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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20230003-GU

In re: Purchased gas adjustment
(PGA) true-up.

_____ /

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PAGES 1 - 64

PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING:

CHAIRMAN ANDREW GILES FAY
COMMISSIONER GARY F. CLARK
COMMISSIONER MIKE LA ROSA
COMMISSIONER GABRIELLA PASSIDOMO

DATE: Wednesday, November 1, 2023

TIME: Commenced: 9:30 a.m.
Concluded: 9:56 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

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4 32301; appearing on behalf of Florida Public Utilities
5 Company (FPUC).

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10 behalf of Florida City Gas (FCG).

11 J. JEFFREY WAHLEN, MALCOLM N. MEANS and
12 VIRGINIA PONDER, ESQUIRES, Ausley Law Firm, Post Office
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14 of Peoples Gas System (PGS).

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18 ESQUIRES, OFFICE OF PUBLIC COUNSEL, c/o The Florida
19 Legislature, 111 West Madison Street, Room 812,
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21 the Citizens of the State of Florida (OPC).

22 AUSTIN WATROUS, ESQUIRE, FPSC General
23 Counsel's Office, 2540 Shumard Oak Boulevard,
24 Tallahassee, Florida 32399-0850, appearing on behalf of
25 the Florida Public Service Commission (Staff).

1 APPEARANCES CONTINUED:

2 KEITH C. HETRICK, GENERAL COUNSEL; MARY ANNE
3 HELTON, ESQUIRE, Florida Public Service Commission, 2540
4 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850,
5 Advisor to the Florida Public Service Commission.

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EXHIBITS

NUMBER:		ID	ADMITTED
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1 P R O C E E D I N G S

2 CHAIRMAN FAY: All right. Seeing that, we
3 will adjourn the 02 docket and then we will move
4 into the 03 docket next. So, Mr. Watrous, whenever
5 you are ready, we will begin that docket.

6 MR. WATROUS: All right. I am ready to go.

7 All right. I will note for the record that
8 St. Joe Natural Gas has been excused from
9 participating in these proceedings.

10 There are proposed Type 2 stipulations on all
11 issues, with the intervenors not objecting. These
12 can be voted on today.

13 And all witnesses have been excused, and all
14 parties have agreed to waive opening statements and
15 post-hearing briefs.

16 CHAIRMAN FAY: All right. Thank you, Mr.
17 Watrous.

18 Any party have any preliminary matters in the
19 03 docket?

20 All right. Showing none, let's move into
21 prefiled testimony.

22 MR. WATROUS: We would ask that the prefiled
23 testimony of all witnesses identified in Section VI
24 of the Prehearing Order be moved into the record at
25 this time.

1 CHAIRMAN FAY: Okay. Show the prefiled
2 testimony is moved into the record without
3 objection.

4 (Whereupon, prefiled direct testimony of
5 Miguel Bustos was inserted.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 20230003-GU

FLORIDA CITY GAS
PURCHASED GAS ADJUSTMENT FINAL TRUE-UP AMOUNT
FOR THE PERIOD OF JANUARY 1, 2022 THROUGH DECEMBER 31, 2022

DIRECT TESTIMONY OF MIGUEL BUSTOS

May 1, 2023

1 **Q. Please state your name and business address.**

2 A. My name is Miguel Bustos. My business address is 4045 NW 97 Avenue, Doral,
3 Florida 33178.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by Florida City Gas (“FCG” or “Company”) as Manager of
6 Governmental & Community Affairs.

7 **Q. What are your responsibilities as Manager of Governmental & Community
8 Affairs?**

9 A. I am responsible for managing FCG’s Purchased Gas Adjustment clause, the overall
10 strategic design and management of the Company’s energy efficiency programs, as
11 well as development of strategies of new business channels and emerging technologies.
12 I am also responsible for providing direction and oversight for the Company’s
13 implementation of governmental and community affairs. I have held these
14 responsibilities since 2013.

15 **Q. Please describe your prior work experience and responsibilities.**

16 A. I began my career at FCG in 2003. I progressed through roles in operations, budgeting,
17 accounting, and business operations. Prior to joining FCG, I was a corporate lead
18 auditor in PricewaterhouseCoopers.

19 **Q. What is your educational background?**

20 A. I have a Bachelor of Science Degree in Accounting from the National Polytechnic
21 Institute (Mexico City) and completed MBA coursework from the University of
22 Americas.

23 **Q. Please explain the purpose of your testimony.**

24 A. The purpose of my testimony is to present FCG’s Purchased Gas Adjustment (“PGA”)
25 final true-up amount for the period of January 1, 2022 through December 31, 2022.

1 **Q. Has the Company prepared the form prescribed by this Commission for this**
2 **purpose?**

3 A. Yes. Attached to my testimony as Exhibit MB-1 is Schedule A-7, which is the PGA
4 true-up reporting form supplied by the Commission Staff. This schedule provides the
5 total actual fuel cost for the period in question, the total actual fuel revenues for that
6 the period, and the resulting over or under-recovery amount.

7 **Q. What was the total gas cost incurred by the Company during the period of**
8 **January 1, 2022 through December 31, 2022?**

9 A. The total cost of gas for this period is \$37,981,680 as shown on Line 1 of Exhibit MB-
10 1.

11 **Q. What was the total amount of gas revenues recovered through the PGA during**
12 **the period of January 1, 2022 through December 31, 2022?**

13 A. The Company recovered a total of \$31,821,392 through the PGA as shown on Line 2
14 of Exhibit MB-1.

15 **Q. What is the Company's actual over/under recovery amount for the period of**
16 **January 1, 2022 through December 31, 2022?**

17 A. The actual over/under recovery amount for this period, including margin sharing (Line
18 1a), adjustments (Line 3a), and interest (Line 4), is an under-recovery of \$4,466,454 as
19 shown on Line 5 of Exhibit MB-1.

20 **Q. What is the amount of estimated true-up for the period January 1, 2022 through**
21 **December 31, 2022 that was included in the PGA Factor being charged for the**
22 **period of January 2023 through December 2023 ("2023 PGA Factor")?**

23 A. As shown on Line 6 of Exhibit MB-1, there was an estimated under-recovery of
24 \$13,464,473 for the period January 1, 2022 through December 31, 2022 that was
25 included in the 2023 PGA Factor.

1 **Q. What is the final, net PGA true-up amount for the period January 1, 2022 through**
2 **December 31, 2022?**

3 A. The final true-up amount, net of the estimated under-recovery included in the 2023
4 PGA Factor, is an over-recovery of \$8,998,019 as shown on Line 7 of FCG Exhibit
5 MB-1. This net over-recovery should be included in FCG’s projected 2024 PGA Factor
6 for the period January 1, 2024 through December 31, 2024.

