STATE OF FLORIDA
OFFICE OF PUBLIC COUNSEL

c/o THE FLORIDA LEGISLATURE
111 WEST MADISON ST.
ROOM 812
TALLAHASSEE, FLORIDA 32399-1400
850-488-9330

EMAIL: OPC_WEBSITE@LEG.STATE.FL.US
WWW.FLORIDAOPC.GOV

WILTON SIMPSON
President of the Senate

CHRIS SPROWLS
Speaker of the House of Representatives

August 26, 2022

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

Re: Docket No. 20220069-GU

Dear Mr. Teitzman,

Please find enclosed for filing in the above referenced docket the Direct Testimony and Exhibits of Helmuth W. Schultz, III. This filing is being made via the Florida Public Service Commission's Web Based Electronic Filing portal.

If you have any questions or concerns; please do not hesitate to contact me. Thank you for your assistance in this matter.

Sincerely,

Richard Gentry
Public Counsel

/s/ Mary A. Wessling
Mary A. Wessling
Associate Public Counsel
Florida Bar No. 093590

CERTIFICATE OF SERVICE
DOCKET NO. 20220069-GU

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic mail on this 26th day of August 2022, to the following:

T. Jernigan/H. Buchanan/E. Payton/R. Franjul/M. Duffy
Federal Executive Agencies
139 Barnes Drive, Suite 1
Tyndall AFB FL 32403
thomas.jernigan.3@us.af.mil
holly.buchanan.1@us.af.mil
ebony.payton.ctr@us.af.mil
rafael.franjul@us.af.mil
ULFSC.Tyndall@us.af.mil
marcus.duffy.3@us.af.mil

Beth Keating
Gunster Law Firm
215 South Monroe St., Suite 601
Tallahassee FL 32301
bkeating@gunster.com

Matthew Jones/Walter Trierweiler
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399
wtrierwe@psc.state.fl.us
majones@psc.state.fl.us

Christopher T. Wright/Joel Baker
Florida Power & Light Company
700 Universe Boulevard
Juno Beach FL 33408
christopher.wright@fpl.com
joel.baker@fpl.com

/s/ Mary A. Wessling
Mary A. Wessling
Associate Public Counsel
Wessling.Mary@leg.state.fl.us

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida City Gas.

DOCKET NO. 20220069-GU

FILED: August 26, 2022

DIRECT TESTIMONY

OF

HELMUTH SCHULTZ III

ON BEHALF OF THE OFFICE OF PUBLIC COUNSEL

Richard Gentry
Public Counsel

Mary A. Wessling
Associate Public Counsel
Florida Bar No. 093590

Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
(850) 488-9330

Attorneys for the Citizens
of the State of Florida

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DIRECT TESTIMONY

OF

Helmuth W. Schultz, III

On Behalf of the Office of Public Counsel
Before the
Florida Public Service Commission
Docket No. 20220069-GU

I. STATEMENT OF QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS ADDRESS.

A. My name is Helmuth W. Schultz, III. I am a Certified Public Accountant licensed in the State of Michigan and a senior regulatory consultant at the firm Larkin & Associates, PLLC, ("Larkin") Certified Public Accountants, with offices at 15728 Farmington Road, Livonia, Michigan, 48154.

Q. PLEASE DESCRIBE THE FIRM LARKIN & ASSOCIATES, P.L.L.C.

A. Larkin performs independent regulatory consulting primarily for public service/utility commission staffs and consumer interest groups (public counsels, public advocates, consumer counsels, attorneys general, etc.). Larkin has extensive experience in the utility regulatory field as expert witnesses in over 600 regulatory proceedings, including water and sewer, gas, electric and telephone utilities.

Q. HAVE YOU PREPARED AN EXHIBIT WHICH DESCRIBES YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE?

A. Yes. I have attached Exhibit HWS - 1, which is a summary of my background, experience and qualifications.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE FLORIDA PUBLIC COMMISSION AS AN EXPERT WITNESS?

A. Yes. I have provided testimony before the Florida Public Service Commission ("Commission" or "FPSC") as an expert witness in the area of regulatory accounting and storm recovery in numerous cases as listed in Exhibit HWS - 1.

Q. BY WHOM WERE YOU RETAINED, AND WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. Larkin was retained by the Florida Office of Public Counsel ("OPC") to review the request for Florida City Gas Company's ("Company" or "FCG") two different alternative base revenue increases. The initial total base revenue increase of $31.993 million based on a projected 2023 test year, which to be offset by the $3.828 million revenue requirements for the previously approved Liquefied Natural Gas ("LNG") Facility, and the reclassification of the $5.990 million of Safety, Access, and Facility Enhancement ("SAFE") program revenues from clause to rates resulting in an incremental base rate revenue requirement of $22.174 million.

The alternative total base revenue increase of $29.0 million based on a projected 2023 Test Year, factoring in the requested RSAM, offset by the $3.828 million revenue requirements for the previously approved Liquefied Natural Gas ("LNG") Facility, and the reclassification of the $5.696 million SAFE program revenues from clause to base rates resulting in an incremental base rate revenue requirement of $19.450 million.

Q. ARE YOU INCORPORATING ANY RECOMMENDATIONS OF OTHER OPC WITNESSES?

A. Yes. David Garrett is making recommendations regarding requested depreciation, capital structure, and ROE, and I am incorporating his findings into my testimony.

II. BACKGROUND

Q. PLEASE SUMMARIZE YOUR UNDERSTANDING OF THE COMPANY'S REQUEST.

A. The petition for Docket No. 20220069-GU is described by FCG as a proposal for a what is pitched as a four-year rate plan that would run from 2023 through at least the last billing cycle of December 2026, consisting of: (a) an increase in base rates and charges sufficient to generate a total base rate revenue increase of $29.0 million based on a projected 2023 test year, which includes (i) an incremental base rate revenue requirement of $19.4 million, (ii) the revenue requirements for the previously approved LNG Facility, and (iii) the reclassification of the SAFE program revenues from clause to base rates; (b) a 10.75% mid-point return on equity ("ROE") and an equity ratio of 59.6% from investor sources for all regulatory purposes; (c) implementation of a reserve surplus amortization mechanism ("RSAM"), which Florida Power & Light ("FPL") claims is a critical and essential component of FCG's purported four-year rate plan; (d) approval of artificially derived RSAM-facilitating depreciation rates, which are necessary to support the RSAM and reflects their test year incremental revenue requirement as lower by $2.71 million; (e) the continuation of the Storm Damage Reserve provision approved as part of FCG's 2018 Settlement Agreement, as modified to reflect the Commission's new storm rule for gas utilities; (f) a mechanism that will allow FCG to adjust base rates in the event tax laws change during or after the conclusion of this proceeding; (g) continuation and expansion of the existing SAFE program; and (h) implementation of a new limited advanced metering infrastructure pilot program ("AMI Pilot") that would enable FCG to explore the potential for AMI meters to provide enhanced service to FCG's customers.

However, while not specifically detailed in the petition, the Company stated that if the Commission were to decline the request to adopt FCG's four-year rate plan with a RSAM, the incremental revenue requirement would be based on the true depreciation rates reflected in FCG's 2022 Depreciation Study, which would reflect an FCG's test year incremental revenue requirement of $2.7 million more. Accordingly, FCG provided applicable MFRs both with and without the effects of RSAM.

Q. IS THE OPC SUBMITTING SCHEDULES WITH RECOMMENDATIONS BASED ON BOTH THE WITH AND WITHOUT RSAM?

A. No. Attached as Exhibit HWS - 2 are the recommendations based on a "without RSAM" analysis. As explained later in my testimony, Citizens are recommending that the "with RSAM" approach be denied.

Q. PLEASE SUMMARIZE WHAT THE COMPANY HAS INCLUDED IN ITS REQUEST TO THE FLORIDA PUBLIC SERVICE COMMISSION?

A. The May 31, 2022, petition filed by FCG seeks a net increase of $19,449,853 under the assumption that a RSAM is approved or a net increase of $22,173,778 if the RSAM mechanism is not approved. As explained earlier, the request is intended to be net of both the previously approved LNG Revenue increase in Docket No. 20170179-GU (Order No.

PSC-2018-0190-FOF-GU) and the revenue associated with SAFE investments as of December 31, 2022, currently being recovered through the SAFE recovery clause.

III. ORGANIZATION OF TESTIMONY

Q. HOW WILL YOUR TESTIMONY BE ORGANIZED?

A. In Section IV, I present the overall financial summary for the base rate change, showing the revenue requirement increase (decrease) for the test year ended December 31, 2023, as recommended by OPC. In Section V, I discuss my recommendation regarding FCG's request for a RSAM. In section VI, I discuss my proposed adjustments to rate base. In section VII, I discuss my adjustments to operating income. In Section VIII, I discuss the capital structure. Exhibit HWS - 2 presents the schedules and calculations in support of the test year ended December 31, 2023, revenue requirement. Exhibit HWS - 4 is a compilation of discovery responses referenced in my testimony.

IV. OVERALL FINANCIAL SUMMARY

Q. WHAT IS THE DECEMBER 31, 2023, BASE RATE REVENUE REQUIREMENT DEFICIENCY OR EXCESS FOR FCG?

A. As shown on Exhibit HWS - 2, Schedule C, the OPC's appropriate adjustments in this case result in a revenue increase for FCG for the December 31, 2023, test year of no more than $4,805,981. This is $17,367,795 less than the proposed "without RSAM" base rate revenue increase of $22,173,778 million requested by FCG in its filing.

Q. PLEASE DISCUSS THE EXHIBIT YOU PREPARED IN SUPPORT OF YOUR TESTIMONY AS IT PERTAINS TO THE DECEMBER 31, 2023 TEST YEAR.

A. Exhibit HWS - 2, consists of Schedules A, A-1, B, B-1 through B-5, C, C-1 through C-13, and D.

Q. WHAT IS SHOWN ON SCHEDULE A?

A. Schedule A presents the revenue deficiency for the December 31, 2023 test-year, giving effect to all of the adjustments I am recommending in this testimony, along with the impacts of the recommendations made by OPC witness David Garrett.

Q. WHAT IS SHOWN ON SCHEDULE B?

A. Schedule B presents OPC's adjusted rate base and identifies the adjustments impacting rate base that I am recommending in this case. Schedules B-1 through B-5 provide supporting calculations for these adjustments.

Q. WHAT IS SHOWN ON SCHEDULE C?

A. OPC's adjusted net operating income is shown on Schedule C. The adjustments to net operating income are listed on Schedule C, Page 2 of 2. Schedules C-1 through C-13 provide supporting calculations for these adjustments.

Q. WHAT IS SHOWN ON SCHEDULE D?

A. Schedule D presents OPC's recommended capital structure and overall rate of return as recommended by OPC witness David Garrett.

Q. WOULD YOU PLEASE DISCUSS EACH OF YOUR SPONSORED ADJUSTMENTS TO FCG'S FILING?

A. Yes, I will address each adjustment I am sponsoring below.

V. RESERVE SURPLUS AMORTIZATION MECHANISM

Q. WOULD YOU EXPLAIN THE COMPANY'S REQUEST FOR A RESERVE SURPLUS AMORTIZATION MECHANISM ("RSAM")?

A. The Company is requesting what they call the RSAM as "a critical and essential component of FCG's four-year rate plan." The Company claims -- but does not provide an unqualified commitment -- that with the adoption and use of the RSAM along with the other excessive components of FCG's proposed four-year rate plan ***approved as filed***, FCG would be able to avoid increasing base rates through at least the end of 2026. FCG suggests that by allowing the RSAM, customers would benefit from rate stability and certainty, and from avoiding repetitive and costly rate proceedings, and the Company would be able to continue to focus on providing safe, reliable, and affordable service to customers. Another prominent, but unsupported notion offered by FCG is that without the proposed RSAM, FCG projects (but does not and cannot demonstrate) that it would fall at or below the bottom of its authorized ROE range and would need to file an additional rate case in 2024 to support a base rate increase in 2025. The Company puts forth claims that if the RSAM is adopted, FCG would avoid the need to file a rate case in 2024, avoiding an additional base rate increase in 2025 and saving customers approximately $2 million in estimated additional rate case expense.[1]

Q. HOW WOULD THE RSAM WORK?

A. The proposed RSAM would follow a similar accounting mechanism framework approved only in settlements for a single electric utility (FPL) by the Commission in prior proceedings. The RSAM purportedly would be used by the Company to respond to changes

[1] Direct testimony of Mark Campbell at pp. 26-27.

in its underlying revenues and expenses during the proposed four-year rate plan to maintain, and -- this is telling -- a Commission Adjusted ROE within the 200 basis point ROE range of reasonableness established by the Commission.[2] This maintenance of the Commission Adjusted ROE would be reflected in each earnings surveillance reporting period by way of the Company recording an increase to expense (debits) or decreases to expense (credits) as a means to manipulate earnings so that the overall rolling period ROE equals a pre-established ROE within the authorized range.[3] Historically, for FCG's parent this has meant that the goal would be to earn at the very top of the range or – if granted here – 11.75%.

Q. YOU MENTION THE "RANGE OF REASONABLENESS." CAN YOU EXPLAIN THAT CONCEPT AND HOW IT RELATES TO THE ACHIEVED EARNINGS OF A COMPANY WITH REGARD TO FAIR, JUST AND REASONABLE RATES?

A. Yes. In establishing rates in a proceeding like this, the Commission uses the ROE mid-point as the rate setting point. Recognizing that a company's earnings will naturally fluctuate, regulators all over the country have implemented a mechanism that accommodates this phenomenon so that rate stability is achieved. The concept incorporates the notion that weather, expense increases and decreases (efficiencies), and other impacts will influence earnings. The Florida Commission has for decades established a range of 100 basis points on either side of the rate setting mid-point as this range of reasonableness. Any achieved results within this range using the rates initially established presumptively indicates that those rates are just and reasonable because they are giving the company an

[2] As discussed below, using the FCG ROE and capital structure, 100 basis points on equity would have a revenue requirement impact of $3.5 million, so the full 200 basis point range is worth $7 million. Using the OPC recommended ROE and capital structure the equivalent amounts are $2.5 million and $5 million.
[3] Direct testimony of Mark Campbell at p. 27.

opportunity to earn a fair rate of return while recovering all of their costs. The policy behind this concept is described by the Commission:

> The purpose of establishing a range is to recognize revenue volatility and to encourage management efficiency through earning more by controlling their expenses.[4]

There is no understanding in this concept that a company should be provided the guarantee of earning at the top of the range. Setting rates to provide such opportunity guarantee may well indicate that the actual rate setting point is the top of the range and not the mid-point.

Q. WOULD THE PROPOSED RSAM HAVE ANY LIMITATIONS?

A. Supposedly, but probably not. The Company claims the RSAM cannot be used to increase the earned ROE above the top of the authorized ROE range and similarly, the RSAM must be used, to the extent there is an amount available, to keep the Company's ROE at least at the minimum authorized ROE before the Company can seek an increase in base rates during the alleged four-year rate plan.[5] In simple terms, the Company would be guaranteed to earn within – and if history is any guide – at the top of -- the authorized ROE range.

Q. HOW WOULD THE PROPOSED RSAM SCHEME WORK?

A. The Company proposes that FCG would be able to record debits (increases to expense) or credits (decreases to expense) in any accounting period, at its sole discretion, to achieve the pre-established ROE for that period. When recording the debit or credit, the Company would not be allowed to debit or credit depreciation expense and correspondingly credit or debit the depreciation reserves at any time during the four-year rate plan if it would cause the Reserve Amount to be reduced below $0 or would cause the Reserve Amount to exceed

[4]See, Order No. PSC-94-0337-FOF-EI, Issued March 25, 1994, DOCKET NO. 930987-EI, at p. 11. *In Re:* Investigation into Currently Authorized Return on Equity of Tampa Electric Company.
[5] Direct testimony of Mark Campbell at pp. 27-28.

the maximum amount of RSAM available for use.[6] This is effectively the same as the proposal that FPL made in Docket No. 20210015-EI.

Q. YOU STATED THAT THE PROPOSED RESERVE AMOUNT CANNOT GO BELOW $0 OR EXCEED THE MAXIMUM AVAILABLE. WHAT IS THE PROPOSED RESERVE AMOUNT THE COMPANY HAS IDENTIFIED?

A. The company has stated that under the Company's proposal, a $25 million Reserve Amount would be available for use in the RSAM for the 2023-2026 period. This Reserve Amount would be 48% of a $52 million depreciation surplus developed by artificially creating and applying adjusted depreciation parameters and resulting alternative depreciation rates as proposed by the Company.[7] In essence, the Company proposes to intentionally create a depreciation reserve imbalance solely to manipulate what it is able to report as achieved earnings. It should be noted that by reporting a higher achieved net operating income, all things being equal, the RSAM would provide the opportunity to force future customers to fund current period increased dividend payments to shareholders.

Q. ARE THERE ANY CONCERNS WITH THE COMPANY'S PROPOSAL?

A. Yes. The proposal as put forth by the Company, would depart from accepted accounting and depreciation principles and effectively would create a customer-funded slush fund for the Company to use to manipulate its earnings for the shareholders' benefit. The basic concept in ratemaking is that when the regulator establishes an ROE, it includes a 200-basis point range of reasonableness. This range allows the Company an opportunity to earn a reasonable return while providing safe and reliable service to its customers. It also embodies a Commission policy to give the utility an incentive to generate efficiencies. As

[6] Direct testimony of Mark Campbell at p. 28.
[7] Direct testimony of Mark Campbell at pp. 28-29.

I stated earlier, if the Commission were to allow the RSAM, it would provide a virtual guarantee that the Company would earn an authorized return – likely at or near the top of the range. That guarantee is in addition to the risk premium embedded in the established ROE the Company is allowed. Effectively, the Company would have zero risk of not earning a fair and reasonable return even if it fails to operate in an efficient and cost-effective manner. The RSAM in essence runs afoul of the Commission policy of using the range of reasonableness to incentivize the Company to minimize costs and maximize earnings as part of its day-to-day operations.

