

1 APPEARANCES:

2 BETH KEATING, ESQUIRE, Gunster Law Firm, 215
3 South Monroe Street, Suite 601, Tallahassee, Florida
4 32301-1839, appearing on behalf of Florida Public
5 Utilities Company, and Florida Public Utilities Company
6 - Fort Meade.

7 BETH KEATING and GREGORY M. MUNSON, ESQUIRES,
8 Gunster Law Firm, 215 South Monroe Street, Suite 601,
9 Tallahassee, Florida 32301-1839; and CHRISTOPHER T.
10 WRIGHT, ESQUIRE, 700 Universe Boulevard, Juno Beach,
11 Florida 33408, appearing on behalf of Florida City Gas.

12 ANDREW M. BROWN and ANSLEY WATSON JR.,
13 ESQUIRES, McFarlane Law Firm, P.O. BOX 1531, Tampa,
14 Florida, 33601-1531, appearing on behalf of Peoples Gas
15 System.

16 ANDY SHOAF, VICE PRESIDENT, St. Joe Natural
17 Gas Company Incorporated, P.O. Box 549, Port St. Joe,
18 Florida 32457-0549, appearing on behalf of St. Joe
19 Natural Gas.

20 J.R. KELLY, PUBLIC COUNSEL; CHARLES REHWINKEL,
21 DEPUTY PUBLIC COUNSEL; and PATRICIA A. CHRISTENSEN,
22 ESQUIRES, Office of Public Counsel, c/o The Florida
23 Legislature, 111 W. Madison Street, Room 812,
24 Tallahassee, Florida 32399-1400, appearing on behalf of
25 the Citizens of the State of Florida.

1 KURT M. SCHRADER, ESQUIRE, FPSC General
2 Counsel's Office, 2540 Shumard Oak Boulevard,
3 Tallahassee, Florida 32399-0850, appearing on behalf of
4 the Florida Public Service Commission Staff.

5 KEITH HETRICK, GENERAL COUNSEL; LEE ENG TAN
6 ESQUIRE; Florida Public Service Commission, 2540 Shumard
7 Oak Boulevard, Tallahassee, Florida 32399-0850, Advisor
8 to the Florida Public Service Commission.

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I N D E X

WITNESSES

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EXHIBITS

NUMBER:		ID	ADMITTED
1	Comprehensive Exhibit List	60	60
2-18	As identified in the comprehensive exhibit list	60	61

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

2 CHAIRMAN GRAHAM: All right. Let the record
3 show it is four o'clock on Tuesday November 5th,
4 and this is the 2019 clause hearings. We are going
5 to be dealing with docket number 20190003-GU, and
6 004-GU, and 002-EG and 007-EI and 001-EI.

7 We will call this hearing to order. Staff,
8 would you please read the notice?

9 MR. SCHRADER: By staff -- I apologize, by
10 notice published on October 27th, this meeting
11 is -- actually, I don't have the script. I
12 apologize. I am sorry, Mr. Chairman, I have stuff
13 in front of me.

14 The purpose of the meeting is set out more
15 fully in the notice.

16 CHAIRMAN GRAHAM: Okay. Let's take
17 appearances.

18 MR. SCHRADER: There are five dockets to
19 address today. Staff suggests that all appearances
20 be taken at once. All parties should enter their
21 appearances and declare that the dockets that they
22 are entering an appearance for. So parties will
23 make appearances. After the parties make their
24 appearances, staff will need to take -- to make
25 theirs.

1 Staff notes that St. Joe Natural Gas Company
2 has been excused from the hearings in the 03 and 04
3 dockets.

4 CHAIRMAN GRAHAM: The rest of the parties.
5 Florida Power & Light.

6 MS. MONCADA: Good afternoon, Chairman Graham.
7 Maria Moncada from Florida Power & Light Company.
8 I would like to enter appearances also in the 01
9 docket for Wade Litchfield, Will Cox, and David
10 Lee; in the 02 docket for Wade Litchfield and Joel
11 Baker; in the 07 docket for Wade Litchfield and
12 David Lee.

13 MR. BERNIER: Good afternoon again, Mr.
14 Chairman. Matt Bernier for Duke Energy appearing
15 in the 02, 07 and 01 dockets. And I would also
16 enter an appearance for Dianne Triplett in those
17 same dockets.

18 Thank you.

19 MR. GRIFFIN: Good afternoon, Mr. Chairman,
20 and Commissioners. Steven Griffin with the Beggs &
21 Lane law firm appearing in the 01, 02 and 07 docket
22 on behalf of Gulf Power Company. I would also like
23 to enter an appearance for Russell A. Badders,
24 please.

25 Thank you.

1 MR. MEANS: Good afternoon Commissioners.
2 Malcolm Means with Ausley McMullen law firm
3 appearing on behalf of Tampa Electric. I would
4 also like to make an appearance for Jim Beasley and
5 Jeff Wahlen with the Ausley McMullen law firm on
6 behalf of Tampa Electric, and we are appearing in
7 the 01, 02 and 07 dockets.

8 Thank you.

9 MR. MOYLE: Jon Moyle with the Moyle Law Firm
10 on behalf of FIPUG, the Florida Industrial Power
11 Users Group, in the 01, 02 and 07 dockets, and
12 would also like to have an appearance made for
13 Karen Putnal.

14 MS. KEATING: Good afternoon, Mr. Chairman,
15 Commissioners. Beth Keating with the Gunster Law
16 Firm. I am here today on behalf of FPUC in the 01,
17 02 and 03 dockets. I'm also here for FPUC and
18 Chesapeake companies in the 04 docket as well as
19 Sebring Gas System. I am also here today for
20 Florida City Gas in the 03 and 04 dockets. And I
21 would like to enter an appearance in those dockets
22 for my colleague Greg Munson as well as for Chris
23 Wright with FPL also on behalf of Florida City Gas.

