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August 6, 2021

E-Portal

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

Re: Docket No. 20210003-GU - Purchased gas adjustment (PGA) true-up.

Dear Mr. Teitzman:

Attached for electronic filing, please find the Petition of Florida Public Utilities for Approval of PGA Factor for 2022, along with the Testimony and Exhibit DMC-2 of Derrick Craig, and the Testimony of Jeffrey Bates, on behalf of the Company.

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

Sincerely,

Beth Keating

Gunster, Yoakley & Stewart, P.A. 215 South Monroe St., Suite 601

Tallahassee, FL 32301 (850) 521-1706

MEK

cc: Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment)	Docket No. 20210003-GU
(PGA) True-Up	j	
2 y)	Filed: August 6, 2021

PETITION FOR APPROVAL OF THE PURCHASED GAS (PGA) FACTOR FOR FLORIDA PUBLIC UTILITIES COMPANY

Florida Public Utilities Company and Florida Public Utilities Company – Fort Meade (together "FPUC" or "the Company") hereby files this petition for approval of the Purchased Gas Adjustment ("PGA") factor to be applied for service to be rendered by the Company during the projected period of January 1, 2022 through December 31, 2022. In support of this Petition, FPUC states:

1. The Company is a natural gas utility with its principal office located at:

Florida Public Utilities Company 208 Wildlight Avenue, Yulee, Florida 32097

2. The name and mailing address of the persons authorized to receive notices are:

Beth Keating, Esq Gunster, Yoakley & Stewart, P.A. 215 S. Monroe St., Suite 601 Tallahassee, FL 32301-1839 (850) 521-1706 bkeating@gunster.com Mike Cassel, AVP/Regulatory and Governmental Affairs Florida Public Utilities Company 208 Wildlight Avenue, Yulee, Florida 32097 mcassel@fpuc.com

- 3. Pursuant to the requirements in this docket, FPUC, concurrently with the filing of this petition, files testimony and Schedules E-1, E-1R, E-2, E-3, E-4, and E-5 (Exhibit DMC-2) for its consolidated gas division to support the calculation of the PGA recovery (cap) factor for the period January 2022 through December 2022.
- 4. As indicated in the testimony of Mr. Derrick Craig, FPUC has calculated its total net true-up (including interest and applicable regulatory assessment fees) for the period

- January 2020 through December 2020 to be an under-recovery of \$3,199,135, inclusive of interest.
- 5. Schedule E-4 also shows the projected true-up for the current period January 2021 through December 2021 is an over-recovery of \$5,120,126 inclusive of interest.
- 6. The total net true-up as shown on Schedule E-4 is an over-recovery of \$1,920,991 to be refunded during the projected period.
- 7. Consistent with the prior year, the Company's projected period costs include amounts associated with anticipated capacity costs for extending service to unserved areas. In addition, the Company has included costs allocated from the Company's sister utility, the Florida Division of Chesapeake Utilities Corporation, in accordance with Order PSC-2015-0321-PAA-GU, issued August 10, 2015, in Docket No. 20150117-GU. These costs are reflected in Schedules E-1 and E-3, which are incorporated in composite Exhibit DMC-2 to the Direct Testimony of Mr. Craig.
- 8. The Company has forecasted the 2022 weighted average cost of gas using the projected monthly pipeline demand costs, less the projected cost of capacity temporarily relinquished to third parties, the projected pipeline usage and no-notice costs, and the projected supplier commodity costs, while also incorporating projected costs associated with the Company's purchased gas functions. Consistent with Commission Order No. PSC-2016-0422-TRF-GU, a portion of the intrastate capacity costs is now allocated to certain transportation service customers outside the PGA, which has resulted in a decrease to the costs to be allocated to customers subject to the PGA. As explained in the testimony of Company witness Jeffrey Bates, the sum of the costs to be allocated through the PGA mechanism is then divided by projected therm sales to traditional, non-transportation service customers.

9. In calculating the costs to be allocated, the Company has included costs for outside consulting expenses associated with the ongoing review and modification to the

Company's PGA and capacity cost allocation process. The costs included are directly

tied to the gas purchase function of the Company and were not otherwise contemplated in

the Company's last rate case.

10. Based on the estimated therm purchases for resale during the projected period, Schedule

E-1 reflects that the maximum purchased gas cost recovery factor is 105.04¢ per therm.

This rate includes not only the projected cost of gas purchased, but also the prior period

true-up and revenue tax factors.

WHEREFORE, FPUC respectfully requests that the Commission enter its Order

approving the Company's proposed PGA cost recovery factor cap of 105.04 cents per therm to

be applied to customer's bills for the period January 2022 through December 2022.

RESPECTFULLY SUBMITTED this 6th day of August, 2021.

Beth Keating

Gunster, Yoakley & Stewart, P.A.

215 South Monroe St., Suite 601

Tallahassee, FL 32301

(850) 521-1706

Attorneys for Florida Public Utilities Company

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of FPUC's Petition for Approval of PGA Factor, in Docket No. 20210003-GU, along with the Testimony and Exhibit DMC-2 of Derrick Craig and the Testimony of Jeffrey Bates, have been furnished by electronic mail to the following parties of record this 6th day of August, 2021:

Florida Public Utilities Company Mike Cassel 208 Wildlight Ave. Yulee FL 32097 mcassel@fpuc.com	MacFarlane Ferguson Law Firm Andrew Brown/Thomas R. Farrior P.O. Box 1531 Tampa, FL 33601-1531 AB@macfar.com trf@macfar.com
Stefanie-Jo Osborn, Esquire Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 sosborn@psc.state.fl.us	Office of Public Counsel Richard Gentry/Patricia A. Christensen c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee FL 32399-1400 christensen.patty@leg.state.fl.us gentry.richard@leg.state.fl.us
Peoples Gas System Paula Brown/Kandi Floyd/Karen Bramley P.O. Box 111 Tampa, FL 33601-0111 regdept@tecoenergy.com kfloyd@tecoenergy.com KLBramley@tecoenergy.com Christopher T. Wright	St. Joe Natural Gas Company, Inc. Andy Shoaf Debbie Stitt P.O. Box 549 Port St. Joe, FL 32457-0549 Andy@stjoegas.com dstitt@stjoegas.com
Fla. Auth. House Counsel No. 1007055 Florida Power & Light Company 700 Universe Boulevard (JB/LAW) Juno Beach, Florida 33408 Christopher.Wright@fpl.com	