In addition, there is a concern that while using depreciation parameters in the development of the $52 million depreciation surplus, the Company is only proposing that $25 million be factored in to reducing the rate request. While I do not support the creation of the RSAM mechanism for this gas company, I would note that the excessive surplus creation may well be a predicate to establishing larger Reserve Amounts over the years as FPL has done. In 2012, the FPL Reserve Amount was $400 million.[8] In 2016 it was increased to $1.25 billion[9] and in 2021 it was increased to $1.450 billion.[10] I am concerned that the foundation for this trend is being proposed in this case, assuming FPL retains ownership of FCG.

In theory, by the establishment of the surplus, the Company would intentionally create an excess in the accumulated depreciation reserve. In normal depreciation accounting and ratemaking recognition, when a surplus imbalance results in such an excess, customers will

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[8] See, Order No. PSC-2013-0023-S-EI, issued January 14, 2013, at p. 20, in Docket No. 20120015-EI. *In re:* Petition for increase in rates by Florida Power & Light Company.

[9] See, Order No. PSC-2016-0560-AS-EI, issued December 15, 2016, at pp. 24-25, in Docket Nos. 20160021-EI; 20160061-EI; 20160062-EI; 20160088-EI. *In re:* Petition for rate increase by Florida Power & Light Company; *In re:* Petition for approval of storm hardening plan, by Florida Power & Light Company; *In re*: 2016 depreciation and dismantlement study by Florida Power & Light Company; *In re:* Petition for limited proceeding to modify and continue incentive mechanism, by Florida Power & Light Company.

[10] See, Order No. PSC-2021-0446-S-EI, issued December 2, 2021 at p. 4, in Docket 20210015-EI. *In re:* Petition for rate increase by Florida Power & Light Company.

have contributed more in depreciation expense than was required and over time all of the excess will be returned to customers. By allowing the specialized creation of the RSAM, the Commission would be creating the surplus for the benefit of the shareholders and not the customers. In this case, the proposed selective and discretionary disposal of only a portion of the Reserve Amount only magnifies the fact that the intent of the RSAM is to benefit the Company and not customers.

Q. YOU HAVE EXPRESSED A CONCERN THAT THE COMPANY WOULD USE THE PROPOSED RSAM TO ACHIEVE EARNINGS AT THE TOP OF THE ROE RANGE. WHAT IS YOUR BASIS FOR SAYING THIS?

A. My basis is that FCG is a wholly owned subsidiary of FPL. Since 2010, FPL has utilized variations of an RSAM-like mechanism to generate a nearly unbroken 11-year streak of reporting achieved ROEs at the top of the authorized range. This is documented in testimony filed in Docket No. 20210015-EI. I have included as Exhibit HWS - 3, Exhibits RCS - 4 and RCS - 5 from that testimony that demonstrate this track record.[11] There is no reason to believe that FCG would not utilize an RSAM to replicate its parent's behavior in this regard.

It should also be noted that the revenue requirement value of 100 basis points on equity, based on the ROE and equity ratio filed by the company is approximately $3.5 million. Using the ROE and capital structure recommended by OPC witness Garrett, the impact of 100 basis points would be significantly less at $2.5 million. The requested $25 million RSAM is approximately 7 times the Company's proposed 100 basis point range impact and 10 times the OPC recommended 100 basis point range impact. This indicates that FCG

[11] See Direct Testimony and Exhibits of Ralph Smith, filed on June 21, 2021 in Docket No. 20210015-EI as Document No. 06518-2021.

would have a relatively easy time of dipping into the slush fund to maximize earnings at the top of the range.

Q. WHAT ARE YOU RECOMMENDING TO THE COMMISSION?

A. The request to establish base rates utilizing the proposed RSAM mechanism should be rejected. As stated earlier, the mechanism as proposed is contrary to the basic premise of setting an ROE and establishing rates at the ROE midpoint in ratemaking. If there is a material excess depreciation reserve, then that excess should be set up in a regulatory liability and returned directly to customers over a period of four years consistent with Commission practice. This treatment is justified because customers are the ones who contributed to the establishment of the excess depreciation reserve and are entitled to the return of it. Otherwise, any naturally occurring imbalance (surplus or deficit) should be resolved using the remaining life method as recommended by OPC witness Garrett and FCG witness Allis, in accord with the Commission's long standing policy.

Q. ARE YOU AWARE OF THE RSAM MECHANISM BEING USED FOR A GAS COMPANY IN THE PAST?

A. No. To my knowledge, the Commission has never established an RSAM mechanism for a gas company as a result of a litigated case or approved a settlement with a mechanism that resembles anything like what FCG proposes. I am aware that there was a highly fact-specific negotiated provision in Paragraph 4 of the 2020 Peoples Gas ("PGS") 2020 rate case settlement ("PGS Settlement") that was tied to the unique, negotiated circumstances of that settled case. As I read the PGS Settlement approved in Order No. PSC-2020-0485-FOF-GU, there was a $245 million depreciation imbalance (surplus) resulting from the

Company's filed, proposed depreciation study in that case.[12] Nothing in the prepared testimony or the study indicates that the imbalance was designed to create an earnings manipulation mechanism. In fact, the Company expert stated with regard to the identified surplus:

> Overall, the Study found a surplus of $245.6 million at December 31, 2020 based on the recommended life and net salvage parameters. The depreciation rates are designed to eliminate that surplus over the remaining life of the distribution depreciable assets and the average remaining life for the accounts where the Company is proposing general plant amortization.[13]

My understanding of the policy of the Florida Commission, like most states, is to allow the remaining life method to resolve a surplus or deficit imbalance. Exhibit D attached to the PGS Settlement indicates that the parties negotiated a $3.7 million reduction in depreciation expense associated with modification of filed depreciation parameters. Given the large imbalance that existed before negotiations occurred, it is obvious that there was no effort to increase asset lives or otherwise change parameters for the purpose of creating a surplus.

It is also apparent from the language of the PGS Settlement that during the negotiations, a maximum of $34 million of the depreciation reserve was set aside for a one-way (debit accumulated depreciation; credit depreciation expense) depletion of the reserve. Notably, $12 million of the $34 million was encumbered by a limitation that certain assets are required to be placed into service before any portion of that amount could be amortized to

[12] As it appears that the stipulated rates generated depreciation expense that was $3.7 million lower than that generated by Peoples Gas' proposed depreciation rates, the resulting theoretical reserve credit balance may well have been greater.

[13] Testimony of Dane Watson filed in Docket No. 20200166-GU on June 8, 2020, at p. 21. Document No. 02985-2020.

income. Essentially, only $22 million (8.9% of the original study-based surplus) is unencumbered and available for the unrestricted, one-way amortization. Again, from what I can read and understand from the PGS Settlement and the public docket, there was no attempt to manufacture a reserve imbalance in that case for purposes of creating a mechanism for manipulating earnings. In this case, it is important to note that the depreciation reserve imbalance resulting from the rates proposed by FCG's own witness is a ***deficiency*** of approximately $2 million.

I would further note that, PGS has so far been able to avoid utilizing this accounting treatment for seven quarterly Earnings Surveillance Reports (ESR) -- since the fourth quarter of 2020. Against a maximum allowed ROE of 10.90%, PGS has reported achieved jurisdictional earnings on the ESR of 7.37% (December 2020), 9.13%, 9.99%, 10.36%, 10.61% (December 2021), 10.40%, and 10.07%. As of February 14, 2022, PGS, (through its corporate owner, Emera, Inc., reported in notes to the 2021 audited financial statements that it had not reversed (credited to income) any of the $34 million.[14] While it is not clear if PGS has amortized some or any of the unencumbered depreciation surplus (or the amount that was encumbered) since February 2022, it is clear from the wide variation in the reported achieved earnings that the company has not used it to artificially achieve earnings at the top of the ROE range or a uniform targeted return. In my opinion, this negotiated provision of the PGS Settlement bears no resemblance to the RSAM proposal in this case or the RSAM proposal that has been included in previous FPL settlements (and upon which the Company's proposed RSAM is modeled).

[14] Emera Incorporated Consolidated Financial Statements, December 31, 2021, and 2020, https://www.sedar.com/CheckCode.do;jsessionid=0000ouz_105g_FCR_arl7jUN1sQ:188setvlh.

Q. WHAT WOULD YOU RECOMMEND IF THE COMMISSION DECIDES TO APPROVE A RSAM?

A. I do not recommend any form of the RSAM. If the Commission has the authority to create one for a gas company (and though I am not an attorney, my experience testifying around the country leads me to believe that the Commission may lack such authority under the principles of utility ratemaking, accounting, and depreciation that I am familiar with), any such mechanism should only be allowed to bring the company up to the bottom of (or just inside) the range of reasonableness. If this extremely limited use provided stability and a true stay out, then perhaps customers would benefit. Even so, I believe that the Commission establishing a departure from ordinary depreciation and accounting practices for gas companies is a bad precedent and should be avoided.

VI. RATE BASE

AGL Plant Acquisition Adjustment

Q. WHAT IS INCLUDED IN THE COMPANY'S REQUEST ASSOCIATED WITH A PLANT ACQUISITION ADJUSTMENT?

A. The amount included in rate base is $21,656,835 in utility plant and a credit of $13,475,365 in accumulated amortization for a net rate base amount of $8,181,470. This cost was included in Docket No. 20060657-GU and approved in Order No. PSC-2007-0913-PAA-GU issued in 2007.[15] According to MFR Schedule B-6 the annual amortization expense included in the Company's request is $721,894.

[15] FCG response to OPC Interrogatory No. 2-129.

Q. WHAT IS THE PURPOSE OF INCLUDING THE ACQUISITION ADJUSTMENT IN RATE BASE?

A. The excess of price paid in an acquisition over the book cost of property is essentially goodwill and is included in ratebase and rates in Florida only under extraordinary circumstances if a company is able to continually demonstrate during its ownership of the merged company that customers will derive certain benefits attributable to the acquisition. To accomplish this the Company must meet five factors to be included in rate base. The factors are:

1. Increased quality of service;
2. Lower operating costs;
3. Increased ability to attract capital for improvements;
4. Lower overall cost of capital; and
5. More professional and experienced managerial, financial, technical and operational resources.

The allowance of the acquisition adjustment that FCG proposes to continue to include in rates here, was based on the meeting of those factors when Florida City Gas was acquired by AGL Resources. Inc ("AGLR"). The achievement of those factors is no longer relevant or applicable since the Company has since been acquired by NextEra and FPL.

Q. YOU STATED THAT THE ACQUISITION ADJUSTMENT WAS APPROVED IN DOCKET NO. 20060657-GU. WAS THE CONTINUED RECOVERY APPROVED IN DOCKET NO. 20170179-GU?

A. No. That case was settled between intervenors and the representatives of its owners at the time – the Southern Company. The Commission Staff asked if it was the intention of the parties to address the acquisition adjustment and whether the parties agreed to stipulate their approval. The Company responded by stating that settlement was a "black box" settlement, the settlement agreement did not specifically disallow or adjust it and no intervenor party submitted testimony or exhibits recommending any adjustment.[16]

Q. DESPITE THE "BLACK BOX" SETTLEMENT, DID THE ACQUISITION ADJUSTMENT CONTINUE TO BE RECOGNIZED IN RATEBASE?

A. Yes. As noted above, the **net** amount of $8,181,470 is included in the test year as is the $721,894 amortization expense. FCG seeks to recover these costs from customers.

Q. SINCE THAT SETTLEMENT IN 2018, HAS THE CHANGE IN OWNERSHIP FROM SOUTHERN COMPANY TO NEXTERA ENERGY/FPL AFFECTED THE BASIS FOR CONTINUED RECOGNITION OF THE ACQUISITION ADJUSTMENT?

A. Yes. A change in ownership like this one, extinguishes the acquisition adjustment that was recorded on the prior owner's books. The Florida Public Service Commission recognizes this and has established a policy for the protection of customers that acquisition adjustments do not survive subsequent purchases of a utility's assets. In Order No. PSC-2000-1165-PAA-WS at 17, the Commission stated:

> Acquisition adjustments do not survive subsequent purchases of the utility's assets. When Sun Communities purchased the utility, the accounting methodology for acquisition adjustments would not allow any further recognition of prior acquisition adjustment amounts. To do this would harm the utility customers by increasing rate base.[17]

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[16] Company response to OPC Interrogatory No. 5-159.

[17] See, Order No. PSC-00-1165-PAA-WS, issued June 27, 2000, in Docket No. 990243-WS, at pp. 16-17. *In re*: Application for limited proceeding increase and restructuring of water rates by Sun Communities Finance Limited Partnership in Lake County, and overearnings investigation.

In 2005, citing the *Sun Communities* case, the Commission considered this issue again and ruled that:

> Acquisition Adjustments (AA) and Accumulated Amortization (AAAA). FWSC's general ledger for June 30, 2004, included AA balances of $649,373 and $(339,459) for water and wastewater, respectively. Consistent with prior Commission decisions, ***acquisition adjustments do not survive*** subsequent transfers. Therefore, the remaining balances of AA and AAAA shall be reduced to zero (see Adjustment Nos. 11, 13, 34, and 38 on Schedule 3).[18]

(Footnote omitted; emphasis added).

Q. HOW DOES THIS COMMISSION POLICY AFFECT THE APPLICATION OF THE FIVE FACTOR POLICY YOU DISCUSS ABOVE?

A. It renders that analysis moot since there is no acquisition adjustment to justify. The intangible asset that Southern Company purchased is no longer recognizable for ratemaking purposes and cannot be justified on FCG's books or in customer rates.

Q. DID NEXTERA OR FPL RECORD AN ACQUISITION ADJUSTMENT WHEN FCG WAS PURCHASED FROM SOUTHERN COMPANY, AND IF SO, SHOULD OR CAN ANY ACQUISITION ADJUSTMENT BE RECOGNIZED IN THIS CASE?

A. I am not aware of the details of that transaction. It does not matter in any event what the details of that purchase were because FCG and FPL have failed to introduce any

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[18] Order No. PSC-05-1242-PAA-WS, issued December 24, 200, in Docket No. 20040951-WS; Docket No. 040952-WS, at p. 21. *In re*: Joint application for approval of sale of Florida Water Services Corporation's land, facilities, and certificates in Brevard, Highlands, Lake, Orange, Pasco, Polk, Putnam, a portion of Seminole, Volusia, and Washington counties to Aqua Utilities Florida, Inc.; In re: Joint application for approval of sale of Florida Water Services Corporation's land, facilities, and certificates for Chuluota systems in Seminole County to Aqua Utilities Florida, Inc.

evidence in the case on that point. It is too late in the case to amend the Petition to ask for recovery of a return on and of any premium that might have been paid and allocated to FCG. That train has left the station. Any acquisition adjustment-related costs cannot and should not be recovered customers in this case.

Q. WHAT ARE YOU RECOMMENDING WITH RESPECT TO THE COST ASSOCIATED WITH AGLR'S ACQUISTION OF THE COMPANY?

A. Based on Commission policy, I recommend that the net amount included in rate base of $8,181,470 be excluded from rate base and that amortization expense be reduced $721,894. The adjustment is shown on Exhibit HWS - 2, Schedule B-1.

LNG FACILITY

Q. ARE THERE ANY CONCERNS WITH THE REQUEST FOR THE LNG FACILITY INCLUSION IN RATE BASE?

A. Yes, there are concerns. According to Company witness Kurt Howard, the Company proposed in the 2018 rate case that LNG would be brought into the plant by tankers from third-party LNG producers and stored in storage tanks until FCG's distribution system needed supplemental gas. To meet system demands, the LNG would be pumped to a vaporizer and heated to change it from a liquid back into a gas. FCG proposed in the 2018 rate case that this LNG Facility would provide extra capacity to serve customers at the most southern portion of the Company's system during times of high demand and would allow FCG to continue to expand further south with a plan to meet the capacity needs of additional customers during peak demand. The 2018 Settlement authorized two specific step increases to recover the revenue requirements associated with the estimated costs for the LNG Facility: (i) $2.5 million base rate increase on June 1, 2019, or the in-service date of the LNG Facility, whichever is later; and (ii) $1.3 million base rate increase on December 1, 2019. The 2018 Settlement also included a provision that if the in-service date of the LNG Facility was after December 1, 2019, the Company would be allowed to implement an increase in rates and charges sufficient to recover the remaining revenue requirement of $3.8 million upon the in-service date of the LNG Facility.[19] The proposed capital cost at that time was $58 million. The concerns are that there appears to be some difference in what the Company testimony states about when recovery would begin and a response to discovery. Another concern is that the cost of the project has increased by $10 million. A third concern is that, given the failure to be completed as originally projected, whether it is reasonable in this case to rely for ratemaking that the LNG facility will in fact be in service as projected in the case.

Q. WHAT DO YOU MEAN THERE IS A CONCERN WITH WHEN COST BEGAN TO BE RECOVERD FROM CUSTOMERS?

A. My understanding of Mr. Howard's testimony is that customers would not be paying for this plant until the facility was in service. The response to OPC Interrogatory No. 2-112 stated that current base rates include $29,000,000 in rate base associated with the LNG facility and related land, and $167,150 in operating expenses. The plant is not in-service, so according to testimony there should not be any charges in base rates yet. Additionally, the response to OPC Interrogatory No. 2-115 refers to a project schedule and that chart shows very minimal work completed as of April 2022. If this is true, it is questionable whether there should be any cost associated with the facility included in rates.

[19] Direct testimony of Kurt Howard at pp. 29-30.

Q. IF THE COMPANY HAS COLLECTED FROM CUSTOMERS COSTS FOR THE LNG FACILITY EVEN THOUGH THE FACILITY WAS NOT IN-SERVICE, ARE YOU RECOMMENDING THE COMMISSION FACTOR IT INTO THE COMPANY'S REQUEST?