24 MS. CHRISTENSEN: Good afternoon,
25 Commissioners, Patty Christensen on behalf of the

1 Office of Public Counsel. I would like to make an
2 appearance on behalf of J.R. Kelly, the Public
3 Counsel, as well as Charles Rehwinkel, Stephanie
4 Morse and Tad David in all of the fuel dockets, the
5 01, 02, 03, 04 and 07 dockets.

6 Thank you.

7 CHAIRMAN GRAHAM: Staff.

8 MR. SCHRADER: Kurt Schrader for Commission
9 staff in the 03 docket.

10 MS. DZIECHCIARZ: Rachael Dziechciarz,
11 Commission staff in the 04 docket.

12 MS. DUVAL: Margo DuVal and Gabriella
13 Passidomo in the 02 docket.

14 MS. BROWNLESS: Suzanne Brownless on behalf of
15 Commission staff in the 01 docket.

16 MS. WEISENFELD: Ashley Weisenfeld and Charles
17 Murphy on behalf of the 07 docket.

18 MS. TAN: Lee Eng Tan, I will be your advisor
19 to the PSC today, and also on behalf of your
20 General Counsel, Keith Hetrick.

21 CHAIRMAN GRAHAM: Let the record also show
22 that Mr. James Brew -- John Brew has been excused,
23 and he was PCS Phosphate in the 02, 07, 01 docket.

24 All right, is that everybody?

25 MR. SCHRADER: Mr. Chairman, I just want to

1 make a slight correction. The notice for the
2 hearing was actually published on October 9th, not
3 27th. I do apologize.

4 CHAIRMAN GRAHAM: Okay. So let's move on to
5 opening the 03 docket.

6 Preliminary matters. Staff, are there any
7 preliminary matters that need to be addressed?

8 MR. SCHRADER: Staff would note that the St.
9 Joe Natural Gas Company has been excused from the
10 hearing. Staff will also note that there are
11 proposed Type 2 stipulations on all issues with
12 FCG, FPUC, PGS and St. Joe agreeing to proposed
13 stipulations on all issues, and OPC taking no
14 position on those proposed stipulations.

15 Staff will also note that all witnesses have
16 been excused and that the parties have waived
17 opening statements.

18 CHAIRMAN GRAHAM: All right. So, staff, let's
19 address prefiled testimony.

20 MR. SCHRADER: Staff asks that the prefiled
21 testimony of all witnesses identified in Section IX
22 of the prehearing order, pages six through seven,
23 be inserted into the record as though read.

24 CHAIRMAN GRAHAM: Seeing that there is no
25 objections, we will insert all of that prefiled

1 direct testimony into the record as though read.

2 (Whereupon, prefiled direct testimony was

3 inserted.)

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

2 A. My name is Miguel Bustos. My business address is 4045 NW 97 Avenue,
3 Doral, 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. I have been with the Company for
7 approximately 16 years.

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

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

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

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

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

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

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

2 A. The purpose of my testimony is to present FCG's final Purchased Gas
3 Adjustment ("PGA") true-up amount for the period of January 1, 2018 through
4 December 31, 2018.

5 **Q. Has the Company prepared the form prescribed by this Commission for
6 this purpose?**

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

12 **Q. What was the total gas cost incurred by the Company during the period
13 of January 1, 2018 through December 31, 2018?**

14 A. The total cost of gas for this period is \$23,785,615, as shown on Line 1 of
15 Exhibit MB-1.

16 **Q. What was the total amount of gas revenues recovered through the PGA
17 during the period of January 1, 2018 through December 31, 2018?**

18 A. The Company recovered a total of \$21,089,178 through the PGA as shown
19 on Line 2 of Exhibit MB-1.

20 **Q. What is the Company's actual over/under recovery amount for the
21 period of January 1, 2018 through December 31, 2018?**

1 A. The actual over/under recovery amount for this period, including
2 adjustments, margin sharing and interest, is an under-recovery of \$1,386,742
3 as shown on Line 5 of Exhibit MB-1.

4 **Q. Can you explain how you arrived at that amount?**

5 A. Yes. As shown on Exhibit MB-1, the total gas cost for the period was
6 \$23,785,615 (Line 1) and total gas revenues for the period were \$21,089,178
7 (Line 2), which results in an under-recovery of \$2,696,437 (Line 3). This
8 under-recovery was offset by a PGA credit of \$1,288,700 for revenues from
9 FCG's Commission-approved Off System Sales sharing mechanism, and
10 \$20,995 of interest. The sum of these amounts is an under-recovery of
11 \$1,386,742 for the period of January 1, 2018 through December 31, 2018, as
12 shown on Line 5 of Exhibit MB-1.

13 **Q. Is this amount net of the estimated true-up for the period January 1,**
14 **2018 through December 31, 2018 that was included in the PGA Factor**
15 **being charged for the period of January 2019 through December 2019**
16 **("2019 PGA Factor")?**

17 A. No. As shown on Line 6 of Exhibit MB-1, there was an estimated under-
18 recovery of \$1,578,371 for the period January 1, 2018 through December 31,
19 2018 that was included in the 2019 PGA Factor. The final true-up amount,
20 net of the estimated under-recovery included in the 2019 PGA Factor, is an
21 over-recovery of \$191,629, as shown on Line 7 of FCG Exhibit MB-1.

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

23 A. Yes.

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. I have been with the Company for
7 approximately 16 years.

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

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

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

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

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

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

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

2 A. I am submitting this testimony in support of FCG's request for Commission
3 approval of a Purchased Gas Adjustment ("PGA") Factor to be applied for service
4 to be rendered during the period of January 1, 2020 through December 31, 2020
5 (the "Projection Period"). My testimony will present the revised projected true-up
6 for the current period January 1, 2019 through December 31, 2019 based on
7 actual data for six months and projected data for six months (the
8 "Actual/Estimated True-Up"). Then I will present the development of the
9 proposed maximum PGA Factor to be charged to Sales Customers during the
10 Projection Period.

