

1 FLORIDA PUBLIC SERVICE COMMISSION

2 In the Matter of:

DOCKET NO. 20230023-GU

3
4 Petition for rate increase by Peoples
Gas Systems, Inc.

5 _____/
DOCKET NO. 20220219-GU

6 Petition for approval of 2022 depreciation
7 study by Peoples Gas Systems, Inc.

8 _____/
DOCKET NO. 20220212-GU

9 Petition for approval of depreciation rate
10 and subaccount for renewable natural gas
facilities leased to others by Peoples
Gas Systems, Inc.

11 _____/
12 PROCEEDINGS: SERVICE HEARING
13 COMMISSIONERS
PARTICIPATING: CHAIRMAN ANDREW GILES FAY
14 COMMISSIONER ART GRAHAM
COMMISSIONER GARY F. CLARK
15 COMMISSIONER MIKE LA ROSA
COMMISSIONER GABRIELLA PASSIDOMO

16 DATE: Monday, July 10, 2023

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

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

21 REPORTED BY: DEBRA R. KRICK
22 Court Reporter and
Notary Public in and for
23 the State of Florida at Large

24 PREMIER REPORTING
112 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
25 (850) 894-0828

1 APPEARANCES:

2 J. JEFFREY WAHLEN, ESQUIRE, Ausley Law Firm,
3 Post Office Box 391, Tallahassee, Florida 32302;
4 appearing on behalf of Peoples Gas Systems, Inc. (PGS).

5 MARY ALI WESSLING, ESQUIRE, OFFICE OF PUBLIC
6 COUNSEL, c/o The Florida Legislature, 111 West Madison
7 Street, Room 812, Tallahassee, Florida 32399-1400,
8 appearing on behalf of the Citizens of the State of
9 Florida (OPC.).

10 RYAN SANDY and MAJOR THOMPSON, ESQUIRES, FPSC
11 General Counsel's Office, 2540 Shumard Oak Boulevard,
12 Tallahassee, Florida 32399-0850, appearing on behalf of
13 the Florida Public Service Commission (Staff).

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

2 CHAIRMAN FAY: All right. Good morning,
3 everyone. I would like to welcome y'all to the
4 virtual customer service hearing for Peoples Gas
5 Incorporated rate case. Today's service hearing is
6 an important part of the process. We want to hear
7 from you, the customers.

8 My name is Andrew Fay. I serve as the Chair
9 of the Florida Public Service Commission. With me
10 here in person or on the phone today are
11 Commissioners Graham, Clark, La Rosa and Passidomo,
12 who are interested in hearing your comments for the
13 hearing today. I would like to give each of them
14 just a quick opportunity to provide any opening
15 comments or introduce themselves if they would like
16 to do so. I will start on the left and work my way
17 down here.

18 Commissioner Passidomo.

19 COMMISSIONER PASSIDOMO: Thank you, Mr.
20 Chairman.

21 I would just like to reiterate what I said at
22 the hearings in Hillsborough County. I just really
23 appreciate those customers who have taken the time
24 to send in correspondence through email into our
25 offices. We do read all of those and take those

1 into consideration. So those, I believe, are still
2 available. You can still send those in if you
3 don't have an opportunity to call in today or
4 tomorrow. So thank you to those customers, and we
5 look forward to hearing from you today.

6 CHAIRMAN FAY: Great.

7 Commissioner Clark.

8 COMMISSIONER CLARK: No.

9 CHAIRMAN FAY: You are good? Okay. Great.
10 Commissioner La Rosa.

11 All right. And just make sure, give
12 Commissioner Graham an opportunity. Seeing no
13 comments.

14 All right. Commissioners, we will next move
15 on to the customer service hearing itself.

16 Staff, would you please read the notice?

17 MR. THOMPSON: Thank you, Mr. Chair.

18 By notice published on June 13th, 2023,
19 this time and place has been set for a customer
20 service hearing in Docket Nos. 20230023, 20220212
21 and 20220219. The purpose of the hearing is set
22 forth more fully in the notice.

23 CHAIRMAN FAY: Okay. Great. Thank you.

24 All right. Commissioners, next we will move
25 to appearances. We will start with Peoples Gas.

1 MR. WAHLEN: Good morning, Commissioners. I
2 am Jeff Wahlen of the Ausley McMullen law firm of
3 Tallahassee appearing on behalf of Peoples Gas
4 Systems, Inc.

5 CHAIRMAN FAY: Okay. Great. Thank you, Mr.
6 Wahlen.

7 Office of Public Counsel.

8 MS. WESSLING: Good, morning. This is Ali
9 Wessling here on behalf of the Office of Public
10 Counsel.

11 CHAIRMAN FAY: All right. Staff.

12 MR. THOMPSON: Major Thompson and Ryan Sandy
13 on behalf of the Public Service Commission, Office
14 of General Counsel.