7 **Q. Does this conclude your testimony?**

8 A. Yes.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 20230003-GU

FLORIDA CITY GAS
PURCHASED GAS ADJUSTMENT
2023 ACTUAL/ESTIMATED TRUE-UP AND 2024 PROJECTION

DIRECT TESTIMONY OF MIGUEL BUSTOS

August 4, 2023

1 **Q. Please state your name and business address.**

2 A. My name is Miguel Bustos. My business address is 4045 NW 97 Avenue, Doral,
3 Florida 33178.

4 **Q. By whom are you employed and what is your position?**

5 A. I am employed by Florida City Gas (“FCG” or “Company”) as Manager Regulatory
6 Marketing and Energy Conservation.

7 **Q. Did you previously submit testimony in this docket?**

8 A. Yes. On May 2, 2023, I submitted direct testimony and Exhibit MB-1 in support of
9 FCG’s final, net Purchased Gas Adjustment (“PGA”) true-up for the period January
10 2022 through December 2022.

11 **Q. Are you sponsoring any exhibits?**

12 A. Yes. I am sponsoring the following exhibit:

- 13
 - Exhibit MB-2 - Schedules E-1 through E-5

14 **Q. What is the purpose of your testimony in this proceeding?**

15 A. My testimony supports FCG’s request for Commission approval of a PGA Factor to be
16 applied during the period of January 1, 2024 through December 31, 2024 (the
17 “Projection Period”). My testimony will present the revised projected true-up for the
18 current period January 1, 2023 through December 31, 2023, based on actual data for
19 six months and projected data for six months (the “Actual/Estimated True-Up”). I will
20 then present the development of the proposed maximum 2024 PGA Factor to be
21 charged to Sales Customers during the Projection Period.

22

1 **Q. Has the Company prepared the schedules prescribed by this Commission for this**
2 **purpose?**

3 A. Yes. Exhibit MB-2 includes Schedules E-1, E-1/R, and E-2 through E-5, which are the
4 forms prescribed by Commission Staff. These schedules are used to calculate FCG's
5 Actual/Estimated True-Up for the current period and the maximum PGA Factor for the
6 Projection Period.

7 **Q. Can you explain the method used by the Company to calculate its projection of**
8 **gas costs for the period January 2024 through December 2024?**

9 A. Yes. To calculate its projected gas costs, FCG applied the methodology adopted by the
10 Commission in Order No. PSC-1993-0708-FOF-GU issued on May 10, 1993, and
11 modified in Docket No. 19980269-PU on May 19, 1998. Under this methodology,
12 natural gas companies are to project their gas costs each twelve months for the
13 subsequent twelve-month period ending in December. A per therm rate is developed
14 for the weighted average cost of gas ("WACOG") for the projected twelve-month
15 period. However, this rate, which is based on the average of the winter and summer
16 seasons, would lead to over or under-recoveries of gas costs in the two seasons. This
17 problem is mitigated by establishing a maximum levelized PGA Factor, or cap, based
18 on the Company's expected winter cost of gas, thereby reducing the potential for large
19 under-recoveries in the winter season when natural gas supply prices are typically
20 higher. The Company is then able to flex the rate downward in the summer in order to
21 better reflect market conditions and reduce the potential for large over-recoveries in the
22 summer season when natural gas supply prices are typically lower.

23

1 **Q. What if the actual cost exceeds the maximum rate as projected?**

2 A. If the revised projected gas costs exceed projected recoveries by at least 10% during
3 the twelve-month period, the Company may, at its discretion, formally request a mid-
4 course correction.

5 **Q. How are differences between the Company's estimated and actual gas costs
6 treated?**

7 A. The forms prescribed by the Commission take this into consideration. Form E-2
8 calculates the projected differences using estimated figures, and form E-4 calculates
9 the final net true-up using actual figures. These under/over recoveries are recovered
10 from or credited to Sales Customers, as appropriate, through a true-up credit/charge
11 included in the PGA Factor billed in the subsequent twelve-month period.

12 **Q. Are any Florida Gas Transmission ("FGT") rate changes projected in this filing?**

13 A. No. The FGT Rates used to prepare this filing are based on those in effect as of April
14 2023.

15 **Q. Can you summarize the contents of the schedules submitted as part of this filing?**

16 A. Yes. Schedule E-1 shows the Projection Period, January 2024 through December 2024.
17 For 2024, the Company projects the total gas purchases by Sales Customers will be
18 46,373,737 therms (Schedule E-1, line 27) at a total cost of \$34,066,427 (Schedule E-
19 1, line 11) with a resulting WACOG of \$0.73461 per therm (Schedule E-1, line 40)
20 before the application of the true-up factor and the regulatory assessment fee.

21

22 Schedule E-4 shows the final true-up of the actual gas costs for the prior period, January
23 2022 through December 2022, which is an over-recovery of \$8,998,019 (Schedule E-

1 4, column 3, line 4). The final true-up amount is net of interest, adjustments, and the
2 estimated under-recovery included in the 2023 PGA Factor. I previously submitted
3 direct testimony and Exhibit MB-1 in support of the final PGA true-up amount for the
4 period January 2022 through December 2022.

5
6 The actual/estimated true-up for the current period, January 2023 through December
7 2023, based on six months of actual data and six months of projected data, is an under-
8 recovery of \$10,477,497 (Schedule E-4, column 4, line 4). The total net true-up is an
9 under-recovery of \$1,479,478 (Schedule E-4, column 5, line 4), which results in a true-
10 up factor of 3.19 cents per therm to be applied during the Projection Period (Schedule
11 E-1, line 41).

12
13 Applying the net true-up factor increases the WACOG for the Projection Period to
14 \$0.76651 per therm (Schedule E-1, line 42) before the regulatory assessment fee. With
15 the regulatory assessment fee added, the WACOG increases to \$0.77036 per therm
16 (Schedule E-1, line 44) based on the average of the winter and summer seasons.

17 **Q. Were there any corrections included to the 2023 Actual/Estimated True-Up?**

18 A. Yes. As noted in the Company's Basic Position reflected in the Amended Prehearing
19 Order No. PSC-2022-0383A-PHO-GU, FCG discovered an error in the amount of 2023
20 projected costs that were used to calculate the 2023 PGA, which inadvertently included
21 \$307,193 associated with the initial fill of FCG's Liquefied Natural Gas Facility that
22 should have been capitalized to rate base and not included in the PGA. FCG's
23 Actual/Estimated True-Up for 2023 includes adjustments to correct this error and

1 remove these amounts from the 2023 costs to be recovered through the PGA as shown
2 on Schedule E-4, column 4, line 4.

3 **Q. Does the WACOG described above provide a sufficient basis to set the PGA**
4 **Factor for the projection period?**

5 A. No. As explained above, using a PGA Factor based on the average of the winter and
6 summer seasons would lead to over or under-recoveries of gas costs in the two seasons.
7 This problem is mitigated by establishing a maximum levelized PGA Factor, or cap,
8 based on the Company's expected winter cost of gas, which may be flexed downward
9 during the summer season. As shown on Schedule E-1 Winter, FCG's maximum
10 levelized 2024 PGA Factor based on the Company's projected winter cost of gas is as
11 follows:

12

<u>Winter Average, per Therm</u>	
Total Cost (Line 11)	\$19,978,692
Total Therm Sales (Line 27)	24,604,016
(Line 11/ Line 27)	\$0.81201
True-up	\$0.0319
Before Regulatory Assessment	\$0.84391
Revenue Tax Factor	1.00503
Purchased Gas Factor	\$0.84816

13 If approved by the Commission, \$0.84816 per therm would be the maximum 2024 PGA
14 Factor that FCG may charge its Sales Customers during the period January 2024
15 through December 2024.