A. Yes. It would be inconsistent with proper rate making and completely inappropriate for customers to pay for plant not in-service and not yet under actual construction. Any funds collected from customers for this facility should be set aside in a regulatory liability and amortized back to ratepayers over the next five years. As discussed earlier, the response to OPC Interrogatory No. 2-112 stated that "FCG's current base rates reflects $29,000,000 in rate base associated with the LNG facility and related land, and $167,150 in operating expenses." In an attempt to clarify that answer, the Company was asked to provide a net operating income summary of revenue and associated costs that were approved and allowed in base rates. The response to OPC Interrogatory No. 5-172 identified an initial revenue requirement of $2,530,174 based on a $29,000,000 rate base amount and $167,150 in operating expenses. The $29,000,000 is the average of a combination of plant cost and CWIP in 2018. The response also shows an incremental amount of $3,828,493 based on a $56,990,000 rate base amount and $1,714,919 in operating expenses. It is clear how the amounts in the response to OPC Interrogatory No. 2-112 were determined. The question remains, however, as to whether customers' base rates for 2018 include a return of and on the $29,000,000 of rate base and recovery of the $167,150 operating expense. This needs clarification because customers should not have already contributed for plant costs and expenses of the LNG facility if it did not provide any service.

Q. WHAT IS THE CONCERN WITH THE INCREASE IN COSTS?

A. The delay in construction and the in-service date was due to zoning and permitting issues with the initial site for the LNG Facility that was selected while FCG was still under the ownership of Southern Company. The LNG Facility was originally proposed to be located on a property along FCG's Jet Fuel Line in the area between Cutler Ridge and Homestead in Miami-Dade County. After the 2018 Settlement was approved, FCG began to engineer and design the original proposed site for the LNG Facility. Subsequently, the Company ultimately failed to obtain the zoning and permitting approvals necessary to construct the LNG Facility at the original proposed site. With the original site no longer viable, FCG determined the most appropriate strategy would be to sell the original proposed site and secure a new site for the LNG Facility that would still allow the facility to tie into FCG's Jet Fuel Line.

Q. HAS THIS DELAY AND FAILURE TO PERMIT THE ORIGINAL LNG FACILITY SITE IMPACTED THE COSTS THAT CUSTOMERS ARE BEING ASKED TO BEAR?

A. Yes. It is clear that the difficulty associated with the permits and approvals for the original site, along with the loss of the original site as a viable project location, the need to sell the original site, and the need to secure a new project site all materially contributed to the delay in constructing the LNG Facility.[20] This delay ultimately has caused the project cost to increase by $10 million. The delay was due to the Company's planning, or lack thereof. A project of this magnitude requires sufficient planning and due diligence. In my review of many proposed projects over my 45 plus years of analyzing rate requests, I have

[20] Direct testimony of Kurt Howard at pp. 30-31.

observed that the planning ordinarily would include a determination whether zoning and permitting would be approved or require any modifications to the project. This is critical since modifications would impact cost estimates. This is especially important with zoning as it would not be prudent to buy property zoned residential and plan industrial construction on the hope and whim that a zoning change will be allowed.

Q. WHAT ARE YOU RECOMMENDING TO THE COMMISSION?

A. The Commission should disallow the approximately $10 million of additional cost of construction as the added cost is attributable to the Company's failure to plan the project properly and prudently. As shown on Exhibit HWS - 2, Schedule B-2, I recommend a reduction to average plant in service of $7,692,308 and a reduction to accumulated depreciation of $56,253. Depreciation expense is reduced $158,145. The adjustments were determined by prorating the Company amount based on the OPC's recommended amounts.

Q. WHY IS THERE A CONCERN WITH THE PROJECTED IN-SERVICE DATE?

A. This is a major project whose in-service date has already been delayed by more than three years. Given the delays already incurred and that critical construction work is not currently scheduled to occur until September 2022 and is proposed to continue through April 2023, there is a good possibility that unexpected delays could occur. It would not be appropriate for customers to pay once again for plant not yet in-service.

Q. WHAT SHOULD THE COMMISSION DO WITH RESPECT TO THE PROJECTED IN-SERVICE DATE?

A. Since the facility capital cost shifts from CWIP to Plant, and assuming that CWIP is allowed for recovery even though it is not plant in-service, I would recommend that any added projected depreciation included in rates and associated with the plant that is still not in-service, be reflected as a regulatory liability and deferred until the Company's next rate filing or be reflected as a credit adjustment in one of the annual cost recovery clauses at a WACC that recognizes the cost carried in base rates.

AMI METERS

Q. WHAT IS INCLUDED IN THE COMPANY'S REQUEST FOR THE NEW AMI METERS?

A. FCG's is proposing a four-year experimental AMI Pilot to support the evaluation of system-wide deployment of AMI infrastructure in a future case. According to FCG, the purpose of the AMI Pilot is intended to test and gain information and data on the deployment, use, benefits, and cost savings associated with AMI with two-way communications. FGC is proposing to test and gather data on (i) corrosion resistance and the life of new smart meters and associated assemblies and (ii) the ability of FCG's back-office system to support and utilize the full potential of two-way communication smart meters. The AMI Pilot proposal is for one-year roll-out (i.e., installation) of the meters and a subsequent three-year evaluation period in which the performance of the meters and their correlative benefits will be assessed.[21]

Q. HOW MANY CUSTOMERS ARE ASSOCIATED WITH THE PILOT PROJECT THAT WILL BE INCLUDED IN THE REQUEST AND AT WHAT COST?

A. FCG has stated that the AMI Pilot would replace 5,000 meters in Brevard County and that the 5,000 meters represents less than 5% of the customer meters on FCG's system. The

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[21] Direct testimony of Kurt Howard at pp. 37-38.

AMI Pilot cost consists of $3.4 million of total capital expenditures over four years for an entirely new meter assembly equipped with AMI and the cost of installation and estimated annual O&M expense of $20,000 for the four-year administration of the pilot, which includes a licensing fee paid to Itron and compensation to FPL for use of its network[22].

Q. ARE THERE CONCERNS WITH THE COMPANY'S REQUEST?

A. Yes, there are concerns. First, the cost is essentially a risk that should be borne by shareholders since it is not known whether there will be a benefit. The Company has stated that this proposed system is new to the gas industry and there is not much known about it. Second, even though there is suggested benefit, that benefit has not been reflected in the filing. This proposal is effectively an experimental venture and as such, the costs should be borne by shareholders. Customers should not be made guinea pigs for an experiment that does not reflect any current or future value to those whose rates will increase in 2023. Additionally, with respect to the concern (that I have expressed below) the company has not denied that a possibility exists of a sale of the Company in the future. This experiment should not be allowed to increase rates.

Q. ARE YOU RECOMMENDING AN ADJUSTMENT FOR THE AMOUNTS REQUESTED?

A. Yes. The capital costs should be reduced an estimated $837,500, depreciation expense should be reduced $46,913 and O&M expense should be reduced $20,000. The O&M expense adjustment includes the reduction of $3,104 identified by FCG in the August 16, 2022, Notice of Identified Adjustments and the remaining $16,896. The adjustment by the

[22] Direct testimony of Kurt Howard at pp. 40-41.

Company and the remaining amount included in the test year were confirmed in the response to OPC Interrogatory No. 5-160.

Q. WOULD YOU EXPLAIN HOW YOU ESTIMATED THE CAPITAL COST REDUCTION OF $837,500?

A. Yes. The response to FEA Interrogatory No. 2-10, Attachment 2 identified three cost components associated with the AMI project going into service in 2023. The sum total was $3,350,000. I have assumed that the additions were reflected during the year and estimated the average cost included in rate base to be $837,500 or 25% of the total. My adjustment to plant, accumulated depreciation and depreciation expense are reflected on Exhibit HWS - 2, Schedule B-3

CAPITAL ADDITIONS

Q. WHAT DID YOU DETERMINE FROM YOUR REVIEW OF THE COMPANY'S REQUEST FOR CAPITAL ADDITIONS?

A. The Company has included in their request a very optimistic amount of plant additions. As shown on Exhibit HWS - 2, Schedule B-4, Page 1 of 2, actual total capital expenditures ranged from a low of $31,620,466 to a high of $40,917,727 in the years 2019 to 2021. The projected capital expenditures for 2022 and 2023 are $89,413,630 and $55,622,614, respectively. The difference from year to year is attributable in part to the LNG facility so for a more apples to apples comparison purposes I have excluded the LNG costs. As shown on lines 9 and 10 of Schedule B-4, Page 1 of 2 the projected 2022 and 2023 capital expenditures excluding LNG plant is $20,014,315 and $21,542,902, respectively, over the actual $30,951,611 three-year average of capital expenditures excluding LNG plant. An approximate 67% increase over the actual average is a concern. Adding to the concern is that the actual capital expenditures, excluding the LNG plant, have declined each year since 2019.

Q. EXHIBIT HWS - 2, SCHEDULE B-4, PAGE 1 OF 2 HAS ANOTHER ANALYSIS OF PLANT ADDITIONS. WHAT DOES THAT REVEAL?

A. Plant additions net of retirements varied significantly from year to year. The Company was asked why the significant variance between 2020 and 2021 occurred. The response to OPC Interrogatory No. 4-151 explained that the 2020 high was due to $12.2 million for a major improvement for a new large industrial customer and a $10 million systems investment made in 2020. This further suggests that the significant costs associated with capital addition increases reflected in 2022 and 2023 may well be overly optimistic.

Q. DID YOU MAKE ANY COMPARISON OF THE PROJECTED AND ACTUAL 2022 CAPITAL EXPENDITURES TO DATE?

A. The Company was requested in OPC Interrogatory No. 5-164 to provide a comparable summary to the plant balances for 2022 through June 2022 as shown on MFR Schedule G-1, Page 9. On Exhibit HWS - 2, Schedule B-4, Page 2 of 2, I have made a comparison of the MFR Schedule G-1, Page 9 amounts to the comparable actual amounts provided in the response to OPC Interrogatory No. 5-164 for January to June of 2022. The monthly difference suggests the Company projections are overstated by an average of $36,954,004. This is significant.

Q. COULD IT BE THAT THE DIFFERENCE IS DUE TO THE SAFE PROJECT COSTS NOT BEING REFLECTED IN ACTUALS THROUGH JUNE OF 2022?

A. SAFE project costs are included in the Company filing. This is evidenced by the fact that the MFR Schedule G-1, Page 9 results flow through to the MFR Schedule G-1, Page 10 amounts for 2023. The average is then reflected on MFR Schedule G-1, Page 7, which is carried over to MFR Schedule G-1, Page 1. On MFR Schedule G-1, Page 1, FCG adjusts plant by first excluding SAFE plant cost included in the averaging and then adds the SAFE costs back into the average on the presumption the commission will approve the transfer to base rates. OPC Interrogatory No. 5-164 requested a comparable summary and to be comparable, the SAFE dollars should have been included in the response. The Company failed to provide the information as requested.

Q. WOULD THAT EXPLAIN THE DIFFERENCE BETWEEN THE FILING AND THE ACTUAL AS PROVIDED?

A. It may explain some of the difference but because the information was not provided as requested it is difficult to determine what differences exist. The Commission should determine the basis for this nearly $37 million discrepancy, and if it is not fully explained by the shifting of SAFE dollars, a downward adjustment to the forecasted rate base maybe required.

Q. WHAT ARE YOU RECOMENDING WITH RESPECT TO THE PROJECTED REQUEST FOR 2022 AND 2023?

A. The amounts projected for 2022 and 2023 should be reduced. Because the information as provided does not allow for a complete analysis, I am only recommending an adjustment for the 2022 plant additions. As shown on Exhibit HWS - 2, Schedule B-4, Page 1, the actual three-year average of plant additions is $30,261,012 and the estimated 2022 plant additions are $39,899,000. On Page 2 of Schedule B-4, I calculated my adjustment by reducing the 2022 additions by $9,637,988 to the actual three-year average of $30,261,012. Using an estimated composite depreciation rate of 3.19%, I am recommending a reduction in depreciation expense of $307,256. Since the first depreciation accrual would be made in 2022, the $460,884 reduction to accumulated depreciation reflects a year and half of depreciation.

CASH WORKING CAPITAL

Q. WHAT DID YOU DETERMINE FROM YOUR REVIEW OF THE COMPANY'S REQUEST FOR CASH WORKING CAPITAL?

A. The Company has an inflated request based on historical balances. The Company's test year request is $17,453,848 which is $3,734,027 higher than the actual 2021 cash working capital requirement of $13,719,821.

Q. ARE THERE SPECIFIC COMPONENTS THAT ARE IMPACTING THE COMPANY'S REQUEST?

A. Yes. On lines 1-25 of Exhibit HWS - 2, Schedule B-5, I summarized the 2021, 2022 and 2023 amounts as reflected on the Company's filing. In comparing the different components, some of the test year amounts were notably different. To determine whether the amounts were reasonable, I summarized the years 2019-2021, on lines 26-37, to get a historic perspective as to what actual balances were. Some components were clearly different. For example, the three-year average of Cash was $2,312,949 which is less than half of the $5,000,000 in the Company's request. Next is test year Accounts Receivable of $15,503,936, which is over $5.5 million higher than any year 2019-2021 and $6,225,528 higher than the three-year average of $9,278,408. Similarly, the test year Gas Storage is approximately 50% higher than any year 2019-2021 and double the three-year average. Finally, test year Miscellaneous Deferred Debits is twice as high as the highest year 2019-2021 and approximately three times the 2019-2021 three-year average. Other differences existed but these were the ones that stood out.

Q. ARE YOU RECOMMENDING AN ADJUSTMENT?

A. Yes, I am. As shown on Exhibit HWS - 2, Schedule B-5, I have calculated a reduction of $7,850,000. For each of the components discussed, I am recommending reduction that will result in a debit balance that is greater than the actual three-year average. Additionally, I reduced the test year Accounts Payable by $800,000 so that the credit is less than the actual three-year average. Each adjustment is conservative.

VII. NET OPERATING INCOME

REVENUE

Q. HAVE YOU REFLECTED AN ADJUSTMENT TO REVENUE?

A. Yes. On August 16, 2022, the Company filed a Notice of Identified Adjustments that indicated an increase in revenue of $155,495 was required. I have reflected this adjustment on Exhibit HWS - 2, Schedule C, Page 2 of 2.

PAYROLL

Q. HAVE YOU REVIEWED THE PAYROLL COST INCLUDED IN THE COMPANY'S BASE RATE REQUEST?

A. Yes, I have. The Company's request includes $10,598,909 charged to expense and $2,050,287 charged to capital projects. The amounts do not include any costs charged to recovery clauses. The request assumes an employee complement of 187 full time equivalents (FTEs). The history of payroll expensed and capitalized excluding recovery clause payroll along with the changes in the employee complement is detailed on Exhibit HWS - 2, Schedule C-1.

Q. ARE THERE ANY CONCERNS WITH THE COMPANY'S REQUEST?

A. There are. The request assumes an employee complement of 187 FTEs throughout the 2023 test year without any consideration of a vacancy factor. This was confirmed in the response to OPC Interrogatory No. 1-74. The response to OPC Interrogatory No. 1-75 indicates that since December 31, 2021, the Company filled 12 positions as of June 30, 2022. Adding the 12 positions to the December 31, 2021, year-end count of 163, the employee count should be 175. The June 30, 2022, employee count was 173. Clearly, as employees are added, others leave, meaning vacancies occur. The response to OPC Interrogatory No. 5-169 verified my observation indicating that in the six months, January through June 2022, 16 vacancies occurred and the Company added and/or replaced 26 positions for the net gain of 10 positions. Adding to the concern is the fact that the projected complement for 2021 was 175 FTEs and the year-end complement and average complement were 163 FTEs and 159 FTEs, respectively. The fact that vacancies occur, and projected additions do not always occur cannot be ignored when setting rates.

Q. ARE THERE OTHER CONCERNS WITH THE COMPANY'S REQUEST TO ADD POSITIONS?

A. Yes. The Company testimony does not detail any specifics as to what positions are required and why they are required. When asked about where the Company justified the addition of employees in Company testimony the response to OPC Interrogatory No. 5-172 referred to page 6 of FCG witness Howard. However, FCG witness Howard's testimony at Page 6 says the request is reasonable and appropriate, but it does not mention adding employees. This is not justification.

Furthermore, in response to OPC Interrogatory No. 1-77 the Company stated that it did not have a payroll budget for 2019 and it provided budgeted payroll, excluding recovery clause costs, of $10,897,810 for 2020 and $13,126,569 for 2021. While the actual for 2020 was within $100,000 of budget, the 2021 budget was $1,893,794 over the actual of $11,232,775. This is a clear indication that an optimistic estimate of what cost will be incurred and how many employees will be on hand during the test year is not reasonable.

Q. WHY WAS THE 2021 ACTUAL BELOW BUDGET?

A. The response to OPC Interrogatory No. 4-149 stated that actual payroll costs were lower than budgeted because the Company was unable to fill the positions within the budgeted timeline.

Q. WHAT DO YOU RECOMMEND FOR PAYROLL EXPENSE IN THE 2023 TEST YEAR?

A. Using the most known and measurable employee count of 173 FTEs, the payroll expense request of $10,598,909 should be reduced by $793,501 to $9,805,408. My adjustment is reflected on Exhibit HWS - 2, Schedule C-1. The adjustment simply multiplies the known vacancies as of June 30, 2022, times the average payroll expense per employee, excluding incentive compensation.

INCENTIVE COMPENSATION

Q. HAVE YOU ANALYZED FCG'S REQUEST FOR INCENTIVE COMPENSATION FOR THE TEST YEAR 2023?

A. Yes, I have. The Company, in response to OPC Interrogatory No. 1-61, indicated that the 2023 test year incentive compensation includes $287,655 of Short-Term capitalized costs, $1,321,611 of Short-Term expensed costs and $163,461 of Long-Term expense. In response to OPC Interrogatory No. 1-55 the Company stated that "FCG did not remove any incentive compensation costs from the 2023 test year."