15 CHAIRMAN FAY: All righty. From there, we
16 will move to the proceeding itself.

17 So once again, this is designed to hear
18 directly from the customers in this rate case. In
19 August, there will be a technical hearing where the
20 Commission will take into account the substance and
21 evidence of the case itself.

22 If customers would like to speak to a PGS
23 customer service representative, we are going to
24 provide that contact information, along with some
25 information for the Public Service Commission

1 itself.

2 The contact for the PGS customer service is
3 (877)832-6747. And that's available during the
4 normal business hours, 8:00 a.m. to 5:00 p.m.
5 Monday through Friday. And also, I have somebody
6 available specifically today during this hearing.

7 With the Commission, we also have Dylan
8 Andrews who is available if needed. His contact is
9 (850)413-6510. And the email is dandrews,
10 D-A-N-D-R-E-W-S, @psc.state.fl.us.

11 All right. With that, Commissioners, we are
12 going to give just some quick advice or direction
13 for the speakers, and then we will go into the
14 actual customer testimony portion of this.

15 So for those speakers who are on the line
16 today, just a reminder, this will become a part the
17 official recording in this docket. We will make
18 sure you are sworn in providing comments today, and
19 note that the comments are available for
20 cross-examination, which essentially means that
21 either have the parties or Commissioners may ask
22 you a follow-up question based on your testimony
23 here, or your comments here today.

24 Just a quick little go-to list for the
25 customer that we do have on the line. I believe

1 right now we just have one customer who has dialed
2 in. Please make sure to be respectful if there are
3 any other callers that join. We will let you
4 notice on time today, since we don't have a lot of
5 speakers, we are not super concerned about staying
6 too strict to that, but I will ask you to wrap up
7 if you go beyond the time -- the typical time
8 allotted. We appreciate the professional nature of
9 these comments.

10 Just finally, I want to make sure that those
11 customers, both on the line today and others for
12 the utility, if they want to provide any additional
13 comments or information related to this docket,
14 they can do so by submitting that information to
15 the Clerk either by mail, through a pre-addressed
16 comment card that you can download on the website.
17 You can also email that information to the
18 Commission's Clerk's Office, which is at
19 clerk@psc.state.fl.us, and just make sure to
20 reference this docket 20230023.

21 Once again, if anybody else joins the call,
22 please allow the speaker that is speaking to
23 finish, and then we will recognize you at the end
24 just to make sure we haven't overlooked any of
25 those speakers.

1 With that, before we go to the customer
2 testimony portion of this, we will allow the
3 parties to provide any sort of opening statements
4 if they would like to do so. So first we will go
5 to you, Mr. Wahlen, and the Peoples Gas.

6 MR. WAHLEN: Thank you, Mr. Chairman.

7 Today I am joined by Karen Sparkman of Peoples
8 Gas, who has brief remarks.

9 CHAIRMAN FAY: Okay. Ms. Sparkman, you are
10 recognized.

11 MS. SPARKMAN: Good morning, Commissioners and
12 ladies and gentlemen. My name is Karen Sparkman,
13 and I am the Vice-President of Customer Experience
14 for Peoples Gas System. We appreciate having the
15 opportunity to participate in customer service
16 hearings today.

17 Peoples Gas is Florida's largest natural gas
18 distribution utility and serves nearly 470,000
19 homes and businesses in 39 of the 67 counties
20 across our state. Our mission is to make life
21 better for communities by delivering safe,
22 resilient, efficient and affordable natural gas
23 energy solutions.

24 While we've managed our business prudently,
25 Florida's recent population growth has been

1 remarkable, resulting in more new homes and
2 commercial construction, more businesses, stores
3 and restaurants, and new and expanded roadways.

4 Since the last base rate increase, Peoples Gas
5 System has grown by 1,200 miles of main and service
6 lines to serve growth, and has added approximately
7 40,000 residential and 1,500 commercial customers.

8 Our decision to request a rate increase was
9 not an easy one. We know rising prices due to
10 inflation are affecting business and families
11 across the nation. However, Peoples Gas must
12 continue to invest in new infrastructure and
13 upgrade existing infrastructure to serve this
14 demand, as well as hire additional team members to
15 operate and maintain our expanding system.

16 Like other businesses, Peoples Gas has been
17 impacted by higher than expected inflation, labor
18 market challenges, supply chain disruptions and
19 rising interest rates. Nevertheless, thanks to the
20 efforts of our skilled and dedicated team members,
21 Peoples Gas continues to be recognized for
22 outstanding customer service.

23 In 2022, the company ranked highest in the
24 south midsize segment of the JD Power Gas Utility
25 Residential Customer Satisfaction Study for the

1 10th year in a row. Peoples Gas has also led the
2 nation in JD Power Residential Study in eight of
3 the past 10 years.