Beth Keating

Gunster, Yoakley & Stewart, P.A. 215 South Monroe St., Suite 601

Tallahassee, FL 32301

(850) 521-1706

1		BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2	DC	OCKET NO. 20210003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.
3		(Actual/Estimated and Projections)
4		DIRECT TESTIMONY
- 5		OF DERRICK M. CRAIG
6		On behalf of Florida Public Utilities Company
7	Q.	Please state your name and business address.
8	A.	My name is Derrick M. Craig. My business address is 208 Wildlight Ave,
9		Yulee, FL 32097.
10	Q.	By whom are you employed and in what capacity?
11	A.	I am employed by Florida Public Utilities Company (FPUC, or the Company)
12		as a Senior Regulatory Analyst.
13	Q.	Can you please provide a brief overview of your educational and
14		employment background?
15	A.	I received a Bachelor of Electrical Engineering degree from the Georgia
16		Institute of Technology 1991 and a Masters of Business Administration from
17		the Darden Graduate School of Business (University of Virginia) in 1997. I
18		have worked in various engineering and financial analysis roles for several
19		utilities, including Baltimore Gas and Electric, Oglethorpe Power Company
20		and Southern Company. I have been in my current position as Senior
21		Regulatory Analyst with Florida Public Utilities Company (FPUC) since April
22		2019. My responsibilities include the fulfillment of regulatory activities for
23		FPUC, ranging from regulatory analysis to periodic filings (Purchased Gas
24		Adjustment, Swing Service, and the Gas Reliability Infrastructure Program)

DOCKET NO. 20210003-GU

1		before the Florida Public Service Commission.
2	Q.	Are you familiar with the Purchased Gas Adjustment (PGA) clause of the
3		Company?
4	A.	Yes.

- 5 Q. Have you ever testified in the PGA Docket before?
- 6 A. Yes.
- 7 Q. What is the purpose of your testimony in this docket?
- A. My testimony will establish the PGA "true-up" collection amount, based on actual January 2020 through June 2021 data and projected July 2021 through December 2022 data. My testimony will summarize the computations that are contained in composite exhibit DMC-2 supporting the January through December 2022 projected PGA recovery (cap) factor for the FPUC consolidated gas division.
- Q. Which schedules have you included in your Exhibit DMC-2?
- 15 A. The Company has previously filed True-Up schedules A-1, A-2, A-3, A-4, A-5, A-6 and A-7 in this proceeding. Exhibit DMC-2, which is included with my testimony, contains Schedules E-1, E-1/R, E-2, E-3, E-4, and E-5 for the FPUC consolidated gas division. These schedules support the calculation of the PGA recovery (cap) factor for January through December 2022.
- Q. Were these schedules completed by you or under your supervision?
- 21 A. Yes, these schedules were completed by me.
- 22 Q. What is the projection period for this filing?
- A. The projection period is January through December 2022.

1	Q.	What	is	the	appropriate	final	PGA	true-up	amount	for	the	period
2		Janua	ry 1	throu	igh December	2020	?					

- 3 A. As shown on Schedule E-4, the final PGA true-up amount for the period
- 4 January through December 2020 is an under-recovery of \$3,199,135 inclusive
- 5 of interest.
- What is the projected PGA true-up amount for the period January through December 2021?
- 8 A. As also shown on Schedule E-4, the projected PGA true-up amount is an over-
- 9 recovery of \$5,120,126 inclusive of interest, for the period January through
- 10 December 2021.
- 11 Q. What is the total projected PGA true-up amount to be collected from or
- refunded to customers for the period January through December 2022?
- As shown on Schedule E-4, the total net over-recovery to be refunded for the
- period January through December 2022 is \$1,920,991.
- Q. What is the appropriate PGA recovery (cap) factor for the period January through December 2022?
- A. As shown on Schedule E-1, the PGA recovery (cap) factor is 105.04¢ per
- therm for the period January through December 2022.
- 19 Q. What should be the effective date of the PGA recovery (cap) factor for
- 20 billing purposes?
- 21 A. The PGA recovery (cap) factor should be effective for all meter readings
- applying to the period of January 1, 2022 through December 31, 2022.
- 23 Q. Does this conclude your testimony?

1 A. Yes.

4 of 4

Page 1 of 6

Exhibit No. _

Derrick M. Craig (DMC-2)

Projection Filings and Testimony

COMPANY:

FLORIDA PUBLIC UTILITIES COMPANY

PURCHASED GAS ADJUSTMENT

COST RECOVERY CLAUSE CALCULATION

ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2022 THROUGH DECEMBER 2022

SCHEDULE E-1

						D FOR THE F			ene se secondin s	10 M	a second value por a non-	1 014 V		
						PROJECTED			PROJECTED	SEP	OCT	T NOV	DEC DEC	TOTAL
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	001	NOV	BEC	TOTAL
COST OF GAS PURCHASED	טַ				443.030	440.004		67.043	£7.07£		¢0.20F	\$10,674	\$14,727	\$133,726
I COMMODITY (Pipeline)		\$17,033	\$14,889	\$12,922	\$12,078	\$10,321	\$9,055	\$7,813	\$7,976	\$7,933	\$8,305		\$7,039	\$48,362
2 NO NOTICE SERVICE		\$8,891	\$6,357	\$5,853	\$3,915	\$1,660	\$1,606	\$1,645	\$1,645	\$1,577	\$3,112	\$5,062		346,30
3 SWING SERVICE		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0)ر ۲۵۸ ۲۵۵ ۵۶
4 COMMODITY (Other)		\$3,070,540	\$2,649,441	\$2,201,278	\$1,860,569	\$1,562,681	\$1,377,870	\$1,194,913	\$1,220,519	\$1,211,956	tends and a comment of the comment of the	\$1,649,825	\$2,310,852	\$21,582,863
5 DEMAND		\$3,008,367	\$2,921,385	\$3,007,477	\$2,937,187	\$2,616,879	\$2,553,669	\$2,568,328	\$2,568,113	\$2,553,287	\$2,655,011	\$2,975,445	\$3,005,598	\$33,370,746
6 OTHER		\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,858	\$538,394
LESS END-USE CONTRACT:														
7 COMMODITY (Pipeline)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$(
2 DEMAND - SWING SERVICE CREDIT	0 CE 400 CE 100 CE 100 CE 400 CE 10	\$1,639,743	\$1,639,743	\$1,639,743	\$1,639,743	\$1,639,743	\$1,639,743	\$1,639,743	\$1,639,743	\$1,639,743	\$1,639,743	\$1,639,743	\$1,639,743	\$19,676,917
9 COMMODITY (Other)	to Mittor St. Brand Materials and a	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Second Prior Month Purchase Adj.	(OPTIONAL)	\$0	SO	\$0	\$0	\$0	so	\$0	\$0	SO	\$0	\$0	\$0	\$0
11 TOTAL COST	(+1+2+3+4+5+6+10)-(7+8+9)	\$4,509,955	\$3,997,196	\$3,632,654	\$3,218,873		\$2,347,324			\$2,179,877	\$2,343,971	\$3,046,130	\$3,743,330	\$35,997,174
12 NET UNBILLED		\$0	\$0	\$0	\$0	\$0	\$0		\$0		\$0	SO	\$0	\$0
13 COMPANY USE	_0,000000000000000000000000000000000000	\$1.100	\$900	\$500	\$500	\$500	\$500	\$700	\$700	\$700	\$600	\$600	\$1,000	\$8,300
14 TOTAL THERM SALES		\$4,508,855	\$3,996,296	\$3,632,154	AND DESCRIPTION OF THE PARTY OF		\$2,346,824							\$35,988,874
THERMS PURCHASED		34,308,8331	\$3,390,2301	33,032,1341	JJ, Z10, J/J	92,330,1031	32,340,824	32,177,123	<i>\$2,202,077</i>	<u> </u>	<i>\$2,510,571</i>	. 53,0 13,000	- 	
	125	4 4 5 4 4 5 0	2 624 500	3 454 500	2.945.900	2,517,510	2,208,480	1,905,540	1,945,420	1,934,930	2,025,830	2,603,360	3,591,880	32,616,500
15 COMMODITY (Pipeline)		4,154,460	3,631,500	3,151,690	2,945,900	2,517,510	2,208,480	1,905,540	1,945,420	1,954,950	2,023,630	2,003,300	3,331,000	32,010,300
16 NO NOTICE SERVICE						***************************************								en er res ammanne en la la
17 SWING SERVICE		-	-					u jangan kang ka	and the second s	an are market and a		2 502 250	2 504 600	22.646.500
18 COMMODITY (Other)		4,154,460	3,631,500	3,151,690	2,945,900	2,517,510	2,208,480	1,905,540	1,945,420	1,934,930	2,025,830	2,603,360	3,591,880	32,616,500
19 DEMAND		13,480,970	12,169,360	13,464,230	12,250,500	6,119,400	5,038,800	5,206,450	5,202,420	5,031,600	6,836,430	12,969,900	13,428,890	111,198,950
20 OTHER	-21 Pr 7 No. 1 CONTROL - 11 2 NO. 2 CONTROL - 11 CONTROL -	•)*		•	-	Ħ(-	·= (a de la constante de la consta	- 100 - 100		-
LESS END-USE CONTRACT:						i		West own the set in the set of th		processors recommend				
21 COMMODITY (Pipeline)		- 1	-	-	=	- [-3			8,			-)= 20 827 / M23 - H - VII - V-80
22 DEMAND - SWING SERVICE CREDIT			2002 200 V 100 V 1	VA C 27820 VEX 100 C C C C		w 1	- 1	-		-	-	.=		2
23 COMMODITY (Other)		- 1		II IC X III	CONTRACTOR NOT SELECTED	-1					s a nanvers	→ TAMES CONTROL (10 (10 (10 (10 (10 (10 (10 (10 (10 (10	ANGELINE II IV STAN	
24 TOTAL PURCHASES	(+17+18+20)-(21+23)	4,154,460	3,631,500	3,151,690	2.945.900	2,517,510	2,208,480	1,905,540	1,945,420	1,934,930	2,025,830	2,603,360	3,591,880	32,616,500
25 NET UNBILLED		1,131,100	3,031,300	3,131,030	2,3 .3,5 00	2,021,020	- 1			-		-	-	-
26 COMPANY USE		1.442	1,168	782	714	819	849	1.116	1,062	1.060	927	882	1,494	12,314
27 TOTAL THERM SALES	(For Estimated, 24 - 26)	4,153,018	3,630,332	3.150.908	2.945.186		2,207.631			1,933,870			3,590,386	32,604,186
	(For Estimates, 24 - 26)	4,153,018 :	3,030,332 1	3,150,908 (2,945,180	2,510,091	2,207,631 1	1,904,424 1	1,344,336 1	1,535,670 !	2,024,303	2,002,478	3,300,380	32,004,100
CENTS PER THERM	K 27			Williams .							0 440	0.410	0.410	0.410
28 COMMODITY (Pipeline)	(1/15)	0.410	0.410	0.410	0.410	0.410	0.410	0.410	0.410	0.410	0.410	0.410	0.410	
29 NO NOTICE SERVICE	(2/16)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
30 SWING SERVICE	(3/17)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
31 COMMODITY (Other)	(4/18)	73.909	72.957	69.844	63.158	62.072	62.390	62.707	62.738	62.636	62.810	63.373	64.335	66.172
32 DEMAND	(5/19)	22.316	24.006	22.337	23.976	42.764	50.680	49.330	49.364	50.745	38.836	22.941	22.382	30.010
33 OTHER	(6/20)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LESS END-USE CONTRACT:				1		i	i i	a de la sui appendiment	CONTINUE DE CONTIN	CORRESPONDED VIRGINIA	N A STATE OF THE PARTY OF THE P			
34 COMMODITY Pipeline	(7/21)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
35 DEMAND - SWING SERVICE CREDIT	(8/22)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
36 COMMODITY Other	(9/23)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
37 TOTAL COST OF PURCHASES	(11/24)	108.557	110.070	115.261	109.266	103.144	106.287	114.289	113.260	112.659	115.704	117.008	104.216	110.365
38 NET UNBILLED	(12/25)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
39 COMPANY USE	(13/26)	76.286	77.027	63.962	70.073	61.019	58.898	62.723	65.913	66.055	64.758	68.064	66.919	67.402
40 TOTAL COST OF THERM SOLD	(11/27)	108.595	110.106	115.289	109.293	103.178	106.328	114.356	113.322	112.721	115.757	117.047	104.260	110.407
I - L	(E-4)	CONTRACTOR OF THE CONTRACTOR OF THE CONTRACTOR AND ADDRESS OF THE	THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN				(5.892)	(5.892)	(5.892)	(5.892)	(5.892)	(5.892)	(5.892)	(5.892)
41 TRUE-UP (REFUND)/RECOVER		(5.892)	(5.892)	(5.892)	(5.892)	(5.892)							98.368	104.515
42 TOTAL COST OF GAS	(40+41)	102.703	104.214	109.397	103.401	97.286	100.436	108.464	107.430	106.829	109.865	111.155		
43 REVENUE TAX FACTOR		1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503	1.00503
44 PGA FACTOR ADJUSTED FOR TAXES	(42x43)	103.21872	104.73720	109.94682	103.92026	97.77462	100.94041	109.00902	107.96940	107.36576	110.41724	111.71382	98.86214	105.03979
45 PGA FACTOR	(ROUNDED TO NEAREST .001)	103.219	104.737	109.947	103.920	97.775	100.940	109.009	107.969	107.366	110.417	111.714	98.862	105.040