Q. IS THERE A CONCERN WITH THE COMPANY'S INCLUSION OF ALL THE INCENTIVE COMPENSATION PLAN COSTS IN THE TEST YEAR?

A. Yes. The Commission in the past has excluded a portion of the projected incentive compensation expense. In fact, in Docket No. 20210015-EI, FPL, the Company's affiliate, excluded portions of executive and non-executive incentive compensation that FPL stated were excluded by the 2010 FPL rate case order, Order No. PSC-2010-0153-FOF-EI.[23] That decision first excluded executive and non-executive incentive compensation associated with an above target ratio and adjusted it to the target ratio. Then the decision excluded 100% of what was defined as target executive compensation and 50% of what was identified as target non-executive compensation. FCG's incentive compensation costs are based on the same plans for which FPL excluded costs from recovery in Docket No. 20210015-EI.

Q. ARE THERE OTHER EXAMPLES WHERE THE COMMISSION EXCLUDED INCENTIVE COMPENSATION?

A. Yes. In the Progress Energy Florida ("PEF") rate case, Docket No. 20090079-EI, the Commission, disallowed all of the Company's requested incentive compensation stating that we believe that "PEF should pay the entire cost of incentive compensation, as its customers do not receive a significant benefit from it."[24] It is especially noteworthy that the decision concluded that a "significant benefit" was not received as opposed to a finding of some benefit.

Q. WOULD YOU IDENTIFY ANY ISSUES YOU HAVE WITH THE INCENTIVE COMPENSATION PLANS OR THE ASSUMPTION THAT COSTS ARE APPROPRIATE?

A. The first issue is that after the amount of incentive compensation have declined each year from $1,315,053 in 2019 to $1,160,454 in 2021, the Company projects $1,772,728 in 2023.

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[23] See, Order No. PSC-2010-0153-EI, issued March 17, 2010, at pp.149-150, in Docket No. 080677-EI, *In re*: Petition for increase in rates by Florida Power & Light Company.

[24] See, Order No. PSC-2010-0131-FOF-EI, issued March 5, 2010, at p. 115, in Docket No. 20090079-EI, *In re*: Petition for increase in rates by Progress Energy Florida, Inc.

That equates to a 52.8% increase for which there is no justification offered. Second, the total projected for 2023 is not known at this time because the performance and results of operations are not known yet and the goals are not even set for 2023. Third, according to the response to OPC Interrogatory 1-54 since the acquisition in 2018 almost every eligible employee receives some form of incentive compensation payment. This suggests that there is not really an incentive to perform above the day-to-day operational requirements. Below is a table that shows the number of eligible employees, the number receiving payment and the percentage that received the payment.

Year	Eligible	Received	Percentage
2018	128	123	96.1%
2019	150	139	92.7%
2020	160	153	95.6%
2021	162	138	85.2%

Q. IS THERE ANY INDICATION THAT SOME ADDED PERFORMANCE IS REQUIRED BY EMPLOYEES SINCE SOME EMPLOYEES APPARENTLY DID NOT RECEIVE INCENTIVE COMPENSATION?

A. No. Even though the table indicated that some employees did not receive incentive compensation, the results varied from what I have observed in my 40 plus years of analyzing bonus and incentive compensation costs. The Company was asked to explain why the number not receiving incentive in 2021 was higher than other years. The response to OPC Interrogatory No. 4-147 detailed the results in more detail. It turns out that for each of the years, the number not receiving incentive compensation was primarily due to the employees being either late hires and being inactive or on leave of absence. The bottom line is that in 2018, no one was excluded from the incentive payment because of poor performance. For each of the years 2019 through 2021 only one employee was denied incentive compensation as a result of poor performance. Essentially it is a given that the payment will be made, indicating that this is really nothing more than supplemental pay.

Q. HAS THE COMPANY JUSTIFIED THE INCLUSION OF ALL INCENTIVE COMPENSATION IN THE CURRENT FILING?

A. The Company made an attempt, but they did not justify it. The Company was asked whether there were any studies or analysis that show whether there is any benefit to ratepayers. The response to OPC Interrogatory No. 1-55 was as follows:

> FCG provides a competitive compensation package designed to attract, retain, and motivate workers with necessary skills. The Company performs annual benchmarking to ensure that salaries and performance-based incentive compensation are market-competitive. Because such benchmarking demonstrates that incentive compensation is a necessary component of a competitive pay package for salaried workers in utility and general industry (and that Company salaries alone, without a performance-based incentive compensation program, would be a below-market compensation package), and because the Company's ability to attract and retain workers directly benefits customers, the Company's annual benchmarking study therefore shows that its performance-based incentive compensation plan provides benefit to customers.

Q. WHY DOESN'T THIS EXPLANATION JUSTIFY THE INCLUSION IN RATES?

A. The response uses the same canned argument that every utility uses in attempting to justify incentive compensation. The problem is that while other utility companies offer incentive compensation, that fact alone does not justify or even result in it being included in rates. In fact, in numerous cases regulators limit or exclude incentive compensation when rates are approved. Earlier I identified examples in Florida where this was the case. The Company was asked in OPC POD No. 1-20 to provide any studies the Company has in its possession that reflect a comparison of the Company's incentive compensation plan to those which have been allowed to be included in rates in other jurisdictions. The response stated "FCG has no responsive documents." This swing and miss is especially relevant and critical since utilities will argue that compensation is reasonable based on comparisons to other utility companies. However, as is shown in this example, when rates are actually being established, like other utilities, FCG is suddenly unable to demonstrate that the inclusion of incentive compensation is comparable to what is allowed or not allowed in other jurisdictions. This lack of proof and justification falls short of meeting FCG's burden of proof.

Another issue is the achievement of goals has not been that good over the past three years. The response to OPC Interrogatory No. 1-56 provided a comparison of results and without detailing the confidential portion of the responses, the results were as follows:

Year	Better	Worse	Other
2019	6	8	0
2020	4	8	2 N/A
2021	4	9	1 Plan

As the results show the Company's actual performance was below the goal for the majority of the indicators. Also noteworthy is that goals related to financial performance accounted for 50% of performance. Financial goals provide benefits to shareholders.

Q. ARE THERE ANY CONCERNS WITH THE INCENTIVE COMPENSATION PLANS THEMSELVES?

A. Yes. The OPC's POD No. 1-19 requested the Company to provide a copy of all the incentive compensation plans, bonus programs or other incentive award programs in effect. The response to OPC POD No. 1-19 provided three attachments. The first was a long-term plan and the third was an amendment to the long-term plan. The second attachment was pages 8 and 9 of 25 of the "Florida Power & Light Company Compensation Manual – Leader." The response to OPC Interrogatory No. 1-61 identified costs for a Short Term plan and a Long Term plan yet there no Short Term Plan provided in the response to OPC POD No. 1-19. In Attachment 2 to OPC POD No. 1-19 (a two-page document) there is a one paragraph discussion on page 1 of performance rewards that can be awarded as merit adjustments or incentive compensation. On the second page of the attachment there is a full-page explanation of Performance Incentive Compensation. In that discussion it states three times that the plan is discretionary. This is not what is customarily considered a Short Term Incentive Plan, and it falls well short of meeting the Company's burden of proof on this issue.

Q. ARE YOU RECOMMENDING AN ADJUSTMENT FOR INCENTIVE COMPENSATION BASED ON THE INFORMATION CURRENTLY AVAILABLE?

A. Yes. Conservatively, and consistent with Order No. PSC-2010-0153-FOF-EI, I am recommending that $163,461 of the long term plan costs be excluded and that $922,865 of short term plan costs be excluded. The adjustment is reflected on Exhibit HWS - 2, Schedule C-2.

Q. HOW DID YOU DETERMINE YOUR ADJUSTMENT?

A. Following Order No. PSC-2010-0153-FOF-EI, I excluded 100% of the long term costs. The short term plan cost was adjusted first by assuming the 2021 expense amount of $797,492 is the Target amount reducing the cost by $524,119. Then, following the order, I reduced the short term Target amount of $797,492 by 50% or $398,746. This adjustment is conservative since, in light of the Company's failure to provide justification for including any incentive cost, all the cost could be excluded.

EMPLOYEE BENEFIT EXPENSE

Q. ARE YOU RECOMMENDING AN ADJUSTMENT TO EMPLOYEE BENEFITS?

A. Yes. As shown on Exhibit HWS - 2, Schedule C-3, I am recommending a reduction of $49,533 to employee benefit expense. The adjustment is a basic flowthrough of my recommended payroll adjustment based on an actual employee complement. The adjustment is calculated using the average benefit expense per employee, multiplied by the employee complement adjustment.

STORM RESERVE

Q. THE COMPANY IS REQUESTING TO CONTINUE THE ANNUAL ACCRUAL OF $57,500 TO ACHIEVE A STORM RESERVE CAP OF $800,000. DO YOU HAVE AN ISSUE WITH THIS REQUEST?

A. Yes. As of March 31, 2021, the reserve for storms is $162,290. Since the acquisition of the Company, customers have contributed $210,833 to the reserve while $58,127 was charged against the reserve for 2 storms over a period of 46 months.

Q. IN ACCORDANCE WITH RULE 25-7.0143(1)(1), FLORIDA ADMINISTRATIVE CODE, THE COMPANY HAS A SELF INSURANCE RESERVE STUDY TO SUPPORT ITS REQUEST. HAVE YOU REVIEWED THIS STUDY?

A. I have. The study indicates there is an expected annual cost of $190,000 and there a 1% chance that damages of $2,500,000 could occur. The annual estimated cost is based on simulated hurricanes. While the study observes that some years will have no costs and some years will have small costs, it concludes that a few years will have a large cost. Since the Company was acquired by FPL, the largest cost was $48,626 in 2020. Absent any historical evidence that there will be more storms impacting the Company and higher costs incurred, the storm reserve is currently sufficient to for the next 10 plus years.

Q. HOW DID YOU DETERMINE THAT THE RESERVE IS SUFFICIENT FOR THE NEXT TEN PLUS YEARS?

A. In 46 months since the reserve was established, the Company has had two storms charged to the reserve at a cost of $58,127. That $58,127 averages to $1,264 a month or an annual cost of $15,164. A reserve balance of $162,290 as of March 31, 2022, means that the reserve could be charged $15,164 a year for a period of 10.7 years before it was fully utilized. This is based on actual data; it is not a guesstimate. This analysis does not take into consideration that the reserve has increased another $14,375 from April 2022 through June 2022 and that there were no charges against the reserve during this period. I do agree that some years will have no costs, some years may have some low costs and in rare instances a major charge may occur. This is evidenced by the historical data to date and at this time the major cost is $48,626.

Q. WHAT ADJUSTMENT ARE YOU RECOMMENDING?

A. On Exhibit HWS - 2, Schedule C-4 I recommend that the annual accrual of $57,500 be discontinued beginning January 1, 2023. Unless some storm occurs that would result in a rare charge against the reserve, the reserve balance will be $205,415 as of December 31, 2022.

INJURIES AND DAMAGES

Q. IS THERE A CONCERN WITH THE AMOUNT OF THE INJURIES AND DAMAGES EXPENSE ACCRUAL INCLUDED IN THE COMPANY'S REQUEST?

A. Yes. Based on MFR Schedule E-6, Page 4 of 5, the amount included in expense is $515,304. The response to OPC Interrogatory No. 1-63 indicates that the expense in 2019 was $111,135, in 2020 the expense was $243,888 and in 2021 the expense was $552,519. According to MFR Schedule E-6, Page 4 of 5, the expense in Account 925, prior to the takeover by FPL, was $268,227 in 2017 and for the combined year 2018 it was $186,853. The increases under FPL's brief ownership is concerning.

Q. PLEASE EXPLAIN WHAT THE ACCOUNT REPRESENTS AND WHY THIS IS CONCERNING.

A. Account 925 includes the cost of insurance or reserve accruals to protect the service company against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in settlement of injuries and damages claims. Safe and reliable service is a priority for a utility company. The fact of this cost more than doubling from 2019 to 2020 and then again from 2020 to 2021 (after being relatively level for three years) must be a concern to the Company and the Commission.

Q. DO YOU HAVE ANY INDICATION WHAT COULD BE CONTRIBUTING TO THIS INCREASE?

A. The Company's response to OPC Interrogatory No. 1-56 identifies various performance indicators of the Company incentive compensation plan. Without getting into the specific confidential numbers, the response indicates that the actual result for Safety: Number of OSHA Recordables (per 200,000 Hours) in 2019 was better than the goal, in 2020 the actual was worse than the goal and in 2021 the actual was worse than the goal. From an employees' perspective, safety performance is in need of improvement.

Q. ARE YOU RECOMMENDING AN ADJUSTMENT TO THIS EXPENSE?

A. Yes. As shown on Exhibit HWS - 2, Schedule C-5, I am recommending a reduction of $212,790 leaving an allowed expense of $302,514 that is based on the actual three-year average of costs as recorded from 2019-2021. This amount exceeds the overall five-year average total expense of $271,787, suggesting my recommended adjustment is conservative.

DIRECTORS & OFFICERS LIABILITY ISURANCE

Q. IS THE COMPANY REQUESTING RECOVERY OF DIRECTORS & OFFICERS LIABILITY INSURANCE?

A. Yes. The response to OPC Interrogatory No. 1-65 identifies Directors & Officers Liability Insurance ("D&O") expense of $9,431. The history of this cost is summarized on Exhibit HWS - 2, Schedule C-6.

Q. WHAT IS THE PURPOSE OF D&O INSURANCE?

A. D&O insurance is designed to protect directors and officers from decisions they make that are determined to be bad decisions or decisions of a questionable nature. In my experience the only claims made necessitating this coverage are made by shareholders.

Q. WHAT ADJUSTMENT ARE YOU RECOMMENDING TO D&O INSURANCE EXPENSE?

A. I am recommending that the entire cost of $9,431 be excluded from rates since this cost provides no benefit to customers.

Q. ARE YOU AWARE OF THIS BEING ADDRESSED IN PREVIOUS RATE CASES IN FLORIDA?

A. Yes. I addressed this issue in Docket No. 20090079-EI. In that case, the Commission allowed PEF to place one half the cost of DOL insurance in test year expenses while noting that other jurisdictions have made an adjustment for DOL insurance and that the Commission has disallowed DOL insurance in wastewater cases.[25]

[25] See, Order No. PSC-2010-0131-FOF-EI, issued March 5, 2010, at p. 99, in Docket No. 20090079-EI, *In re*: Petition for increase in rates by Progress Energy Florida, Inc.

Q. IF THE COMMISSION DISALLOWED HALF THE COST IN THE PEF DOCKET, WHY ARE YOU RECOMMENDING A TOTAL DISALLOWANCE IN THIS CASE?

A. I am recommending to the Commission that there be a complete disallowance or at the very least an equal sharing because the cost associated with DOL insurance benefits shareholders first and foremost. As explained earlier the benefit of DOL insurance is the protection shareholders receive from directors' and officers' imprudent decision making. The benefit of this insurance clearly inures primarily to shareholders; some of whom generally are the parties initiating any suit against the directors and officers.

RATE CASE EXPENSE

Q. WHAT HAS THE COMPANY INCLUDED IN EXPENSE FOR THIS RATE CASE?

A. According to the response to OPC POD No. 1-1, the worksheet for MFR G2-2 with support revised, includes $555,279 of costs for Regulatory Commission expense of which $497,779 is the amortization of this proceeding rate case costs.

Q. ARE THERE CONCERNS WITH THE AMOUNT REQUESTED?

A. Yes. According to MFR Schedule C-13, the test year costs of $1,991,116 are 62.97% higher than the Docket No. 20170179-GU costs of $1,221,766. The detail on the cost is of major concern. For example, the $157,862 cost for the test year depreciation study is more than twice the prior case. This may be just generally excessive, or it could be because FCG asked the witness to manipulate the results to create new parameters to facilitate the RSAM. As discussed in detail, the creation of the hypothetical reserve is not appropriate so any cost associated with that exercise would also be inappropriate. Additionally, the Company is using FPL assistance assumedly to impact certain costs and to facilitate reduced legal fees and temporary services. The decrease in these costs from the last case is $725,000. When an escalation factor in the form of the compound multiplier from MFR Schedule C-37 is applied, the replaced cost would be $876,018 ($725,000 x 1.2083). The actual replacement cost provided by FPL is $1,564,981. As shown on Exhibit HWS - 2, Schedule C-8, this amount of subset of costs exceeds my calculation of the $1,476,260 Benchmark rate case expenses applicable to the entire Docket No. 20170179-GU. Clearly the requested costs are excessive.

Q. THE SCHEDULE C-13 INDICATES THAT THE DEPRECIATION STUDY SCOPE HAS INCREASED. WOULD THAT JUSTIFY THE INCREASE IN COSTS?

A. No. While I have seen the costs vary from jurisdiction to jurisdiction and depending on the consultant, the cost requested is considered high and, as discussed earlier, it may be higher because of the added work to create a fictious depreciation surplus reserve.

Q. ARE THERE ANY OTHER FACTORS THE COMMISSION SHOULD TAKE INTO CONSIDERATION WHEN CONSIDERING THE EXCESSIVE INCREASE IN REQUESTED RATECASE EXPENSE AMOUNTS?

A. Yes. I am aware that Florida law expressly authorizes the Company to seek rate relief using the Proposed Agency Action (PAA) method.[26] It is my understanding that this streamlined ratemaking approach is available to all gas utilities in Florida and is designed to minimize regulatory cost impacts on customers. I am also aware that using the PAA process may have placed the exotic requests of the 59.6% equity ratio, the RSAM proposal (including

[26] See, section 366.06(4), Florida Statutes.

the effort to artificially convert a depreciation reserve deficiency into a surplus to pad earnings), and the extinguishment of the embedded acquisition adjustment (which FCG ignored in its filing) at risk, as the Commission staff would have had to sign off on any PAA recommendation that they would have filed on measures that had never applied to a gas utility in Florida. In my view, this decision to ignore a streamlined regulatory approach designed by the Legislature to benefit customers in order to try to enhance the shareholders through an inflated equity ratio and a mechanism to increase achieve increased profits should further support the allocation of a significant portion of rate case expense to the shareholders.