11 **Q. Has the Company prepared the form prescribed by this Commission for
12 this purpose?**

13 A. Yes. Attached to my testimony as Exhibit MB-2 are Schedules E-1, E-1/R, and
14 E-2 through E-5, which are the forms prescribed by Commission Staff. These
15 schedules are used to calculate FCG's Actual/Estimated True-Up for the current
16 period and the maximum PGA Factor for the Projection Period.

17 **Q. Can you explain the method used by the Company to calculate its
18 projection of gas costs for the period January 2020 through December
19 2020?**

20 A. Yes. To calculate its projected gas costs, FCG applied the methodology adopted
21 by the Commission in Order No. PSC-1993-0708-FOF-GU issued on May 10,
22 1993, and modified in Docket No. 19980269-PU on May 19, 1993. Under this
23 methodology, natural gas companies are to project their gas costs each twelve

1 months for the subsequent twelve-month period ending in December. A per
2 therm rate is developed for the weighted average cost of gas (“WACOG”) for the
3 projected twelve-month period. However, this rate, which is based on the
4 average of the winter and summer seasons, would lead to over or under-
5 recoveries of gas costs in the two seasons. This problem is mitigated by
6 establishing a maximum levelized PGA Factor, or cap, based on the Company’s
7 expected winter cost of gas, thereby reducing the potential for large under-
8 recoveries in the winter season when natural gas supply prices are typically
9 higher. The Company is then able to flex the rate downward in the summer in
10 order to match market conditions and reduce the potential for large over-
11 recoveries in the summer season when natural gas supply prices are typically
12 lower.

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

14 A. If the revised projected gas costs exceed projected recoveries by at least 10%
15 during the twelve-month period, a mid-course correction may formally be
16 requested by the Company.

17 **Q. How are differences between the Company’s estimated and actual gas
18 costs treated?**

19 A. The forms prescribed by the Commission take this into consideration. Form E-2
20 calculates the projected differences using estimated figures, and form E-4
21 calculates the final net true-up using actual figures. These under/over recoveries
22 are recovered from or credited to Sales Customers, as appropriate, through a

1 true-up factor included in the PGA Factor billed in the subsequent twelve month
2 period.

3 **Q. Are any Federal Energy Regulatory Commission (“FERC”) tariff rate**
4 **changes projected in this filing?**

5 A. No, the FERC rates used in the preparation of this filing are based on those in
6 effect on June 1, 2018.

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

9 A. Yes. Schedule E-1 shows the Projection Period, January 2020 through
10 December 2020. For 2020, the Company projects the total gas purchases by
11 Sales Customers will be 39,931,466 therms (Schedule E-1, Line 27) at a total
12 cost of \$24,328,929 (Line 11) with a resulting WACOG of 60.927 cents per therm
13 (Schedule E-1, Line 40) before the application of the true-up factor and the
14 regulatory assessment fee.

15
16 Schedule E-4 shows the final true-up of the revised estimated gas costs and the
17 actual gas costs for the prior period, January 2018 through December 2018,
18 which is an over-recovery of \$190,684 (Schedule E-4, Column 3, Line 4). This
19 final true-up amount is net of interest, adjustments and the estimated under-
20 recovery included in the 2019 PGA Factor. I previously submitted direct
21 testimony and Exhibit MB-1 in support of the final PGA true-up amount for the
22 period January 2018 through December 2018.

23

1 The projected true-up for the current period January 2019 through December
 2 2019, based on six months actual data and six months projected data, is an
 3 under-recovery of \$777,984 (Schedule E-4, Column 4, Line 4). The total net
 4 true-up is an under-recovery of \$587,300 (Schedule E-4, Column 5, Line 4)
 5 which results in a true-up factor of 1.471 cents per therm that would be applied
 6 during the Projection Period (Schedule E-1, Line 41).

7
 8 Applying the net true-up factor increases the WACOG for the Projection Period to
 9 62.397 cents per therm (Schedule E-1, Line 42) before the regulatory
 10 assessment fee. With the regulatory assessment fee added, the WACOG is
 11 62.711 cents per therm (Schedule E-1, Line 44) based on the average of the
 12 winter and summer seasons.

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

15 A. No. As explained above, using a PGA Factor based on the average of the winter
 16 and summer seasons would lead to over or under-recoveries of gas costs in the
 17 two seasons. This problem is mitigated by establishing a maximum levelized
 18 PGA Factor, or cap, based on the Company's expected winter cost of gas, which
 19 may be flexed downward during the summer season. As shown on Schedule E-
 20 1 Winter, FCG's maximum levelized PGA Factor based on the Company's
 21 projected winter cost of gas is as follows:

22 Winter Average, per Therm

Total Cost (Line 11)	\$14,651,628
Total Therm Sales (Line 27)	\$21,175,131

(Line 11/ Line 27)	\$0.69193
True-up (Line 41)	\$0.01471
Before Regulatory Assessment (Line 42)	\$0.70663
Revenue Tax Factor (Line 43)	\$1.00503
Purchased Gas Factor (Line 44)	\$0.71019

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Q. Does this conclude your testimony?

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A. Yes, it does.

1 (Whereupon, prefiled direct testimony was
2 inserted.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **DOCKET NO. 20190003-GU**

3 **PURCHASED GAS ADJUSTMENT (PGA) TRUE-UP**

4
5 **Direct Testimony (Final True Up) of**

6 **Derrick Maurice Craig**

7 **On Behalf of**

8 **Florida Public Utilities Company**

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11 Q. Please state your name and business address.

12 A. Derrick M. Craig, 1635 Meathe Drive, West Palm Beach, FL 33411.

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

14 A. I am employed by Florida Public Utilities Company as a Senior Regulatory
15 Analyst.

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

17 A. To advise the Commission of the actual over/under recovery of the Purchased
18 Gas Adjustment for the period January 1, 2018 through December 31, 2018,
19 as compared to the true-up amount previously reported for that period which
20 was based on six months actual and six months estimated.

