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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the matter of:

DOCKET NO. 20220067-GU

Petition for rate increase by Florida
Public Utilities Company, Florida Division
of Chesapeake Utilities Corporation,
Florida Public Utilities Company - Fort
Meade, and Florida Public Utilities
Company - Indiantown Division.

_____/

PROCEEDINGS: SPECIAL AGENDA CONFERENCE

COMMISSIONERS
PARTICIPATING: CHAIRMAN ANDREW GILES FAY
 COMMISSIONER GARY F. CLARK
 COMMISSIONER GABRIELLA PASSIDOMO

DATE: Tuesday, January 24, 2023

TIME: Commenced: 10:00 a.m.
 Concluded: 10:23 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 P R O C E E D I N G S

2 CHAIRMAN FAY: All right. If everybody could
3 grab their seats, we will call this Special Agenda
4 Conference for January 4th to order. We will be
5 taking up docket 20220067.

6 Ms. Guffey, I guess we could -- we will have
7 you provide a summary of the item, but just real
8 quick, just for the record. This is a petition for
9 rate increase by Florida Public Utilities, Florida
10 Division of Chesapeake Utilities Corporation,
11 Florida Public Utilities Company Fort Meade and
12 Florida Public Utilities Company Indiantown
13 Division.

14 So with that, Ms. Guffey, I will recognize you
15 to provide a summary, and just make sure we are in
16 the right posture here for the procedure and the
17 history of this docket.

18 MS. GUFFEY: Thank you.

19 So we are here today to discuss a petition
20 filed on May 24th, 2022, by Florida Public
21 Utilities Company, Florida Division of Chesapeake
22 Utilities Corporation, Florida Public Utilities
23 Company Fort Meade and Florida Public Utilities
24 Company Indiantown Division, seeking Commission
25 approval of a rate increase and to consolidate four

1 natural gas utilities into one utility operating
2 under the name of Florida Public Utilities Company,
3 or FPUC.

4 FPUC also seeks Commission approval to
5 consolidate four rate structures into one rate
6 structure. The company stated that the key drivers
7 of this proposed rate increase are capital
8 investments to expand service to new customers and
9 to underserved areas, technology and safety
10 investments, increased insurance premiums and an
11 increase in cost of materials and labor.

12 The last approved rate case for FPUC was in
13 2008. For Chesapeake, it was in 2002, and in 2004
14 for Indiantown. Fort Meade has not had a
15 Commission-approved rate increase.

16 At the August 2nd, 2022, Agenda Conference,
17 the Commission approved FPUC's interim rates.
18 Following virtual and in-person customer service
19 hearings held in August and in September of 2022,
20 an administrative hearing was held from October
21 25th through the 26th. At that hearing, the
22 Commission approved the following stipulated
23 issues: 8, 10, 15, 19, 20, 32, 35, a partial
24 stipulation, Issue 36, 43, 62 and 67.

25 Today's Special Agenda is to determine FPUC's

1 revenue requirements, including forecast of
2 customers and their usage, quality of service,
3 depreciation rate base and cost of capital, and net
4 operating income, cost of service.

5 This is a post hearing decision that
6 participation is limited to Commissioners and
7 staff. The fallout rate issues, Issues 59, 60 and
8 65, will be brought before the Commission at the
9 February 21st Conference Agenda.

10 As of today, the Commission has received
11 approximately 480 customer letters that have been
12 filed in the docket file. Staff suggests that the
13 Commission take up the issues in order as presented
14 in the staff recommendation, with the exception of
15 Issue 63, which should be taken up before Issue 11.

16 Staff is available for questions.

17 CHAIRMAN FAY: Great. Thank you, Ms. Guffey.

18 All right. Commissioners, with that, so we
19 have 70 total issues. We have the stipulated
20 issues, as mentioned by Ms. Guffey. And then Issue
21 63 is the only issue that we -- we may essentially
22 take out of order.

23 So what I would like to do is just work through
24 them through the numerical order, and we will take
25 them up in groupings, if that works for you,

1 Commissioner Passidomo and Commissioner Clark.

2 And the only other thing I would like to do is
3 to just make sure before we get into the specific
4 issues, if there is anything that you wanted to
5 state for the record before we got into the
6 groupings for these issues, just to allow you the
7 opportunity to do so. So with that, seeing no
8 initial comments.

9 Okay. With that, then, Commissioners, we will
10 move through the groupings. We do have the
11 appropriate staff, I believe, for each item and
12 grouping. And so as I get to those, if you have
13 question for them before we -- we take up a debate
14 or a motion on something, please feel free to
15 direct your questions to them, and we will get them
16 answered for purposes of this hearing.

