capital spend – such as the spend on mains – is driven by FCG’s flow

1 study modeling, which identifies areas on the system that require further enhancement
2 based on continually updating utilization, pressure, and forecasted growth. Again,
3 these established planning processes inform the Company’s projected spend in 2023.

4
5 Additionally, FCG’s projected customer growth ties directly into other major
6 components of the capital forecast, such as meters and services. FCG works closely
7 with developers and builders to understand the pace of new construction occurring
8 within FCG’s territory so that the Company can provide realistic estimates on cost and
9 timing needed to maintain pace with customer needs. OPC witness Schultz’s comment
10 about spending being overly optimistic for 2023 highlights his lack of understanding
11 around the planning required to ensure that FCG’s 3,700 miles, and growing, of
12 pipeline is capable of providing safe and reliable service to new and existing customers.

13
14 **V. EMPLOYEE COMPLEMENT**

15 **Q. Please summarize OPC witness Schultz’s concerns regarding FCG’s employee
16 complement forecasted for the 2023 Test Year.**

17 A. On pages 32-33 of his testimony, OPC witness Schultz takes issue with FCG’s
18 forecasted employee complement of 187 full-time equivalents (“FTEs”) for the 2023
19 Test Year because, according to him, it does not consider a vacancy factor and FCG
20 did not provide detail on what positions are needed and why. In support, OPC witness
21 Schultz points to discovery responses that reflect the positions filled as of June 30, 2022
22 and adds them to the December 31, 2021 year-end headcount to arrive at his
23 recommended employee complement of 173 FTEs.

1 **Q. Has FCG provided detail regarding the positions added/hired since its last rate**
2 **case and future headcount needed?**

3 A. Yes. In its response to OPC Interrogatory No. 150, FCG provided specific
4 justifications for each added position since 2018 and explained why each of the added
5 positions were required. In its response to OPC Interrogatory No. 170, FCG provided
6 details on its planned hires for the remainder of 2022. Both these discovery responses
7 are attached to my rebuttal testimony as Exhibit KSH-6.

8 **Q. Please explain the need for the positions added since 2018.**

9 A. To summarize, the need for the 33 positions FCG has added since 2018 fall into the six
10 general categories: (i) the insourcing of specific functions, such as leak surveying; (ii)
11 the transition of functions post-acquisition from Southern Company; (iii) positions to
12 support growing customer demands, including account management and engineering
13 needs; (iv) positions supporting the expansion of physical gas infrastructure; (v)
14 support for enhancements to FCG's customer information system ("CIS") and helping
15 to implement other technology and initiatives to drive efficiency gains; and (vi)
16 replacement positions. The headcount increases attributable to these categories are
17 reasonable and necessary for the safe and efficient continuation of service-related
18 activities within the utility. In addition, FCG continuously monitors and evaluates its
19 staffing levels to ensure it keeps pace with customer needs across its system, whether
20 that is design and engineering work to accommodate new and existing customers on
21 FCG's system, back-office support to handle the administrative needs of customers, or
22 day-to-day operational personnel to meet customer appointments, activate service,

1 perform compliance work as part of maintaining a safe and reliable service, or respond
2 to emergencies.

3 **Q. Please describe the planned hires for the remainder of 2022.**

4 A. As shown in Exhibit KSH-6 (FCG response to OPC Interrogatory No. 170), FCG has
5 provided details on its planned hires for the remainder of 2022. These new positions
6 address needs created by both the physical expansion of FCG's system and the increase
7 in customer count. Back-office and customer service representatives support timely
8 and accurate billing functions and ensure FCG is actively monitoring its collections
9 and account aging to limit exposure to write-offs. In the field, positions are being added
10 to oversee the increasing number of facilities installed by FCG's contractors, provide
11 quality assurance and training, and increase coverage for damage prevention.
12 Increasing damage prevention efforts reduces the costs associated with third-party
13 damages to FCG's facilities and improves the overall safety of service for the customers
14 and communities we serve.