21 Q. Please state the actual amount of over/under recovery of the Purchased Gas
22 Adjustment for January 1, 2018 through December 31, 2018.

23 A. During January 2018 through December 2018, FPUC under-recovered
24 \$116,053.

- 1 Q. How does this amount compare with the estimated true-up amount, which
2 was allowed by the Commission during the November 2018 hearing?
- 3 A. As recognized in Order No. PSC-2018-0569-FOF-GU, in Docket No.
4 20180003-GU, FPUC had an anticipated over-recovery of \$2,505,604, based
5 upon six months of actual and six months of projected data.
- 6 Q. Have you prepared any exhibits at this time?
- 7 A. We prepared and pre-filed composite Exhibit DMC-1, containing Schedule
8 A-7, Final PGA Over/Under Recovery for the Period January 2018 through
9 December 2018.
- 10 Q. Does this conclude your testimony?
- 11 A. Yes.

1 (Whereupon, prefiled direct testimony was
2 inserted.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 DOCKET NO. 20190003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.

3 (Actual/Estimated and Projections)

4 DIRECT TESTIMONY

5 OF MICHELLE D. NAPIER

6 On behalf of Florida Public Utilities Company

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

8 A. My name is Michelle D. Napier. My business address is 1635 Meathe Drive,
9 West Palm Beach, FL 33411.

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

11 A. I am employed by Florida Public Utilities Company (FPUC or Company) as
12 Manager of Regulatory Affairs.

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

15 A. I received a Bachelor of Science degree in Finance from the University of
16 South Florida in 1986. I have been employed with FPUC since 1987. During
17 my employment at FPUC, I have performed various roles and functions in
18 accounting, including General Accounting Manager before moving to the
19 Regulatory department in 2011. I am currently the Manager of Regulatory
20 Affairs. In this role, my responsibilities include directing the regulatory
21 activities for FPUC. This includes regulatory analysis and filings before the
22 Florida Public Service Commission (FPSC) for FPUC, FPUC-Indiantown,
23 FPUC-Fort Meade, Florida Division of Chesapeake Utilities (CFG) and
24 Peninsula Pipeline Company.

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

3 A. Yes.

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

5 A. Yes.

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

7 A. My testimony will establish the PGA “true-up” collection amount, based on
8 actual January 2018 through June 2019 data and projected July 2019 through
9 December 2020 data. My testimony will summarize the computations that are
10 contained in composite exhibit MDN-1 supporting the January through
11 December 2020 projected PGA recovery (cap) factor for the FPUC
12 consolidated gas division.

13 **Q. Which schedules have you included in your Exhibit MDN-1?**

14 A. The Company has previously filed True-Up schedules A-1, A-2, A-3, A-4, A-
15 5, A-6 and A-7 in this proceeding. Exhibit MDN-1, which is included with
16 my testimony, contains Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5 for the
17 FPUC consolidated gas division. These schedules support the calculation of the
18 PGA recovery (cap) factor for January through December 2020.

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

20 A. Yes, these schedules were completed under my direct supervision and review.

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

22 A. The projection period is January through December 2020.

23 **Q. What is the appropriate final PGA true-up amount for the period**

1 **January through December 2018?**

2 A. As shown on Schedule E-4, the final PGA true-up amount for the period
3 January through December 2018 is an under-recovery of \$2,621,657 inclusive
4 of interest.

5 **Q. What is the projected PGA true-up amount for the period January
6 through December 2019?**

7 A. As also shown on Schedule E-4, the projected PGA true-up amount is an over-
8 recovery of \$3,375,203 inclusive of interest, for the period January through
9 December 2019.

10 **Q. What is the total projected PGA true-up amount to be collected from or
11 refunded to customers for the period January through December 2020?**

12 A. As shown on Schedule E-4, the total net over-recovery to be refunded for the
13 period January through December 2020 is \$753,546.

14 **Q. What is the appropriate PGA recovery (cap) factor for the period January
15 through December 2020?**

16 A. As shown on Schedule E-1, the PGA recovery (cap) factor is 100.946¢ per
17 therm for the period January through December 2020.

18 **Q. What should be the effective date of the PGA recovery (cap) factor for
19 billing purposes?**

20 A. The PGA recovery (cap) factor should be effective for all meter readings
21 during the period of January 1, 2020 through December 31, 2020.

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

23 A. Yes.

1 (Whereupon, prefiled direct testimony was
2 inserted.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 DOCKET NO. 20190003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.

3 (Actual/Estimated and Projections)

4 DIRECT TESTIMONY

5 OF JACOB E. CASE

6 On behalf of Florida Public Utilities Company

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

8 A. My name is Jacob Case. My business address is 1750 S. 14th Street, Suite 200,
9 Fernandina Beach FL, 32034.

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 the University of North Florida in 2016 with a Bachelor’s of
16 Business Administration degree in Finance. I have been employed by FPUC
17 since October of 2018.

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

20 A. Yes.

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

23 A. No

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

1 A. No. Numerical references made in my testimony relate to Exhibit MDN-1
2 being sponsored by Michelle Napier.

3

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

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

1 costs were then adjusted to reflect the unexpected potential market increases in
2 the projection period.

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

5 A. The Company has forecasted the 2020-weighted average cost of gas using the
6 projected monthly pipeline demand costs, less the projected cost of capacity
7 temporarily relinquished to third parties, the projected pipeline usage and no-
8 notice costs and the projected supplier commodity costs. The weighted average
9 cost of gas also includes projected costs related to our purchased gas functions
10 and anticipated a credit for the swing service rider. The sum of these costs are
11 then divided by the projected therm sales to the traditional non-transportation
12 customers resulting in the projected weighted average cost of gas and
13 ultimately the PGA recovery (cap) factor, as shown on Schedule E-1.
14 Capacity shortfall if any, would be satisfied by gas and capacity repackaged
15 and delivered by another FGT or SONAT capacity holder. If other services
16 become available and it is economic to dispatch supplies under those services,
17 the Company will utilize those services as part of its portfolio.