17 So with that, we will start in the initial --
18 first initial grouping, which is the test period
19 and forecasting, which is Issues 1, 2 and 3. So,
20 Commissioners, I will take up any questions or
21 comments on Issues 1, 2 and 3.

22 Seeing none, I will take up a motion on Issues
23 1, 2 and 3 as proposed.

24 COMMISSIONER CLARK: Move to approve staff
25 recommendation on these three items, Mr. Chairman.

1 COMMISSIONER PASSIDOMO: Second.

2 CHAIRMAN FAY: Okay. We have a motion and a
3 second to approve staff's recommendation on Issues
4 1, 2 and 3.

5 With that, I will also vote for approval. See
6 Issues 1, 2 and 3 pass with unanimous approval.

7 With that, Commissioners, we will move on to
8 quality of service, which is Issue 4. I will take
9 any questions or comments on Issue 4 at this time.

10 Seeing none, I will take a motion for quality
11 of service, which is Issue No. 4.

12 COMMISSIONER CLARK: Move to approve staff
13 recommendation on this issue, Mr. Chairman.

14 COMMISSIONER PASSIDOMO: Second.

15 CHAIRMAN FAY: Okay. We have a motion and a
16 second for approval on Issue 4. I also support
17 that issue. So Issue 4 passes unanimously.

18 With that, Commissioners, we will move on to
19 depreciation study, which will include Issues 5, 6
20 and 7. Issue 8 is a Type 2 stipulation that was
21 already voted on and approved on.

22 So with that, I will take any questions as it
23 relates to depreciation study Issues 5, 6 and 7 at
24 this time. Any comments or questions?

25 Seeing none, I will take a motion for Issues

1 5, 6 and 7.

2 COMMISSIONER PASSIDOMO: Move to approve
3 staff's recommendation for Issues 5, 6 and 7, Mr.
4 Chairman.

5 CHAIRMAN FAY: Okay.

6 COMMISSIONER CLARK: One second.

7 CHAIRMAN FAY: Sure, Commissioner Clark, go a
8 head.

9 COMMISSIONER CLARK: I am looking at my notes.
10 I am sorry.

11 CHAIRMAN FAY: Sure. No problem. We will
12 give you a second.

13 COMMISSIONER CLARK: I second the motion, Mr.
14 Chairman.

15 CHAIRMAN FAY: Okay. We have a motion and a
16 second. Show Issues 5, 6 and 7 under depreciation
17 study passes unanimously.

18 And Issue 8 is a Type 2 stipulation.

19 So with that, we will move to rate base, which
20 will be Issues 9, 63, 11 through 18 and then 21
21 through 24, Issues 10, 19 and 20 were Type 2
22 stipulations that have been previously approved.

23 So with that, Commissioners, we will take up
24 questions or comments on issues under rate base.

25 COMMISSIONER PASSIDOMO: Mr. Chairman, I just

1 have a quick question for staff.

2 CHAIRMAN FAY: Yes, Commissioner Passidomo, go
3 ahead.

4 COMMISSIONER PASSIDOMO: Thank you.

5 Issue 18, acquisition adjustment, I just -- if
6 -- if -- Mr. Andrews, I believe you had this issue.
7 If you could take an opportunity -- I know we heard
8 during the technical hearing the company's witness
9 Deason saying that the requirement that the
10 Commission review the next rate case, the
11 acquisition adjustment wasn't necessary. If could
12 just elaborate a little bit as to why the
13 Commission should continue to review these
14 adjustments in the next rate proceeding even those
15 cost savings were found in this case.

16 MR. ANDREWS: Yes, Commissioner.

17 Cost savings were still found to be in effect
18 for this case. However, there is still a pretty
19 lengthy time to amortize the full acquisition
20 adjustment, about 17 years from now. So we just
21 found that if they come in for another rate case
22 between now and then, it could be beneficial to
23 review them again, just to make sure that the
24 acquisition adjustment is still in the public
25 interest.

1 COMMISSIONER PASSIDOMO: Okay. Thank you.

2 CHAIRMAN FAY: Okay. Great.

3 Commissioner Clark, any questions or comments?

4 Commissioners, I just have a comment on Issue
5 21, the unamortized rate case expense.

6 So I know the record reflects basically the
7 differences in water, wastewater cases, electric
8 and gas, as this accounting mechanism applies. I
9 recognize that it varies as to sometimes this being
10 allowed and sometimes not for 50 percent being
11 placed into working capital. My only concern is I
12 don't -- I don't have a problem with the adjusted
13 rate case expense, but I am not inclined to support
14 a percentage of that placed into working capital
15 where a return would also be earned on it. And so
16 with that, Commissioners, that will likely be my
17 position for Issue 18.

