

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for rate increase by Florida  
City Gas

DOCKET NO.: 20220069-GU

FILED: November 15, 2022

**PREHEARING STATEMENT OF THE FEDERAL EXECUTIVE AGENCIES**

Federal Executive Agencies (“FEA”), through the undersigned attorney, pursuant to the Order Establishing Procedure in this docket, Order No. PSC-2022-0224-PCO-GU, issued June 22, 2022, which was revised by Order No. PSC-2022-0275-PCO-GU, issued July 15, 2022, hereby submit this Prehearing Statement.

**APPEARANCES:**

Marcus Duffy, Capt, USAF  
AF/JAOE-ULFSC  
139 Barnes Drive, Suite 1  
Tyndall Air Force Base, FL 32403  
Marcus.duffy.3@us.af.mil  
850-283-6348

Holly L. Buchanan, Major, USAF  
AF/JAOE-ULFSC  
139 Barnes Drive, Suite 1  
Tyndall Air Force Base, FL 32403  
Holly.buchanan.1@us.af.mil  
850-283-6347

Mr. Thomas A. Jernigan  
AFIMSC/JA-ULFSC  
139 Barnes Drive, Suite 1  
Tyndall Air Force Base, FL 32403  
thomas.jernigan.3@us.af.mil  
850-283-6663

Attorneys on behalf of Federal Executive Agencies

**1. WITNESSES:**

FEA intends to call the following witnesses, who will address the issues indicated:

<b>Witness</b>	<b>Subject Matter</b>	<b>Issues #</b>
<b>Direct</b>		
Christopher C. Walters	Rate of Return and Return on Equity	29, 30, 32
Brian C. Collins	Class of Cost of Service, Rate Design, Rate Case Expense, and Reserve Surplus Amortization Mechanism	47, 58, 59, 67

**2. EXHIBITS:**

Incorporated into the pre-filed written testimony of the above-mentioned witnesses, Federal Executive Agencies intend to introduce the following exhibits, which can be identified on a composite basis for each witness:

<b>Witness</b>	<b>Proffered By</b>	<b>Exhibit No.</b>	<b>Description</b>
<b>Direct</b>			
Christopher C. Walters	FEA	CCW-1	Valuation Metrics
Christopher C. Walters	FEA	CCW-2	Proxy Group
Christopher C. Walters	FEA	CCW-3	Consensus Analysts' Growth Rates
Christopher C. Walters	FEA	CCW-4	Constant Growth DCF Model
Christopher C. Walters	FEA	CCW-5	Payout Ratios
Christopher C. Walters	FEA	CCW-6	Sustainable Growth Rate
Christopher C. Walters	FEA	CCW-7	Constant Growth DCF Model
Christopher C. Walters	FEA	CCW-8	Electricity Sales Are Linked to U.S. Economic Growth
Christopher C. Walters	FEA	CCW-9	Multi-Stage Growth DCF Model
Christopher C. Walters	FEA	CCW-10	Common Stock Market/Book Ratio
Christopher C. Walters	FEA	CCW-11	Equity Risk Premium – Treasury Bond
Christopher C. Walters	FEA	CCW-12	Equity Risk Premium – Utility Bond
Christopher C. Walters	FEA	CCW-13	Bond Yield Spreads
Christopher C. Walters	FEA	CCW-14	Treasury and Utility Bond Yields
Christopher C. Walters	FEA	CCW-15	Beta Analysis
Christopher C. Walters	FEA	CCW-16	CAPM Return
Brian C. Collins	FEA	BCC-1	Summary of Proposed Class Cost

			of Service and Revenue Allocation
Brian C. Collins	FEA	BCC-2	FCG's Response to OPC Interrogatory No. 90
Brian C. Collins	FEA	BCC-3	FCG's Response to OPC Interrogatory No. 92
Brian C. Collins	FEA	BCC-4	FCG's Response to OPC Interrogatory No. 137

**3. STATEMENT OF BASIC POSITION**

FEA filed testimony regarding investors' required return on equity for Florida City Gas ("FCG"). FEA's recommendation is predicated on a well-balanced and reasoned approach that relied on several market models and the resulting estimates from the application of those models. FEA's recommendation represents fair compensation for FCG's investment risk, is based on the current and expected economic environment, and will provide an equitable balance between customers and shareholders. As shown in FEA's testimony, the proximity of FEA's recommended range of 9.0%-9.80%, and recommended return on equity of 9.40%, are reasonable and just in this proceeding.