16 **Q. Does this conclude your testimony?**

17 A. Yes.

1 (Whereupon, prefiled direct testimony of
2 Robert C. Waruszewski was inserted.)

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 20230003-GU
PURCHASED GAS ADJUSTMENT (PGA) TRUE-UP

Direct Testimony of
Robert C. Waruszewski
On Behalf of
Florida Public Utilities Company

1 Q. Please state your name and business address.

2 A. Robert C. Waruszewski, 500 Energy Lane, Suite 100, Dover, Delaware
3 19901.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Chesapeake Utilities Corporation as Regulatory
6 Manager, South. Chesapeake Utilities is the parent company of Florida
7 Public Utilities Company (“Company” or “FPUC”).

8 Q. Briefly state your education background and employment experience.

9 A. I received a Bachelor of Science Degree in mathematics and economics
10 from St. Vincent College, Latrobe, Pennsylvania. After graduation, I
11 worked as a junior accounting clerk for the Bank of New York Mellon,
12 assisting in the preparation of audits as well as gathering local tax data for
13 the bank’s employees before joining Columbia Gas of Pennsylvania in
14 November 2011 in the Regulatory Department. There, I prepared rate case
15 and gas cost filings and in 2013, I was promoted to Senior Regulatory
16 Analyst. I joined Peoples Natural Gas, a distribution company operating in

1 Pennsylvania, West Virginia, and Kentucky in December 2017, as the
2 Senior Rates and Regulatory Analyst, where I was responsible for
3 assisting in budget preparation and compiling regulatory filings for the
4 Company's Pennsylvania and West Virginia affiliates. I was subsequently
5 promoted to Finance and Rates Analyst IV. In January 2022, I joined
6 Chesapeake Utilities Corporation where my responsibilities include the
7 fulfillment of many regulatory activities for FPUC, which range from
8 instances of regulatory analysis to various filings (Purchased Gas
9 Adjustment, Swing Service and the Gas Reliability Infrastructure
10 Program) before the Florida Public Service Commission.

11 Q. Have you testified before this or any other Commission?

12 A. Yes, I testified in the Company's Storm Protection Plan ("SPP") filing at
13 Docket No. 20220049-EI, and have provided prefiled, written testimony in
14 the Company's Storm Protection Plan Cost Recovery Clause ("SPPCRC")
15 filings at Docket Nos. 20220010-EI and 20230010-EI, FPUC's PGA True-
16 Up filing at Docket No. 20220003-GU, in FPUC's Swing Filing at Docket
17 No. 20220154-GU and in FPUC's GRIP Filing at Docket No. 20220155-
18 GU. In addition, I have testified before the Pennsylvania Public Utility
19 Commission in various gas cost proceedings for Peoples Natural Gas and
20 in various Columbia Gas of Pennsylvania rate proceedings, as well as
21 before the Public Service Commission of Maryland on several occasions
22 on behalf of Columbia Gas of Maryland.

23 Q. What is the purpose of your testimony at this time?

- 1 A. To advise the Commission of the actual over/under recovery of the
2 Purchased Gas Adjustment for the period January 1, 2022 through
3 December 31, 2022, as compared to the true-up amount previously
4 reported for that period which was based on six months actual and six
5 months estimated.
- 6 Q. Please state the actual amount of over/under recovery of the Purchased
7 Gas Adjustment for January 1, 2022 through December 31, 2022.
- 8 A. During January 2022 through December 2022, FPUC over-recovered
9 \$605,696.
- 10 Q. How does this amount compare with the estimated true-up amount, which
11 was allowed by the Commission during the November 2022 hearing?
- 12 A. As recognized in Order No. PSC-2022-0410-FOF-GU, in Docket No.
13 20220003-GU, FPUC had an anticipated over-recovery of \$3,982,145
14 based upon six months of actual and six months of projected data.
- 15 Q. Have you prepared any exhibits at this time?
- 16 A. I prepared and pre-filed composite Exhibit RCW-1, containing Schedule
17 A-7, Final PGA Over/Under Recovery for the Period January 2022
18 through December 2022.
- 19 Q. Does this conclude your testimony?
- 20 A. Yes.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 DOCKET NO. 20230003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.

3 (Actual/Estimated and Projections)

4 DIRECT TESTIMONY

5 OF ROBERT C. WARUSZEWSKI

6 On behalf of Florida Public Utilities Company

7 **Q. Please state your name and business address.**

8 A. Robert C. Waruszewski, 500 Energy Lane, Suite 100, Dover, Delaware 19901.

9 **Q. By whom are you employed and in what capacity?**

10 A. I am employed by Chesapeake Utilities Corporation as Regulatory Manager,
11 South.

12 **Q. Can you please provide a brief overview of your educational and**
13 **employment background?**

14 A. I received a Bachelor of Science Degree in mathematics and economics from
15 St. Vincent College, Latrobe, Pennsylvania. After graduation, I worked as a
16 junior accounting clerk for the Bank of New York Mellon, assisting in the
17 preparation of audits as well as gathering local tax data for the bank's
18 employees before joining Columbia Gas of Pennsylvania in November 2011 in
19 the Regulatory Department. There, I prepared rate case and gas cost filings and
20 in 2013, I was promoted to Senior Regulatory Analyst. I joined Peoples
21 Natural Gas, a distribution company operating in Pennsylvania, West Virginia,
22 and Kentucky in December 2017, as the Senior Rates and Regulatory Analyst,
23 where I was responsible for assisting in budget preparation and compiling
24 regulatory filings for the Company's Pennsylvania and West Virginia

1 affiliates. I was subsequently promoted to Finance and Rates Analyst IV. In
2 January 2022, I joined Chesapeake Utilities Corporation where my
3 responsibilities include the fulfillment of many regulatory activities for FPUC,
4 which range from instances of regulatory analysis to various filings (Purchased
5 Gas Adjustment, Swing Service and the Gas Reliability Infrastructure
6 Program) before the Florida Public Service Commission.

7 **Q. Are you familiar with the Purchased Gas Adjustment (PGA) clause of the**
8 **Company?**

9 A. Yes.

10 **Q. Have you ever testified in the PGA Docket before?**

11 A. Yes.

12 **Q. What is the purpose of your testimony in this docket?**

13 A. My testimony will establish the PGA “true-up” collection amount, based on
14 actual January 2023 through June 2023 data and projected July 2023 through
15 December 2024 data. My testimony will summarize the computations that are
16 contained in composite exhibit RCW-2 supporting the January through
17 December 2024 projected PGA recovery (cap) factor for FPUC.

18 **Q. Which schedules have you included in your Exhibit RCW-2?**

19 A. The Company has previously filed True-Up schedules A-1, A-2, A-3, A-4, A-
20 5, A-6 and A-7 in this proceeding. Exhibit RCW-2, which is included with
21 my testimony, contains Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5 for the
22 FPUC consolidated gas division. These schedules support the calculation of the
23 PGA recovery (cap) factor for January through December 2024.