4 Additionally, in the JD Power Gas Utility
5 Business Customer Satisfaction Study, the company
6 ranked highest in the south segment in 2022 for the
7 fourth year in a row, and the sixth time since
8 2016. Peoples Gas has also led the nation in the
9 business study in six of the past eight years.

10 Peoples Gas was also named amongst the most
11 trusted utilities in the nation for the ninth time
12 in 2022, Cogent Escalent Syndicated Utility Trusted
13 Brand and Customer Engagement Residential Study.

14 We know our customers rely on the company to
15 provide a resilient and dependable energy source,
16 especially during hurricane season. The majority
17 of our natural gas distribution system is
18 underground and provides significant reliability
19 during severe weather, resulting in minimal outages
20 and providing energy resiliency post events.

21 We are looking forward to hearing from our
22 customers today, and happy and available to help if
23 customers have specific questions regarding our
24 request for a rate increase, or have questions
25 about their natural gas bills or other service

1 concerns.

2 As previously mentioned, our customer care
3 number (877)832-6747.

4 We would like to thank the commissioners,
5 staff and our customers for participating in this
6 hearing, and providing us with the opportunity to
7 listen to our customers.

8 Peoples Gas understands that our customers
9 truly do have a choice in using natural gas to meet
10 their energy needs, and we take pride in providing
11 safe and reliable natural gas service throughout
12 Florida, and appreciate our customers'
13 participation in today's hearing.

14 Thank you.

15 CHAIRMAN FAY: Great. Thank you, Ms.
16 Sparkman.

17 Next we will go to Ms. Wessling, in the Office
18 of Public Counsel.

19 MS. WESSLING: Thank you, Chairman.

20 My name is Ali Wessling. I am with the Office
21 of Public Counsel.

22 For those of you who are not familiar with our
23 office, the Office of Public Counsel was created by
24 the Legislature, and we represent all customers of
25 investor-owned utilities in the state of Florida,

1 and in this case, the customers of Peoples Gas.

2 We are here today because Peoples Gas has
3 filed a request for a variety of changes to their
4 current rates. We have hired expert witnesses to
5 address topics, including revenue requirement,
6 depreciation and return on equity. And we have
7 engaged in extensive discovery and deposed several
8 of the utility's witnesses in order to identify
9 cost savings for customers.

10 Some of the primary areas that we have focused
11 on in this rate case where the Commission can
12 reduce the rate impacted and capture cost savings
13 for Peoples Gas customers are depreciation, in that
14 the utility's proposal would result in customers
15 overpaying for test year depreciation expense. OPC
16 is advocating that the Commission should rely on
17 more appropriate depreciation parameters to prevent
18 this from occurring.

19 Another area is the proposed new hires. The
20 company has requested to hire an excessive number
21 of new employees to accommodate the company's
22 expected growth in Florida. Our research, however,
23 indicates that the utility has severely
24 overestimated the number of new employees that it
25 will need, and the company probably isn't going to

1 make a lot of those proposed new hires. Customers
2 shouldn't have to pay for an excessive number of
3 new employee positions, or for positions that will
4 likely never materialize.

5 Another area that we believe the Commission
6 should focus on is the spinoff, in that Tampa
7 Electric decided to spinoff Peoples Gas into a
8 separate company with the effective date being
9 January 1st of 2023. Doing so, however, has
10 created costs that customers would not have had to
11 pay if no spinoff had taken place. Therefore, OPC
12 is advocating that customers not be forced to pay
13 for costs which have arisen due to the spinoff.

14 Another area that OPC would like to focus on
15 is the return on equity. The utility is entitled
16 to earn a reasonable return on equity. However,
17 the utility has requested an ROE of 11 percent, but
18 our research indicates that Peoples Gas only
19 requires an ROE of nine percent to provide an
20 appropriate profit to its shareholders.

21 There are many more areas that we will
22 litigate to reach the best result possible for
23 customers. Also, please keep in mind that the law
24 requires that Peoples Gas has to prove that what
25 they are asking for is reasonable and prudent. We

1 are going to challenge all of those areas where we
2 do not believe that Peoples Gas satisfies that
3 burden of proof.

4 To the customers, we want you to remember that
5 today is your hearing. This is not the Public
6 Service Commission's hearing. It's not OPC's
7 hearing. It's not Peoples Gas' hearing. This is
8 the customer hearing. We ask that you take
9 advantage of this opportunity. Speak up. Tell the
10 Commissioners how you feel about Peoples Gas,
11 whether that's good or bad. You can talk about the
12 quality of Peoples Gas' service, how you feel about
13 the requested rate increase, et cetera. This is
14 your opportunity. Please use your voice to
15 participate. I look forward to hearing from you,
16 and thank you.