Docket No. 20210003-GU Page 2 of 6 Exhibit No. Derrick M. Craig(DMC-2) Projection Filings and Testimony

COMPANY:

COMMODITY (Pipeline)

NO NOTICE SERVICE

COMMODITY (Other)

LESS END-USE CONTRACT COMMODITY (Pipeline)

COMMODITY (Other)

TOTAL THERM SALES

NO NOTICE SERVICE

COMMODITY (Other)

TOTAL PURCHASES

TOTAL THERM SALES

COMMODITY (Pipeline)

NO NOTICE SERVICE

COMMODITY (Other)

LESS END-USE CONTRACT: COMMODITY Pipeline

COMMODITY Other

TOTAL COST OF GAS

REVENUE TAX FACTOR

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COMPANY USE

PGA FACTOR

TRUE-UP

DEMAND - SWING SERVICE CREDIT

TOTAL COST OF PURCHASES

TOTAL COST OF THERM SOLD

PGA FACTOR ADJUSTED FOR TAXES

SWING SERVICE

2 DEMAND

OTHER

NET UNBILLED COMPANY USE

LESS END-USE CONTRACT: COMMODITY (Pipeline) DEMAND - SWING SERVICE CREDI COMMODITY (Other)

SWING SERVICE

DEMAND

OTHER

COMMODITY (Pipeline)

DEMAND - SWING SERVICE CREDIT

Second Prior Month Purchase Adj

SWING SERVICE

DEMAND

TOTAL COST

2 NET UNBILLED

COMPANY USE

OTHER

FLORIDA PUBLIC UTILITIES COMPANY

COST OF GAS PURCHASED

THERMS PURCHASED

CENTS PER THERM

\$6,457

\$85,458

\$766,286

\$11,165

\$2,833,708

\$3,703,075

\$4,611,773

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IOPTION

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PURCHASED GAS ADJUSTMENT COST RECOVERY CLAUSE CALCULATION **ACTUAL JANUARY 2021 THROUGH JUNE 2021**

SCHEDULE E-1/R ESTIMATED JULY 2021 THROUGH DECEMBER 2021 PROJECTED ----- PROJECTED ----- PROJECTED ----· · · · PROJECTED · · · · ----- ACTUAL ----- ACTUAL ----- ACTUAL ----- ACTUAL -----IIIN AUG TOTAL JUL \$5,953 2,027 \$10,447 \$10,830 \$11,013 \$10,942 \$14,464 \$19,719 \$113,148 \$11,032 \$0: \$0 \$1,645 \$1,645 \$1,577 \$3,112 \$5,062 \$7,039 \$105,124 SO 50 \$0 \$0 \$0 \$0 \$0 \$0 \$11,030,306 \$627,921 \$705,544 \$189,107 \$867,610 \$902,323 \$912,510 \$912,344 \$1,217,215 \$1,705,364 \$2,568,575 \$2,500,026 \$2,466,530 \$2,473,240 \$2,455,849 \$2,566,309 \$2,904,307 \$2,933,420 \$32,412,626 \$2,862,018 \$59,862 \$438,765 \$25,320 \$20,478 \$9,341 \$59,864 \$59,864 \$59,864 \$59,864 \$59,864 \$0 \$0 \$1,221,178 \$1,221,178 \$1,221,178 \$1,221,178 \$1,221,178 \$7,327,069 \$1,221,178 \$0 SO! SI \$0 \$0 SO so SO \$0 Sn 50 \$36,772,900 \$3,526,290 \$3,300,550 \$2,700,50 \$2,184,918 \$2,226,724 \$2,219,635 \$2,331,393 \$2,979,734 \$3,504,225 SO SO SO SO SO: \$0 SO \$703 \$807 \$80 \$500 \$600 \$600 \$500 \$500 \$600 \$8,954 \$3,715,824 \$2,942,729 \$2,184,418 \$2,226,124 \$2,219,035 \$2,330,893 \$2,979,2341 \$3,503,625 \$40,837,157 \$4,335,157 28,841,500 2,767,320 2,269,900 775,600 1,865,400 1,934,060 1,966,710 1,953,820 2.582.870 3,521,310 1,039,000 1.865.400 1.934.060 1.966.710 1.953.820 2,582,870 3,521,310 31,231,83 1 686 853 2 470 959 1,915,348 12,561,720 6,704,310 5,653,670 2,585,400 2,711,570 2,556,600 4,285,130 10,486,800 10,845,040 100,312,849 \$2,470,959 \$1,915,348 \$1,686,853 1,865,400 1,934,060 1,966,710 1,953,820 2,582,870 3,521,310 31,231,837 714 849 1.149 1.301 1,241 1,136 1,136 1,147 12,88 819 3,161,444 2,513,775 2,110,225 1.864.251 1,932,759 1,965,469 1,952,684 2,581,734 3,520,163 32,603,240 0.399 0.262 0.261 0.560 0.560 0.560 0.560 0.560 0.560 0.392 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 10 118 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 25.412 36.836 11.211 46.511 46.654 46,398 46.695 47.126 48,430 35.318 59 889 27 695 27.048 32.312 22.784 38.312 44.220 95.402 91.211 96 059 0.000 117.742 119,325 115,365 99.515 142.709 172.321 160.091 117.129 115.132 112.860 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 0.000 52 324 69.499 98,505 98.505 94.526 43.509 46.115 48.336 44.03 44 031