18 I am still happy to take up a motion on that
19 item, or further discussion if either of you have
20 comments on that. So that's Issue 21, which is
21 unamortized rate case expense.

22 COMMISSIONER CLARK: So are you making a
23 different proposal, Mr. Chairman?

24 CHAIRMAN FAY: Yes, Commissioner Clark. If
25 the item itself is presented with FPUC's position

1 and OPC's position as to how the unamortized rate
2 case expense would be labeled, and essentially
3 50 percent of that would either be placed in
4 working capital or not, none of it will be placed
5 in there.

6 And so my recommendation would be to approve
7 the adjusted numbers for rate case, unamortized
8 rate case expense, however, not to place 50 percent
9 of that into working capital. To treat it like
10 it's been previously treated under a certain case.

11 There are other examples where it has been
12 allowed. But based on my analysis, my
13 recommendation would be to accept OPC's position on
14 the working capital portion of that item.

15 COMMISSIONER CLARK: Would this cause any
16 fallout issues?

17 CHAIRMAN FAY: Not that I am aware of, but I
18 will make sure.

19 Ms. Norris, do you want to confirm if we -- if
20 we adjusted that essentially to not place that?

21 MS. NORRIS: That would adjust rate base.
22 There would be a fallout from there, but with the
23 Commission's approval to make those administrative
24 changes, we could flow through that adjustment.

25 CHAIRMAN FAY: Okay. So for clarity then,

1 without that being placed in working capital, there
2 would be an adjustment to the total rate base.

3 Okay. I will give you a second on that,
4 Commissioners, if you have any comments or
5 questions on that. And if not, of course, that's
6 just my position on the item. I will take a motion
7 on the item at this time.

8 COMMISSIONER CLARK: I don't disagree with you
9 at all, Mr. Chairman. I will move the issue based
10 on the Chairman's recommendation to adopt the OPC
11 position.

12 CHAIRMAN FAY: Okay. We have a motion. Do we
13 have a second?

14 COMMISSIONER PASSIDOMO: I will second that.

15 CHAIRMAN FAY: Okay. We have a motion and a
16 second.

17 So with that, Commissioners, I will be
18 supporting that motion. Show that recommendation
19 approved with the adoption of OPC's position as to
20 the denial of moving 50 percent of that unamortized
21 rate case expense into working capital.

22 Ms. Norris, we also would, in that motion,
23 allow the administrative authority to correct that
24 final total into rate base. Is that the only --
25 only adjustment you would need to be able to make?

1 MS. NORRIS: Absolutely. That would flow
2 through our final revenue requirement, but that
3 would be for the initial changes to rate base.
4 Yes, sir.

5 CHAIRMAN FAY: Okay. Great.

6 All right. Commissioners, with that, we will
7 then take up the other issues under rate base. I
8 want to make sure you don't have any other
9 questions or comments on those issues.

10 Okay. With that, then, we would take up a
11 motion on Issues 9, 63, 11 through 18, and then 22
12 through 24.

13 COMMISSIONER CLARK: Move staff recommendation
14 on the issues, Mr. Chairman.

15 CHAIRMAN FAY: Okay.

16 COMMISSIONER PASSIDOMO: Second.

17 CHAIRMAN FAY: We have a motion and a second
18 for staff's recommendation on those items. I will
19 also be supporting that motion. Show those adopted
20 unanimously for the issues under rate base.

21 All right. Commissioners, with that, we will
22 move next to cost of capital, and please -- please
23 interject me. I know I am moving fast, so if there
24 is something you want to pull out, just let me
25 know. This will include Issues 25 through 31 under

1 cost of capital.

2 Commissioners, at this time, I will take any
3 questions or comments on these items. I do not
4 have any questions or comments for 25 through 31.

5 With that, I will take up a motion for cost of
6 capital, Issues 25 through 31.

7 COMMISSIONER CLARK: Move approval of staff
8 recommendation, Mr. Chairman, on items 25 through
9 31.

10 CHAIRMAN FAY: Okay. We have a motion.

11 COMMISSIONER PASSIDOMO: Second.

12 CHAIRMAN FAY: And a second.

13 With that, show cost capital, Issues 25
14 through 31, approved unanimously.

15 All right. Next we will move to net operating
16 income. Commissioners, this will include Issues
17 33, 34, 35 has a partial stipulation, and then 37,
18 38, 39, 40, 41, 42 and 44. And then -- I am going
19 to flip my page here -- but then 45 through 53.