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

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

1 **Q. Did you include costs of other expansions or interconnects related to**
2 **Florida Division of Chesapeake Utilities (CFG) in the calculations of your**
3 **true-up and projected amounts?**

4 A. Yes. There is a Local Distribution Company (“LDC”) to LDC interconnect
5 with TECO/PGS and CFG for pressure stabilization of CFG’s system in
6 Hernando County. There is also an interconnection to CFG’s facilities for
7 Gulfstream’s Baseball City Gate southward through Davenport and Haines
8 City as well as the expansion into Escambia County. Finally, there is an
9 interconnection to CFG’s facilities from a new Gulfstream gate station in
10 Auburndale that will be in service August of 2019.

11 **Q. Please explain how these costs incurred by CFG are recoverable under the**
12 **PGA clause.**

13 A. Consistent with the prior years, the modified cost allocation methodology and
14 revised purchased gas adjustment calculation approved by the Commission by
15 Order No. PSC-2015-0321-PAA-GU, issued August 10, 2015, had been
16 applied to allocate these costs to the Transitional Transportation Service (TTS)
17 pool customers, until the approval of the Swing Service Rider in 2016, which
18 allocates these costs to certain transportation service customers who were not
19 part of modified cost allocation methodology approved in 2015.

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

21 A. On April 11, 2016, Docket No. 20160085-GU, Florida Public Utilities, CFG,
22 Florida Public Utilities Indiantown and Ft. Meade Divisions (the Companies)
23 filed a joint petition for approval of the Swing Service Rider with this

1 Commission. The Swing Service Rider proposed that the allocation of all
2 costs be expanded to include transportation service customers on FPUC's
3 system (i.e., customers who are not part of the current PGA mechanism) as
4 well as shippers on CFG's system that are not part of the TTS pools. The
5 Companies believe that these customers ultimately should bear their fair
6 portion of the intrastate capacity costs. However, the Companies recognize that
7 shippers for the larger classes of customers provide a service under contracts
8 that will likely need to be amended to adjust for the revised cost allocations
9 and systems need to be implemented to allow for billing of these charges to
10 transportation customers and/or shippers. This petition was approved
11 September 2016, Order No. PSC-2016-0422-TRF-GU.

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

13 A. As shown on Schedule E-1, the Company has reduced PGA costs of
14 \$9,374,300 attributable to the Swing Service Rider allocated to certain gas
15 transportation customers.

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

18 A. The Company compiled the actual throughput volumes, based on the most
19 recent 12-months usage data, for each affected transportation and sales rate
20 schedule to determine the percentage split between transportation and sales
21 service customers relative to the total throughput for the affected rate
22 schedules. The split for allocating the annual total intrastate and LDC-to-LDC
23 capacity costs of \$7.3 million is 72.30 percent (\$5.3 million) to transportation

1 customers and 27.7 percent (\$2.0 million) to sales customers. Then, the
2 transportation customers' share of the \$5.3 million would be allocated to the
3 affected transportation rate schedules in proportion to each rate schedule's
4 share of the total throughput for the affected transportation rate schedules. The
5 costs allocated to each rate schedule was then divided by the rate schedule's
6 number of therms to calculate the cost recovery factor to be billed by rate
7 schedule directly to the transportation customers. Since the Company
8 recognized that implementation of the swing service rider could have a
9 significant financial impact on large volume customers, the Company
10 requested and received approval of a stepped implementation process, annually
11 applying a rate of 20 percent of the total allocation until 100 percent is reached
12 in five years. Therefore, the Company applied a rate of 80 percent this year to
13 the large volume customers.

14 **Q. Have the appropriate related costs and credits been included in the**
15 **Projections for 2020?**

16 A. Yes, as more specifically reflected in Schedule E-1 and E-3 of Exhibit MDN-1,
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 expenses to assist in
23 the advancement of our PGA processes. Additionally, the Company has

1 included costs associated with a software tool used by the Company to manage
2 customer usage and assist in determining the gas supply needs for the rate
3 classes subject to the PGA. These costs directly influence the Company's
4 PGA factor and are appropriate for recovery through the PGA clause.

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

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

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

15 A. The projection period is January through December 2020.

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

17 A. Yes.

1 (Whereupon, prefiled direct testimony was
2 inserted.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **KANDI M. FLOYD**

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

7
8 **A. My name is Kandi M. Floyd. My business address is 702 N.**
9 **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 ("Peoples") as**
14 **Director of Regulatory Affairs, having held various**
15 **positions in regulatory since 2003.**

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

19
20 **A. I hold a B.A. in Business Administration from Saint Leo**
21 **University. From 1995 to 1997, I worked in a series of**
22 **positions within the Regulatory Affairs Department of**
23 **Tampa Electric Company. In 1998, I joined Peoples as a**
24 **Regulatory Coordinator in the Regulatory and Gas Supply**
25 **Department. In 2001, I became Peoples' Energy**

1 Conservation/Regulatory Coordinator, and in 2003 the
2 Manager of State Regulatory Affairs. I held that position
3 until assuming my current position as the Director of
4 Regulatory Affairs in 2019.

5
6 Q. What are your primary responsibilities in your current
7 position with Peoples?

8
9 A. As Director of Regulatory Affairs, I am responsible for
10 overseeing the Purchased Gas Adjustment ("PGA") and
11 Energy Conservation Cost Recovery filings as well as
12 various regulatory activities of Peoples.

13
14 Q. Have you prepared or caused to be prepared certain
15 schedules for use in this proceeding?

16
17 A. Yes. I have caused to be prepared as Composite Exhibit
18 KMF-1 the following schedule with respect to the final
19 true-up for the period January 2018 through December 2018:
20 A-7 - Final Fuel Over/Under Recovery.

21
22 Q. What was Peoples' cost of gas to be recovered through the
23 PGA clause for the period January 2018 through December
24 2018?

25

1 **A.** As shown on Schedule A-7 in KMF-1, the cost of gas
2 purchased, adjusted for company use, was \$176,447,304.