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Docket No. 20210003-GU Page 3 of 6 Exhibit No. _____ Derrick M. Craig(DMC-2)

COMPANY:

FLORIDA PUBLIC UTILITIES COMPANY

PURCHASED GAS ADJUSTMENT CALCULATION OF TRUE-UP AMOUNT ACTUAL JANUARY 2021 THROUGH JUNE 2021 ESTIMATED JULY 2021 THROUGH DECEMBER 2021

SCHEDULE E-2

	Ī	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL -		PROJECTED	:	PROJECTED	× =	PROJECTED	-04	
		JAN	FEB [MAR	APR	MAY	NOT	101	AUG	SEP	ост	NOV	DEC	TOTAL
TRUE-UP CALCULATION PURCHASED GAS COST		\$1,408,656	\$766,286	\$815,427	\$627,921	\$705,544	\$189,107	\$867,610	\$902,323	\$912,510	\$912,344	\$1,217,215	\$1,705,364	\$11,030,306
2 TRANSPORTATION COST		\$2,919,343	\$2,936,788	\$2,952,429	\$2,898,370	\$2,595,006	\$2,511,395	\$1,317,308	\$1,324,401	\$1,307,125	\$1,419,049	\$1,762,519	\$1,798,861	\$25,742,594
3 TOTAL		\$4,327,999	\$3,703,075	\$3,767,856	\$3,526,290	\$3,300,550	\$2,700,502	\$2,184,918	\$2,226,724	\$2,219,635	\$2,331,393	\$2,979,734	\$3,504,225	\$36,772,900
FUEL REVENUES (NET OF REVENUE TAX)		\$5,523,452	\$4,611,773	\$4,264,894	\$4,335,157	\$3,715,824	\$2,942,729	\$2,080,837	\$2,118,818	\$2,109,903	\$2,222,374	\$2,835,596	\$3,307,695	\$40,069,053
TRUE-UP - (COLLECTED) OR REFUNDED		\$151,951	\$151,946	\$151,946	\$151,946	\$151,946	\$151,946	\$151,946	\$151,946	\$151,946	\$151,946	\$151,946	\$151,946	\$1,823,357
FUEL REVENUE APPLICABLE TO PERIOD	Add Lines 5+6	\$5,675,403	\$4,763,719	\$4,416,840	\$4,487,103	\$3,867,770	\$3,094,675	\$2,232,783	\$2,270,764	\$2,261,849	\$2,374,320	\$2,987,542	\$3,459,641	\$41,892,410
, TRUE-UP - OVER(UNDER) - THIS PERIOD	Line 6- Line 3	\$1,347,405	\$1,060,644	\$648,984	\$960,813	\$567,220	\$394,173	\$47,865	\$44,040	\$42,214	\$42,927	\$7,808	(\$44,584)	\$5,119,510
INTEREST PROVISION -THIS PERIOD	tine 21	(\$54)	\$14	\$39	\$49	\$67	\$77	\$79	\$76	\$73	\$69	\$66	\$61	\$616
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST		(\$1,375,781)	(\$180,381)	\$728,331	\$1,225,408	\$2,034,324	\$2,449,665	\$2,691,970	\$2,587,968	\$2,480,138	\$2,370,480	\$2,261,530	\$2,117,458	(\$1,375,781)
TRUE-UP COLLECTED OR (REFUNDED)	Reverse at Line 6	(\$151,951)	(\$151,946)	(\$151,946)	(\$151,946)	(\$151,946)	(\$151,946)	(\$151,946)	(\$151,946)	(\$151,946)	(\$151,946)	(\$151,946)	(\$151,946)	(\$1,823,357)
100 FLEX RATE REFUND (if applicable)	THE STATE OF THE S			1					3					
TOTAL ESTIMATED/ACTUAL TRUE- UP	Add Lines 7 + 8 + 9 + 10 + 10a	(\$180,381)	\$728,331	\$1,225,408	\$2,034,323	\$2,449,665	\$2,691,970	\$2,587,968	\$2,480,138	\$2,370,480	\$2,261,530	\$2,117,458	\$1,920,989	
INTEREST PROVISION 12 BEGINNING TRUE-UP	Line 9	(\$1,375,781)	(\$180,381)	\$728,331	\$1,225,408	\$2,034,324	\$2,449,665	\$2,691,970	\$2,587,968	\$2,480,138	\$2,370,480	\$2,261,530	\$2,117,458	\$19,391,109
ENDING TRUE-UP BEFORE INTEREST	Add Lines 12 + 7 + 10	(\$180,327)	\$728,317	\$1,225,369	\$2,034,274	\$2,449,598	\$2,691,893	\$2,587,889	\$2,480,062	\$2,370,407	\$2,261,461	\$2,117,392	\$1,920,928	\$22,687,261
14 TOTAL (12+13)	+ 13	(\$1,556,109)	\$547,935	\$1,953,700	\$3,259,682	\$4,483,923	\$5,141,558	\$5,279,859	\$5,068,030	\$4,850,545	\$4,631,940	\$4,378,922	\$4,038,385	\$42,078,370
15 AVERAGE	50% of Line 14	(\$778,054)	\$273,968	\$976,850	\$1,629,841	\$2,241,961	\$2,570,779	\$2,639,929	\$2,534,015	\$2,425,272	\$2,315,970	\$2,189,461	\$2,019,193	\$21,039,185
INTEREST RATE - FIRST DAY OF	- 35	0.09%	0.07%	0.06%	0.04%	0.04%	0.03%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	e l'es si'es a No mes
MONTH INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	2 948 2 44	0.07%	0.06%	0.04%	0.04%	0.03%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	// TF
	Add Lines 16 + 17	0.16%	0.13%	0.10%	0.08%	0.07%	0.07%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%	The state of the s
19 AVERAGE	50% of Line 18	0.080%	0.065%	0.050%	0.040%	0.035%	0.035%	0.040%	0.040%	0.040%	0.040%	0.040%	0.040%	
20 MONTHLY AVERAGE	Line 19 / 12	0.007%	0.005%	0.004%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%	0.003%	* XX (O # 15-3652
21 INTEREST PROVISION	Line 15 x Line	(\$54)	\$14	\$39	\$49	\$67	\$77	\$79	\$76	\$73	\$69	\$66	\$61	\$616