1 **Q. Were these schedules completed by you or under your supervision?**

2 A. Yes, these schedules were completed by me.

3 **Q. What is the projection period for this filing?**

4 A. The projection period is January through December 2024.

5 **Q. What is the appropriate final PGA true-up amount for the period**
6 **January through December 2022?**

7 A. As shown on Schedule E-4, the final PGA true-up amount for the period
8 January through December 2022 is an under-recovery of \$3,376,449 inclusive
9 of interest.

10 **Q. What is the projected PGA true-up amount for the period January**
11 **through December 2023?**

12 A. As also shown on Schedule E-4, the projected PGA true-up amount is an over-
13 recovery of \$1,880,594 inclusive of interest, for the period January through
14 December 2023.

15 **Q. What is the total projected PGA true-up amount to be collected from or**
16 **refunded to customers for the period January through December 2024?**

17 A. As shown on Schedule E-4, the total net under-recovery to be collected for the
18 period January through December 2024 is \$1,495,855.

19 **Q. What is the appropriate PGA recovery (cap) factor for the period January**
20 **through December 2024?**

21 A. As shown on Schedule E-1, the PGA recovery (cap) factor is 130.92¢ per
22 therm for the period January through December 2024.

23 **Q. What should be the effective date of the PGA recovery (cap) factor for**

1 **billing purposes?**

2 A. The PGA recovery (cap) factor should be effective for all meter readings
3 applying to the period of January 1, 2024 through December 31, 2024.

4 **Q. Does this conclude your testimony?**

5 A. Yes.

1 (Whereupon, prefiled direct testimony of
2 Jeffrey B. Bates was inserted.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**
2 DOCKET NO. 20230003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.
3 (Actual/Estimated and Projections)
4 DIRECT TESTIMONY
5 OF JEFFREY B BATES
6 On behalf of Florida Public Utilities Company

7 **Q. Please state your name and business address.**

8 A. My name is Jeffrey Bates. My business address is 331 W. Central Ave, Suite
9 238, Winter Haven, FL 33880.

10 **Q. By whom are you employed and in what capacity?**

11 A. I am employed by Florida Public Utilities Company (“FPUC” or “Company”)
12 as a Senior Energy Logistics Analyst.

13 **Q. Can you please provide a brief overview of your educational and**
14 **employment background?**

15 A. I graduated from Delaware State University in 1994 with a Bachelor’s of
16 Science degree in Accounting. I graduated from Wilmington University in
17 1999 with a Masters of Business Administration. I have been employed by
18 FPUC since January of 1996.

19 **Q. Are you familiar with the Purchased Gas Adjustment (PGA) clause of the**
20 **Company and the associated projected and actual revenues and costs?**

21 A. Yes.

22 **Q. Have you ever testified before the Florida Public Service Commission**
23 **(“FPSC”)?**

24 A. Yes.

1 **Q. Are you sponsoring any Exhibits in this case?**

2 A. No. Numerical references made in my testimony relate to Exhibit RCW-2
3 being sponsored by Robert Waruszewski.

4

5 **Q. Please describe how the forecasts of pipeline charges and commodity costs**
6 **of gas were developed for the projection period.**

7 A. The purchases for the gas cost projection model are based on projected sales to
8 traditional non-transportation service customers. Florida Gas Transmission
9 Company's ("FGT") FTS-1, FTS-2, FTS-3, NNTS-1, and ITS-1 Gulfstream
10 Natural Gas, Southern Natural Gas ("SONAT") and the Florida Southeast
11 Connection ("FSC") effective charges (including surcharges) and fuel rates,
12 based on the prices from the FGT, Gulfstream, and SONAT posted rates and
13 FSC rates from a precedent agreement. These were used for the entire
14 projection period. As is further explained herein, the Company has also
15 included costs related to the various expansion projects in the counties of Palm
16 Beach, Polk and Nassau. FPUC has entered into an Asset Management
17 Agreement ("AMA") with Emera Energy to help facilitate the delivery of
18 natural gas in the northeast division. Additionally, the Company has included
19 costs related to compressed natural gas which is used to bring supply to areas
20 as a virtual pipeline for emergency and planned services. The expected costs of
21 natural gas purchased by the Company during the projection period were
22 developed using actual prices paid during relevant historical periods and the
23 Henry Hub natural gas futures settlements provided by the Nymex plus the

1 locational basis settlements at FGT Zone 3 provided by Intercontinental
2 Exchange through the end of the projection period. The forecasts of the
3 commodity costs were then adjusted to reflect the unexpected potential market
4 increases in the projection period.

5 **Q. Please describe how the forecasts of the weighted average cost of gas are**
6 **developed for the projection period.**

7 A. The Company has forecasted the 2024 weighted average cost of gas using the
8 projected monthly pipeline demand costs, less the projected cost of capacity
9 temporarily relinquished to third parties, the projected pipeline usage and no-
10 notice costs and the projected supplier commodity costs. The weighted average
11 cost of gas also includes projected costs related to our purchased gas functions
12 and anticipated a credit for the swing service rider. The sum of these costs are
13 then divided by the projected therm sales to the traditional non-transportation
14 customers resulting in the projected weighted average cost of gas and
15 ultimately the PGA recovery (cap) factor, as shown on Schedule E-1.
16 Capacity shortfall if any, would be satisfied by gas and capacity repackaged
17 and delivered by another FGT, Gulfstream, or SONAT capacity holder. If
18 other services become available and it is economic to dispatch supplies under
19 those services, the Company will utilize those services as part of its portfolio.

20 **Q. Are the pipeline capacity and supply costs associated with expansions**
21 **appropriate for recovery in the PGA docket?**

1 A. Yes. Historically, the Commission has allowed recovery, through the clause, of
2 upstream transmission pipeline capacity, transportation and related supply
3 costs associated with service expansions to new areas.

4 **Q. Did you include costs of other expansions or interconnects related to**
5 **Florida Public Utilities Company in the calculations of your true-up and**
6 **projected amounts?**

7 A. Yes. There is a Local Distribution Company (“LDC”) to LDC interconnect
8 with TECO/PGS and FPUC (former CFG facilities) for pressure stabilization
9 of FPUC’s system in Hernando County. There is also an interconnection to
10 FPUC’s facilities for Gulfstream’s Baseball City Gate southward through
11 Davenport and Haines City as well as the expansion into Escambia County.
12 There is an interconnection to FPUC’s facilities from a new Gulfstream gate
13 station in Auburndale. There are additional expansion projects in Polk county
14 to serve FPUC customers. Finally, a multi phase expansion in Nassau county
15 will serve FPUC Residential and Commercial customers is expected to be
16 completed by Q3 2023..

17 **Q. Please explain how these costs are recoverable under the PGA clause.**

18 A. Consistent with the prior years, the modified cost allocation methodology and
19 revised purchased gas adjustment calculation approved by the Commission by
20 Order No. PSC-2015-0321-PAA-GU, issued August 10, 2015, had been
21 applied to allocate these costs to the Transitional Transportation Service (TTS)
22 pool customers, until the approval of the Swing Service Rider in 2016, which

1 allocates these costs to certain transportation service customers who were not
2 part of modified cost allocation methodology approved in 2015.