Q. WHAT ARE YOU RECOMMENDING?

A. I am recommending the cost of the case be reduced by $571,139 by reducing the depreciation study costs $50,000 and the $1,564,981 of FPL costs by $521,139 or by one third.

Q. ARE THERE ANY OTHER INDICATORS THAT THE FPL COSTS ARE EXCESSIVE?

A. Yes. The actual costs increased from January through May and began to decrease in June. The total to-date is $610,555 through June and that is assuming the costs charged are appropriate.

Q. HOW DOES YOUR RECOMMENDATION IMPACT THE COMPANY'S REQUEST?

A. As shown on Exhibit HWS - 2, Schedule C-8 the impact on rate base is calculated to be a reduction to working capital of $499,746 for the deferred rate case cost and a reduction of $142,785 to rate case expense included in the cost of service.

AFFILIATE EXPENSE

Q. ARE THERE CONCERNS WITH AFFILATE COSTS?

A. Yes. The Company was requested in OPC POD No. 2-28 to provide a comparison of the cost included in the 2018 settlement and the projected 2023 affiliate costs included in the Company's request. The response was "FCG has no responsive documents." This is not an appropriate response with the relationship between FPL and FCG. The cost charged by an affiliate should be sufficiently detailed so the reasonableness of those costs can be evaluated.

Q. WHAT AMOUNT HAVE YOU IDENTIFIED AS AN EXPENSE FOR AFFILIATE CHARGES?

A. In response to OPC POD No. 1-1, Company witness Fuentes' workpaper file included two excel spread sheets. First, a document entitled "Affiliate Spend WV3" indicated that the 2023 affiliate charges were $1,257,227. On Exhibit HWS - 2, Schedule C-9, I summarized the costs by primary costs. The costs are primarily payroll and payroll-related expense. The second document was "2023 CSC Charges from FPL to FCG by BU." This document indicated charges totaling $1,724,997. It is not clear, but relying on the documents referencing affiliate costs, the test year affiliate cost could be $2,982,224.

Q. DO YOU HAVE AN ISSUE WITH THE COSTS INCLUDED AS AFFILIATE CHARGES?

A. Yes. The "Affiliate Spend WV3" cost includes $405,440 of costs that have been excluded in whole or in part in past FPL and other cases. The inclusion of these costs under a different description should not be a means of recovering costs normally disallowed. It is not clear whether the costs in "2023 CSC Charges from FPL to FCG by BU" include any of the types of costs normally disallowed or not otherwise recovered. However, the significant amount of executive costs could include excess compensations that would be excluded. There is also the response to OPC Interrogatory No. 4-153 indicates that FPL's Corporate Service charges include $29,576 of SERP costs. SERP costs are considered excessive compensation and should be excluded from customer rates.

Q. WHAT ADJUSTMENT ARE YOU RECOMMENDING TO AFFILATE CHARGES?

A. As shown on Exhibit HWS - 2, Schedule C-9 the $405,440 for excess type compensation is recommended to be excluded. In addition, the $29,576 of SERP costs should be excluded. Pending an explanation by the Company of the "2023 CSC Charges from FPL to FCG by BU" document, I reserve the right to recommend an adjustment to those costs.

PAYROLL TAX EXPENSE

Q. WILL YOUR RECOMMENDED ADJUSTMENT TO PAYROLL IMPACT PAYROLL TAX EXPENSE?

A. Yes. On Exhibit HWS - 2, Schedule C-10, I have calculated a reduction of $122,767 to payroll tax expense. The adjustment is a simple flowthrough of my recommended payroll adjustment and incentive compensation adjustment. I determined the effective payroll tax expense rate of 6.53% by dividing the test year payroll tax expense of $789,177 by $12,083,981, which is the total of payroll and incentive compensation costs expensed in the test year. I then applied the effective rate to the total recommended adjustment of $1,879,827 associated with payroll and incentive compensation.

DEPRECIATION EXPENSE

Q. ARE THERE OTHER ADJUSTMENTS TO DEPRECIATION EXPENSE BEYOND THE PLANT ADJUSTMENTS DISCUSSED EARLIER?

A. Yes. Based on the testimony and analysis of OPC witness David Garrett, I have recalculated the depreciation expense for Distribution Plant by applying the depreciation rates he has recommended. As shown on Exhibit HWS - 2, Schedule C-11, I determined a reduction of $1,543,130 is required along with an adjustment of $771,565 (reduction) to accumulated depreciation.

INCOME TAXES

Q. WHAT ADJUSTMENT ARE YOU RECOMMENDING TO INCOME TAX EXPENSE?

A. On Exhibit HWS - 2, Schedule C-12 I have increased income tax expense $1,367,890 associated with the $5,397,081 increase in operating income. Additionally I am recommending a reduction of $395,109 to reflect the impact of Rule 25-14.004, F.A.C., Effect of Parent Debt on Federal Corporate Income Tax.

Q. PLEASE EXPLAIN WHY THE ADJUSTMENT IS APPROPRIATE.

A. The recommended changes to revenue and expenses increased operating income before taxes. The recommendations increased income and with that increase, income taxes will increase. This portion of the adjustment is standard adjustment in a rate filing. Additionally, Rule 25-14.004 requires the Company to reflect the income tax expense deduction associated with the parent's debt that is presumed to be invested in the equity of the subsidiary where the parent-subsidiary relationship exists, and the parties join in the filing of a consolidated return. I will note that this adjustment is estimated because sufficient information on FPL was not readily available, and the Company failed to reflect the calculation on MFR Schedule C-26.

Q. DO YOU AGREE THAT FCG AND FPL HAVE REBUTTED THE PRESUMPTION THAT THE DEBT OF THE PARENT (FPL) IS INVESTED IN THE EQUITY OF FCG?

A. No. Buried in a note in the MFRs, FCG suggests that it has rebutted the presumption by making an unsupported claim in MFR C-26 that "Florida City Gas' dividends to parent have exceeded equity contributions from parent." However, this does not meet the test of the rule which states in subsection (3) that :

> It shall be a rebuttable presumption that a parent's ***investment*** in any subsidiary or in its own operations shall be considered to have been made in the same ratios as exist in the parent's overall capital structure.

(Emphasis added.)

The company's bare claim fails this test. The original investment in Florida City Gas upon closing the transaction after the purchase by NextEra does not represent an "equity contribution." Post-merger transactions between the parent and subsidiary for the period between closing and the test year, do not eliminate the fact that the initial investment of FPL in FCG contains a portion of the debt that is embedded in FPL's capital structure.

INTEREST SYNCHRONIZATION

Q. PLEASE EXPLAIN THE INTEREST SYNCHRONIZATION ADJUSTMENT.

A. Because rate base changes occur the amount of estimated interest for tax purposes changes. That change along with changes in the interest rate for financing rate base impacts income taxes. As shown on Exhibit HWS - 2, Schedule C-13 my recommended reduction rate base results were offset by OPC witness David Garrett's changes to the capital structure increasing the interest deduction. The result is a reduction to income tax expense of $462,316.

OTHER CONCERNS

Q. ARE THERE ANY CONCERNS ABOUT WHETHER PROJECTED AND FORECAST RATEBASE AND NET OPERATING INCOME ARE REPRESENTATIVE OF THE OPERATIONS OF THE COMPANY DURING THE TIME WHEN PROPOSED RATES ARE EXPECTED TO BE IN EFFECT?

A. Yes. There are a number of concerns that exist along this line after considering the filing, discovery, and other information I have reviewed.

Q. PLEASE ELABORATE.

A. In reviewing the filing and the annual reports filed by the company, it became apparent that the company has exhibited very little integration into the FPL/NextEra centralized services organization. I am aware that payroll is provided out of the FPL organization, but there does not appear to be much in the way of allocated or direct charged services identified in the filing or shown in the affiliated transactions reported on the annual report filed with the Commission since the company was acquired by FPL in 2018.

In OPC POD No. 2-37, the Company was asked to provide any documents for 2022-2026 planning that identify any Planning for Merger Cost/Savings associated with the Company as it relates to FPL. Their response was that there were no plans to merge FCG and FPL. I am aware that since it was acquired by Tampa Electric Company over a decade ago, Peoples Gas has been merged into and organized as a division of the electric utility. So, it is a reasonable question to ask. It is curious to me why FCG can answer this question without hesitation. Perhaps the reason the company is so sure is because it has recently been publicly reported to the Commission Staff and the OPC that Tampa Electric intends to spin off PGS (which is by far the largest gas utility in the state with large operations adjacent to the Company in southeast Florida) from a division of Tampa Electric into a separate subsidiary to facilitate growth – including acquisitions.

The company was also asked in OPC Interrogatory Nos. 3-138 and 3-139 about merger discussions. The company flatly refused to answer the questions, deeming them irrelevant. This is a further curiosity to me since they deemed the question about merging with FPL to be relevant. Were there to be no such discussions ongoing, a simple "no" would have been sufficient and the OPC and Commission could rely on it. I understand the OPC intends to pursue a motion to compel a substantive response to this discovery. In the likely event that this discovery dispute is not resolved before the deadline for filing testimony, I reserve the right to file supplemental testimony if material information bearing on a potential acquisition of the Company is revealed.

I have also observed that the Company has increased their employee compliment from a year end amount of 130 in 2018 to 173 as of June 30, 2022, with a projection of 187 included in the filing. This would be a 44% increase in headcount (187-130/130) in four years. Putting aside the issue of vacancies that I have raised elsewhere; this type of cost is especially susceptible to modification in merger synergies. I have a serious concern about whether the payroll related costs associated with this massive increase in employment is realistic or reflective of going forward operations if there is a sale or merger of the Company under discussion or likely to occur in the time in which rates are to be in effect.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does. However, I would like to state, that just because I did not offer a comment or adjustment on any aspect of the Company's case not mentioned above, it cannot be assumed that I am in agreement with such portions of the filing.

QUALIFICATIONS OF HELMUTH W. SCHULTZ, III

Mr. Schultz received a Bachelor of Science in Accounting from Ferris State College in 1975. He maintains extensive continuing professional education in accounting, auditing, and taxation. Mr. Schultz is a member of the Michigan Association of Certified Public Accountants

Mr. Schultz was employed with the firm of Larkin, Chapski & Co., C.P.A.s, as a Junior Accountant, in 1975. He was promoted to Senior Accountant in 1976. As such, he assisted in the supervision and performance of audits and accounting duties of various types of businesses. He has assisted in the implementation and revision of accounting systems for various businesses, including manufacturing, service and sales companies, credit unions and railroads.

In 1978, Mr. Schultz became the audit manager for Larkin, Chapski & Co. His duties included supervision of all audit work done by the firm. Mr. Schultz also represents clients before various state and IRS auditors. He has advised clients on the sale of their businesses and has analyzed the profitability of product lines and made recommendations based upon his analysis. Mr. Schultz has supervised the audit procedures performed in connection with a wide variety of inventories, including railroads, a publications distributor and warehouser for Ford and GM, and various retail establishments.

Mr. Schultz has performed work in the field of utility regulation on behalf of public service commission staffs, state attorney generals and consumer groups concerning regulatory matters before regulatory agencies in Alaska, Arizona, California, Connecticut, Delaware, District of Columbia, Florida, Georgia, Kentucky, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, New Jersey, New York, Nevada, North Dakota, Ohio, Pennsylvania, Rhode Island, Texas, Utah, Vermont and Virginia. He has presented expert testimony in regulatory hearings on behalf of utility commission staffs and intervenors on numerous occasions.

Partial list of utility cases participated in:

U-5331	Consumers Power Co. Michigan Public Service Commission
Docket No. 770491-TP	Winter Park Telephone Co. Florida Public Service Commission
Case Nos. U-5125 and U-5125(R)	Michigan Bell Telephone Co. Michigan Public Service Commission
Case No. 77-554-EL-AIR	Ohio Edison Company Public Utility Commission of Ohio
Case No. 79-231-EL-FAC	Cleveland Electric Illuminating Public Utility Commission of Ohio
Case No. U-6794	Michigan Consolidated Gas Refunds Michigan Public Service Commission
Docket No. 820294-TP	Southern Bell Telephone and Telegraph Co. Florida Public Service Commission
Case No. 8738	Columbia Gas of Kentucky, Inc. Kentucky Public Service Commission
82-165-EL-EFC	Toledo Edison Company Public Utility Commission of Ohio
Case No. 82-168-EL-EFC	Cleveland Electric Illuminating Company, Public Utility Commission of Ohio
Case No. U-6794	Michigan Consolidated Gas Company Phase II, Michigan Public Service Commission
Docket No. 830012-EU	Tampa Electric Company, Florida Public Service Commission

Case No. ER-83-206	Arkansas Power & Light Company, Missouri Public Service Commission
Case No. U-4758	The Detroit Edison Company - (Refunds), Michigan Public Service Commission
Case No. 8836	Kentucky American Water Company, Kentucky Public Service Commission
Case No. 8839	Western Kentucky Gas Company, Kentucky Public Service Commission
Case No. U-7650	Consumers Power Company - Partial and Immediate Michigan Public Service Commission
Case No. U-7650	Consumers Power Company - Final Michigan Public Service Commission
U-4620	Mississippi Power & Light Company Mississippi Public Service Commission
Docket No. R-850021	Duquesne Light Company Pennsylvania Public Utility Commission
Docket No. R-860378	Duquesne Light Company Pennsylvania Public Utility Commission
Docket No. 87-01-03	Connecticut Natural Gas State of Connecticut Department of Public Utility Control
Docket No. 87-01-02	Southern New England Telephone State of Connecticut Department of Public Utility Control

Docket No. 3673-U	Georgia Power Company Georgia Public Service Commission
Docket No. U-8747	Anchorage Water and Wastewater Utility Alaska Public Utilities Commission
Docket No. 8363	El Paso Electric Company The Public Utility Commission of Texas
Docket No. 881167-EI	Gulf Power Company Florida Public Service Commission
Docket No. R-891364	Philadelphia Electric Company Pennsylvania Office of the Consumer Advocate
Docket No. 89-08-11	The United Illuminating Company The Office of Consumer Counsel and the Attorney General of the State of Connecticut
Docket No. 9165	El Paso Electric Company The Public Utility Commission of Texas
Case No. U-9372	Consumers Power Company Before the Michigan Public Service Commission
Docket No. 891345-EI	Gulf Power Company Florida Public Service Commission
ER89110912J	Jersey Central Power & Light Company Board of Public Utilities Commissioners
Docket No. 890509-WU	Florida Cities Water Company, Golden Gate Division Florida Public Service Commission
Case No. 90-041	Union Light, Heat and Power Company Kentucky Public Service Commission

Docket No. R-901595	Equitable Gas Company Pennsylvania Consumer Counsel
Docket No. 5428	Green Mountain Power Corporation Vermont Department of Public Service
Docket No. 90-10	Artesian Water Company Delaware Public Service Commission
Docket No. 900329-WS	Southern States Utilities, Inc. Florida Public Service Commission
Case No. PUE900034	Commonwealth Gas Services, Inc. Virginia Public Service Commission
Docket No. 90-1037* (DEAA Phase)	Nevada Power Company - Fuel Public Service Commission of Nevada
Docket No. 5491**	Central Vermont Public Service Corporation Vermont Department of Public Service
Docket No. U-1551-89-102	Southwest Gas Corporation - Fuel Before the Arizona Corporation Commission
	Southwest Gas Corporation - Audit of Gas Procurement Practices and Purchased Gas Costs
Docket No. U-1551-90-322	Southwest Gas Corporation Before the Arizona Corporation Commission
Docket No. 176-717-U	United Cities Gas Company Kansas Corporation Commission
Docket No. 5532	Green Mountain Power Corporation Vermont Department of Public Service
Docket No. 910890-EI	Florida Power Corporation Florida Public Service Commission

Docket No. 920324-EI	Tampa Electric Company Florida Public Service Commission
Docket No. 92-06-05	United Illuminating Company The Office of Consumer Counsel and the Attorney General of the State of Connecticut
Docket No. C-913540	Philadelphia Electric Co. Before the Pennsylvania Public Utility Commission
Docket No. 92-47	The Diamond State Telephone Company Before the Public Service Commission of the State of Delaware
Docket No. 92-11-11	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 93-02-04	Connecticut Natural Gas Corporation State of Connecticut Department of Public Utility Control
Docket No. 93-02-04	Connecticut Natural Gas Corporation (Supplemental) State of Connecticut Department of Public Utility Control
Docket No. 93-08-06	SNET America, Inc. State of Connecticut Department of Public Utility Control
Docket No. 93-057-01**	Mountain Fuel Supply Company Before the Public Service Commission of Utah
Docket No. 94-105-EL-EFC	Dayton Power & Light Company Before the Public Utilities Commission of Ohio

Case No. 399-94-297**	Montana-Dakota Utilities Before the North Dakota Public Service Commission
Docket No. G008/C-91-942	Minnegasco Minnesota Department of Public Service
Docket No. R-00932670	Pennsylvania American Water Company Before the Pennsylvania Public Utility Commission
Docket No. 12700	El Paso Electric Company Public Utility Commission of Texas
Case No. 94-E-0334	Consolidated Edison Company Before the New York Department of Public Service
Docket No. 2216	Narragansett Bay Commission On Behalf of the Division of Public Utilities and Carriers, Before the Rhode Island Public Utilities Commission
Case No. PU-314-94-688	U.S. West Application for Transfer of Local Exchanges Before the North Dakota Public Service Commission
Docket No. 95-02-07	Connecticut Natural Gas Corporation State of Connecticut Department of Public Utility Control
Docket No. 95-03-01	Southern New England Telephone Company State of Connecticut Department of Public Utility Control
Docket No. U-1933-95-317	Tucson Electric Power Before the Arizona Corporation Commission