3

4 **Q.** What was the amount of gas revenue collected for the
5 period January 2018 through December 2018?

6

7 **A.** The amount of gas revenue collected to cover the cost of
8 gas was \$173,143,166.

9

10 **Q.** What was the final true-up amount for the period January
11 2018 through December 2018?

12

13 **A.** The final true-up amount for the period, including
14 interest and adjustments, is an under-recovery of
15 \$3,304,138.

16

17 **Q.** Is this amount net of the estimated true-up for the period
18 January 2018 through December 2018, which was included in
19 the January 2019 through December 2019 PGA factor
20 calculation?

21

22 **A.** No. The final true-up net of the estimated true-up for
23 the period January 2018 through December 2018 is an under-
24 recovery of \$4,678,360.

25

1 **Q.** Is this the final under-recovery amount to be included in
2 the January 2020 through December 2020 projection?

3

4 **A.** Yes.

5

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

7

8 **A.** Yes.

9

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **PREPARED DIRECT TESTIMONY**

3 **OF**

4 **KANDI M. FLOYD**

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 Kandi M. Floyd. My business address is
10 Peoples Gas System, 702 North Franklin Street, P.O. Box
11 2562, Tampa, Florida 33601-2562. I am employed by
12 Peoples Gas System ("Peoples" or the "Company") and am
13 the Director of Regulatory Affairs.

14

15 **Q.** Please describe your educational and employment
16 background.

17

18 **A.** I have a Bachelor of Arts Degree in Business
19 Administration from Saint Leo University. From 1995 to
20 1997, I was employed in a series of positions within the
21 regulatory affairs department of Tampa Electric Company.
22 In 1998, I joined Peoples Gas System as a Regulatory
23 Coordinator in the Regulatory and Gas Supply Department.
24 In 2001, I became the Energy Conservation / Regulatory
25 Administrator and in 2003 became the Manager of State

1 Regulatory for Peoples Gas System. In 2019, I became
2 the Director, Regulatory Affairs. In this role, I am
3 responsible for managing the Purchased Gas Adjustment
4 ("PGA") and other Cost Recovery filings as well as
5 various regulatory activities for 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 2020 through December 2020
14 period was determined and the resulting requested
15 maximum PGA ("Cap").

16
17 **Q.** Please summarize your testimony.

18
19 **A.** I will address the following areas:

20
21 1. How Peoples will obtain its gas supplies during the
22 projected period.

23 2. 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. Projections and assumptions used to estimate the
2 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.** What is the appropriate final purchased gas adjustment
9 true-up amount for the period January 2018 through
10 December 2018?

11
12 **A.** The final PGA true-up amount for the year 2018 is an
13 under recovery of \$(4,678,361).

14
15 **Q.** What is the estimated purchased gas adjustment true-up
16 amount for the period January 2019 through December
17 2019?

18
19 **A.** As shown on Schedule E-4, the estimated PGA true-up
20 amount for 2019 is an over-recovery of \$6,444,261.

21
22 **Q.** What is the total purchased gas adjustment true-up
23 amount to be refunded during the period January 2020
24 through December 2020?

25

1 **A.** The total PGA true-up amount to be refunded in 2020 is
2 an over-recovery of \$1,765,900.

3

4 **Q.** Have you prepared or caused to be prepared certain
5 schedules for use in this proceeding?

6

7 **A.** Yes. Composite Exhibit KMF-2 was prepared by me or
8 under my supervision.

9

10 **Q.** Please describe how Peoples will obtain its gas supplies
11 during the projected period of January 2020 through
12 December 2020.

13

14 **A.** All natural gas delivered through Peoples' distribution
15 system is currently received through three interstate
16 pipelines and one intrastate pipeline. Gas is delivered
17 through Florida Gas Transmission Company ("FGT"),
18 through Southern Natural Gas Company ("Southern"),
19 through Gulfstream Natural Gas System ("Gulfstream") and
20 through SeaCoast Gas Transmission ("SeaCoast").
21 Receiving gas supply through multiple upstream pipelines
22 provides valuable flexibility and reliability to serve
23 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 on the basis of 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 general public. Through a competitive
11 bidding process, Peoples has a portfolio of supply
12 sources from numerous third-party suppliers that reflect
13 balance between cost, reliability and operational
14 flexibility.

15

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

20

21 **A.** No. Peoples' quantity requirements for system supply
22 gas vary significantly from year to year, season to
23 season, month to month and, in particular, from day to
24 day. The demand for gas on the Peoples system can often
25 vary dramatically within a month from the lowest to the

1 highest requirement of its customers. The actual takes
2 of gas out of the Peoples system by transport customers
3 varies significantly from day to day. Since significant
4 portions of the total transportation volumes are
5 received by Peoples at a uniform daily rate, Peoples is
6 forced to increase or decrease the volumes purchased for
7 its own system supply by significant increments in order
8 to maintain a balance between receipts and deliveries of
9 gas each day. As a consequence, Peoples must buy a
10 portion of its total system requirements under swing
11 contract arrangements, and meet extreme variations in
12 delivered volumes by relying on swing gas, peaking gas,
13 pipeline balancing volumes and pipeline no notice
14 service at the prevailing rates for such services.

15
16 **Q.** How did Peoples estimate the amount of gas to be
17 purchased from various sources during the projected
18 period of January 2020 through December 2020?

19
20 **A.** Peoples' projected gas purchases are based on the
21 Company's preliminary total throughput of therms
22 delivered to customers projected for 2020, including
23 both sales of Peoples' system supply and transportation
24 deliveries of third-party gas purchased by end-users of
25 Peoples. The throughput was then adjusted for the

1 anticipated level of transportation service.

2

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

5

6 **A.** Customers who participate in the Natural Choice program
7 pay a Swing Service Charge. The Swing Service Charge
8 covers costs included in the PGA for balancing the
9 difference between marketer-supplied gas and the
10 customers' actual consumption. The revenues from the
11 Swing Service Charge are credited to the PGA to offset
12 this expense.