FEA also filed testimony regarding class cost of service ("CCOS") and rate design. FCG's CCOS study does not accurately reflect class cost causation because it uses the Peak and Average ("P&A") method to allocate the cost of mains to customer classes and also fails to classify and allocate any distribution mains cost on a customer basis.

FCG bases its class revenue allocation on its proposed P&A CCOS study. Since FCG's CCOS study does not accurately reflect cost causation, FEA recommends an alternative allocation of any revenue increase to customers.

FCG has also not justified its significant increase in its requested rate case expense. The requested increase is a 63% increase from the prior rate case. FEA recommends that the Commission limit the recovery of rate case expense to the amount approved in the prior case

adjusted for inflation, or approximately \$1.427 million.

FEA also submitted testimony regarding FCG's proposed Reserve Surplus Amortization Mechanism ("RSAM"). It is FEA's position that the RSAM should be denied because it does not incentivize FCG to manage its costs efficiently to the benefit of its customers if it is automatically guaranteed its approved rate of return. The proposed RSAM is an imbalanced regulatory mechanism, shifting revenue recovery risk to its customers and therefore, is inappropriate.

#### **4. STATEMENT OF FACTUAL ISSUES AND POSITIONS**

##### **TEST PERIOD AND FORECASTING**

**ISSUE 1:** Is FCG's projected test period of the twelve months ending December 31, 2023, appropriate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 2:** Are FCG's forecasts of customer and therms by rate class for the projected test year ending December 31, 2023, appropriate? If not, what adjustments should be made?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 3:** Are FCG's estimated revenues from sales of gas by rate class at present rates for the projected test year appropriate? If not, what adjustments should be made?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

##### **QUALITY OF SERVICE**

**ISSUE 4:** Is the quality of service provided by FCG adequate?

FEA Position: FEA has not contested the reasonableness of FCG's service reliability and quality in this case. However, FEA does not waive its right to make argument on this issue once all facts are complete.

## **DEPRECIATION STUDY**

**ISSUE 5:** Based on FCG’s 2022 Depreciation Study, what are the appropriate depreciation parameters (e.g. service lives, remaining life, net salvage percentage, and reserve percentage) and resulting depreciation rates for each distribution and general plant account?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 6:** If the Commission approves FCG’s proposed RSAM (Issue 67), what are the appropriate depreciation parameters (e.g. service lives, remaining lives, net salvage percentages, and reserve percentages) and depreciation rates?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 7:** Based on the application of the depreciation parameters that the Commission has deemed appropriate to FCG’s data, and a comparison of the theoretical reserves to the book reserves, what, if any, are the resulting imbalances?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 8:** What, if any, corrective depreciation reserve measures should be taken with respect to any imbalances identified in Issue 7?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 9:** What should be the implementation date for revised depreciation rates and amortization schedules?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 10:** Should FCG’s depreciation rates approved in this proceeding remain in effect until base rates are reset in FCG’s next general base rate proceeding?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

## **RATE BASE**

**ISSUE 11:** Has FCG made the appropriate adjustment to Rate Base to transfer the SAFE investments as of December 31, 2022 from clause recovery to base rates?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 12:** Should FCG's proposed Advanced Metering Infrastructure (AMI) Pilot be approved? If so, what adjustments, if any, should be made?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 13:** What is the appropriate amount of plant in service for FCG's delayed LNG facility that was approved in its last rate case?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 14:** What is the appropriate level of plant in service for the projected test year? (Fallout Issue)

