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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:  
DOCKET NO. 20190156-EI  
PETITION FOR A LIMITED  
PROCEEDING TO RECOVER  
INCREMENTAL STORM  
RESTORATION COSTS, CAPITAL  
COSTS, REVENUE REDUCTION  
FOR PERMANENTLY LOST  
CUSTOMERS, AND REGULATORY  
ASSETS RELATED TO HURRICANE  
MICHAEL, BY FLORIDA PUBLIC  
UTILITIES COMPANY.

\_\_\_\_\_ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
ITEM NO. 7A  
COMMISSIONERS  
PARTICIPATING: CHAIRMAN ART GRAHAM  
COMMISSIONER JULIE I. BROWN  
COMMISSIONER DONALD J. POLMANN  
COMMISSIONER GARY F. CLARK  
COMMISSIONER ANDREW GILES FAY  
DATE: Tuesday, November 5, 2019  
PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida  
REPORTED BY: ANDREA KOMARIDIS WRAY  
Court Reporter and  
Notary Public in and for  
the State of Florida at Large  
PREMIER REPORTING  
114 W. 5TH AVENUE  
TALLAHASSEE, FLORIDA  
(850) 894-0828

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

2 CHAIRMAN GRAHAM: Next is 7A.

3 MS. DZIECHCIARZ: Good morning, Commissioners.  
4 Rachel Dziechciarz, again, on behalf of Commission  
5 staff.

6 Item 7 -- in Item 7, Florida Public Utilities  
7 Company, or FPUC, seeks recovery of costs for storm  
8 restoration associated with Hurricane Michael in a  
9 limited proceeding.

10 On October 25th, 2019, FPUC and the Office of  
11 Public Counsel filed a joint motion for approval of  
12 stipul- -- stipulation for implementation of a  
13 base-rate increase in order to coincide with the  
14 reduction in the 2020 fuel factors proposed in  
15 Docket No. 20190001-EI. The proposed base-rate  
16 increase would be held subject to refund with  
17 interest pending the final disposition of the  
18 limited proceeding.

19 At this time, Beth Keating on behalf of FPUC  
20 and Patti Christensen on behalf of Office of Public  
21 Counsel are present and prepared to speak as to why  
22 the joint motion is in the public interest.

23 Thank you.

24 CHAIRMAN GRAHAM: Thank you.

25 Ms. Keating.

1 MS. KEATING: Good morning, Commissioners.  
2 Thank you for the opportunity to address you on  
3 this item. And I'll try to be brief.

4 As your staff counsel noted, on August 7th,  
5 FPUC filed a petition for a limited proceeding  
6 asking the Commission to allow it to increase base  
7 rates in order to recover the substantial costs and  
8 capital investments necessary to restore its system  
9 following Hurricane Michael.

10 Hurricane Michael cost FPUC an estimated 69  
11 million. Of this amount, 39.2 million relates to  
12 incremental storm costs, usually recovered through  
13 the storm reserve; 28.2 million relates to capital  
14 additions and cost of removal; and the additional  
15 1.6 million is other regulatory assets associated  
16 with the storm impacts.

17 Given the scope of the storm's financial  
18 impact on the company, as well as the ongoing  
19 economic recovery in the communities in the  
20 company's northwest division, the company has  
21 requested relief through a limited-proceeding rate  
22 increase that would amortize the cost over a longer  
23 horizon than would typically be applied for a  
24 storm-recovery surcharge.

25 Juxtaposed with the financial impact of

1 Hurricane Michael, the company continues to be  
2 successful in achieving savings for its customers  
3 through reductions in its fuel costs and has  
4 projected a substantial cost reduction that would  
5 go into effect January 1, should the Commission  
6 approve the company's request in this week's Fuel  
7 Clause hearing.

8 The company has acknowledged in several  
9 contexts that implementing a storm-rate increase at  
10 the same time that a fuel-cost decrease occurs  
11 might cause less customer confusion than if both  
12 are implemented separately.

13 As the proceedings progressed, however, your  
14 staff reached out with concern that the storm  
15 filing would likely not be fully resolved for the  
16 simultan- -- simultaneous implementation of the  
17 storm-cost-recovery increase and fuel-cost decrease  
18 to occur.

19 Staff asked us if we would take a look at  
20 working with OPC to come up with an interim  
21 mechanism or surcharge that would preserve the  
22 opportunity to maintain a relatively-smooth bill,  
23 pending the outcome of this storm limited  
24 proceeding.

25 Thus, at staff's request, we worked with the

1 OPC to arrive at a mechanism that would avoid the  
2 customer confusion likely to arise from dramatic  
3 bill fluctuations, provide the company with some  
4 interim relief, but still preserve each of the  
5 parties' positions and arguments for -- for a full  
6 airing.