3 **Q. Please explain the Swing Service Rider.**

4 A. On April 11, 2016, Docket No. 20160085-GU, Florida Public Utilities, CFG,
5 Florida Public Utilities Indiantown and Ft. Meade Divisions (the Companies)
6 filed a joint petition for approval of the Swing Service Rider with this
7 Commission. The Swing Service Rider proposed that the allocation of all
8 costs be expanded to include transportation service customers on FPUC's
9 system (i.e., customers who are not part of the current PGA mechanism) as
10 well as shippers that are not part of the TTS pools. The Companies believe
11 that these customers ultimately should bear their fair portion of the intrastate
12 capacity costs. However, the Companies recognize that shippers for the larger
13 classes of customers provide a service under contracts that will likely need to
14 be amended to adjust for the revised cost allocations and systems need to be
15 implemented to allow for billing of these charges to transportation customers
16 and/or shippers. This petition was approved September 2016, Order No. PSC-
17 2016-0422-TRF-GU.

18 **Q. What is the effect of Swing Service Rider on PGA costs?**

19 A. As shown on Schedule E-1, the Company has reduced PGA costs of
20 \$25,427,584 attributable to the Swing Service Rider allocated to certain gas
21 transportation customers.

22 **Q. Describe how the Company computed the Swing Service Rider and its**
23 **impact on PGA costs.**

1 A. The Company compiled the actual throughput volumes, based on the most
2 recent 12-months usage data, for each affected transportation and sales rate
3 schedule to determine the percentage split between transportation and sales
4 service customers relative to the total throughput for the affected rate
5 schedules. The split for allocating the annual total intrastate and LDC-to-LDC
6 capacity costs of \$24.5 million is 73.49 percent (\$18.0 million) to
7 transportation customers and 26.51 percent (\$6.5 million) to sales customers.
8 Then, the transportation customers' share of the \$18.0 million would be
9 allocated to the affected transportation rate schedules in proportion to each rate
10 schedule's share of the total throughput for the affected transportation rate
11 schedules. The costs allocated to each rate schedule was then divided by the
12 rate schedule's number of therms to calculate the cost recovery factor to be
13 billed by rate schedule directly to the transportation customers.

14 **Q. Have the appropriate related costs and credits been included in the**
15 **Projections for 2024?**

16 A. Yes, as more specifically reflected in Schedule E-1 and E-3 of Exhibit RCW-2,
17 the Company has included the costs of existing and planned interstate and
18 intrastate capacity agreements, as well as the costs associated with the Swing
19 Service Rider as described above.

20 **Q. Did you include costs in addition to the costs specific to purchased gas in**
21 **the calculations of your true-up and projected amounts?**

22 A. Yes, included with our purchased gas costs are consulting and legal expenses
23 to assist in the advancement of our PGA processes. Additionally, the Company

1 has included costs associated with a software tool used by the Company to
2 manage customer usage and assist in determining the gas supply needs for the
3 rate classes subject to the PGA. This new system went live in May of 2022.
4 These costs directly influence the Company's PGA factor and are appropriate
5 for recovery through the PGA clause. The company has also included legal
6 expenses related to the FGT rate case.

7 **Q. Please explain how these costs were determined to be recoverable under**
8 **the PGA clause.**

9 A. The costs the Company has included are integrally related to the gas purchase
10 function and were not anticipated or included in the cost levels used to
11 establish the current base rates. These costs relate to the Company's
12 optimization of fuel supply in an effort to protect current fuel savings, and
13 directly benefit our customers. These costs have historically been allowed for
14 recovery through the PGA and are not being recovered through the
15 Companies' base rates.

16 **Q. What is the projection period for this filing?**

17 A. The projection period is January through December 2024.

18 **Q. Does this conclude your testimony?**

19 A. Yes.

1 (Whereupon, prefiled direct testimony of
2 Matthew E. Elliott was inserted.)

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20230003-GU
IN RE: PURCHASED GAS ADJUSTMENT (PGA)
TRUE-UP BY PEOPLES GAS SYSTEM, INC.

TESTIMONY AND EXHIBIT
OF
MATTHEW E. ELLIOTT

FILED: MAY 2, 2023

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **MATTHEW E. ELLIOTT**

5
6 **Q.** Please state your name and business address.

7
8 **A.** My name is Matthew E. Elliott. My business address is 702
9 North Franklin Street, Tampa, Florida 33602.

10
11 **Q.** By whom are you employed and in what capacity?

12
13 **A.** I am employed by Peoples Gas System, Inc. ("Peoples" or
14 the "company") as Manager, Regulatory Affairs having held
15 that position since 2021.

16
17 **Q.** Please summarize your educational background and
18 professional qualifications.

19
20 **A.** I graduated from the University of South Florida in 1999
21 with a Bachelor of Arts degree in Business Administration
22 with a concentration in accounting. I completed a fifth
23 year of accounting credits at University of South Florida
24 in 2012 and was licensed as a Certified Public Account in
25 the State of Florida in June 2013. My work experience

1 includes fifteen years of gas and electric utility
2 experience. My utility work has included various positions
3 in Corporate Tax, Audit Services, Pipeline Compliance,
4 Safety, and Regulatory Affairs. In my current position, I
5 am responsible for Peoples' Purchased Gas Adjustment
6 ("PGA") Clause and Cast-Iron Bare Steel Replacement Rider,
7 as well as various other regulatory activities at Peoples.
8

9 **Q.** What is the purpose of your testimony in this docket?
10

11 **A.** The purpose of my testimony is to present for Commission
12 review and approval the true-up of the company's actual
13 PGA costs incurred during the January through December
14 2022 period.
15

16 **Q.** Did you prepare any exhibits in support of your testimony?
17

18 **A.** Yes. I have caused to be prepared as Exhibit MEE-1,
19 entitled "People Gas System, Inc., January 2022 through
20 December 2022: Schedule A-7 - Final Fuel Over/Under
21 Recovery" schedule with respect to the final true-up for
22 the period.
23

24 **Q.** What was Peoples' cost of gas to be recovered through the
25 PGA clause for the period January 2022 through December
C4-44

1 2022?

2

3 **A.** As shown on Exhibit A-7 in MEE-1, the cost of gas
4 purchased, adjusted for company use, was \$252,089,370.

5

6 **Q.** What was the amount of gas revenue collected for the
7 period January 2022 through December 2022?

8

9 **A.** The amount of gas revenue collected to cover the cost of
10 gas was \$249,299,336.

11

12 **Q.** What was the amount of interest and adjustments for the
13 period January 2022 through December 2022?

14

15 **A.** The interest provision for the period is \$85,082 and the
16 adjustments are \$4,939,678 for refunds from Florida Gas
17 Transmission Company.

18

19 **Q.** What was the final true-up amount for the period January
20 2022 through December 2022?

21

22 **A.** The final true-up amount for the period, including
23 interest and adjustments, is an over-recovery of
24 \$2,234,726.