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Exhibit No. _____

Derrick M. Craig (DMC-2)

Projection Filings and Testimony

SCHEDULE E-3

COMPANY:

FLORIDA PUBLIC UTILITIES COMPANY

PURCHASED GAS ADJUSTMENT

TRANSPORTATION PURCHASES SYSTEM SUPPLY AND END USE

ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2022 THROUGH DECEMBER 2022

		1	1	UNITS	UNITS	UNITS	COMMODIT	Y COST	}		TOTAL
MÖNTH	PURCHASED FROM	PURCHASED FOR	SCH TYPE	SYSTEM SUPPLY	END USE	TOTAL PURCHASED	THIRD PARTY	PIPELINE	DEMAND COST	OTHER CHARGES ACA/GRI/FUEL	CENTS PER THERM
JANUARY	VARIOUS	SYS SUPPLY	N/A	4,154,460	0	4,154,460	\$3,070,540	\$61,900	\$1,377,515	INCLUDED IN COST	108.557
FEBRUARY	VARIOUS	SYS SUPPLY	N/A	3,631,500	0	3,631,500	\$2,649,441	\$59,756	\$1,287,999	INCLUDED IN COST	110.070
MARCH	VARIOUS	SYS SUPPLY	N/A	3,151,690	0	3,151,690	\$2,201,278	\$57,789	\$1,373,587	INCLUDED IN COST	115.261
APRIL	VARIOUS	SYS SUPPLY	N/A	2,945,900	0	2,945,900	\$1,860,569	\$56,945	\$1,301,359	INCLUDED IN COST	109.266
MAY	VARIOUS	SYS SUPPLY	N/A	2,517,510	0	2,517,510	\$1,562,681	\$55,188	\$978,796	INCLUDED IN COST	103.144
JUNE	VARIOUS	SYS SUPPLY	N/A	2,208,480	0	2,208,480	\$1,377,870	\$53,922	\$915,532	INCLUDED IN COST	106.287
JULY	VARIOUS	SYS SUPPLY	N/A	1,905,540	0	1,905,540	\$1,194,913	\$52,680	\$930,230	INCLUDED IN COST	114.289
AUGUST	VARIOUS	SYS SUPPLY	N/A	1,945,420	0	1,945,420	\$1,220,519	\$52,843	\$930,015	INCLUDED IN COST	113.260
SEPTEMBER	VARIOUS	SYS SUPPLY	N/A	1,934,930	0	1,934,930	\$1,211,956	\$52,800	\$915,121	INCLUDED IN COST	112.659
OCTOBER	VARIOUS	SYS SUPPLY	N/A	2,025,830	0	2,025,830	\$1,272,419	\$53,172	\$1,018,380	INCLUDED IN COST	115.704
NOVEMBER	VARIOUS	SYS SUPPLY	N/A	2,603,360	0	2,603,360	\$1,649,825	\$55,541	\$1,340,764	INCLUDED IN COST	117.008
DECEMBER	VARIOUS	SYS SUPPLY	N/A	3,591,880	0	3,591,880	\$2,310,852	\$59,585	\$1,372,894	INCLUDED IN COST	104.216
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1 1 1 2 3 3 1 1		1 2 1 1 1 1 1 1 1				1 6 1 1 1 1 1				1 3 3 1 1 1 2 2	
ì		 TOTAL	1	32,616,500	0	32,616,500	\$21,582,863	\$672,120	\$13,742,191		110.365

Docket No. 20210003-GU Page 5 of 6

Exhibit No. _____ Derrick M. Craig (DMC-2)

Projection Filings and Testimony

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY	PURCHASED GAS ADJUSTMENT CALCULATION OF TRUE-UP AMOUNT ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2022 THROUGH DECEMBER 2022											
	PRIOR PERIOD: JANU	CURRENT PERIOD: JANUARY 2021 THROUGH PRIOR PERIOD: JANUARY 2020 THROUGH DECEMBER 2020 DECEMBER 2021										
	(1) SIX MONTHS ACTUAL PLUS SIX MONTHS PROJECTED	(2) ACTUAL	(3) (2) - (1) DIFFERENCE	(4) SIX MONTHS ACTUAL PLUS SIX MONTHS PROJECTED	(5) (3)+(4) COMBINED TOTAL TRUE-UP							
1 TOTAL THERM SALES (\$)	\$33,576,410	\$35,099,587	\$1,523,177	\$41,892,410	\$43,415,587							
			in discount some manufacture of the second some some some some some some some some		W. W							
TRUE-UP PROVISION FOR THE PERIOD OVER/(UNDER) COLLECTION (\$)	\$926,391	(\$2,271,917)	(\$3,198,308)	\$5,119,510	\$1,921,201							
3 INTEREST PROVISION FOR THE PERIOD (\$)	\$12,173	\$11,346	(\$827)	\$616	(\$210)							
4 END OF PERIOD TOTAL NET TRUE-UP (\$)	\$938,564	(\$2,260,571)	(\$3,199,135)	\$5,120,126	\$1,920,991							
		T	OTAL TRUE-UP DOLLARS -	OVER/(UNDER) RECOVERY	\$1,920,991							
				RY 2022 - DECEMBER 2022	32,604,186							
	CENTS PER THEF	RM NECESSARY TO REFU	JND OVERRECOVERY / (CC	DLLECT UNDERRECOVERY)	5.892							