7 We're happy to report to you that what you  
8 have before you is a mutually-agreed-upon mechanism  
9 that would allow the company to implement a rate  
10 increase, effective January 1, 2020, pending the  
11 com- -- the Commission's final decision in this  
12 proceeding.

13 The rate increase would be implemented as an  
14 interim rate, with the incremental increase held  
15 subject to refund with interest; although, given  
16 the amount of the company's re- -- request in the  
17 storm-recovery proceeding, neither of the parties  
18 honestly believes that a refund will be required,  
19 at the end of the day.

20 The rate increase before you has been  
21 calculated based upon a shortened amortization  
22 period of the company's total request.

23 Commissioners, this is a good interim solution. It  
24 will avoid the almost-certain customer confusion  
25 that would take place if customers experience a

1 dramatic drop in their bill, followed shortly  
2 thereafter by a dramatic bill increase.

3 This will essentially maintain the status quo,  
4 from a bill perspective, while ensuring that  
5 customers are fully protected. I should add that  
6 we do expect that, at the conclusion of this  
7 proceeding, customers should still see a slight  
8 bill decrease.

9 Commissioners, the parties believe this  
10 interim rate proposal is in the public interest  
11 and, therefore, we ask that you approve the  
12 parties' joint motion and allow the company to  
13 implement the interim rates reflected on the  
14 tariffs, attached to the storm interim stipulation  
15 effective in January.

16 Thank you, Commissioners.

17 CHAIRMAN GRAHAM: Thank you.

18 Ms. Christensen.

19 MS. CHRISTENSEN: Good morning, again,  
20 Commissioners. Patti Christensen with the Office  
21 of Public Counsel on behalf of FPUC's customers.  
22 With me today is also J.R. Kelly, the Public  
23 Counsel.

24 OPC believes the settlement before you is in  
25 the public interest and respectfully requests your

1 approval. At the request of your staff, OPC and  
2 the company engaged in negotiations to consider a  
3 rate increase because of FPUC's projected reduction  
4 for fuel that is anticipated to go into effect  
5 January 1st, 2020.

6 Because of the projected reduction in the Fuel  
7 Clause for FPUC presents a -- that presents a  
8 unique opportunity to offset Hurricane Michael's  
9 storm-restoration costs. And such an offset can  
10 reduce the time frame over which these costs will  
11 be recovered without rate shock to customers.

12 We believe the settlement benefits both FPUC  
13 and its customers. Moreover, all revenues  
14 collected will be subject to refund; although, as  
15 Ms. Keating said, OPC does not expect that the  
16 storm-restoration cost eligible for recovery will  
17 fully be collected by the time the Commission makes  
18 its final determination in this matter.

19 Therefore, we submit this agreement is in the  
20 public interest and ask for your favorable  
21 consideration.

22 Thank you.

23 CHAIRMAN GRAHAM: Thank you.

24 I have to -- I have to say, actually, when I  
25 read this, I think it's a great idea. It's one of

1           those, but of course, it makes common sense. Of  
2           course, that -- just because I think it makes  
3           common sense doesn't mean everybody agrees with me.

4           But no, I'm glad you guys did this and it does  
5           make sense and it does take away all that craziness  
6           of cutting the rates, you know, for a couple of  
7           months and then pushing them back up again, and  
8           customers are just -- you solved a whole lot of  
9           problems before they happened. I do appreciate you  
10          guys getting together and making this happen.

11          Commissioner Clark.

12          COMMISSIONER CLARK: Mr. Chairman, I -- I  
13          pressed my button before you started that sentence,  
14          but that's exactly what I wanted to say is, thank  
15          you to the parties for working this out and making  
16          this happen. I think it's an -- an excellent  
17          solution and I think it is absolutely in the best  
18          interest of the consumers.

19          And with that, Mr. Chairman, I would move  
20          approval of the item.

21          COMMISSIONER BROWN: Second.

22          COMMISSIONER POLMANN: Second.

23          CHAIRMAN GRAHAM: It's been moved and second,  
24          approval of the stipulation. Any further  
25          discussion?



1                   Seeing none, all in favor, say aye.

2                   (Chorus of ayes.)

3                   CHAIRMAN GRAHAM: Any opposed?

4                   By your action, you have approved that motion.

5                   Thank you very much.

6                   MS. KEATING: Thank you, Commissioners.

7                   (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA )  
COUNTY OF LEON )

I, ANDREA KOMARIDIS WRAY, 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 14th day of November, 2019.



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ANDREA KOMARIDIS WRAY  
NOTARY PUBLIC  
COMMISSION #GG365545  
EXPIRES February 9, 2021