25

1 Q. Is this amount net of the estimated true-up for the period
2 January 2022 through December 2022, which was included in
3 the January 2023 through December 2023 PGA factor
4 calculation?

5
6 A. No. The final true-up net of the estimated true-up for
7 the period January 2022 through December 2022 is an under-
8 recovery of \$2,082,184.

9
10 Q. Is this the final under-recovery amount to be included in
11 the January 2024 through December 2024 projection?

12
13 A. Yes.

14
15 Q. Does this conclude your testimony?

16
17 A. Yes, it does.
18
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25



**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

**DOCKET NO. 20230003-GU
PURCHASED GAS ADJUSTMENT (PGA)
BY PEOPLES GAS SYSTEM, INC.**

**TESTIMONY AND EXHIBIT
OF
MATTHEW E. ELLIOTT**

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**2 **PREPARED DIRECT TESTIMONY**3 **OF**4 **MATTHEW E. ELLIOTT**

5
6 **Q.** Please state your name, business address, by whom you
7 are employed, and in what capacity?

8
9 **A.** My name is Matthew E. Elliott. My business address is
10 702 North Franklin Street, Tampa, Florida 33602. I am
11 employed by Peoples Gas System, Inc. ("Peoples" or the
12 "company") as the Manager, Regulatory Affairs.

13
14 **Q.** Please describe your educational and employment
15 background.

16
17 **A.** I graduated from the University of South Florida in 1999
18 with a Bachelor of Arts degree in Business Administration
19 with a concentration in accounting. I completed a fifth
20 year of accounting credits at University of South Florida
21 in 2012 and was licensed as a Certified Public Account in
22 the State of Florida in June 2013. My work experience
23 includes fifteen years of gas and electric utility
24 experience. My utility work has included various
25 positions in Corporate Tax, Audit Services, Pipeline

1 Compliance, Safety, and Regulatory Affairs. In my current
2 position, I am responsible for Peoples' Purchased Gas
3 Adjustment ("PGA") Clause and Cast-Iron Bare Steel
4 Replacement Rider, as well as various other regulatory
5 activities at Peoples.

6

7 **Q.** What is the purpose of your testimony in this docket?

8

9 **A.** The purpose of my testimony is to describe generally the
10 components of Peoples' cost of purchased gas and
11 upstream pipeline capacity. In my testimony, I also
12 explain how Peoples' projected weighted average cost of
13 gas ("WACOG") for the January 2024 through December 2024
14 period was determined and the resulting requested
15 maximum PGA ("Cap").

16

17 **Q.** Please summarize your testimony.

18

19 **A.** My testimony will address the following areas:

20

21 1. How Peoples will obtain its gas supplies during the
22 projected period.

23 2. The estimates and adjustments used to determine the
24 amount of gas to be purchased from Peoples' various
25 available sources of supply during the projected period.

1 3. The projections and assumptions used to estimate
2 the purchase price to be paid by Peoples for such gas
3 supplies.

4 4. The components and assumptions used to develop
5 Peoples' projected WACOG including the projected true-up
6 balance to be collected or refunded.

7
8 **Q.** Have you prepared or caused to be prepared certain
9 schedules for use in this proceeding?

10

11 **A.** Yes. Composite Exhibit MEE-2 was prepared by me or under
12 my supervision.

13

14 **Q.** What is the appropriate final purchased gas adjustment
15 true-up amount for the period January 2022 through
16 December 2022?

17

18 **A.** As shown on Schedule E-4, the final PGA true-up amount
19 for the year 2022 is an under-recovery of \$2,082,184.

20

21 **Q.** What is the estimated purchased gas adjustment true-up
22 amount for the period January 2023 through December
23 2023?

24

25 **A.** As shown on Schedule E-4, the estimated PGA true-up

1 amount for 2023 is an over-recovery of \$3,249,797.

2

3 **Q.** What is the total purchased gas adjustment true-up
4 amount to be collected during the period January 2024
5 through December 2024?

6

7 **A.** As shown on Schedule E-4, the total PGA true-up amount
8 to be collected in 2024 is an over-recovery of
9 \$1,167,612.

10

11 **Q.** Please describe how Peoples will obtain its gas supplies
12 during the projected period of January 2024 through
13 December 2024.

14

15 **A.** Natural gas delivered through Peoples' distribution
16 system is currently received through three interstate
17 pipelines and one intrastate pipeline. Gas is delivered
18 through Florida Gas Transmission Company ("FGT"),
19 through Southern Natural Gas Company ("SONAT"), through
20 Gulfstream Natural Gas System ("Gulfstream") and through
21 SeaCoast Gas Transmission ("SeaCoast"). Receiving gas
22 supply through multiple upstream pipelines provides
23 valuable flexibility and reliability to serve customers.

24

25 **Q.** In general, how does Peoples determine its sources of

1 supply?

2

3 **A.** Peoples evaluates, selects, and utilizes sources of
4 natural gas supply based on its "best value" gas
5 acquisition strategy. For a source of supply to be
6 identified as a "best value," it must offer the best
7 combination of price, reliability of supply, and
8 flexibility, consistent with Peoples' obligation as a
9 public utility to provide safe, adequate, and efficient
10 service to the public. Through a competitive bidding
11 process, Peoples has a portfolio of supply sources from
12 numerous third-party suppliers that reflect balance
13 between cost, reliability, and operational flexibility.

14

15 **Q.** Could Peoples purchase all third-party supplies in
16 advance for a long term at the lowest available fixed
17 price to provide increased stability to its cost of gas?

18

19 **A.** No. Peoples' quantity requirements for system supply gas
20 vary significantly according to year, season, month, and
21 day. The variability in the demand for gas on Peoples'
22 system is driven by the requirements of its customers.
23 As a result, the actual quantity of gas taken out of
24 Peoples' system by transport customers varies. Since
25 significant portions of the total transportation volumes

1 are received by Peoples at a uniform daily rate, Peoples
2 increases or decreases the volumes purchased for its own
3 system supply to maintain a daily balance between
4 receipts and deliveries of gas. Therefore, Peoples must
5 buy a portion of its total system requirements under
6 swing contract arrangements and meet variations in
7 delivered volumes by relying on swing gas, peaking gas,
8 pipeline balancing volumes, and pipeline no notice
9 service at the prevailing rates for such services.

10
11 **Q.** How did Peoples estimate the amount of gas to be
12 purchased from various sources during the projected
13 period of January 2024 through December 2024?

14
15 **A.** Peoples' projected gas purchases are based on the
16 company's preliminary total throughput of therms
17 delivered to customers projected for 2024, including
18 both sales of Peoples' system supply and transportation
19 deliveries of third-party gas purchased by end-users of
20 Peoples. The throughput was then adjusted for the
21 anticipated level of transportation service.

22
23 **Q.** Does the estimated amount of gas purchased during the
24 projected period of January 2024 through December 2024
25 consider any brown gas received from the Alliance

1 Dairies renewable natural gas ("RNG") facility

2

3 **A.** Yes, Line 17 of Schedule E-3 includes an estimated
4 amount of brown gas to be received from the Alliance
5 Dairies RNG facility during the projected period. The
6 estimated brown gas received is a credit; thus, reducing
7 the total gas purchased from third-party providers.