20 So I know this is a large range here,
21 Commissioners. If there is an item or issue you
22 would like to pull out for questions or comments,
23 now would be the time to do so. Any questions?

24 Commissioner Passidomo, you are recognized.

25 COMMISSIONER PASSIDOMO: Thank you, Mr.

1 Chairman.

2 I am going to -- I would like to pull out
3 Issue 44. I first want to just acknowledge, I
4 appreciate staff's recommendation for the satellite
5 leak detection. I think I made it clear at the
6 hearing that while I, you know, I don't disagree, I
7 think staff did a good analysis here, that those
8 benefits to this technology, until it's approved as
9 a primary method of leak detection by PHMSA, it
10 seems duplicative. So I -- you know, I just want
11 to commend staff for their analysis there.

12 I do want to pull out, though, the first part
13 of Issue 44, company sponsored events. For this, I
14 disagree with staff's recommendation, and would
15 vote to disallow those costs.

16 CHAIRMAN FAY: Okay. So, Commissioner
17 Passidomo, we would have staff's recommendation on
18 that item with the deviation of the company
19 sponsored events, which I believe is the 38,835.
20 Does that sound consistent?

21 COMMISSIONER PASSIDOMO: Yes, Mr. Chairman.

22 CHAIRMAN FAY: Okay. Commissioner Clark, any
23 comments or questions on that?

24 COMMISSIONER CLARK: I would certainly agree
25 with Commissioner Passidomo. I had made similar

1 notes -- that's what I was trying to find here was
2 my notes on the satellite leak detection. First of
3 all, staff, I think you are spot on there. It's
4 not PHMSA approved yet. I think that's a driving
5 factor in there. But I had also make made several
6 notes on the company sponsored events, and I can
7 support Commissioner Passidomo's recommendation
8 there wholeheartedly.

9 CHAIRMAN FAY: Okay. With that, Commissioner
10 Passidomo, we will go ahead and make a motion on
11 Item 44 with your recommendation that company
12 sponsored events would be excluded from that
13 calculation.

14 Commissioner Clark, do you we have a second on
15 that motion?

16 COMMISSIONER CLARK: Yes.

17 CHAIRMAN FAY: Okay. With that,
18 Commissioners, we will take Item 44 as passed
19 unanimously with that change, allowing
20 administrative authority for our staff to make that
21 change down the line for any fallout issues that
22 might come forward.

23 All right. With that, we will move back other
24 issues in net operating income. Commissioners, any
25 other questions or comments on those items? Seeing

1 none.

2 I will just make a quick comment. On Issue
3 35, which is the salary and benefits portion which
4 we had a partial stipulation related to the
5 benefits. My initial thoughts on this
6 incentive-based package is that any type of package
7 like this that has incentive-based components into
8 it should be -- great scrutiny should be applied to
9 it.

10 I will say with that, the record, I think,
11 substantially reflected comparable studies and
12 information in the record that substantiated what
13 was provided there. And with that, it's comparable
14 for other entities to make sure that the utility is
15 competitive and proper service is provided. So
16 although that's not always something I think the
17 Commission should approve. I think, under this
18 circumstance, the record satisfied it.

19 So with that, those are my comments on Issue
20 35. Commissioners, I would be happy to take up the
21 remaining issues on net operating income, unless
22 you have any other questions or comments on those.

23 So with that, we will just make sure -- staff,
24 keep me in line here. Let's make sure we get it
25 right. So we have Issues 33, 34, 35, which is the

1 partial stipulation, 37 through 42, and then 44
2 through 53. We took up 44 already. So it will be
3 45 through 43.

4 So with that, Commissioners, I will take a
5 motion on those items.

6 COMMISSIONER CLARK: Move -- move approval --
7 move staff recommendation on the remaining items
8 that under net operating income.

9 CHAIRMAN FAY: Okay. We have a motion.

10 COMMISSIONER PASSIDOMO: Second.

11 CHAIRMAN FAY: And a second.

12 With that, I will also be a moving the staff
13 recommendation on those items under not -- not --
14 excuse me -- net operating income.

15 All right. Commissioners, with that, let me
16 make sure with staff, we are still in proper order,
17 okay.

18 With that, we will move to the revenue
19 requirements, which will be Issues 54 and 55. I
20 will take up any questions or comments on Issues 54
21 or 55.