15

16 **VI. INJURIES AND DAMAGES**

17 **Q. On pages 42-43 of his testimony, OPC witness Schultz suggests that FCG's safety
18 performance needs improvement and recommends a reduction to FCG's injuries
19 and damages expense. Is such a reduction appropriate?**

20 A. No. First, from a safety perspective, FCG is completely and fully committed to the
21 safe operation of Company facilities and the protection of the health and welfare of its
22 employees, contractors, customers, and communities we serve. FCG's safety-focused

1 operations and practices continue to be enhanced over time, which the Company
2 believes will continue to lead to improved safety performance.

3

4 OPC witness Schultz's comment is based on his assessment of FCG's safety record on
5 its OSHA-recordable events. While useful as a metric, the OSHA-recordable events
6 do not necessarily demonstrate overall workplace safety or the gradations of the types
7 of injuries sustained. To clarify, an OSHA reportable event is anything that requires
8 more than first aid to treat. Since at least its last rate case, FCG has not recorded any
9 incidents that OSHA flags as Serious Injuries or Fatalities (SIFs), with most of FCG's
10 OSHA recordable incidents being of the strains and sprains variety. Additionally, as a
11 business practice, FCG encourages its employees and contractors to report all injuries,
12 regardless of severity, to better understand where operational improvements can be
13 made.

14

15 From a historical perspective, FCG has fared reasonably well in minimizing its OSHA-
16 recordable events. Since 2019, the Company has never had more than three OSHA
17 recordable incidents over the course of a year, and in 2019 FCG successfully achieved
18 zero recordable incidents. In addition, FCG can report that it had zero OSHA
19 recordable incidents in the first half of 2022 and is striving to complete the year in
20 similar fashion. These statistics do not represent a downward trend in safety, as
21 suggested by OPC witness Schultz.

1 **Q. On page 42 of his testimony, OPC witness Schultz notes that injuries and damages**
2 **expense has increased from \$243,888 in 2020 to a projected \$515,304 in the**
3 **projected 2023 Test Year. What is responsible for the increase?**

4 A. The specific increase in the injuries and damages expense that OPC witness Schultz is
5 referencing is tied to the result of (i) an increase in the cost of insurance premiums
6 across the business and (ii) a reclassification of expenses from Account 924 (Property
7 Insurance) to Account 925 (Injuries and Damages) for the year 2020. However, this
8 does not mean FCG's recent safety record is troubled, as witness Schultz seems to
9 suggest.

10

11 Regarding the increase, nearly all of FCG's insurance premiums across a range of
12 products (including but not limited to, excess liability, property, and fleet) increased in
13 2021 as compared to 2020 due to the recent hardening of insurance markets, which
14 occurs when there is minimal capacity and increased demand in the market. This
15 increase in cost, while significant, is consistent with the market for these types of
16 insurance and cannot be mitigated by pursuing market alternatives. Also, FCG's
17 insurance program is robust and has about 17 commercial carriers, with the cost of
18 FCG's premiums primarily driven by AEGIS, the Company's lead carrier.

19

20 These insurance costs are incurred by FCG to provide service to its customers, and
21 benefit customers by not leaving them with a potential exposure to costs associated
22 with injuries and damages, property damage, and vehicle accidents. It would not be
23 prudent to forego this level of insurance and leave customers needlessly exposed.

1 Therefore, FCG’s test year projection for Accounts 924 and 925 are reasonable and
2 should be approved by this Commission.

3

4 **VII. STORM DAMAGE RESERVE**

5 **Q. Please summarize OPC witness Schultz’s proposed adjustment to the Storm
6 Damage Reserve.**

7 A. On page 42 of his testimony, OPC witness Schultz proposes that the target reserve for
8 FCG’s existing Storm Damage Reserve agreed to in the 2018 Settlement be reduced by
9 almost 75% and capped at the \$205,415 reserve balance as of December 31, 2022 (*i.e.*,
10 discontinue the accrual authorized by the 2018 Settlement). In support, OPC witness
11 Schultz notes on page 41 of his testimony that the reserve balance of \$162,290 as of
12 March 31, 2022, is sufficient to cover storm damages for the next 10.7 years based on
13 the fact that FCG has only had two storms charged to the reserve at a cost of \$58,127.

