

Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

March 6, 2025

VIA E-PORTAL

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

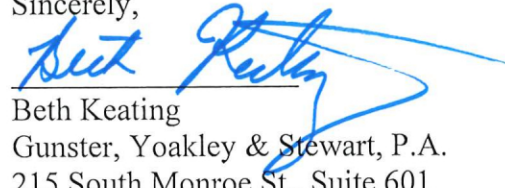
Re: Docket No. 20250035-GU – Petition for approval of 2025 depreciation study and for approval to amortize reserve imbalance, by Florida City Gas.

Dear Mr. Teitzman:

Attached for filing, please find Florida City Gas's Response in Opposition to the Office of Public Counsel's Motion to Hold Proceedings in Abeyance.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Beth Keating', written over a horizontal line.

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK
Cc://(certificate of service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval of Florida City Gas's 2025 Depreciation Study and for Approval to Amortize Reserve Imbalance.) Docket No.: 20250035-GU
)
) Filed: March 6, 2025
)

FLORIDA CITY GAS'S RESPONSE IN OPPOSITION TO CITIZEN'S MOTION
TO HOLD PROCEEDINGS IN ABEYANCE

In accordance with Rule 28-106.204, Florida Administrative Code ("F.A.C."), Florida City Gas ("FCG" or "Company") hereby files this Response in Opposition to the Motion to Hold Proceedings in Abeyance, filed February 27, 2025, by the Office of Public Counsel ("OPC"). The Company respectfully requests that the Florida Public Service Commission ("Commission") deny the OPC's motion. In support of this request, the Company hereby states:

1. OPC's reliance upon Rule 28-106.211, F.A.C., as the standard of review for its request is antithetical to their request, in that the Rule speaks to the presiding officer's ability to issue orders that would, among other things, "prevent delay" and "promote the just, speedy, and inexpensive determination" of cases. OPC's motion, to the contrary, would seek to delay any investigation and consideration of FCG's request for an undefined period.
2. FCG does not dispute OPC's statements regarding the factual background of FCG's 2022 rate case and the subsequent appeal now pending before the Florida Supreme Court.¹ FCG does, however, believe that the recited facts are largely irrelevant to FCG's request in the instant proceeding.

¹ Docket No. 20220069-GU and Case No. SC2023-0988.

3. FCG likewise does not dispute that it is well within the presiding officer's authority to hold a proceeding in abeyance. There is not, however, a reason in this case to hold the matter in abeyance.

4. Specifically, it appears that OPC may not fully understand the Company's depreciation study and request ("Study"), which are the basis for this proceeding. OPC contends that the reserve imbalance discussed in FCG's Petition is the identical amount remaining from the Company's rate case, wherein the Commission addressed the remaining reserve imbalance that was not included in the RSAM mechanism as follows:

FCG did not propose any treatment for the remaining reserve surplus of \$27.1 million. Therefore, we find that the remaining surplus shall remain on FCG's books and records until the Company files its next depreciation study.

Order No. PSC-2023-0177-FOF-GU ("Rate Case Order"), at page 17.

5. FCG notes that the Rate Case Order specifically states that the remaining portion of the reserve surplus that was not utilized by the RSAM mechanism was to remain on the Company's books "until the Company files its next depreciation study." *Id.* Consequently, the reserve surplus at issue in this case is not the reserve surplus referenced in the Rate Case Order. Rather, it is a new reserve surplus resulting from a new depreciation study conducted by a different depreciation expert than that utilized in the prior proceeding. The depreciation expert responsible for this Study has made the appropriate adjustments to accounts and service lives consistent with depreciation studies submitted for other entities under the Chesapeake Utilities Corporation corporate umbrella, both here in Florida and in other states. The resulting reserve imbalance reflected in the instant proceeding is \$27.3, rather than the \$27.1 remaining imbalance noted in the prior rate case proceeding.