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 15:** Has FCG made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation, and Working Capital?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 16:** Should any adjustments be made to the amounts included in the projected test year for acquisition adjustment and accumulated amortization of acquisition adjustment?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 17:** What is the appropriate level of CWIP to include in the projected test year?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 18:** What is the appropriate level of Gas Plant Accumulated Depreciation and Amortization for the projected test year?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 19:** Have under recoveries and over recoveries related to the Purchased Gas Adjustment, Energy Conservation Cost Recovery, and Area Expansion Plan been appropriately reflected in the Working Capital Allowance?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 20:** Should the unamortized balance of Rate Case Expense be included in Working Capital and, if so, what is the appropriate amount to include?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 21:** What is the appropriate amount of deferred pension debit in working capital for FCG to include in rate base?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 22:** Should the unbilled revenues be included in working capital?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 23:** What is the appropriate level of working capital for the projected test year?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 24:** What is the appropriate level of rate base for the projected test year? (Fallout Issue)

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

### **COST OF CAPITAL**

**ISSUE 25:** What is the appropriate amount of accumulated deferred taxes to include in the projected test year capital structure?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 26:** What is the appropriate amount and cost rate for short-term debt to include in the projected test year capital structure?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make

argument on this issue once all facts are complete.

**ISSUE 27:** What is the appropriate amount and cost rate for long-term debt to include in the projected test year capital structure?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 28:** What is the appropriate amount and cost rate for customer deposits to include in the capital structure?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 29:** What is the appropriate equity ratio to use in the capital structure for ratemaking purposes?

FEA Position: Christopher Walters will testify that a common equity of no higher than 50% is fair, reasonable, and more consistent with the capital structures of the proxy group used to estimate FCG's cost of equity.

**ISSUE 30:** What is the appropriate authorized return on equity (ROE) to use in establishing FCG's projected test year revenue requirement?

FEA Position: Christopher Walters will testify that the appropriate return on common equity to use in establishing FCG's test year revenue requirement is in the range of 9.00% to 9.80% with a midpoint of 9.40%.

**ISSUE 31:** Has FCG made the appropriate adjustments to remove all non-utility investments from the common equity balance?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 32:** What is the appropriate weighted average cost of capital to use in establishing FCG's projected test year revenue requirement?

FEA Position: FEA did not specify an appropriate weighted average cost of capital to use in establishing FCG's projected test year revenue requirement. However, FEA does not waive its right to make argument on this issue once all facts are complete. Notwithstanding the above, adopting the cost of capital parameters proposed by Christopher Walters, including a return on common equity of 9.40% and a common equity ratio of 50.0%, would produce a weighted average cost of capital of approximately 5.95%.



## NET OPERATING INCOME

**ISSUE 33:** Has FCG properly removed Purchased Gas Adjustment and Natural Gas Conservation Cost Recovery Clause revenues, expenses, and taxes-other-than-income from the projected test year?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 34:** Has FCG made the appropriate adjustment to Net Operating Income to remove amounts associated with the transfer of SAFE investments as of December 31, 2022 from clause recovery to base rates?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 35:** Should FCG's proposal to transfer outside service costs incurred for clause dockets from base rates to each of the respective cost recovery clause dockets be approved and, if so, has FCG made the appropriate adjustments to remove all such outside service costs incurred for clause dockets from the projected test year operating revenues and operating expenses?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 36:** What is the appropriate amount of miscellaneous revenues?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 37:** Is FCG's projected Total Operating Revenues for the projected test year appropriate? (Fallout Issue)

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 38:** Has FCG made the appropriate adjustments to remove all non-utility activities from operation expenses, including depreciation and amortization expense?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 39:** What is the appropriate amount of salaries and benefits to include in the projected test year?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 40:** What is the appropriate amount of pensions and post-retirement benefits expense to include in the projected test year?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 41:** Is the injuries and damages expense in the test year reasonable?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 42:** Is the insurance expense in the test year reasonable and/or appropriate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 43:** Is the level of projected contractor cost reasonable, appropriate and/or justified?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 44:** Should the projected test year O&M expenses be adjusted to reflect changes to the non-labor trend factors for inflation and customer growth?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 45:** Should FCG's proposal to continue the Storm Damage Reserve provision included in the 2018 Settlement Agreement be approved and, if so, what is the appropriate annual storm damage accrual and target reserve amount?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 46:** Is a Parent Debt Adjustment pursuant to Rule 25-14.004, Florida Administrative Code, appropriate, and if so, what is the appropriate amount?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 47:** What is the appropriate annual amount and amortization period for Rate Case Expense?