14 **Q. Do you agree with OPC witness Schultz’s proposed adjustment to discontinue the
15 Storm Damage Reserve accrual?**

16 A. No. As a result of the Commission’s adoption of Rule 25-7.0143, F.A.C., which
17 became effective on June 28, 2021, FCG was required to file a Storm Damage Self-
18 Insurance Reserve Study with the Commission Clerk by January 15, 2022 and at least
19 once every 5 years thereafter. Consistent with this new requirement, FCG retained an
20 independent, third-party expert to prepare its Storm Damage Self-Insurance Reserve
21 Study, which was filed with the Commission Clerk on January 13, 2022. OPC witness
22 Schultz, however, completely ignores the results of FCG’s Storm Damage Self-
23 Insurance Reserve Study, which concluded that the continuation of the storm reserve
24 mechanism targeting \$800,000 was reasonable and appropriate based on the potential

1 impacts of storms to FCG's system. In fact, the study even recommended a range
2 where it would be prudent to increase the current storm reserve accrual. Instead of
3 relying on this Commission-required study, OPC witness Schultz prefers to use a few
4 periods of historical data to base his entire conclusion that the current Storm Damage
5 Reserve balance is adequate for future periods.

6 **Q. Do you have any other observations about OPC witness Schultz's adjustment to**
7 **the Storm Damage Reserve?**

8 A. Yes. OPC witness Schultz's entire recommendation is based on the fact that FCG has
9 only charged the Storm Damage Reserve twice since it was implemented. He then
10 extrapolates these data points to suggest that FCG will experience similar storm
11 frequency and extent of storm damages over the next 10.7 years. Again, this
12 completely ignores the purpose of the Commission-required forecast in the Storm
13 Damage Self-Insurance Reserve Study. Moreover, the fact that FCG's system has not
14 been impacted by a significant number of major storms since 2018, should not serve as
15 a predictor of the future storm events and storm damage on FCG's system. Of course,
16 major storm events are beyond the utility's control, and no one can predict with 100%
17 accuracy the number of annual extreme weather events, the path of each storm, the
18 intensity or category of each storm, the speed or duration of each storm, the availability
19 of resources to respond to and provide storm restoration services for each storm, or the
20 extent to which the infrastructure will be impacted by a storm. However, Florida
21 remains the most hurricane-prone state in the nation and FCG's service area has a high
22 probability of being impacted by multiple extreme weather events in any given year.
23 Florida utilities, including FCG, must appropriately plan and prepare for the very real

1 possibility that their service areas and facilities could be impacted by storms. FCG's
2 proposal to continue the Storm Damage Reserve previously approved in the 2018
3 Settlement will help ensure that FCG can quickly and promptly restore services to
4 customers following extreme weather events. Restoration of gas service is particularly
5 important during hurricane events that result in power outages because many
6 customers, including critical or essential services, rely on natural gas as back-up power
7 during such outages.

8

9 **VIII. INTEGRATION WITH NEE**

10 **Q. On page 52 of his testimony, OPC witness Schultz asserts that FCG has exhibited**
11 **“very little integration” with FPL. Can you please explain why the level of**
12 **integration that has occurred is appropriate?**

13 A. Yes. Although FCG became a wholly-owned subsidiary of FPL on July 29, 2018, both
14 companies are separately regulated ratemaking entities that must keep and maintain
15 separate regulated operations, books, and records. Moreover, the gas facilities and
16 operations, as well as the applicable state and federal safety and regulatory
17 requirements, are different than electric facilities and operations. In short, the gas and
18 electric utility operations are each unique and largely cannot be combined or integrated.
19 Although the day-to-day operations and facilities of the gas and electric utilities cannot
20 be integrated or combined, FCG has leveraged, and continues to look for opportunities
21 to leverage, the resources available within the NEE enterprise to serve its customers
22 more efficiently. For example, FCG has leveraged NEE's internal integrated supply
23 chain capabilities to secure more favorable equipment and contractor pricing and terms.