22 Seeing none. Commissioners, I will take up a
23 recommendation on those two issues.

24 COMMISSIONER PASSIDOMO: Move approval of
25 staff's recommendation, Mr. Chairman.

1 CHAIRMAN FAY: Okay. Commissioner Clark, we
2 will give you a second.

3 COMMISSIONER CLARK: Thank you. I am trying
4 to keep up.

5 Second the motion, Mr. Chairman.

6 CHAIRMAN FAY: Okay.

7 MR. FLETCHER: Excuse me, if I may.

8 CHAIRMAN FAY: Yes.

9 MR. FLETCHER: I just want to make sure that
10 it's -- I know it may be redundant, but that we
11 have administrative authority through the other,
12 the rate base adjustments and the NOI, that this
13 would definitely change the revenue requirement and
14 revenue increase, we have administrative authority.

15 CHAIRMAN FAY: Okay. So just real quick, Mr.
16 Fletcher, so you are -- you are just making sure we
17 reaffirm on the record that under the net operating
18 income, that administrative authority is allowed to
19 make those adjustments for the changes that we made
20 on Issue 44, is that --

21 MR. FLETCHER: 44, and then also the rate base
22 modification.

23 COMMISSIONER PASSIDOMO: 21.

24 MR. FLETCHER: 21, so that would flow into
25 Issue 55, just to make sure we have for the record.

1 CHAIRMAN FAY: Okay. Good correction, so --
2 good clarification for the point.

3 So for that, Commissioners, for revenue
4 requirements for Issues 54 and 55, we also would
5 allow administrative authority. So I will -- I
6 will take that motion with staff's recommendation
7 the administrative authority.

8 COMMISSIONER CLARK: So moved.

9 COMMISSIONER PASSIDOMO: Second.

10 CHAIRMAN FAY: Okay. We have a motion and a
11 second. With that, we will show unanimous approval
12 for Issues 54 and 55.

13 Mr. Fletcher, thank you for making sure what
14 that we -- we legally appropriately state that
15 adjustment as allowed for administrative authority.

16 All right. Commissioners, with that, we will
17 move to cost of service and rate design. We have
18 Issues 56 through 58. Issues 59, 60 and 65 will be
19 decided at a later date. And then Issue 62 is a
20 stipulation, so that leaves 61 and 64.

21 So with that, Commissioners we will take up
22 questions for cost of service and rate design at
23 this time. Okay. Any questions or comments.

24 I will take a recommendation on Issues 56, 57,
25 58, 61 and 64.

1 COMMISSIONER CLARK: Move staff recommendation
2 on the cost of service rate design items, Mr.
3 Chairman.

4 CHAIRMAN FAY: Okay. We have a motion.

5 COMMISSIONER PASSIDOMO: Second.

6 CHAIRMAN FAY: And a second.

7 Seeing a motion and a second, those items are
8 approved unanimously for staff's recommendation.

9 Let's see here. And just for legal, for 59,
10 60 and 65, since we're -- they will be taken up at
11 a later date, we don't need to state anything
12 legally for the record as to approval or anything
13 like that?

14 MS. CRAWFORD: That's correct.

15 CHAIRMAN FAY: Okay. All right. With that,
16 Commissioners, we will move on to the last
17 grouping, which is other issues, which will include
18 66 and then 68 through 70. 67 is a Type 2
19 stipulation that's been approved.

20 So under other issues, we will take any
21 comments or questions that you have for those
22 items.

23 Seeing none, Commissioners, we will take a
24 motion on Issues 66 and 68 through 70.

25 COMMISSIONER CLARK: Move approval of these

1 items, Mr. Chairman.

2 COMMISSIONER PASSIDOMO: Second.

3 CHAIRMAN FAY: Okay. We have a motion and a
4 second. Show under the subtopic of other issues,
5 Issues 66 and 68 through 70 approved for staff's
6 recommendation unanimously.

7 With that, Commissioner, that takes care of
8 all the issues that either have not been stipulated
9 previously, and then the ones that will be taken up
10 under a future Agenda, which are 59, 60 and 65.

11 Just before we move for adjournment, I want to
12 make sure, from both legal and technical, is there
13 anything else, Ms. Norris, that we need to take
14 care of in this docket?

15 MS. NORRIS: I think we covered everything
16 with the administrative authority to flow through
17 any of the changes, so as far as I know, on
18 technical staff, we are good.

19 CHAIRMAN FAY: Okay. Great.

20 And, Mr. Sandy, anything from the legal end?

21 MR. SANDY: Commissioner Fay, there is nothing
22 I am aware of from a legal end.

23 CHAIRMAN FAY: Okay. Great.

24 With that, Commissioners, I allow if you have
25 any or comments on this rate case docket.

1 With that, I show this agenda adjourned.

2 Thank you.

3 (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 7th day of February, 2023.

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