Docket No. 5863*	Central Vermont Public Service Corporation Before the Vermont Public Service Board
Docket No. 96-01-26**	Bridgeport Hydraulic Company State of Connecticut Department of Public Utility Control
Docket Nos. 5841/ 5859	Citizens Utilities Company Before Vermont Public Service Board
Docket No. 5983	Green Mountain Power Corporation Before Vermont Public Service Board
Case No. PUE960296**	Virginia Electric and Power Company Before the Commonwealth of Virginia State Corporation Commission
Docket No. 97-12-21	Southern Connecticut Gas Company State of Connecticut Department of Public Utility Control
Docket No. 97-035-01	PacifiCorp, dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. G-03493A-98-0705*	Black Mountain Gas Division of Northern States Power Company, Page Operations Before the Arizona Corporation Commission
Docket No. 98-10-07	United Illuminating Company State of Connecticut Department of Public Utility Control
Docket No. 99-01-05	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 99-04-18	Southern Connecticut Gas Company

	State of Connecticut Department of Public Utility Control
Docket No. 99-09-03	Connecticut Natural Gas Corporation State of Connecticut Department of Public Utility Control
Docket No. 980007-0013-003	Intercoastal Utilities, Inc. St. John County - Florida
Docket No. 99-035-10	PacifiCorp dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. 6332 **	Citizens Utilities Company - Vermont Electric Division Before the Vermont Public Service Board
Docket No. G-01551A-00-0309	Southwest Gas Corporation Before the Arizona Corporation Commission
Docket No. 6460**	Central Vermont Public Service Corporation Before the Vermont Public Service Board
Docket No. 01-035-01*	PacifiCorp dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. 01-05-19 Phase I	Yankee Gas Services Company State of Connecticut Department of Public Utility Control
Docket No. 010949-EI	Gulf Power Company Before the Florida Office of the Public Counsel
Docket No. 2001-0007-0023	Intercoastal Utilities, Inc. St. Johns County - Florida
Docket No. 6596	Citizens Utilities Company - Vermont Electric

	Division Before the Vermont Public Service Board
Docket Nos. R. 01-09-001 I. 01-09-002	Verizon California Incorporated Before the California Public Utilities Commission
Docket No. 99-02-05	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 99-03-04	United Illuminating Company State of Connecticut Department of Public Utility Control
Docket Nos. 5841/ 5859	Citizens Utilities Company Probation Compliance Before Vermont Public Service Board
Docket No. 6120/6460	Central Vermont Public Service Corporation Before the Vermont Public Service Board
Docket No. 020384-GU	Tampa Electric Company d/b/a/ Peoples Gas System Before the Florida Public Service Commission
Docket No. 03-07-02	Connecticut Light & Power Company State of Connecticut Department of Public Utility Control
Docket No. 6914	Shoreham Telephone Company Before the Vermont Public Service Board
Docket No. 04-06-01	Yankee Gas Services Company State of Connecticut Department of Public Utility Control
Docket Nos. 6946/6988	Central Vermont Public Service Corporation

	Before the Vermont Public Service Board
Docket No. 04-035-42**	PacifiCorp dba Utah Power & Light Company Before the Public Service Commission of Utah
Docket No. 050045-EI**	Florida Power & Light Company Before the Florida Public Service Commission
Docket No. 050078-EI**	Progress Energy Florida, Inc. Before the Florida Public Service Commission
Docket No. 05-03-17	The Southern Connecticut Gas Company State of Connecticut Department of Public Utility Control
Docket No. 05-06-04	United Illuminating Company State of Connecticut Department of Public Utility Control
Docket No. A.05-08-021	San Gabriel Valley Water Company, Fontana Water Division Before the California Public Utilities Commission
Docket NO. 7120 **	Vermont Electric Cooperative Before the Vermont Public Service Board
Docket No. 7191 **	Central Vermont Public Service Corporation Before the Vermont Public Service Board
Docket No. 06-035-21 **	PacifiCorp Before the Public Service Commission of Utah
Docket No. 7160	Vermont Gas Systems Before the Vermont Public Service Board
Docket No. 6850/6853 **	Vermont Electric Cooperative/Citizens Communications Company

	Before the Vermont Public Service Board
Docket No. 06-03-04** Phase 1	Connecticut Natural Gas Corporation Connecticut Department of Public Utility Control
Application 06-05-025	Request for Order Authorizing the Sale by Thames GmbH of up to 100% of the Common Stock of American Water Works Company, Inc., Resulting in Change of Control of California-American Water Company Before the California Public Utilities Commission
Docket No. 06-12-02PH01**	Yankee Gas Company State of Connecticut Department of Public Utility Control
Case 06-G-1332**	Consolidated Edison Company of New York, Inc. Before the NYS Public Service Commission
Case 07-E-0523	Consolidated Edison Company of New York, Inc. Before the NYS Public Service Commission
Docket No. 07-07-01	Connecticut Light & Power Company Connecticut Department of Public Utility Control
Docket No. 07-035-93	Rocky Mountain Power Company Before the Public Service Commission of Utah
Docket No. 07-057-13	Questar Before the Public Service Commission of Utah
Docket No. 08-07-04	United Illuminating Company Connecticut Department of Public Utility Control
Case 08-E-0539	Consolidated Edison Company of New York, Inc. Before the NYS Public Service Commission
Docket No. 080317-EI	Tampa Electric Company Before the Florida Public Service Commission

Docket No. 7488**	Vermont Electric Cooperative, Inc. Before the Vermont Public Service Board
Docket No. 080318-GU	Peoples Gas System Before the Florida Public Service Commission
Docket No. 08-12-07***	Southern Connecticut Gas Company Connecticut Department of Utility Control
Docket No. 08-12-06***	Connecticut National Gas Company Connecticut Department of Utility Control
Docket No. 090079-EI	Progress Energy Florida, Inc. Before the Florida Public Service Commission
Docket No. 7529 **	Burlington Electric Company Before the Vermont Public Service Board
Docket No. 7585****	Green Mountain Power Corporation Alternative Regulation Before the Vermont Public Service Board
Docket No. 7336****	Central Vermont Public Service Company Alternative Regulation Before the Vermont Public Service Board
Docket No. 09-12-05	Connecticut Light & Power Company Connecticut Department of Utility Control
Docket No. 10-02-13	Aquarion Water Company of Connecticut Connecticut Department of Utility Control
Docket No. 10-70	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 10-12-02	Yankee Gas Services Company Connecticut Department of Utility Control

Docket No. 11-01	Fitchburg Gas & Electric Light Company Massachusetts Department of Public Utilities
Case No.9267	Washington Gas Light Company Maryland Public Service Commission
Docket No. 110138-EI	Gulf Power Company Before the Florida Public Service Commission
Case No.9286	Potomac Electric Power Company Maryland Public Service Commission
Docket No. 120015-EI	Florida Power & Light Company Before the Florida Public Service Commission
Docket No. 11-102***	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 8373****	Green Mountain Power Company Alternative Regulation Before the Vermont Public Service Board
Docket No. 110200-WU	Water Management Services, Inc. Before the Florida Public Service Commission
Docket No. 11-102/11-102A	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Case No.9311	Potomac Electric Power Company Maryland Public Service Commission
Case No.9316	Columbia Gas of Maryland, Inc. Maryland Public Service Commission
Docket No. 130040-EI**	Tampa Electric Company Before the Florida Public Service Commission

Case No.1103	Potomac Electric Power Company Public Service Commission of the District of Columbia
Docket No. 13-03-23	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Docket No. 13-06-08	Connecticut Natural Gas Corporation Connecticut Public Utility Regulatory Authority
Docket No. 13-90	Fitchburg Gas & Electric Light Company Massachusetts Department of Public Utilities
Docket No. 8190**	Green Mountain Power Company Before the Vermont Public Service Board
Docket No. 8191**	Green Mountain Power Company Alternative Regulation Before the Vermont Public Service Board
Case No.9354**	Columbia Gas of Maryland, Inc. Maryland Public Service Commission
Docket No.2014-UN-132**	Entergy Mississippi Inc. Mississippi Public Service Commission
Docket No. 13-135	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 14-05-26	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Docket No. 13-85	Massachusetts Electric Company and Nantucket Electric Company D/B/A/ as National Grid Massachusetts Department of Public Utilities
Docket No. 14-05-26RE01***	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority

Docket No.2015-UN-049**	Atmos Energy Corporation Mississippi Public Service Commission
Case No.9390	Columbia Gas of Maryland, Inc. Maryland Public Service Commission
Docket No. 15-03-01***	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Docket No. 15-03-02***	United Illuminating Company Connecticut Department of Public Utility Control
Case No.9418***	Potomac Electric Power Company Maryland Public Service Commission
Case No.1135***	Washington Gas Public Service Commission of the District of Columbia
Docket No. 15-03-01***	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Case No.1137	Washington Gas Public Service Commission of the District of Columbia
Docket No. 160021-EI	Florida Power & Light Company Before the Florida Public Service Commission
Docket No. 160062-EI	Florida Power & Light Company Before the Florida Public Service Commission
Docket No. 15-149	Western Massachusetts Electric Company Massachusetts Department of Public Utilities
Docket No. 8710	Vermont Gas Systems Inc. Before the Vermont Public Service Board

Docket No. 8698	Vermont Gas Systems Inc. Alternative Regulation Before the Vermont Public Service Board
Docket No. 16-06-042	United Illuminating Company Connecticut Department of Public Utility Control
Docket No. A.16-09-001	Southern California Edison Before the California Public Utilities Commission
Case No. 17-1238-INV**	Vermont Gas Systems Inc. Before the Vermont Public Utility Commission
Case No. 17-3112-INV**	Green Mountain Power Company Before the Vermont Public Utility Commission
Docket No. 17-10-46**	Connecticut Light & Power Company Connecticut Public Utility Regulatory Authority
Docket No. 20170141-SU	KW Resort Utilities Corp. Before the Florida Public Service Commission
Docket No. 2017-0105	The Hawaii Gas Company Before the Hawaii Public Utility Commission
Docket No. 20160251-EI**	Florida Power & Light. Company Before the Florida Public Service Commission
Case No. 18-0409-TF**	Vermont Gas Systems Inc. Before the Vermont Public Utility Commission
Docket No. 2018-00008	Maine Water Company (Tax Docket). Before the Maine Public Utility Commission
Docket No. 18-05-16**	Connecticut Natural Gas Company Connecticut Public Utility Regulatory Authority

Docket No. 18-05-10**	Yankee Gas Services Company Connecticut Public Utility Regulatory Authority
Docket No. 20170272-EI**	Duke Energy Florida LLC. (Storm Case) Before the Florida Public Service Commission
Docket No. 20170271-EI**	Tampa Electric Company. (Storm Case) Before the Florida Public Service Commission
Docket No. 20180039-EI*** Docket No. 20180044-EI*** Docket No. 20180045-EI*** Docket No. 20180046-EI*** Docket No. 20180047-EI*** Docket No. 20180048-EI***	Gulf Power Company (Tax Docket). Peoples Gas System (Tax Docket). Tampa Electric Company (Tax Docket). Florida Power & Light Company (Tax Docket). Duke Energy Florida LLC (Tax Docket). Florida Public Utilities Company (Tax Docket). Before the Florida Public Service Commission
Docket No. 20180061-EI	Florida Public Utilities Company. (Storm Case) Before the Florida Public Service Commission
Docket No. 20180049-EI**	Florida Power & Light Company. (Storm Case) Before the Florida Public Service Commission
Case No. 19-0513-TF***	Vermont Gas Systems Inc. Before the Vermont Public Utility Commission
RPU-2019-0001	Interstate Power & Light Before the Iowa Utilities Board
D.P.U. 18-153	Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid Massachusetts Department of Public Utilities
Case No.9605***	Washington Gas Light Company Maryland Public Service Commission

Docket No. 20200069-EI	Duke Energy Florida LLC. (SPP) Before the Florida Public Service Commission
Docket No. 2019-0085**	Hawaiian Electric Company, Inc. Before the Hawaii Public Utilities Commission
Docket No. 20190110-EI**	Duke Energy Florida LLC. (Storm Restoration) Before the Florida Public Service Commission
Docket No. 20190155-EI Docket No. 20190156-EI**	Florida Public Utilities Company. (Storm Case) Before the Florida Public Service Commission
Docket No. 20190222-EI.**	Duke Energy Florida LLC. (Storm Restoration) Before the Florida Public Service Commission
Docket No. XXXX**	Duke Energy Florida LLC. (Rate Case) Before the Florida Public Service Commission
D.P.U. 19-113	Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid Massachusetts Department of Public Utilities
Docket No. 20210015-EI**	Florida Power & Light Company. Before the Florida Public Service Commission
Cause No. PUD 202100055**	Public Service Company of Oklahoma Before the Corporation Commission of the State of Oklahoma
Cause No. PUD 202100063**	Public Service Company of Oklahoma Before the Corporation Commission of the State of Oklahoma
D.P.U. 22-22	NSTAR Electric Company d/b/a Eversource Energy Massachusetts Department of Public Utilities

* Certain issues stipulated; portion of testimony withdrawn.
** Case settled.
*** Assisted in case and hearings, no testimony presented
**** Annual filings reviewed and reports filed with Board.

Docket No. 20220069-GU

Schedules of Helmuth W Schultz IIII
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FLORIDA CITY GAS COMPANY
DOCKET NO. 20220069-GU

SCHEDULES OF HELMUTH W SCHULTZ III
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Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU
$ -
Revenue Requirement

Revenue Requirement
Without RSAM

Schedule A

Line No.	Description	Per Company Amount (A)	Per OPC Amount (B)	Col. (B) Reference
1	Jurisdictional Adjusted Rate Base	$ 487,422,825	$ 455,035,463	Schedule B
2	Required Rate of Return	7.09%	5.75%	Schedule D
3	Jurisdictional Income Required	$ 34,574,871	$ 26,153,590	Line 1 x Line 2
4	Jurisdictional Adj. Net Operating Income	10,923,943	15,342,115	Schedule C
5	Income Deficiency (Sufficiency)	23,650,928	10,811,475	Line 3 - Line 4
6	Earned Rate of Return	2.24%	3.37%	Line 4 / Line 1
7	Net Operating Income Multiplier	1.352700	1.352712	Schedule A-1
8	Revenue Deficiency (Sufficiency)	31,992,609	14,624,815	Line 5 x Line 7
9	LNG Revenue Increase	(3,828,493)	(3,828,493)	MFR Schedule A-2
10	Transfer of Safe Investments	(5,990,342)	(5,990,342)	MFR Schedule A-2
11	Incremental Revenue Increase	$ 22,173,776	$ 4,805,981	

Source: Column A is from Company MFR Schedules A-1 and A-2

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU
$ -
Net Operating Income Multiplier

Net Operating Income Multiplier
Without RSAM

Schedule A-1

Line No.	Description	Per Company Percent	Percent
1	Revenue Requirement	100.0000%	100.0000%
2	Gross Receipts Tax Rate	0.0000%	0.0000%
3	Regulatory Assessment Rate	0.5000%	0.5000%
4	Bad Debt Rate	0.4771%	0.4771%
5	Net Before Income Taxes	99.0229%	99.0229%
6	State Income Tax Rate (Effective)	5.5000%	5.5000%
7	State Income Tax	5.4463%	5.4463%
8	Net Before Federal Income Tax	93.5766%	93.5766%
9	Federal Income Tax Rate (Effective)	21.0000%	21.0000%
10	Federal Income Tax	19.6511%	19.6511%
11	Revenue Expansion Factor	73.9255%	73.9255%
12	Net Operating Income Multiplier	1.352712	1.352712

Above amounts are from the Company's filing.

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU
$ -
Adjusted Rate Base

Adjusted Rate Base
Without RSAM

Schedule B
Page 1 of 2

Line No.	Rate Base Components	Adjusted Juris. Total Amount per Company	Citizens Adjustments	Adjusted Juris. Total Amount per Citizens
		(A)	(B)	(C)
1	Plant in Service	$ 643,079,704	$ (18,167,796)	$ 624,911,908
2	Accumulated Depreciation & Amortization	209,484,638	(1,312,158)	208,172,480
3	Net Plant in Service	433,595,066		416,739,428
4	Construction Work in Progress	28,192,440		28,192,440
5	Plant Held for Future Use	-		-
6	Utility Plant Acquisition Adjustment	21,656,835	(21,656,835)	-
7	Accumulated Amortization of Acquisition Adj	(13,475,365)	13,475,365	-
8	Total Net Plant	469,968,976		444,931,868
9	Total Working Capital	17,453,849	(7,350,254)	10,103,595
10	Other Rate Base Adjustments	-		-
11	Total Rate Base	$ 487,422,825	$ (32,387,362)	$ 455,035,463

Source: Col. A: Company MFR Schedule A-3
Col. B: See Schedule B, page 2

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU
$ -
Adjusted Rate Base-Summary of Adjustments

Adjusted Rate Base-Summary of Adjustments
Without RSAM

Schedule B
Page 2 of 2

Line No.	Adjustment Title	Witness Reference	Total Adjustment	Jurisdictional Separation Factor	Jurisdictional Amount
	Plant in Service Adjustments				
1	Utility Plant Acquisition Adjustment	HWS, Sch. B-1	$ (21,656,835)	1.000000	$ (21,656,835)
2	Adjust LNG Plant Costs	HWS, Sch. B-2	(7,692,308)	1.000000	$ (7,692,308)
3	Remove AMI Costs	HWS, Sch. B-3	(837,500)	1.000000	$ (837,500)
4	Overstatement of Projected Plant in Service	HWS, Sch. B-4	(9,637,988)	1.000000	(9,637,988)
5	*Total Plant in Service*		$ (39,824,631)		$ (39,824,631)
	Accumulated Amortization of Acquisition Adjustment				
6	Accumulated Amortization of Acquisition	HWS, Sch. B-1	13,475,365	1.000000	13,475,365
7			$ 13,475,365		$ 13,475,365
	Accumlated Depreciation Adjustments				
8	Adjust LNG Plant Costs	HWS, Sch. B-2	$ 56,253	1.000000	$ 56,253
9	Remove AMI Costs	HWS, Sch. B-3	$ 23,456	1.000000	$ 23,456
10	Overstatement of Projected Accum. Deprec. Balance	HWS, Sch. B-4	$ 460,884	1.000000	$ 460,884
11	Revision to Proposed Depreciation Rates	D Garret/Sch. C-11	771,565	1.000000	$ 771,565
12				1.000000	-
13	*Total Accumulated Depreciation*		$ 1,312,158		$ 1,312,158
	Construction Work in Progress				
14	Remove Construction Work in Progress			1.000000	-
15	*Total Construction Work in Progress*		$ -		$ -
	Working Capital Adjustments				
16	Adjustment to Working Capital	HWS, Sch. B-5	$ (7,850,000)	1.000000	(7,850,000)
17	Remove Unamortized Rate Case Expense	HWS, Sch. C-8	499,746	1.000000	499,746
18	*Total Working Capital*				$ (7,350,254)
19	**Total**				$ (32,387,362)

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU
$ -
Plant Acquisition Adjustment

Plant Acquisition Adjustment
Without RSAM

Schedule B-1

Line No.	Rate Base Components	Adjusted Juris. Total Amount per Company	Citizens Adjustments	Adjusted Juris. Total Amount per Citizens
		(A)	(B)	(C)
1	Plant in Service	$ 21,656,835	$ (21,656,835)	$ -
2	Accumulated Depreciation & Amortization	13,475,365	(13,475,365)	-
3	Net Plant in Service	8,181,470	(8,181,470)	-
4	Amortization Expense	721,894	(721,894)	-

Source: Company amounts are from MFR Schedule G-1, Pages 10 and 12.