1 FCG has also benefitted from the fuel procurement program existing within the NEE
2 enterprise to enable cost efficiencies and incorporate best practices. Additionally, FCG
3 receives a significant amount of non-operational or shared corporate services from the
4 NEE enterprise, such as human resources, tax, risk management, finance and
5 accounting, legal, IT, and other corporate services. These shared resources are
6 appropriately allocated to FCG and other affiliates of FCG, as further explained in the
7 direct testimony of FCG witness Fuentes, which benefits FCG’s customers by avoiding
8 the need and costs to hire internal employees or external contractors for these services.
9

10 **IX. CUSTOMER SERVICE**

11 **Q. Staff witness Calhoun filed direct testimony identifying consumer complaints**
12 **logged with the Commission under Rule 25-22.032, F.A.C, since FCG’s last rate**
13 **case. Can you please elaborate on the nature of these complaints and summarize**
14 **how?**

15 A. Yes. While the Commission received 584 logged customer contacts concerning FCG
16 since 2017 when the last rate case was filed, 497 (85%) of these contacts were “warm
17 transfers” that were informational in nature. It is important to note that only 87 of those
18 contacts (15%) were logged as a complaint, and only 4 (0.7%) were found to be a
19 possible rule violation.

20 **Q. Has FCG made improvements in its response to customer concerns and**
21 **complaints since its last rate case?**

22 A. Yes. FCG’s customers are the heart of our business, and the Company always strives
23 to listen to and be responsive to all customer concerns or complaints. This is an

1 important part of our business because it helps the Company identify potential
2 opportunities for improvements in our ability to continue to provide safe and reliable
3 service to the customers and communities we serve.

4
5 Since 2018, FCG has made a consistent effort to streamline its processes for the
6 resolution of customer issues and complaints. Specifically, since 2018, FCG has
7 implemented the following six protocols to improve its response to customer concerns:

8 (1) FCG has streamlined the Company's responsiveness to customer concerns
9 voiced to the call center by creating a request for assistance ("RFA") process,
10 whereby the customer concern is transmitted immediately to our call center and
11 back-office operations to provide special handling of questions that are more
12 complex in nature and cannot be adequately answered on the initial customer
13 call. The RFAs are logged in a file and assigned to a specialist who contacts
14 the customer with a resolution within one working day.

15 (2) FCG maintains a catalogue of the most common complaints expressed by
16 customers and meets regularly to identify the means to address those concerns
17 such as billing system issues, call center training needs, and field operational
18 process to prevent future complaints from occurring.

19 (3) Since becoming a wholly-owned subsidiary of FPL, FCG has endeavored
20 to identify and incorporate best practices from FPL's customer complaint
21 process, which have enabled FCG to respond in a more efficient manner to
22 customer concerns.

1 (4) FCG implemented a management review process for all complaints made
2 to the Commission, which includes oversight for investigation, customer
3 contact, complaint resolution, written response within the 3-working day target,
4 and internal review by key personnel and legal.

5 (5) FCG instituted a one-call resolution target for all warm-transfers received
6 from the Commission. The Company has been successful in addressing callers'
7 concerns and preventing these calls from escalating to a logged complaint.

8 (6) The Company has established internal goals around Commission complaint
9 reductions and has taken steps to improve customer communications in order
10 to reduce warm transfers.

11 I believe these improvements are a significant contributing factor to the decline in the
12 number of logged complaints since 2018. For example, in 2018, FCG encountered 23
13 logged complaints and that number has been reduced to only 11 logged complaints in
14 2021 with only 1 found to be a possible rule violation. This was also at a time where
15 customer count grew 7.8% from about 109,000 customers in 2017 to nearly 118,000
16 customers today – meaning FCG has improved performance related to customer
17 complaints since its prior base rate filing.