6. Further evidencing the fact that the subject of this proceeding is a new depreciation study, and thus a new reserve imbalance, the reserve imbalance that resulted from the use of the depreciation

parameters used in the prior proceeding was, in total, \$52 million, whereas the total reserve imbalance at issue in this proceeding is \$27.3 million.

7. In the event that the Florida Supreme Court were to reverse and remand the Commission's Rate Case Order, as suggested by OPC, the Company's Petition initiating this proceeding would, in fact, not be moot, because the Study filed in this case is not based on "stipulated depreciation rates borrowed from Peoples Gas;" therefore, the resulting reserve imbalance is not the \$27.1 million imbalance referenced in the prior Rate Case Order, and neither the Study nor the reserve imbalance would be eliminated by any reversal of that prior Rate Case Order.²

8. As for OPC's assertion in paragraph 22 that FCG is not "required" by Rule 25-7.045(4)(a), F.A.C. to file another depreciation study until 2027, FCG agrees that statement is correct. OPC omits, however, the fact that FCG is likewise not prohibited by the Rule from filing a depreciation study earlier, and in fact, the referenced Rule provides that the Company file "at least once every five years...." [Emphasis added]. In this case, it is necessary and appropriate for the Company to file a new depreciation study because: (1) FCG is under new ownership and the new depreciation study is synced to align FCG's depreciation accounts and adjustments with other Chesapeake entities; and (2) as reflected in the Study submitted in this proceeding, certain account activity data indicates a need to conduct a new Study.

9. Even if the Commission believes it necessary to wait for the Supreme Court's decision to be issued before making a decision on FCG's Petition, there is no reason to delay the review and processing FCG's Study, particularly since, again, the current filing is not tied to or dependent upon the prior depreciation study and rate case issues pending before the Court.

² See, OPC Motion at paragraph 18.

10. Furthermore, while FCG may not be permanently harmed if this proceeding is held in abeyance, OPC overlooks FCG's assertion at paragraph 7 of its Petition that amortization of the reserve imbalance that occurs with this Study will reduce downward pressure on FCG's earnings. In fact, as will be evidenced in FCG's forecasted earnings surveillance report, which is anticipated to be filed soon, an extended delay in the processing of FCG's Study will necessitate that FCG file a base rate case, which FCG believes is not in the best interest of its customers or FCG at this time. The ancillary, but important, benefit associated with this new Study is the reserve imbalance that results, and which FCG has proposed be amortized over two years, which will enable the Company to delay a new rate case for two years.

11. Finally, as it pertains to OPC's assertion in paragraph 17 of its Motion, FCG respectfully refers to its responsive letter of December 14, 2023, and suggests that, while unclear, any point OPC may be trying to make here should be disregarded.³

WHEREFORE, in light of the foregoing, Florida City Gas asks that the Commission deny OPC's Motion to Hold Proceedings in Abeyance.

Respectfully submitted this 6th day of March, 2025.



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 S. Monroe Street, Suite 601
Tallahassee, FL 32301-1804
(850) 521-1706
bkeating@gunster.com
For Florida City Gas

³ FCG further notes that OPC's referenced letter of December 6, 2023, specifically asked that the Commission reopen the 2022 base rate cases of both FPUC and FCG. FPUC's base rate case conducted in Docket No. 20220067-GU has been a final order now for almost exactly 2 years, while FCG's 2022 rate case has been on appeal for 17 months. Any suggestion that those rate cases and the subject test year be revisited is frivolous and would certainly be barred by the doctrine prohibiting retroactive ratemaking.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by Electronic Mail this 6th day of March, 2025.

Walter Trierweiler Mary Wessling Charles Rehwinkel Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Trierweiler.walt@leg.state.fl.us Wessling.mary@leg.state.fl.us Rehwinkel.charles@leg.state.fl.us	Keith Hetrick General Counsel Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 khetrick@psc.state.fl.us
Mike Cassel 208 Wildlight Avenue Yulee, FL 32097 Mcassel@fpuc.com	Michael Bustos 208 Wildlight Ave Yulee FL 32097 mbustos@chpk.com

By: _____



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706