8

9 **Q.** How are revenues derived from Peoples' Swing Service
10 Charge accounted for through the PGA?

11

12 **A.** Customers who participate in the Natural Choice program
13 pay a Swing Service Charge. The Swing Service Charge
14 covers costs included in the PGA for balancing the
15 difference between marketer-supplied gas and the
16 customers' actual consumption. The revenues from the
17 Swing Service Charge are credited to the PGA to offset
18 this expense.

19

20 **Q.** How did you estimate the purchase price to be paid by
21 Peoples for each of its available sources of gas supply?

22

23 **A.** Peoples estimates natural gas prices based on futures
24 contracts as reported on the New York Mercantile
25 Exchange. For the projection period of January 2024

1 through December 2024, Peoples uses natural gas futures
2 settlement prices as traded on the New York Mercantile
3 Exchange, averaged over five consecutive business days
4 in June and July 2023 (i.e., June 27th - 30th and July
5 3rd) to forecast natural gas prices. The price
6 projection is then adjusted to reflect any basis
7 differential between zones and the potential for
8 unexpected and unforeseen changes due to market forces
9 for natural gas prices in the projection period.

10
11 **Q.** What drivers have contributed to the lower price of
12 natural gas in 2023 and projected for 2024 compared to
13 2022?

14
15 **A.** The drivers of lower natural gas prices in 2023 and 2024
16 are increasing domestic gas production, decreasing
17 liquefied natural gas exportation, increasing natural gas
18 storage levels, and a relatively mild winter in 2023.

19 **Q.** Referring to Schedules E-3 (A) through (G) of Composite
20 Exhibit MEE-2, please explain the components of these
21 schedules and the assumptions that were made in
22 developing the company's projections.

23
24 **A.** Schedule E-3, column (G) is a compilation of the annual
25 data that appears on Schedules E-3 (E) through (F) for

1 the year ending December 31, 2024. In Column (B), "FGT"
2 indicates that the volumes are to be purchased for
3 delivery via FGT interstate pipeline transportation.
4 "SONAT" indicates that the volumes are to be purchased
5 for delivery via SONAT interstate pipeline
6 transportation. "GULFSTREAM" indicates that the volumes
7 are to be purchased for delivery via Gulfstream
8 interstate pipeline transportation. "SEACOAST" indicates
9 the volumes are to be purchased for delivery via
10 SeaCoast intrastate pipeline transportation. "THIRD
11 PARTY" indicates that the volumes are to be purchased
12 directly from various third-party suppliers for delivery
13 into FGT, SONAT, or Gulfstream.

14
15 In Column (C), "PGS" means the purchase will be for
16 Peoples' system supply and will become part of Peoples'
17 total WACOG. None of the costs of gas or transportation
18 for end-use purchases made by end-use customers of
19 Peoples are included in Peoples' WACOG. In Column (D),
20 purchases of pipeline transportation services from FGT
21 under Rate Schedules FTS-1, FTS-2, and FTS-3 are split
22 into two components, commodity (or "usage") and demand
23 (or "reservation"). Both Peoples and end-users pay the
24 usage charge based on the actual amount of gas
25 transported. The FTS-1, FTS-2, and FTS-3 commodity costs

1 shown include all related transportation charges
2 including usage, fuel, and Annual Charge Adjustment
3 ("ACA") charges. The FTS-1, FTS-2, and FTS-3 demand
4 component is a fixed charge based on the maximum daily
5 quantity of FTS-1, FTS-2, and FTS-3 firm transportation
6 capacity reserved. Similarly, the transportation rates
7 of SONAT and Gulfstream consist of two components, a
8 usage charge and a reservation charge, whereas SeaCoast
9 consists of one component, a reservation charge.
10 Individual Transportation Service customers reimburse
11 Peoples or directly pay the upstream pipeline for all
12 pipeline reservation charges associated with the
13 transportation capacity that Peoples reserves and uses
14 on their behalf.

15
16 Also, in Column (D), "NO NOTICE TRANSPORTATION SERVICE"
17 (or "NNTS") represents FGT's no notice service provided
18 to Peoples on a fixed charge basis for use when Peoples'
19 actual use exceeds scheduled quantities. "SWING SERVICE"
20 is the demand and commodity component of the cost of
21 third-party supplies purchased to meet Peoples "swing"
22 requirements for supply that fluctuate on a day-to-day
23 basis. Column (E) captures the annual quantity in therms
24 of gas purchased by Peoples for each category of system
25 supply.

1 Column (F) is the gas purchased by end-users for
2 transportation. Column (G) is the total of Columns (E)
3 and (F) in each row. Columns (H), (I), (J) and (K)
4 represents the corresponding third-party supplier
5 commodity costs, pipeline transportation commodity
6 costs, pipeline transportation reservation costs, and
7 other charges (e.g., balancing charges), respectively.
8 These costs are determined using the actual amounts paid
9 by Peoples. In the case of end-user transportation,
10 these costs are reimbursed to Peoples or paid directly
11 to FGT. All ACA and fuel charges are included in the
12 commodity costs in Column (I) and, therefore, are not
13 shown in Column (K). Column (L) in each row is the sum
14 of Columns (H), (I), (J) and (K) divided by Column (G).

15
16 **Q.** Please explain the components of these schedules and the
17 assumptions that were made in developing the company's
18 projections.

19
20 **A.** Schedule E-1 shows the Cost of Gas Purchased, Therms
21 Purchased, and Cents Per Therm for all rate classes.

22
23 The costs associated with various categories or items
24 are shown on lines 1 through 14. Line 6 on Schedule E-1
25 includes legal expenses associated with various

1 interstate pipeline dockets, such as tariff filings,
2 seasonal fuel filings, and certification proceedings.
3 These expenses have historically been included for
4 recovery through the Purchased Gas Adjustment Clause
5 because they are fuel-related expenses. The volumes
6 consumed for similar categories or items are shown on
7 lines 15 through 27, and the resulting effective cost
8 per therm rate for each similar category or item is
9 contained on lines 28 through 45. The data shown on
10 Schedule E-1 is calculated from Schedules E-3 (A)
11 through (F) for the year ending December 31, 2024.

12
13 **Q.** What information is presented on Schedule E-1/R of
14 Composite Exhibit MEE-2?

15
16 **A.** Schedule E-1/R of Composite Exhibit MEE-2 shows six
17 months actual and six months estimated data for the
18 current period from January 2023 through December 2023
19 for all customer classes.

20
21 **Q.** What information is presented on Schedule E-2 of
22 Composite Exhibit MEE-2?

23
24 **A.** Schedule E-2 of Composite Exhibit MEE-2 shows the amount
25 of the prior period over/under recoveries of gas costs

1 that are included in the current PGA calculation.

2

3 **Q.** What is the purpose of Schedule E-4 of Composite Exhibit
4 MEE-2?