18 **Q. Can you briefly summarize the customer service hearings in this proceeding?**

19 A. There were a total of five customer service hearings, with three held virtually and two
20 held in-person at the request of OPC. A total of 18 individuals appeared at these five
21 customer service hearings. None of the 18 individuals that testified at the customer
22 service hearings had a negative view of the service quality provided by FCG and, in

1 fact, most were complementary of FCG or specific FCG employees. This, I believe, is
2 representative of the high level of customer service that FCG provides to its customers.

3 **Q. Does this conclude your rebuttal testimony?**

4 **A. Yes.**

**Florida City Gas
Docket No. 20220069-GU
Staff's Seventh Set of Interrogatories
Interrogatory No. 78
Page 1 of 2**

QUESTION:

Please refer to the direct testimony of FCG witness Howard, page 32, line 1, through page 33, line 15. Please identify all alternate sites considered for the LNG Facility following the loss of the original site. As part of this response, please provide the total cost associated with each alternative site, and the reason for selection/dismissal. If the selected site was not the least cost option, please explain.

RESPONSE:

After losing the original site planned to host the LNG Facility, FCG immediately engaged a broker experienced in industrial property sales in Southern Miami-Dade County. Over the course of several months, this broker brought over 100 properties to FCG for review. Many of these properties did not meet the minimum criteria to host an LNG facility as approved in FCG's last base rate case in Docket No. 20170179-GU. For example, many of these locations were too far from the existing Jet Fuel Line, too small to accommodate the LNG facilities, or located outside the Urban Development Boundary set by Miami-Dade County, which is used to determine the siting for industrial uses. As a result, many of these initial 100 sites were eliminated from further consideration. Below is a summary of the potential sites that were considered, including the parcel of land that was ultimately selected.

Florida City Gas
Docket No. 20220069-GU
Staff's Seventh Set of Interrogatories
Interrogatory No. 78
Page 2 of 2

Site	Acres	Jurisdiction	Land Costs (\$MM)	Land Costs/Acre (\$MM)	Pipeline Costs ⁽¹⁾	Total Cost (Land + Pipeline, \$MM)	Notes
Baer Enterprises	11.5	Homestead	\$8.3	\$0.72	\$4.0	\$12.3	Selected as LNG site due to lowest cost/acre and lowest total cost of sites large enough to construct
Noven Pharma	4.7	Uninc MDC	\$6.0	\$1.28	\$4.5	\$10.5	Neighboring parcel needed to sit facility already sold by owner, not large enough
Homestead Speedway	4.0	Homestead	\$1.6	\$0.40	\$3.0	\$4.6	Neighboring parcels unwilling to sell, not large enough for construction
Central Business Plaza	8.0	Uninc MDC	\$18.0	\$2.25	\$0.5	\$18.5	Too close to residential development, expensive land costs
Medley Enterprises	7.5	Medley	\$7.8	\$1.04	\$12.0	\$19.8	Expensive pipeline costs, small site would create construction challenges
Calvary Chapel	10	Uninc MDC	\$15.0	\$1.50	\$3.0	\$18.0	Land costs are 2x that of selected parcel
Sigma Landfill	12	Medley	\$21.0	\$1.75	\$7.5	\$28.5	Seller unwilling to negotiate on price
Realterm	10.8	Medley	\$15.0	\$1.39	\$9.0	\$24.0	Land costs are 2x that of selected parcel
Adrian & Ruiz Enterprises	8.4	Hialeah Gardens	\$8.0	\$0.95	\$17.0	\$25.0	Total costs 2x that of selected parcel

**Florida City Gas
Docket No. 20220069-GU
Staff's Seventh Set of Interrogatories
Interrogatory No. 79
Page 1 of 4**

QUESTION:

Please refer to the direct testimony of FCG witness Howard, page 32, lines 14 through 16. Please indicate whether construction of the LNG Facility has begun, and if so, at what stage it is currently at. If not, please identify when construction will begin.