FEA Position: Brian Collins will testify that the appropriate amount for rate case expense

should be the amount approved in the prior rate case adjusted for inflation, or approximately \$1.427 million. This would lower FCG's amortization expense by \$141,000 and lower the deferred rate case expenses in rate base in 2023 by approximately \$494,000.

**ISSUE 48:** Should an adjustment be made to Uncollectible Accounts and for Bad Debt in the Revenue Expansion Factor?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 49:** What is the appropriate amount of projected test year O&M expenses? (Fallout Issue)

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 50:** Should any adjustments be made to the amounts included in the projected test year for amortization expense associated with the acquisition adjustment?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 51:** What is the appropriate amount of Depreciation and Amortization Expense for the projected test year?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this issue once all facts are complete.

**ISSUE 52:** What is the appropriate amount of projected test year Taxes Other than Income?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 53:** What is the appropriate amount of projected test year Income Tax Expense? (Fallout Issue)

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 54:** What is the appropriate amount of Total Operating Expenses for the projected test year? (Fallout Issue)

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 55:** What is the appropriate amount of Net Operating Income for the projected test year? (Fallout Issue)

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

### **REVENUE REQUIREMENTS**

**ISSUE 56:** What are the appropriate revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FCG?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 57:** What is the appropriate annual operating revenue increase for the projected test year? (Fallout Issue)

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

### **COST OF SERVICE AND RATE DESIGN**

**ISSUE 58:** Is FCG's proposed cost of service study appropriate and, if so, should it be approved for all regulatory purposes until base rates are reset in FCG's next general base rate proceeding?

FEA Position: Brian Collins will testify that FCG's class cost of service study ("CCOS") is not appropriate. Furthermore, the CCOS does not accurately reflect class cost causation because it uses the P&A method to allocate the cost of mains to customer classes and also fails to classify and allocate any distribution mains cost on a customer basis.

**ISSUE 59:** If the Commission grants a revenue increase to FCG, how should the increase be allocated to the rate classes?

FEA Position: Brian Collins will testify that as depicted in Exhibit BCC-1 that FCG's class revenue allocation be distributed to classes using the results of his CCOS study, with no class receiving an increase greater than 1.5 times the system average increase, and with no class receiving a rate decrease.

**ISSUE 60:** Are FCG's proposed Customer Charges appropriate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 61:** Are FCG's proposed per therm Distribution Charges appropriate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 62:** Are FCG's proposed Demand Charges appropriate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 63:** Are FCG's proposed connect and reconnection charges appropriate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 64:** Is FCG's proposed per transportation customer charge applicable to Third Party Suppliers appropriate?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 65:** What is the appropriate effective date for FCG's revised rates and charges?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 66:** Should the Commission give staff administrative authority to approve tariffs reflecting Commission approved rates and charges?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

### **OTHER ISSUES**

**ISSUE 67:** Should the Commission approve FCG's requested Reserve Surplus Amortization Mechanism (RSAM)?

FEA Position: Brian Collins will testify that FCG's proposed RSAM should be denied because it does not incent FCG to manage its costs efficiently to the benefit of its customers if it is automatically guaranteed its approved rate of return. Furthermore, the proposed RSAM shifts revenue recovery risk to FCG's customers.

**ISSUE 68:** Should the Commission approve FCG's proposal for addressing a change in tax law, if any, that occurs during or after the pendency of this proceeding?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 69:** Should the Commission approve FCG’s proposal to continue the SAFE program to include additional mains and services to be relocated from rear property easements to the street front? If so, what adjustments, if any, should be made?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 70:** Should the Commission approve FCG’s proposal to expand the SAFE program to include replacement of “orange pipe”? If so, what adjustments, if any, should be made?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 71:** Should the Commission approve FCG’s requested four-year rate plan?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 72:** Should FCG be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of the Commission’s findings in this rate case?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

**ISSUE 73:** Should this docket be closed?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

### **SEPARATE/CONTESTED ISSUES**

#### **Legal:**

ISSUE A: Does the Commission have the statutory authority to grant FCG’s requested rate increase?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