17 CHAIRMAN FAY: All right. Great. Thank you,
18 Ms. Wessling.

19 All right. Next we will move into the
20 customer testimony portion of the hearing itself.
21 I will call the name of the customer who will come
22 on the line to speak and has signed up. Right now
23 we have one customer on the line. We will need to
24 swear you in before you provide your comments this
25 morning. And so with that, when you come on the

1 line, please provide your -- state your name,
2 address, and whether you are a customer of Peoples
3 Gas. We will transcribe your comments today.

4 All right. With that, Mr. Santillo, David
5 Santillo, are you on the line?

6 MR. SANTILLO: Yes. Yes, I am.

7 CHAIRMAN FAY: Okay. Mr. Santillo.

8 (Whereupon, David Santillo was sworn by
9 Chairman Fay.)

10 MR. SANTILLO: Yes, I do.

11 CHAIRMAN FAY: Okay. You are recognized for
12 your comments.

13 MR. SANTILLO: Okay. Yeah. Thank you. Well,
14 thank you for giving me an opportunity to express,
15 you know, my comments and concerns.

16 First, I would like to say, as far as the
17 quality of the Peoples Gas, it's been excellent. I
18 think, you know, the service provided is really,
19 really awesome.

20 You know, we -- we moved into this gas
21 community a little over three years ago, a new home
22 we had built and all. So the first time we've ever
23 even used the natural gas, and, you know, just
24 wanted to let you know, whoever is listening, the
25 cost is definitely, it's energy efficient, and the

1 appliances that we have, the hot water heater,
2 everything, because we have the dryer, the hot
3 water heater, stove, and it all works really great.
4 And I think of all the bills we have, the -- the
5 gas is our -- our natural gas bill is our lowest.

6 And then when -- you know, I did receive the
7 letter about the increase, and this is the only
8 reason why I am even, you know, opposing it, is
9 because I, like probably many others out there, due
10 to inflation, you know, I am opposing any
11 increases.

12 And I know certain increases do have to, you
13 know, happen and take place due to, you know, the
14 times we are facing. You know, however, you know,
15 like I said, if I go down the list from electric,
16 water, HOA, CDD, our auto insurance, our homeowners
17 insurance, flood insurance, grocery bills, the fuel
18 that we put in our cars, the -- our natural gas
19 bill is the lowest bill of all of them, whether
20 it -- you know, and I am talking about some of
21 these are on monthly basis, some are annual, but I
22 am just, you know, expressing my concerns about,
23 you know, another price increase added to --

24 I am retired, by the way. So, you know, I am
25 on a fixed -- my wife and I are on a fixed budget,

1 so, you know, just adding to it, you know, even
2 though it's -- it's not a huge increase. This is
3 our lowest bill, you know, I just wanted to, you
4 know, make sure -- I am sure, you know, your team,
5 and the staff that you have working for you, they
6 do all their homework, and they know, you know, why
7 things need to increase and why this is even being
8 proposed, but, you know, that -- that's just my
9 opinion. And, you know, again I appreciate you
10 allowing me to express my concerns there, and
11 maybe, you know, if -- if there is a chance it
12 doesn't have to go up, you know, as much, or, you
13 know, minimize the increase, I think that would
14 be -- then that would be great.

15 CHAIRMAN FAY: Okay. Great. Thank you, Mr.
16 Santillo. Just on behalf of the Commission, we
17 really do appreciate you taking the time to call in
18 today and provide your feedback on this utility in
19 particular.

20 With that, Commissioners, we will make sure
21 that we've got no other Commissioner -- excuse me,
22 no other speakers on the line.

23 I did just want to just double check. I know
24 at the beginning of the hearing, we had our IT
25 folks working with Commissioner Graham. I think,

1 Commissioner Graham, you were able to join the
2 meeting at some point?

3 COMMISSIONER GRAHAM: Yes, sir, Mr. Chairman,
4 I am here.

5 CHAIRMAN FAY: Okay. Great.

6 All right. With that, we will -- we will just
7 validate that there are no other customers at this
8 time.

9 Are there any other customers for Peoples Gas
10 on the line?

11 Okay. Seeing none. I do want to thank Mr.
12 Santillo for calling in today and providing his
13 feedback.

14 Commissioners, any comments from you?

15 Seeing none, this meeting is adjourned. Thank
16 you so much.

17 (Proceedings concluded.)

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CERTIFICATE OF REPORTER

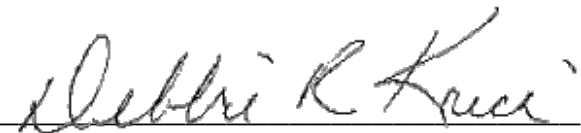
STATE OF FLORIDA)
COUNTY OF LEON)

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 19th day of July, 2023.


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