- a. Please provide a construction timeline through the expected March 2023 in service date.

RESPONSE:

Yes, construction of the LNG Facility at the new site began in June 2022. Attached is the project schedule. Additionally, below are pictures depicting the current state of the construction site as of the date of this response.



3 – 90,000-gallon LNG Storage Tanks

**Florida City Gas
Docket No. 20220069-GU
Staff's Seventh Set of Interrogatories
Interrogatory No. 79
Page 2 of 4**



Boil-Off Gas Compressor



Truck unloading pump skid and white Nitrogen tank in the background



Glycol water heater tank on center. Enclosure on the left is the Power Distribution center.

**Florida City Gas
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Staff's Seventh Set of Interrogatories
Interrogatory No. 79
Page 4 of 4**



Nitrogen Tank and Vaporizers



North side of LNG tanks, pipe rack and cable tray. Spill trench on center.

H-LNG		Homestead LNG					Printed on 07-Jul-22 14:54														
Activity ID	Activity Name	At Compl Dur	Start	Finish	Total Float	Global Responsibility	2022						2023								
							May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Homestead LNG							[Gantt chart bars for Homestead LNG]														
Pipeline							[Gantt chart bars for Pipeline]														
8" Connector to New Baer LNG Site							[Gantt chart bars for 8" Connector to New Baer LNG Site]														
Design							[Gantt chart bars for Design]														
Permitting							[Gantt chart bars for Permitting]														
Materials							[Gantt chart bars for Materials]														
Construction							[Gantt chart bars for Construction]														
LNG Facilities							[Gantt chart bars for LNG Facilities]														
Major Milestones							[Gantt chart bars for Major Milestones]														
MS1040 Building Permit Received							[Gantt chart bar for MS1040 Building Permit Received]														
MS1050 Site Mobilization							[Gantt chart bar for MS1050 Site Mobilization]														
MS1070 Electrical Energization							[Gantt chart bar for MS1070 Electrical Energization]														
General Milestones							[Gantt chart bars for General Milestones]														
Permits							[Gantt chart bars for Permits]														
Additional Local Permits Needed							[Gantt chart bars for Additional Local Permits Needed]														
Environmental							[Gantt chart bars for Environmental]														
MDC Industrial Facilities (I-W-O) Permit							[Gantt chart bars for MDC Industrial Facilities (I-W-O) Permit]														
Site Assessment Report							[Gantt chart bars for Site Assessment Report]														
MDC Class V Permit (Dewatering)							[Gantt chart bars for MDC Class V Permit (Dewatering)]														
FDEP NPDES (for Construction)							[Gantt chart bars for FDEP NPDES (for Construction)]														
SFWMD Dewatering							[Gantt chart bars for SFWMD Dewatering]														
MDC Air Operating Permit							[Gantt chart bars for MDC Air Operating Permit]														
Engineering							[Gantt chart bars for Engineering]														
Process							[Gantt chart bars for Process]														
PHMSA Design Spill Package							[Gantt chart bars for PHMSA Design Spill Package]														
Fire Protection & ESD Systems							[Gantt chart bars for Fire Protection & ESD Systems]														
Procurement							[Gantt chart bars for Procurement]														
EPC Contracting							[Gantt chart bars for EPC Contracting]														
Construction							[Gantt chart bars for Construction]														
EPCMOB Mobilize for Construction							[Gantt chart bar for EPCMOB Mobilize for Construction]														
UCA Unrestricted Construction Access							[Gantt chart bar for UCA Unrestricted Construction Access]														
CON-2320 Mechanical Completion Milestone							[Gantt chart bar for CON-2320 Mechanical Completion Milestone]														
COD In-Service Date							[Gantt chart bar for COD In-Service Date]														
FPL Electrical Distribution							[Gantt chart bars for FPL Electrical Distribution]														
Construction Execution							[Gantt chart bars for Construction Execution]														
Sitework							[Gantt chart bars for Sitework]														
Undergrounds							[Gantt chart bars for Undergrounds]														
Onsite Gas Pipeline Work							[Gantt chart bars for Onsite Gas Pipeline Work]														
Foundations							[Gantt chart bars for Foundations]														
Structural Steel							[Gantt chart bars for Structural Steel]														

The project schedule(s) has been updated per the latest information received from the project team. Delays to tracking project milestones could be subject to further team review and recovery plans. In case of any question related to these dates, please reach out to the corresponding Project Manager.