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU
$ -
LNG Plant Adjustment

LNG Plant Adjustment
Without RSAM

Schedule B-2

Line No.	Rate Base Components	Adjusted Avg. Juris. Total Amount per Company	Citizens Adjustments	Adjusted Avg. Juris. Total Amount per Citizens	Reference
		(A)	(B)	(C)	
1	Plant in Service	$ 52,257,050	(7,692,308)	44,564,742	(a)
2	Accumulated Depreciation & Amortization	(382,147)	56,253	(325,894)	(b)
3	Net Plant in Service	52,639,197	(7,748,560)	44,890,637	
4	Depreciation Expense	944,758	(158,145)	786,613	(b)
		Year End Amount per Company	Projected Amount per Company	Difference	
5	Land	8,259,905	10,500,000	(2,240,095)	(a)(c)
6	Plant in Service	59,740,095	47,500,000	12,240,095	(a)(c)
7		68,000,000	58,000,000	10,000,000	
8	Accumulated Depreciation & Amortization	(944,788)			(b)
9	Net Plant in Service	67,055,212	58,000,000	10,000,000	
10	Depreciation Expense	944,758			(b)

Source: (a) OPC POD No. 1;G-1-10 Support
(b) OPC POD No. 1;G-1-12 Support
(c) Response to OPC IR No. 2-115

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU
$ -
AMI Adjustment

AMI Adjustment
Without RSAM

Schedule B-3

Line No.	Rate Base Components	Est. Avg. Juris. Total Amount per Company	Citizens Adjustments	Est. Avg. Juris. Total Amount per Citizens	Reference
		(A)	(B)	(C)	
1	Plant in Service	$ 837,500	(837,500)	0	
2	Accumulated Depreciation & Amortization	23,456	(23,456)	-	
3	Net Plant in Service	814,044	(814,044)	-	
4	Estimated Depreciation/ Amortization Expense	46,913	(46,913)	-	

		Year End Amount per Company	
5	AMI Meters	2,500,000	(a)
6	AMI Hardware	50,000	(a)
7	AMI Software	800,000	(a)
8		3,350,000	
9	Accumulated Depreciation & Amortization		
10	Net Plant in Service	3,350,000	
11	Depreciation Expense - Meters	27,813	(b)
12	Depreciation Expense - Hardware	2,500	(c)
13	Depreciation Expense - Software	16,600	(d)
14	Total Depreciation/Amortization Expense	46,913	

Source: (a) FEA IR No. 10; Attachment 2 of 2
(b) Depreciation rate from OPC POD No. 1; Kurt Interrogatory AMI Pilot-Confidential (Composit Rate not highlighted)
(c) Depreciation rate from OPC POD No. 1, G-1-12 Support
(d) Depreciation rate from OPC POD No. 1, G-1-13 Support

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU

Capital Additions

Capital Additions
Without RSAM

Schedule B-4
Page 1 of 2

Line No.	Year	Total Amount per Company	LNG Amount per Company	Net of LNG Amount per Company	Source
	Capital Expenditures	(A)	(B)	(C)	
1	2018	$ 15,425,061	5,079,175	10,345,886	FEA IR 1-4
2	2019	40,917,727	3,836,252	37,081,475	FEA IR 1-4
3	2020	38,176,016	4,569,635	33,606,381	FEA IR 1-4
4	2021	31,620,466	9,453,490	22,166,976	FEA IR 1-4
5	2022	89,413,630	38,447,704	50,965,926	Sch G-1, P. 23
6	2023	55,622,214	3,127,701	52,494,513	Sch G-1, P. 26
7	Total		64,513,957		
8	Actual Three Average			30,951,611	
9	2022 Excess Over Average			20,014,315	
10	2023 Excess Over Average			21,542,902	
	Plant Additions	Additions	Retirements	Net Additions	
11	2018	5,583,303	(1,345,366)	4,237,937	OPC IR 1-87S
12	2019	42,011,347	(2,429,177)	39,582,170	OPC IR 1-87S
13	2020	46,072,456	(3,053,564)	43,018,892	OPC IR 1-87S
14	2021	22,037,141	(13,855,167)	8,181,974	OPC IR 1-87S
15	Actual Three Average			30,261,012	
		Plant			
16	2022	41,609,640	(1,710,640)	39,899,000	(a)
17	2023	119,322,561	(2,719,590)	116,602,971	(b)
18	LNG 2023	(68,000,000)		(68,000,000)	
		51,322,561		48,602,971	

Source: (a) MFR Schedule G-1, P.5 and Schedule G-1, P. 24-25.
(b) MFR Schedule G-1, P.7 and Schedule G-1, P. 27-28.

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU
$ -
Capital Additions

Capital Additions
Without RSAM

Schedule B-4
Page 2 of 2

Line No.	Year	Projected Amount per Company	Actual Amount per Company	Plant Difference	Source
	Plant In Service	(A)	(B)	(C)	
1	December 31, 2021	$ 533,362,897	533,362,897	0	(a)
2	January	535,227,786	501,222,435	(34,005,351)	(a)(b)
3	February	537,479,224	503,232,956	(34,246,268)	(a)(b)
4	March	540,181,920	504,808,800	(35,373,120)	(a)(b)
5	April	543,190,062	505,765,774	(37,424,288)	(a)(b)
6	May	546,426,804	507,514,975	(38,911,829)	(a)(b)
7	June	549,900,449	508,137,282	(41,763,167)	(a)(b)
8	6 Month Average	542,067,708	505,113,704	(36,954,004)	
			LNG	Net Additions	
9	2023 Plant Additions	116,602,971	68,000,000	48,602,971	
10	2022 Plant Additions	39,899,000		39,899,000	
11	Three Year Average			30,261,012	
12	Recommended Adjustment			(9,637,988)	
13	Accumulated Depreciation Adjustment			460,884	
14	Depreciation Expense Adjustment			(307,256)	
	Test Year Depreciation Expense			20,501,181	MFR Sch. G-2
	Test Year Average Plant			643,079,704	MFR Sch. G-1
	Estimated Composite Depreciation Rate			3.19%	

Source: (a) Column A is from MFR Schedule G-1
(b) Column B is from response to OPC IR No. 5-164 and 5-165.

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Working Capital

Docket No. 20220069-GU
$ -
Working Capital

Schedule B-5
Page 1 of 1

Line No.	Description	2021	2022	2023	Adjustments	OPC
1	Cash	2,156,123	4,796,217	5,000,000	(2,500,000)	2,500,000
2	Temporary Cash Investments		379,207			0
3	Cust. A/R.- Gas & Other	12,683,667	13,046,403	15,503,936	(3,000,000)	12,503,936
4	Accum. Prov. Uncollect. Accts.	(900,984)	(605,309)	(360,368)		(360,368)
5	Materials & Supplies	13,757	1,056			0
6	Gas Storage	372,635	489,873	659,536	(150,000)	509,536
7	Prepayments	11,478,063	11,051,324	10,515,090		10,515,090
8	Unbilled Revenue & Misc.	510,596	(1,794,882)	(1,966,976)		(1,966,976)
9	Other Regulatory Assets	4,047,085	8,127,768	4,142,465		4,142,465
10	Miscellaneous Deferred Debits	2,820,146	4,864,344	6,751,463	(3,000,000)	3,751,463
11		33,181,088	40,356,001	40,245,146	(8,650,000)	31,595,146
12	Accounts Payable	(8,554,732)	(14,308,004)	(10,973,113)	800,000	(10,173,113)
13	Accounts Pay. Assoc. Co.	(2,318,695)	(1,814,893)	(2,168,521)		(2,168,521)
14	Taxes Accrued-General	(2,150,201)	(1,815,637)	(2,299,542)		(2,299,542)
15	Taxes Accrued-Income	(1,771,989)	(3,204,748)	(1,627,641)		(1,627,641)
16	Interest Accrued	(360,052)	(694,221)	(938,261)		(938,261)
17	Tax Collections Payable	(459,341)	(737,276)	(760,128)		(760,128)
18	Misc. Current Liabilities	(2,226,374)	(2,315,979)	(2,366,634)		(2,366,634)
19	Other Deferred Credits		(12,348)			0
20	Other Regulatory Liabilities	(1,415,218)	(723,647)	(1,324,468)		(1,324,468)
21	Accum. Provision Property Insurance	(125,011)	(176,665)	(234,165)		(234,165)
22	Accum. Provision Injuries & Damages	(79,654)	(76,000)	(85,000)		(85,000)
23	Accum. Provision Pension & Benefits	0	(10,418)	(13,825)		(13,825)
24		(19,461,267)	(25,889,836)	(22,791,298)	800,000	(21,991,298)
25		13,719,821	14,466,165	17,453,848	(7,850,000)	9,603,848

Line No.	Description	2019	2020	2021	3 Year Avg.	OPC
26	Cash	1,174,594	3,627,210	2,137,043	2,312,949	2,500,000
27	Cust. A/R.- Gas & Other	9,942,998	9,544,274	8,347,953	9,278,408	12,503,936
28	Accum. Prov. Uncollect. Accts.	(991,794)	(914,556)	(793,103)	(899,818)	(360,368)
29	Gas Storage	335,884	214,888	440,505	330,426	509,536
30	Prepayments	7,645,428	11,652,484	11,390,778	10,229,563	10,515,090
31	Miscellaneous Deferred Debits	1,303,464	2,355,360	3,106,032	2,254,952	3,751,463
32	Accounts Payable	(8,201,339)	(12,096,176)	(10,324,044)	(10,207,186)	(10,173,113)
33	Accounts Pay. Assoc. Co.	(3,025,526)	(2,448,401)	(2,738,003)	(2,737,310)	(2,168,521)
34	Misc. Current Liabilities	(2,987,705)	(2,714,763)	(2,528,937)	(2,743,802)	(2,366,634)
35	Accum. Provision Property Insurance	(91,042)	(99,915)	(147,915)	(112,957)	(234,165)
36	Accum. Provision Injuries & Damages	(41,000)	(61,000)	(76,000)	(59,333)	(85,000)
37	Accum. Provision Pension & Benefits	(138,000)	(12,000)	(11,000)	(53,667)	(13,825)

Source: Lines 1-24 are from Campbel & Fuentes MFR Workpapers; MFR G1-3 Support.
Lines 26-37 are from FCG Annual Reports

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Adjusted Net Operating Income
Without RSAM

Docket No. 20220069-GU
$ -
Adjusted Net Operating Income

Schedule C
Page 1 of 2

Line No.	Description	Adjusted Jurisdictional Total per Company	Citizens Adjustments	Adjusted Jurisdictional Total per Citizens
		(A)	(B)	(C)
1	Revenues from Sales	64,585,444	155,495	64,740,939
2	Other Operating Revenues	-	-	-
3	**Total Operating Revenues**	64,585,444	155,495	64,740,939
	Operating Expenses			
		-		-
		-		-
4	Other Operation & Maintenance	25,980,967	(2,806,882)	23,174,085
5	Depreciation & Amortization	20,501,181	(2,311,937)	18,189,244
6	Taxes Other Than Income	6,386,610	(122,767)	6,263,843
7	Income Taxes (Federal & State)	(737,538)	978,910	241,372
8	Deferred Income Taxes (Federal & State)	1,530,280		1,530,280
9	Total Operating Expenses	53,661,500	(4,262,676)	49,398,824
10	Net Operating Income	10,923,944	4,418,171	15,342,115

Source: Col. A Company Schedule A-4
Col. B: See Schedule C-1, Page 2

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Net Operating Income-Summary of Adjustments
(Thousands of Dollars)

Docket No. 20220069-GU
$ -
Net Operating Income-Summary of Adjustments

Schedule C
Page 2 of 2

Line No.	Adjustment Title	Witness/Reference	Total Adjustment	Jurisdictional Separation Factor	Jurisdictional Amount
	Operating Revenue Adjustments				
1	Increase in Base Revenues from Retail Sales	FCG Notice of Identified Adjustments	$ 155,495	1.000000	$ 155,495
2			-	1.000000	-
3	subtotal				$ 155,495
	Other O & M				
4	Base Payroll Adjustment	HWS, Sch. C-1	(793,501)	1.000000	(793,501)
5	Excessive Incentive Compensation Payroll Adjustment	HWS, Sch. C-2	(524,119)	1.000000	(524,119)
6	Incentive Compensation Sharing	HWS, Sch. C-2	(398,746)	1.000000	(398,746)
7	Long-Term Incentive Compensation	HWS, Sch. C-2	(163,461)	1.000000	(163,461)
8	Benefit Adjustment	HWS, Sch. C-3	(49,533)	1.000000	(49,533)
9	Reduction to Storm Fund Accrual	HWS, Sch. C-4	(57,500)	1.000000	(57,500)
10	Injuries & Damages Adjustment	HWS, Sch. C-5	(212,790)	1.000000	(212,790)
11	Directors & Officers Liability Adjustment	HWS, Sch. C-6	(9,431)	1.000000	(9,431)
12	Remove AMI O&M Expense	HWS, Sch. C-7	(20,000)	1.000000	(20,000)
13	Adjust Rate Case Expense	HWS, Sch. C-8	(142,785)	1.000000	(142,785)
14	Affiliate Expense	HWS, Sch. C-9	(405,440)	1.000000	(405,440)
15	Affiliate Expense	Testimony	(29,576)	1.000000	(29,576)
16				1.000000	-
17	subtotal				(2,806,882)
	Depreciation & Amortization				
18	Adjust LNG Plant Costs	HWS, Sch. B-2	(158,145)	1.000000	(158,145)
19	Acquisition Adjustment	HWS, Sch. B-1	(721,894)	1.000000	(721,894)
20	Remove AMI Costs	HWS, Sch. B-3	(46,913)	1.000000	(46,913)
21				1.000000	0
22	Revision to Proposed Depreciation Rates	HWS, Sch. C-11	(1,543,130)	1.000000	(1,543,130)
23	Impact of Adjustments to PIS on Depreciation			1.000000	0
24				1.000000	-
25	subtotal				(2,311,937)
	Taxes Other Than Income				
26	Payroll Tax Adjustment	HWS, Sch. C-10	(122,767)	1.000000	(122,767)
27					-
28	subtotal				(122,767)
	Income Taxes				
29	Impact of other adjustments	HWS, Sch. C-12	1,367,890	1.000000	1,367,890
30	Impact of Parent Debt Adjustment	HWS, Sch. C-12	(382,452)	1.000000	(382,452)
31	Interest Synchronization Adjustment	HWS, Sch. C-13	(388,980)	1.000000	(388,980)
32	subtotal				978,910

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Payroll Expense

Docket No. 20220069-GU
$ -
Payroll Expense

Schedule C-1
Page 1 of 1

Line No.	Description	2019 Total	2020 Total	2021 Total	2023 Total	Reference
1	Expense Excluding I/C & Clause Recovery Costs				10,598,909	L.12
2	Projected Headcount				187	L.20
3	Average Expense Per Employee				56,679	L.1/L.2
4	Headcount Adjustment				(14)	
5	Payrol Expense Adjustment				(793,501)	L.3 x L.4
6	FCG Exempt Straight Time	3,125,158	4,032,761	4,519,628	5,259,298	OPC IR 1-76
7	FCG Non-Exempt Sraight Time	5,252,773	5,464,265	5,599,095	6,258,011	OPC IR 1-76
8	FCG Non-Exempt Overtime	1,049,761	975,984	995,615	1,131,888	OPC IR 1-76
9	FCG Other	(129,837)	500,781	118,436	0	OPC IR 1-76
10	Total Excluding Incentive Comp.	9,297,855	10,973,791	11,232,774	12,649,197	
11	Capital	1,386,531	1,821,390	1,601,270	2,050,287	OPC IR 1-76
12	Expense	7,911,323	9,152,400	9,631,505	10,598,909	OPC IR 1-76
13	Total	9,297,854	10,973,790	11,232,775	12,649,196	
14	Expense Ratio	85.09%	83.40%	85.74%	83.79%	
	Full Time Equivalents	Year End	Average	Budget		
15	2018 (5 Months)	130	129			OPC IR 1-80
16	2019	153	141	129		OPC IR 1-80
17	2020	162	154	140		OPC IR 1-80
18	2021	163	159	175		OPC IR 1-80
19	2022 (As of June2022)	173	165	187		OPC IR 1-80
20	2023	187	187	187		OPC IR 1-80
21	Budgeted		2020 Total	2021 Total		
22	Capital		1,775,483	2,861,162		OPC IR 1-77
23	Expense		9,122,327	10,265,407		OPC IR 1-77
24	Total		10,897,810	13,126,569		

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Incentive Compensation Expense

Docket No. 20220069-GU
$ -
Incentive Compensation Expense

Schedule C-2
Page 1 of 1

Line No.	Description	(A) 2019 Total	(B) 2020 Total	(C) 2021 Total	(D) 2023 Total	Reference
1	Short-Term Capitalized	159,168	215,413	243,215	287,655	OPC IR 1-61
2	Short-Term Expensed	994,642	1,120,037	797,492	1,321,611	OPC IR 1-61
3	Long-Term Expensed	161,243	(93,253)	119,747	163,461	OPC IR 1-61
4	Total*	1,315,053	1,242,197	1,160,454	1,772,727	
	OPC Adjustment					
5	Short-Term Expensed Based on 2021 being Target				(524,119)	L.2C-L.2D
6	Short-Term Expensed Based on 50% of 2021 being Target				(398,746)	L.2C x 50%
7	Long-Term Expensed				(163,461)	L.2D x 100%
8	Total*				(1,086,326)	
9	Short-Term Expensed				1,321,611	
10	Estimated Target				(797,492)	
11	Target Adjustment				524,119	
12	Target Amount				797,492	
13	Sharing Adjustment @ 50%				(398,746)	
14					398,746	

* The amounts presented exclude costs included in FCG's cost recovery clauses.