13

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

16

17 **A.** The price to be paid for natural gas is estimated based
18 on an evaluation of historical prices for gas delivered
19 to the FGT, Southern, and Gulfstream systems, futures
20 contracts as reported on the New York Mercantile
21 Exchange and forecasts of market prices for the
22 projection period of January 2020 through December 2020.
23 These prices are then adjusted to reflect the potential
24 for implied volatility increases and unexpected and
25 unforeseen increases due to market forces particularly

1 in the monthly and daily markets for natural gas prices
2 in the projection period.

3
4 **Q.** Referring to Schedules E-3 (A) through (G) of Composite
5 Exhibit KMF-2, please explain the components of these
6 schedules and the assumptions that were made in
7 developing the Company's projections.

8
9 **A.** Schedule E-3, column (G) is a compilation of the annual
10 data that appears on Schedules E-3 (E) through (F) for
11 the year ending December 31, 2020. In Column (B),
12 "FGT" indicates that the volumes are to be purchased
13 from third party suppliers for delivery via FGT
14 interstate pipeline transportation. "SONAT" indicates
15 that the volumes are to be purchased from a third-party
16 supplier for delivery via Southern interstate pipeline
17 transportation. "GULFSTREAM" indicates that the volumes
18 are to be purchased from a third-party supplier for
19 delivery via Gulfstream interstate pipeline
20 transportation. "SEACOAST" indicates the volumes are to
21 be purchased from a third-party supplier for delivery
22 via SeaCoast intrastate pipeline transportation. "FPUC
23 indicates volumes that Peoples projects to purchase for
24 delivery via Florida Public Utilities. "THIRD PARTY"
25 indicates that the volumes are to be purchased directly

1 from various third-party suppliers for delivery into
2 FGT, Southern, Gulfstream or FPUC.

3
4 In Column (C), "PGS" means the purchase will be for
5 Peoples' system supply and will become part of Peoples'
6 total WACOG. None of the costs of gas or transportation
7 for end-use purchases made by end-use customers of
8 Peoples are included in Peoples' WACOG. In Column (D),
9 purchases of pipeline transportation services from FGT
10 under Rate Schedules FTS-1, FTS-2, and FTS-3 are split
11 into two components, commodity (or "usage") and demand
12 (or "reservation"). Both Peoples and end-users pay the
13 usage charge based on the actual amount of gas
14 transported. The FTS-1, FTS-2, and FTS-3 commodity
15 costs shown include all related transportation charges
16 including usage, fuel and ACA charges. The FTS-1, FTS-
17 2, and FTS-3 demand component is a fixed charge based on
18 the maximum daily quantity of FTS-1, FTS-2, and FTS-3
19 firm transportation capacity reserved. Similarly, the
20 transportation rates of Southern and Gulfstream, consist
21 of two components, a usage charge and a reservation
22 charge, and SeaCoast and FPUC consists of one component,
23 a reservation charge. Individual Transportation Service
24 customers reimburse Peoples or directly pay the upstream
25 pipeline for all pipeline reservation charges associated

1 with the transportation capacity that Peoples reserves
2 and uses on their behalf.

3
4 Also in Column (D), "NO NOTICE TRANSPORTATION SERVICE"
5 (or "NNTS") means FGT's no notice service provided to
6 Peoples on a fixed charge basis for use when Peoples'
7 actual use exceeds scheduled quantities. "SWING
8 SERVICE" means the demand and commodity component of the
9 cost of third-party supplies purchased to meet Peoples
10 "swing" requirements for supply that fluctuate on a day-
11 to-day basis. Column (E) shows the annual quantity in
12 therms of gas purchased by Peoples for each category of
13 system supply.

14
15 Column (F) shows the gas purchased by end-users for
16 transportation. Column (G) is the total of Columns (E)
17 and (F) in each row. Columns (H), (I), (J) and (K) show
18 the corresponding third-party supplier commodity costs,
19 pipeline transportation commodity costs, pipeline
20 transportation reservation costs, and other charges
21 (e.g., balancing charges), respectively. These costs
22 are determined using the actual amounts paid by Peoples.
23 In the case of end-user transportation, these costs are
24 reimbursed to Peoples or paid directly to FGT. All ACA
25 and fuel charges are included in the commodity costs in

1 Column (I) and, therefore, are not shown in Column (K).
2 Column (L) in each row is the sum of Columns (H), (I),
3 (J) and (K) divided by Column (G).
4

5 **Q.** Please explain the components of these schedules and the
6 assumptions that were made in developing the Company's
7 projections.
8

9 **A.** Schedule E-1 shows the Cost of Gas Purchased, Therms
10 Purchased, and Cents per therm for all rate classes.
11

12 The costs associated with various categories or items
13 are shown on lines 1 through 14. Line 6 on Schedule E-1
14 includes legal expenses associated with various
15 interstate pipeline dockets such as tariff filings,
16 seasonal fuel filings and certification proceedings.
17 The volumes consumed for similar categories or items are
18 shown on lines 15 through 27, and the resulting
19 effective cost per therm rate for each similar category
20 or item is contained on lines 28 through 45. The data
21 shown on Schedule E-1 is calculated from Schedules E-3
22 (A) through (F) for the year ending December 31, 2020.
23

24 **Q.** What information is presented on Schedule E-1/R of
25 Composite Exhibit KMF-2?

1 **A.** Schedule E-1/R of Composite Exhibit KMF-2 shows six
2 months actual and six months estimated data for the
3 current period from January 2019 through December 2019
4 for all customer classes.

5
6 **Q.** What information is presented on Schedule E-2 of
7 Composite Exhibit KMF-2?

8
9 **A.** Schedule E-2 of Composite Exhibit KMF-2 shows the amount
10 of the prior period over/under recoveries of gas costs
11 that are included in the current PGA calculation.

12
13 **Q.** What is the purpose of Schedule E-4 of Composite Exhibit
14 KMF-2?