■ Remaining Level of Effort ■ Actual Work ■ Critical Remaining Work
■ Actual Level of Effort ■ Remaining Work ◆ Milestone

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H-LNG		Homestead LNG					2022												2023			
Activity ID	Activity Name	At Compl Dur	Start	Finish	Total Float	Global Responsibility	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
	Electrical and I&C	50	15-Nov-22	28-Jan-23	0																	
	IT & Communications	20	01-Dec-22	28-Dec-22	20																	
	Mechanical	65	27-Sep-22	28-Dec-22	14																	
	Site Restoration	40	15-Aug-22	10-Oct-22	145																	
	Roadways	40	03-Jun-22	29-Jul-22	125																	
	Commissioning and Operations	63	27-Jan-23	25-Apr-23	0																	

The project schedule(s) has been updated per the latest information received from the project team. Deltas to tracking project milestones could be subject to further team review and recovery plans. In case of any question related to these dates, please reach out to the corresponding Project Manager.

■ Remaining Level of Effort ■ Actual Work ■ Critical Remaining Work
■ Actual Level of Effort ■ Remaining Work ◆ Milestone

Page 2 of 2

Schedule Data Date 25-Apr-22 JXC\VOI

Docket No. 20220069-GU
FCG Response to Staff Interrogatory
Regarding the AMI Pilot (Staff Interrogatory No. 36)
Exhibit KSH-3, Page 1 of 1

**Florida City Gas
Docket No. 20220069-GU
Staff's Third Set of Interrogatories
Interrogatory No. 36
Page 1 of 1**

QUESTION:

Please refer to the direct testimony of witness Howard for the following question.

Please refer to page 38, lines 17, through page 39, line 2. Please explain why FCG is proposing an AMI Pilot as opposed to a new AMI program given that AMI is used by electric utilities and some other gas utilities.

- a. Please estimate the potential savings/O&M reductions associated with deploying smart meters with AMI technology as opposed to the continued use of FCG's current smart meters.

RESPONSE:

Although AMI technology is widely used by electric utilities, gas operations and gas metering are both fundamentally different than the electric industry. Further, AMI technology has only been deployed by a very limited number of gas utilities across the United States and, to date, has not been deployed by any gas utilities in Florida. For these reasons, FCG submits that further information is needed to determine whether it would be reasonable and prudent to deploy AMI technology across FCG's entire system, which is the primary reason FCG has proposed a limited AMI Pilot.

FCG has not at this time projected or estimated potential O&M savings or reductions associated with deploying AMI technology across the entire FCG system. The purpose of the limited AMI Pilot is to test, gain, and evaluate information and data regarding the deployment, features/functionality, and benefits of AMI in order to determine whether it would be appropriate to deploy AMI across FCG's entire system. As part of the pilot, FCG will also test and gather information on the corrosion resistance and life of new smart meters and associated assemblies, as well as the benefits of enhanced customer access to individualized data and usage information. FCG will use all the data and information gained from this limited AMI Pilot, including potential O&M savings and reductions, in order to make a better-informed decision regarding future deployment of AMI.

Docket No. 20220069-GU
FCG Response to OPC Interrogatory
Regarding Net Plant Additions (OPC Interrogatory No. 151)
Exhibit KSH-4, Page 1 of 1

**Florida City Gas
Docket No. 20220069-GU
OPC's Fourth Set of Interrogatories
Interrogatory No. 151
Page 1 of 1**

QUESTION:

Refer to the response to OPC's First Set of Interrogatories, No. 87. Explain the significant decline in 2021 net plant additions when compared to 2020.