ISSUE B: Does the Commission have the statutory authority to grant FCG’s requested four-year plan?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

### **Net Operating Income:**

ISSUE C: Should an adjustment be made to the amount of Directors and Officers Liability Insurance expense that FCG included in the test year?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

ISSUE D: What is the appropriate amount of AMI O&M expense to be included in the projected test year O&M expense?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

ISSUE E: What is the appropriate amount of the affiliate expense to be included in the projected test year?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

ISSUE F: What is the appropriate amount of incentive compensation expense to include in the projected test year?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

### **Depreciation Study:**

ISSUE G: Absent a stipulation of the parties, does the Commission have the authority to establish depreciation rates in a general rate case for the express purpose of creating a depreciation imbalance (surplus) and which are based on parameters which are not factually based on a depreciation study?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

### **Rate Base:**

ISSUE H: Has FCG properly accounted for the LNG facility?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to make argument on this once all facts are complete.

ISSUE I: Are all LNG costs that are included in the Minimum Filing Requirements prudent?

FEA Position: FEA has no specific position on this issue. FEA does not waive its right to

make argument on this once all facts are complete.

5. STIPULATED ISSUES:

No issues have been stipulated at this time.

6. PENDING MOTIONS:

No motions are pending.

7. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

None at this time.

8. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

None at this time.

9. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which Federal Executive Agencies cannot comply.

Dated this 15th day of November 2022

**Respectfully Submitted,**  
**Attorneys for Federal Executive Agencies**

/s/ Marcus Duffy  
Marcus Duffy, Capt, USAF  
AF/JAOE-ULFSC  
139 Barnes Drive, Suite 1  
Tyndall Air Force Base, FL 32403  
Marcus.duffy.3@us.af.mil  
850-283-6348

Holly L. Buchanan, Major, USAF  
AF/JAOE-ULFSC  
139 Barnes Drive, Suite 1  
Tyndall Air Force Base, FL 32403  
Holly.buchanan.1@us.af.mil



850-283-6347

Mr. Thomas A. Jernigan  
AFIMSC/JA-ULFSC  
139 Barnes Drive, Suite 1  
Tyndall Air Force Base, FL 32403  
thomas.jernigan.3@us.af.mil  
850-283-6663

**CERTIFICATE OF SERVICE**  
**Docket No. 20220069-GU**

I **HEREBY CERTIFY** that a true and correct copy of the foregoing has been furnished by electronic mail this 15th day of November 2022 to the following:

<p><b>Florida Public Service Commission</b> <b>Office of the General Counsel</b> Matthew Jones Walter Trierweiler 2540 Shumard Oak Boulevard Tallahassee, Florida 32399-0850 majones@psc.state.fl.us wtrierwe@psc.state.fl.us</p>	<p><b>Gunster Law Firm</b> Beth Keating 215 South Monroe St., Suite 601 Tallahassee, FL 32301 (850) 521-1706 bkeating@gunster.com</p>
<p><b>Office of Public Counsel</b> Richard Gentry Mary A. Wessling 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</p>	<p><b>Florida City Gas</b> Christopher T. Wright Joel Baker 700 Universe Boulevard Juno Beach, FL 33408 (561) 691-7144 (561) 691-7135 christopher.wright@fpl.com joel.baker@fpl.com</p>
<p><b>Sugar Cane Growers Cooperative of Florida</b> Gardner, Bist, Bowden, Dee, LaVia, Wright, Perry &amp; Harper, P.A. Robert Scheffel Wright John T. LaVia, III 1300 Thomaswood Drive Tallahassee, FL 32308 (850) 385-0070 schef@gbwlegal.com jlavia@gbwlegal.com</p>	<p><b>Florida Industrial Power Users Group</b> Moyle Law Firm, P.A. John C. Moyle, Jr. Karen A. Putnal 118 North Gadsden Street Tallahassee, FL 32301 (850) 681-3828 jmoyle@moylelaw.com kputnal@moylelaw.com mqualls@moylelaw.com</p>

*/s/ Ebony M. Payton*  
Ebony M. Payton  
Paralegal for FEA