15
16 **A.** Schedule E-4 of Composite Exhibit KMF-2 simply shows the
17 calculation of the estimated true-up amount for the
18 January 2019 through December 2019 period. It is based
19 on actual data for six months and projected data for six
20 months.

21
22 **Q.** What information is contained on Schedule E-5 of
23 Composite Exhibit KMF-2?

24
25 **A.** Schedule E-5 of Composite Exhibit KMF-2 is statistical

1 data that includes the projected therm sales and numbers
2 of customers by customer class for the period from
3 January 2020 through December 2020.

4

5 **Q.** What is the appropriate cap factor for which Peoples
6 seeks approval?

7

8 **A.** The WACOG for which Peoples seeks approval as the annual
9 cap is a factor of \$0.9909 per therm as shown in
10 Schedule E-1. This annual cap will be applicable to all
11 rate classes.

12

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

14

15 **A.** Yes, it does.

16

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1 (Whereupon, prefiled direct testimony was
2 inserted.)

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2

3 In Re: Purchased Gas Recovery)
 4 _____)

Docket No. 20190003-GU
 Submitted for filing
 April 30, 2019

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 2018 through December 2018.

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 2018 through December 2018.
 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.

Final True-Up January 2018 - December 2018

- 1
- 2 Q. What were the total therm sales for the period January
- 3 2018 through December 2018?
- 4 A. Total therm sales were 959,821 therms.
- 5 Q. What were total therm purchases for the period January
- 6 2018 through December 2018?
- 7 A. Total therm purchases were 817,210.
- 8 Q. What was the cost of gas to be recovered through the
- 9 PGA for the period January 2018 through December 2018?
- 10 A. The cost of gas purchased for January 2018 through
- 11 December 2018 was \$440,115.41.
- 12 Q. What was the amount of gas revenue collected for the
- 13 period January 2018 through December 2018?
- 14 A. The amount of gas revenue collected to cover the cost
- 15 of gas was \$562,347.
- 16 Q. What is the total true-up provision for the period
- 17 January 2018 through December 2018?
- 18 A. The total true-up provision, including interest, is an
- 19 over-recovery of \$124,756.38 for the period.
- 20 Q. What is the amount of estimated true-up included for
- 21 January 2018 thru December 2018 in the January 2019
- 22 through December 2019 PGA factor calculation?
- 23 A. The amount of estimated true-up for the period January
- 24 thru December 2018 included in the January 2019 through
- 25 December 2019 PGA factor calculation was an over-

1 recovery of \$123,976.00.

2 Q. What is the final over/under-recovery for the January
3 through December 2018 period to be included in the
4 January through December 2020 projection?

5 A. The final over-recovery for the current period to be
6 included in the January 2020 through December 2020
7 projections are \$780.38.

8 Q. Does this conclude your testimony?

9 A. Yes

10

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1 St. Joe Natural Gas seek approval through its petition for
2 the period January 1, 2020 through December 31, 2020?

3 A. 74.90 cents per therm

4 Q. Does this conclude your testimony?

5 A. Yes

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1 CHAIRMAN GRAHAM: All right. Exhibits, staff.

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

8 Staff requests that the list be marked as the
9 first hearing exhibit, and the other exhibits be
10 marked as set forth in the list.

11 (Whereupon, Exhibit No. 1 was marked for
12 identification.)

13 (Whereupon, Exhibit Nos. 2-18 were marked for
14 identification.)

15 CHAIRMAN GRAHAM: All right. So let's start
16 moving the exhibits.

17 MR. SCHRADER: Staff would request that the
18 comprehensive exhibit list marked as Exhibit No. 1
19 be entered into the record.

20 CHAIRMAN GRAHAM: We will enter that into the
21 record.

22 (Whereupon, Exhibit No. 1 was received into
23 evidence.)

24 MR. SCHRADER: Staff will also request that
25 Exhibits 2 through 18 be moved into the record as

1 set forth in the comprehensive exhibit list.

2 CHAIRMAN GRAHAM: If there is no objections to
3 Exhibits 2 through 18, we will enter those into the
4 record as well.

5 (Whereupon, Exhibit Nos. 2-18 were received
6 into evidence.)

7 CHAIRMAN GRAHAM: Decision time.

8 MR. SCHRADER: Yes, Mr. Chairman, because we
9 have Type 2 stipulations on all issues in the case,
10 staff would suggest that the Commission could make
11 a bench decision at this time in this case.

12 If the Commission decides that a bench
13 decision is appropriate, staff will recommend that
14 the proposed stipulation on pages 7 through 9 of
15 the prehearing order, Issues 1 through 7, be
16 approved by the Commission.

17 CHAIRMAN GRAHAM: Commissioners, this is now
18 the time for you guys to ask staff any questions
19 that you may have, or if you would like to make a
20 motion to accept the proposed stipulation, I will
21 hear that as well.

22 Commissioner Polmann.

23 COMMISSIONER POLMANN: So moved, what you
24 said.

25 CHAIRMAN GRAHAM: Is there a second?

1 COMMISSION CLARK: Second.

2 CHAIRMAN GRAHAM: It's been moved and
3 seconded.

4 Any further discussion?

5 Seeing none, all in favor say aye.

6 (Chorus of ayes.)

7 CHAIRMAN GRAHAM: Any opposed?

8 (No response.)

9 CHAIRMAN GRAHAM: By your action, you have
10 approved that motion.

11 Okay. So this is concluding the hearing. Are
12 there any other matters to come before us in docket
13 03?

14 MR. SCHRADER: Staff is aware of none.

15 Since the Commission has made a bench
16 decision, post-hearing filings are not necessary.
17 A final order will be issued by November 25th,
18 2019.

19 CHAIRMAN GRAHAM: All right. So this adjourns
20 docket 03, and let's proceed to docket 04.

21 (Proceedings concluded at 4:07 p.m.)

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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 15th day of November, 2019.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #GG015952
EXPIRES JULY 27, 2020