Page 6 of 6

Projection Filings and Testimony

COMPANY: FLORIDA PUBLIC UTILITIES COMPANY

PURCHASED GAS ADJUSTMENT THERM SALES AND CUSTOMER DATA

SCHEDULE E-5

ESTIMATED FOR THE PROJECTED PERIOD JANUARY 2022 THROUGH DECEMBER 2022

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Total
PGA COST										. 545,646,66	4		
1 Commodity costs	\$3,070,540	\$2,649,441	\$2,201,278	\$1,860,569	\$1,562,681	\$1,377,870	\$1,194,913	\$1,220,519	\$1,211,956	\$1,272,419	\$1,649,825	\$2,310,852	\$21,582,863
2 Transportation costs	\$3,034,291	\$2,942,631	\$3,026,252	\$2,953,180	\$2,628,860	\$2,564,330	\$2,577,786	\$2,577,734	\$2,562,797	\$2,666,428	\$2,991,181	\$3,027,364	\$33,552,834
3 Hedging costs			5, 55,			1						i	
4 (financial settlement)	1	3											
5 Other	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,867	\$44,858	\$538,394
6 Total	\$6,149,698	\$5,636,939	\$5,272,397	\$4,858,616	\$4,236,408	\$3,987,067	\$3,817,566	\$3,843,120	\$3,819,620	\$3,983,714	\$4,685,873	\$5,383,074	\$55,674,091
PGA THERM SALES	/	The condition											
7 Residential	1,703,329	1,488,915	1,292,193	1,207,818	1,032,179	905,477	781,271	797,622	793,321	830,590	1,067,378	1,472,671	13,372,764
8 Commercial	2,451,131	2,142,585	1,859,497	1,738,081	1,485,330	1,303,003	1,124,269	1,147,798	1,141,609	1,195,240	1,535,982	2,119,209	19,243,734
9 Total	4,154,460	3,631,500	3,151,690	2,945,899	2,517,509	2,208,480	1,905,540	1,945,420	1,934,930	2,025,830	2,603,360	3,591,880	32,616,498
PGA REVENUES													
10 Residential	1,849,082	1,638,849	1,489,388	1,319,737	1,064,632	962,403	892,907	903,384	893,749	961,028	1,248,914	1,534,766	14,758,839
11 Commercial	2,660,873	2,358,346	2,143,266	1,899,135	1,532,032	1,384,921	1,284,916	1,299,993	1,286,128	1,382,943	1,797,216	2,208,565	21,238,334
12 Total	4,509,955	3,997,195	3,632,654	3,218,872	2,596,664	2,347,324	2,177,823	2,203,377	2,179,877	2,343,971	3,046,130	3,743,331	35,997,173
NUMBER OF PGA CUSTOME	RS				7								
13 Residential	62,468	62,568	62,770	63,185	63,223	63,452	63,943	63,765	63,934	64,151	64,451	64,718	762,628
14 Commercial	4,071	4,071	4,071	4,097	4,079	4,084	4,083	4,085	4,091	4,064	4,114	4,117	49,027
50 Total	66,539	66,639	66,841	67,282	67,302	67,536	68,026	67,850	68,025	68,215	68,565	68,835	811,655

	BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DO	CKET NO. 20210003-GU - In Re: Purchased Gas Adjustment (PGA) True-Up.
	(Actual/Estimated and Projections)
	DIRECT TESTIMONY
	OF JEFFREY B BATES
	On behalf of Florida Public Utilities Company
Q.	Please state your name and business address.
A.	My name is Jeffrey Bates. My business address is 331 W. Central Ave, Suite
	200, Winter Haven, FL 33880.
Q.	By whom are you employed and in what capacity?
A.	I am employed by Florida Public Utilities Company ("FPUC" or "Company")
	as a Senior Energy Logistics Analyst.
Q.	Can you please provide a brief overview of your educational and
	employment background?
A.	I graduated from Delaware State University in 1994 with a Bachelor's of
	Science degree in Accounting. I graduated from Wilmington University in
	1999 with a Masters of Business Administration. I have been employed by
	FPUC since January of 1996.
Q.	Are you familiar with the Purchased Gas Adjustment (PGA) clause of the
	Company and the associated projected and actual revenues and costs?
A.	Yes.
Q.	Have you ever testified before the Florida Public Service Commission
	("FPSC")?
A.	Yes.
	Q. A. Q. A. Q.

22

- 1 Q. Are you sponsoring any Exhibits in this case?
- 2 A. No. Numerical references made in my testimony relate to Exhibit DMC-2
- 3 being sponsored by Derrick Craig.
- 4 Q. Please describe how the forecasts of pipeline charges and commodity costs
- 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 Company's ("FGT") FTS-1, FTS-2, FTS-3, NNTS-1, and ITS-1 as well as 8 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 expansion projects in the counties of Palm Beach, Polk and Nassau. FPUC has 14 entered into an Asset Management Agreement ("AMA") with Emera Energy to 15 help facilitate the delivery of natural gas in the northeast division. 16 Additionally, the company has included costs related to compressed natural gas 17 which is used to bring supply to areas as a virtual pipeline for emergency and 18 planned services. The expected costs of natural gas purchased by the Company 19 20 during the projection period were developed using actual prices paid during relevant historical periods and the Henry Hub natural gas futures pricing 21

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.

- Q. Please describe how the forecasts of the weighted average cost of gas are
 developed for the projection period.
- 5 A. The Company has forecasted the 2022-weighted average cost of gas using the 6 projected monthly pipeline demand costs, less the projected cost of capacity temporarily relinquished to third parties, the projected pipeline usage and no-7 notice costs and the projected supplier commodity costs. The weighted average 8 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 then divided by the projected therm sales to the traditional non-transportation 11 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. Capacity shortfall if any, would be satisfied by gas and capacity repackaged 14 15 and delivered by another FGT or SONAT capacity holder. If other services become available and it is economic to dispatch supplies under those services, 16 17 the Company will utilize those services as part of its portfolio.
- Q. Are the pipeline capacity and supply costs associated with expansions appropriate for recovery in the PGA docket?
- Yes. Historically, the Commission has allowed recovery, through the clause, of upstream transmission pipeline capacity, transportation and related supply costs associated with service expansions to new areas.