5

6 **A.** Schedule E-4 of Composite Exhibit MEE-2 shows the
7 calculation of the estimated true-up amount for the
8 January 2023 through December 2023 period. It is based
9 on actual data for six months and projected data for six
10 months.

11

12 **Q.** What information is contained on Schedule E-5 of
13 Composite Exhibit MEE-2?

14

15 **A.** Schedule E-5 of Composite Exhibit MEE-2 is statistical
16 data that includes the projected therm sales and numbers
17 of customers by customer class for the period from
18 January 2024 through December 2024.

19

20 **Q.** What is the appropriate cap factor for which Peoples
21 seeks approval?

22

23 **A.** The WACOG for which Peoples seeks approval as the annual
24 cap is a factor of \$0.96838 per therm as shown on Line
25 44 of Schedule E-1. This annual cap will be applicable

1 to all rate classes.

2

3 **Q.** Does this conclude your testimony?

4

5 **A.** Yes, it does.

6

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1 (Whereupon, prefiled direct testimony of
2 Charles A. Shoaf was inserted.)

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2

3 In Re: Purchased Gas Recovery) Docket No. 20230003-GU
4) Submitted for Replacement filing
) September 13, 2023

5 DIRECT TESTIMONY OF CHARLES A. SHOAF ON
6 BEHALF OF ST. JOE NATURAL GAS COMPANY, INC.
 =====

7

8 Q. Please state your name, business address, by whom
9 you are employed and in what capacity.

10 A. Charles A. Shoaf, 301 Long Avenue, Port St. Joe,
11 Florida 32456, St. Joe Natural Gas Company in the
12 capacities of V-President and Regulatory Affairs.

13 Q. What is the purpose of your testimony?

14 A. My purpose is to discuss the final true-up for
15 the period January 2022 through December 2022.

16 Exhibits

17 Q. Would you please identify the Composite Exhibit which
18 you are sponsoring with this Testimony?

19 A. Yes. As Composite Exhibit CAS-1, I am sponsoring the
20 following schedules with respect to the final
21 true-up for period January 2022 through December 2022.

22 Schedule A-7 - Final Fuel Over/Under Recovery

23 Q. Was this schedule prepared under your direction
24 and supervision?

25 A. Yes, it was.

1 Final True-Up January 2022 - December 2022

- 2 Q. What were the total therm sales for the period January
3 2022 through December 2022?
- 4 A. Total therm sales were 988,235 therms.
- 5 Q. What were total therm purchases for the period January
6 2022 through December 2022?
- 7 A. Total therm purchases were 852,530.
- 8 Q. What was the cost of gas to be recovered through the
9 PGA for the period January 2022 through December 2022?
- 10 A. The cost of gas purchased for January 2022 through
11 December 2022 was \$763,200.42.
- 12 Q. What was the amount of gas revenue collected for the
13 period January 2022 through December 2022?
- 14 A. The amount of gas revenue collected to cover the cost
15 of gas was \$808,980.04.
- 16 Q. What is the total true-up provision for the period
17 January 2022 through December 2022?
- 18 A. The total true-up provision, including interest, is an
19 over-recovery of \$42,844.75 for the period.
- 20 Q. What is the amount of estimated true-up included for
21 January 2022 thru December 2022 in the January 2023
22 through December 2023 PGA factor calculation?
- 23 A. The amount of estimated true-up for the period January
24 thru December 2022 included in the January 2023 through
25 December 2023 PGA factor calculation was an under-

1 recovery of \$23,336.00.

2 Q. What is the final over/under-recovery for the January
3 through December 2022 period to be included in the
4 January through December 2024 projection?

5 A. The final over-recovery for the current period to be
6 included in the January 2024 through December 2024
7 projections are \$66,180.75.

8 Q. Does this conclude your testimony?

9 A. Yes

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1 St. Joe Natural Gas seek approval through its petition for
2 the period January 1, 2024 through December 31, 2024?

3 A. 104.7 cents per therm

4 Q. Does this conclude your testimony?

5 A. Yes

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1 CHAIRMAN FAY: All right. Staff, exhibits.

2 MR. WATROUS: Staff has compiled a stipulated
3 comprehensive exhibit list, which includes the
4 prefiled exhibits attached to the witnesses'
5 testimony in this case, as well as staff exhibits.
6 The list has been provided to the parties, the
7 Commissioners and the court reporter.

8 Staff requests that the comprehensive exhibit
9 list be marked as Exhibit No. 1, and the other
10 exhibits be marked as set forth in the
11 comprehensive exhibit list.

12 CHAIRMAN FAY: Okay. Show the exhibits
13 marked.

14 (Whereupon, Exhibit Nos. 1-22 were marked for
15 identification.)

16 MR. WATROUS: Staff requests that the
17 comprehensive exhibit list, marked as Exhibit No.
18 1, be entered into the record.

19 CHAIRMAN FAY: Okay. Exhibit 1 is entered.

20 (Whereupon, Exhibit No. 1 was received into
21 evidence.)

22 MR. WATROUS: Staff requests to move the
23 stipulated Exhibits 2 through 22 into the record as
24 set forth in the comprehensive exhibit list.

25 CHAIRMAN FAY: All right. Parties have had an

1 opportunity to review this. Any objections?

2 Okay. Showing no objections, show Exhibits 2
3 through 22 entered into the record.

4 (Whereupon, Exhibit Nos. 2-22 were received
5 into evidence.)

6 MR. WATROUS: Because the parties have reached
7 Type 2 stipulations, with the intervenors not
8 objecting to the Commission considering the
9 stipulations on all issues in the case, staff
10 suggests that the Commission may make a bench
11 decision in this docket because the parties have
12 agreed to waive post-hearing briefs. Staff is also
13 available to answer any questions.

14 CHAIRMAN FAY: Okay. Great. Thank you, Mr.
15 Watrous.

16 All right. Commissioners, any questions for
17 our staff or the parties on the 03 docket?

18 Okay. Seeing no questions, we will entertain
19 a motion on addressing Issues 1 through 7 on the 03
20 docket.

21 COMMISSIONER CLARK: Move to approve the
22 issues in the 03 docket, Mr. Chairman.

23 COMMISSIONER PASSIDOMO: Second.

24 CHAIRMAN FAY: Okay. We have a motion and a
25 second.

1 All that approve say aye.

2 (Chorus of ayes.)

3 CHAIRMAN FAY: With that, show issues
4 unanimately Issues 1 through 7 approved as Type 2
5 stipulations.

6 All right. Commissioners, we will -- well,
7 let's make sure there is nothing else on the 03
8 docket to be addressed.

9 All right. Showing that, we will adjourn the
10 03 docket and we will move to the 04 docket for Mr.
11 Sparks to present when you are ready.

12 (Proceedings concluded.)

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CERTIFICATE OF REPORTER

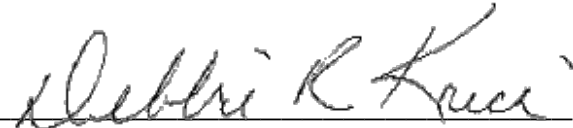
STATE OF FLORIDA)
COUNTY OF LEON)

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 13th day of November, 2023.


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