RESPONSE:

FCG's net plant additions, gross additions less retirements, were \$43.0 million in 2020 and \$8.2 million in 2021, resulting in a decrease of approximately \$34.8 million. Please see below for the major drivers for the decrease:

- New Business – Decrease in net plant additions from 2020 to 2021 by approximately \$12.2 million primarily due to major capital improvements for a new large industrial customer made in 2020 and lower new business in 2021 as a result of the ongoing impacts of the COVID-19 pandemic.
- Systems – Decrease in net plant additions from 2020 to 2021 by approximately \$10 million due to \$5.7 million for the implementations of Starnik (customer information system) and \$4.3 million for the establishment of Gas and Work Management Systems in 2020.
- Operations, Safety, and Support – Decrease in net plant additions from 2020 to 2021 by approximately \$10.4 million due to \$7.2 million of retirements recorded in 2021 associated with the clean-up of certain components of meter retirements dating back to the acquisition of FCG by FPL, \$1.6 million in capital improvements for the Cocoa Gate Station, and \$1.6 million related to the implementation of a new Periodic Testing Program in 2020.

QUESTION:

Refer to the response to OPC's First Set of Interrogatories, No. 80. Explain in detail the annual increases in employees from 2018 to 2021 with specific focus on any specific positions required to be added and why they were needed.

RESPONSE:

The increase in headcount from 2018 to 2021 was 33 and include the following:

- Insourcing
 - 2019
 - Leak Surveying positions (4)
 - 2020
 - Administrative/Back Office Support (2)
- Transition of functions post-acquisition from Southern Company
 - 2019
 - Dispatch and Field Work Planning (7)
 - GIS Analyst (1)
 - System Planner (1)
 - Engineers (2)
 - Customer Service and Administrative/Back Office Support (3)
 - Information Technology – Scrum Master (1)
- New Positions to support growing customer demands
 - 2019
 - Permit Coordinator (1)
 - 2020
 - Account Executive (1)
 - Engineer (1)
 - Technical Specialist (1)
 - Accounting (2)
- Positions supporting expansion of physical gas infrastructure
 - 2019
 - Gas Measurement Specialist (1)
 - 2020
 - Leak Detection (1)
 - Process Specialist (1)
- Support for enhancements to FCG's CIS system and helping to implement other technology initiative to drive efficiency gains
 - 2021
 - Information Technology – Programmer Analyst (1)
- Replacements
 - 2019
 - Field Technicians (2)

Docket No. 20220069-GU
FCG Responses to OPC Interrogatories Regarding
Headcount and Payroll (OPC Interrogatory Nos. 150 and 170)
Exhibit KSH-5, Page 2 of 2

Florida City Gas
Docket No. 20220069-GU
OPC's Fifth Set of Interrogatories
Interrogatory No. 170
Page 1 of 1

QUESTION:

Refer to the response to OPC's First Set of Interrogatories, No. 80. Provide for 2022 any positions that are vacant, the status of filling that position and whether that position was discussed in Company testimony with a reference to who discussed the position and the page it was discussed.

RESPONSE:

Please see below table for detail of positions that are vacant as of June 30, 2022 and the hiring plan for each position. Please refer to page 6 of the Direct Testimony of FCG witness Howard filed May 31, 2022, where he refers to customer growth and system expansion which correlates to the added positions.

Hire or Expected Hire Date	Position Title
Position filled in July 2022	System Planner
Position filled in July 2022	Sr Credit and Collections
Position filled in July 2022	Associate CSR - Billing Technicians
Position filled in July 2022	Technical Specialist II
Position filled in August 2022	Agile Delivery Manager
Position filled in August 2022	Project Manager
Position filled in August 2022	Project Manager
Position filled with September 2022 start date	Project Manager
Position filled with September 2022 start date	Scrum Master
Expected to be Hired in October 2022-Position is posted	DIMP Analyst
Expected to be Hired in October 2022	Technical Specialist II
Expected to be hired in December 2022	Project Manager