1	Q.	Did	you	include	costs	of	other	expansions	or	interconnects	related	to
					8							

- 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
- 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. There is an
- 9 interconnection to CFG's facilities from a new Gulfstream gate station in
- Auburndale. Finally, there is an expansion project in Winter Haven built to
- serve CFG including a new large industrial customer. It is designed for future
- industrial growth in the region, reinforces the Winter Haven distribution
- system, replaces high maintenance facilities and reducing O&M.
- 14 Q. Please explain how these costs incurred by CFG are recoverable under the
- 15 PGA clause.
- A. Consistent with the prior years, the modified cost allocation methodology and
- revised purchased gas adjustment calculation approved by the Commission by
- Order No. PSC-2015-0321-PAA-GU, issued August 10, 2015, had been
- applied to allocate these costs to the Transitional Transportation Service (TTS)
- pool customers, until the approval of the Swing Service Rider in 2016, which
- allocates these costs to certain transportation service customers who were not
- part of modified cost allocation methodology approved in 2015.
- 23 Q. Please explain the Swing Service Rider.

- On April 11, 2016, Docket No. 20160085-GU, Florida Public Utilities, CFG, A. 1 2 Florida Public Utilities Indiantown and Ft. Meade Divisions (the Companies) 3 filed a joint petition for approval of the Swing Service Rider with this 4 Commission. The Swing Service Rider proposed that the allocation of all 5 costs be expanded to include transportation service customers on FPUC's system (i.e., customers who are not part of the current PGA mechanism) as 6 7 well as shippers on CFG's system that are not part of the TTS pools. The Companies believe that these customers ultimately should bear their fair 8 portion of the intrastate capacity costs. However, the Companies recognize that 9 10 shippers for the larger classes of customers provide a service under contracts that will likely need to be amended to adjust for the revised cost allocations 11 12 and systems need to be implemented to allow for billing of these charges to 13 transportation customers and/or shippers. This petition was approved 14 September 2016, Order No. PSC-2016-0422-TRF-GU.
- Q. What is the effect of Swing Service Rider on PGA costs?
- A. As shown on Schedule E-1, the Company has reduced PGA costs of \$19,676,917 attributable to the Swing Service Rider allocated to certain gas transportation customers.
- Q. Describe how the Company computed the Swing Service Rider and its impact on PGA costs.
- 21 A. The Company compiled the actual throughput volumes, based on the most recent 12-months usage data, for each affected transportation and sales rate schedule to determine the percentage split between transportation and sales

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schedules. The split for allocating the annual total intrastate and LDC-to-LDC capacity costs of \$19.1 million is 69.30 percent (\$13.2 million) to transportation customers and 30.70 percent (\$5.9 million) to sales customers. Then, the transportation customers' share of the \$13.2 million would be allocated to the affected transportation rate schedules in proportion to each rate schedule's share of the total throughput for the affected transportation rate schedules. The costs allocated to each rate schedule was then divided by the rate schedule's number of therms to calculate the cost recovery factor to be billed by rate schedule directly to the transportation customers. Since the Company recognized that implementation of the swing service rider could have a significant financial impact on large volume customers, the Company requested and received approval of a stepped implementation process, annually applying a rate of 20 percent of the total allocation until 100 percent is reached in five years. The Company applied a rate of 100 percent this year to the large volume customers. Has there been an effect from the COVID-19 pandemic on the Florida Public Utilities Purchased Gas Adjustment costs? Yes. Per a June 11, 2021, jointly-filed motion referencing Docket No. 2020-

service customers relative to the total throughput for the affected rate

17 Q. 18

> 0194, Florida Public Utilities informed the Commission of a settlement agreement between Florida Public Utilities and the Florida Office of Public Counsel. This settlement agreement, which was approved by the Commission on July 8, 2021, allows Florida Public Utilities to recover approximately \$2.1

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1		million over the next two years in COVID-19 related incremental expenses.
2		This recovery is to be achieved through the use of the Company's swing
3		service rider and purchased gas adjustment recovery clause.
4		Of this \$2.1 million in incremental expenses, approximately \$1.35 million was
5		attributable to electric and approximately \$732k was attributable to natural gas
6		customers. Utilizing the same allocation methodology used in the calculation
7		of the swing service rider described above, 69.30% of this amount, or
8		approximately \$507k, would be allocated to the transportation customers and,
9		therefore, recovered through the use of the swing service rider over the next
LO		two years. The remaining 30.70% is to be recovered over the same two-year
L1		time frame through the use of the purchased gas adjustment clause, resulting in
12		an aggregate increase to costs of \$225k, or about \$112k on an annual basis.
1.3	Q.	Have the appropriate related costs and credits been included in the
L4		Projections for 2022?
15	A.	Yes, as more specifically reflected in Schedule E-1 and E-3 of Exhibit DMC-2,
L 6		the Company has included the costs of existing and planned interstate and
17		intrastate capacity agreements, as well as the costs associated with the COVID
18		settlement and Swing Service Rider as described above.
19	Q.	Did you include costs in addition to the costs specific to purchased gas in
20		the calculations of your true-up and projected amounts?
21	A.	Yes, included with our purchased gas costs are consulting expenses to assist in
22		the advancement of our PGA processes. Additionally, the Company has

included costs associated with a software tool used by the Company to manage

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- 1 customer usage and assist in determining the gas supply needs for the rate
- 2 classes subject to the PGA. These costs directly influence the Company's
- PGA factor and are appropriate for recovery through the PGA clause.
- 4 Q. Please explain how these costs were determined to be recoverable under
- 5 the PGA clause.
- 6 A. The costs the Company has included are integrally related to the gas purchase
- function and were not anticipated or included in the cost levels used to
- 8 establish the current base rates. These costs relate to the Company's
- 9 optimization of fuel supply in an effort to protect current fuel savings, and
- directly benefit our customers. These costs have historically been allowed for
- 11 recovery through the PGA and are not being recovered through the
- 12 Companies' base rates.
- 13 Q. What is the projection period for this filing?
- 14 A. The projection period is January through December 2022.
- 15 Q. Does this conclude your testimony?
- 16 A. Yes.