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Benefit Expense

Docket No. 20220069-GU
$ -
Benefit Expense

Schedule C-3
Page 1 of 1

Line No.	Description	Projected 2023 Total	Reference
1	Benefit Expense Excluding Clause Recovery Costs	$661,618	(a)
2	Projected Headcount	187	Sch C-1
3	Average Expense Per Employee	3,538	L.1/L. 2
4	Headcount Adjustment	(14)	Sch C-1
5	Benefit Expense Adjustment	(49,533)	

Source: (a) Company response to OPC POD No. 1-1, MFR G2-2 with Support Revised.

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Storm Reserve

Docket No. 20220069-GU
$ -
Storm Reserve

Schedule C-4
Page 1 of 1

Line No.	Description	Beginning Balance	Credits	Charges	Year End Balance	Reference
1	2018	(9,583)	(23,958)		(33,542)	OPC IR 1-63
2	2019	(33,542)	(57,500)		(91,042)	OPC IR 1-63
3	2020	(91,042)	(57,500)	48,626	(99,915)	OPC IR 1-63
4	2021	(99,915)	(57,500)	9,500	(147,915)	OPC IR 1-63
5	2022	(147,915)	(57,500)		(205,415)	OPC IR 1-63
6	Storm Charge Total			58,127		
7	46 Month Average			1,264		
8	Anualized Expense			15,163		
9	Company Requested Expense				57,500	Sch E, P. 4
10	OPC Recommendation				0	
11	OPC Adjustment				(57,500)	L. 9 - L.8

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Injuries & Damages

Docket No. 20220069-GU
$ -
Injuries & Damages

Schedule C-5
Page 1 of 1

Line No.	Description	Total	MFR Reference	Adjusted Total*	Reference
	Account 925				
1	2017	250,726	Sch E, P. 4		OPC IR 1-63
2	2018	186,853	Sch E, P. 4		OPC IR 1-63
3	2019	119,625	Sch E, P. 4	111,135	OPC IR 1-63
4	2020	247,502	Sch E, P. 4	243,888	OPC IR 1-63
5	2021	554,227	Sch E, P. 4	552,519	OPC IR 1-63
6	Total	1,358,933		907,542	
7	Average	271,787		302,514	
8	Requested Expense			515,304	Sch E, P. 4
9	OPC Recommendation			302,514	
10	OPC Adjustment			(212,790)	L. 9 - L.8

* The amounts presented exclude costs included in FCG's cost recovery clauses.

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Directors & Officers Liability Insurance Expense

Docket No. 20220069-GU
$ -
Directors & Officers Liability Insurance Expense

Schedule C-6
Page 1 of 1

Line No.	Description/Year	D&O Liability Insurance Expense
1	2018	-
2	2019	6,557
3	2020	11,867
4	2021	9,205
5	2023	9,431
6	Adjustment to remove D&O Liability Insurance Expense	(9,431)

Source: Lines 1 - 5: Response to OPC Interrogatory 1-65

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Remove AMI Pilot

Docket No. 20220069-GU
$ -
Remove AMI Pilot

Schedule C-7
Page 1 of 1

Line No.	Description	Amount	
1	Test Year Expense	20,000	(a)
2	Company Adjustment	(3,104)	(b)
3	Adjusted Total Expense	16,896	
4	OPC Recommendation	-	
5	OPC O&M Expense Adjustment	(20,000)	

Source: (a) Direct testimony of Kurt Howard at page 41.
(b) FCG Notice of Identified Adjustments filed August 16, 2022.

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Rate Case Expense

Docket No. 20220069-GU
$ -
Rate Case Expense

Schedule C-8
Page 1 of 1

Line No.	Description			Amount	Reference
1	Projected Company Rate Case Expense			1,991,116	MFR Sch. C-13
2	Rate Case Expense in 2023 Base O&M			497,779	L.1/4
3	Recommended Rate Case Expense in Test Year			354,994	
4	OPC Adjustment to Remove Rate Case Expense			(142,785)	

		Company Amount	OPC Adjustment	OPC Amount	
5	Cost of Capital	60,000		60,000	
6	Depreciation Study	157,862	(50,000)	107,862	
7	Legal	150,000		150,000	
8	Affiliate Support	1,564,981	(521,139)	1,043,842	
9	Travel Expenses	18,200		18,200	
10	Other	40,073		40,073	
11		1,991,116	(571,139)	1,419,977	
12	Recommended Rate Case Expense in Test Year			354,994	
13	Rate Case Amortization	(497,779)		(354,994)	
14	Year End Balance 2023	1,493,337		1,064,983	
15	Average Rate Base.	1,742,227	(499,746)	1,242,480	
16	Docket No. 20170179-GU	1,221,766			MFR Sch. C-13
17	Compound Multiplier	1.2083			MFR Sch. C-37
18	Benchmark Amount	1,476,260			

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU
$ -
Affiliate Expense

Affiliate Expense

Schedule C-9
Page 1 of 1

Line No.	Description			Amount	Reference
1	Company Affiliate Expense			1,257,227	(a)
3	OPC Recommended Affiliate Expense			851,787	
4	OPC Adjustment to Affiliate Expense			(405,440)	
	Affiliate Spend WV3	Per Company	Adjustments	Per OPC	
5	Payroll	841,861		841,861	(a)
6	Benefits	1,049		1,049	(a)
7	Deferred Compensation	8,877		8,877	(a)
8	Share Based Compensation	113,207	(113,207)	0	(a)
9	Restricted Payroll Expense	46,429	(46,429)	0	(a)
10	Employees Incentives	245,805	(245,805)	0	(a)
11		1,257,227	(405,440)	851,787	
	2023 CSC Charges from FPL to FCG by BU				
12	Information Technology	292,400		292,400	(b)
13	NEE Financial BU	178,521		178,521	(b)
14	FPL Utility Finance	1,472		1,472	(b)
15	Various Business Units	407,154		407,154	(b)
16	Executive	516,401		516,401	(b)
17	Location 10	329,048		329,048	(b)
18		1,724,996	0	1,724,996	

Source: (a) Company response to OPC POD No. 1-1, Witness Testimony Workpapers, Witness Fuentes, Affilate Spend WV3.
(b) Company response to OPC POD No. 1-1, Witness Testimony Workpapers, Witness Fuentes, 2023 CSC Charges from FPL to FCG by BU

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Payroll Tax Expense

Docket No. 20220069-GU
0
Payroll Tax Expense

Schedule C-10
Page 1 of 1

Line No.	Description	Amounts	Reference
1	Payroll Expense Excluding I/C & Clause Recovery Costs	10,598,909	Sch. C-1
2	Incentive Compensation Expense	1,485,072	Sch. C-2
3	Total O&M Payroll Expense	12,083,981	
4	Payroll Tax Expense	789,177	(a)
5	Effective Payroll Tax Percentage	6.53%	L.4/L.3
7	OPC Payroll Adjustment	(793,501)	Sch. C-1
8	OPC Incentive Compensation Adjustment	(1,086,326)	Sch. C-2
9	OPC Total O&M Payroll Expense Adjustment	(1,879,827)	
10	Payroll Tax Expense Adjustment	(122,767)	L.9 x L.5

Source: (a) Company response to OPC POD No. 1-1, MFR G2-2 with Support Revised.

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Revision to Proposed Depreciation Rates

Docket No. 20220069-GU
0
Revision to Proposed Depreciation Rates

Schedule C-11
Page 1 of 1

Line No.	A/C No.	Description	2023 Average Plant Amount (A)	Deprec. Rate (B)	Company 2023 Depreciation Expense (C)	OPC Deprec. Rate (D)	OPC 2023 Depreciation Expense (E)
		Distribution Plant					
1	375.00	STRUCTURES AND IMPROVEMENTS	222,872	2.87%	6,396	2.90%	6,463
2	376.10	MAINS - STEEL	154,948,203	2.66%	4,121,622	2.40%	3,718,757
3	376.20	MAINS - PLASTIC	200,827,912	2.42%	4,860,035	2.20%	4,418,214
4	378.00	MEASURING AND REGULATING STATION EQUIPMENT - GENERAL	2,891,693	2.94%	85,016	2.20%	63,617
5	379.00	MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE	20,897,242	3.03%	633,186	2.20%	459,739
6	380.10	SERVICES - STEEL	15,675,578	4.92%	771,238	4.10%	642,699
7	380.20	SERVICES - PLASTIC	108,307,169	3.32%	3,595,798	3.00%	3,249,215
8	381.00	METERS	23,848,616	5.55%	1,323,598	5.60%	1,335,522
9	381.10	METERS - ERT	1,691,882	5.33%	90,177	5.30%	89,670
10	382.00	METER INSTALLATIONS	6,032,662	3.28%	197,871	3.30%	199,078
11	382.10	METER INSTALLATIONS - ERT	510,764	5.64%	28,807	5.60%	28,603
12	383.00	HOUSE REGULATORS	7,917,129	2.60%	205,845	2.10%	166,260
13	384.00	HOUSE REGULATOR INSTALLATIONS	2,246,666	3.71%	83,351	3.70%	83,127
14	385.00	INDUSTRIAL MEASURING AND REGULATING STATION EQUIPMENT	3,835,811	2.53%	97,046	2.50%	95,895
15	387.00	OTHER EQUIPMENT	2,078,078	2.80%	58,186	2.80%	58,186
16					16,158,176		14,615,045
17		Depreciation Expense Adjustment					(1,543,130)
18							
19		Accumulated Depreciation Adjustment					(771,565)
20							
21							
22							
23							

Source: Column A is from MFR Schedule G-1. Page 10
Columns B and D are based on OPC witness David Garrett's analysis.

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU
0
Income Tax Expense

Income Tax Expense

Schedule C-12

Line No.	Description	Amount	Reference
1	Jurisdictional Operating Income Adjustments (1)	$ 5,397,081	(a)
2	Composite Income Tax Rate (2)	25.345%	(b)
3	Adjustment to Income Expense	$ 1,367,890	
4	Weighted Cost of Parent Debt	3.37%	(c)
5	Consolidated Debt Rate	23.79%	(c)
6	FCG Equity	188,217,673	Schedule D
7	Parent Debt Income Tax Adjustment	1,508,984	
8	FCG Effective Tax Rate	25.345%	
9	Parent Debt Adjustment	(382,452)	

Source: (a) Schedule C, Page 2
(b) Calculated using Florida state income tax rate of 5.50% and federal income tax rate of 21%
(c) FPL’s June 2022 Earnings Surveillance Repor

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU
Exhibit HWS - 2
Interest Synchronization Adjustment

Interest Synchronization Adjustment

Schedule C-13

Line No.	Description	Per Company Amount	Per OPC Amount	Reference
1	Adjusted Jurisdictional Rate Base, per Citizens	$ 487,422,825	$ 455,035,463	Schedule B-1
2	Weighted Cost of Debt	1.44%	1.92%	Note (1)
3	Interest Deduction for Income Taxes	$ 7,030,545	$ 8,743,455	
4	Interest Deduction, per Company	$ 7,208,713	$ 7,208,713	MFR Schedule G-3, P.9
5	Increase in Deductible Interest	$ (178,168)	$ 1,534,742	
6	Consolidated Income Tax Rate	25.345%	25.345%	
7	Reduction (Increase) to Income Tax Expense	$ (45,157)	$ 388,980	

Notes: (1) Based on weighted cost of debt and weighted cost of customer deposits, as shown on Schedule D.

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU
$ -
Cost of Capital

Cost of Capital

Schedule D
Page 1 of 2

Line No.	Description	Per Company	Adjs. To Reflect OPC Cap. Struct.	Adjusted Amounts	OPC Rate Base & Def. Inc. Tax Adjustments	Per Citizens Adjusted Amounts	Ratio	Cost Rate*	Weighted Cost Rate
			(col. (e), below)		Page 2				
1	Long Term Debt	153,552,332	54,553,024	208,105,356	(13,827,796)	194,277,560	42.70%	4.28%	1.83%
2	Short Term Debt	20,141,146	20,269	20,161,415	(1,339,648)	18,821,767	4.14%	1.78%	0.07%
3	Customer Deposits	3,787,595		3,787,595	(251,671)	3,535,924	0.78%	2.64%	0.02%
4	Common Equity	256,187,448	(54,573,294)	201,614,154	(13,396,481)	188,217,673	41.36%	9.25%	3.83%
5	Investment Tax Credits	-		-	-	-	0.00%	0.00%	0.00%
6	Deferred Income Tax	53,754,304		53,754,304	(3,571,766)	50,182,538	11.03%	0.00%	0.00%
7	Total	487,422,825	-	487,422,825	(32,387,362)	455,035,463	100.00%		5.75%

	Ratio of Debt & Equity Components	Per FCG Amounts	Effective FPL Ratio	Capitalization Ratio Per OPC*	Revised Allocations	Adjs. To Reflect OPC Cap. Struct.	Ratio	Cost Rate*	Weighted Cost Rate
		(a)	(b)	(c)	(d)	(e) = (d - a)			
8	Long Term Debt	153,552,332	35.72%	48.41%	208,105,356	54,553,024			
9	Common Equity	256,187,448	59.59%	46.90%	201,614,154	(54,573,294)			
10	Short Term Debt	20,141,146	4.69%	4.69%	20,161,415	20,269			
11		429,880,926	100.00%	100.00%	429,880,926	-			
	Company Filed Capital Structure								
12	Long Term Debt	153,552,332					31.50%	4.28%	1.35%
13	Short Term Debt	20,141,146					4.13%	1.78%	0.07%
14	Customer Deposits	3,787,595					0.78%	2.64%	0.02%
15	Common Equity	256,187,448					52.56%	10.75%	5.65%
16	Deferred Income Tax	53,754,304					11.03%	0.00%	0.00%
17	Total Capitalization	487,422,825					100.00%		7.09%

The per Company amounts are from MFR Sch. A-5.
* The Capitalization Ratio and cost rates are sponsored by Citizens Witness David Garrett.

Florida City Gas Company
Projected Test Year Ended December 31, 2023

Docket No. 20220069-GU
Exhibit HWS - 2
Cost of Capital

Cost of Capital

Schedule D
Page 2 of 2

Line No.	Description	Adjusted Amounts to Reflect OPC Capitalzation Ratio Page 1	Adjusted Capital Ratio	Allocation of Remaining Rate Base Adjustments
1	Long Term Debt	208,105,356	42.70%	(13,827,796)
3	Short Term Debt	20,161,415	4.14%	(1,339,648)
4	Customer Deposits	3,787,595	0.78%	(251,671)
5	Common Equity	201,614,154	41.36%	(13,396,481)
6	Investment Tax Credits	-	0.00%	-
7	Deferred Income Tax	53,754,304	11.03%	(3,571,766)
8				
9	Total	487,422,825	100.00%	(32,387,362)
10				
11				
12				
13	Citizens Adjustments to Rate Base			(32,387,362)
14	Adjustment to Deferred Income Tax			
15	Remaining Amount to Spread to			
16	All components of capital structure			(32,387,362)

Florida Power & Light Company

Demonstration of the Lack of Need for a Reserve Surplus Amortization Mechanism Excluding Storm Write-Off

														Is Adjusted Achieved:			
Line No.	Description	FPL Achieved ROE (A)	Reserve Activity Amount Per FPL ESR (B)	OPC Analytical Adjustments (C)	OPC Adjusted Analytical Reserve Amount (D)	Reconciling Adjustment for Excess Earnings (E)	Adjusted Analytical Reserve Amount (F)	Earnings from FPL ESR Sch.2, Page 2 of 3 (G)	Avg. Rate Base from FPL ESR, Page 1 of 3 (H)	Achieved Rate of Return, FPL ESR, Page 1 (I)	Return MidPoint, FPL ESR Sch. 4 (J)	Return Maximum, FPL ESR Sch. 4 (K)	Net of Tax Adjusted Achieved Earnings with Above Mid-point Credits Reversed (L)	Above Mid Point? (M)	Below Mid Point? (N)	At or Above High Point? (O)	
1	Rollover Reserve Amount - 12/31/2016[1]		$ 252,100,355		252,100,355		252,100,355										
2	Depreciation Reserve Surplus Approved by FPSC - 1/1/2017		$ 1,000,000,000		1,000,000,000		1,000,000,000										
3	Total Reserve Amount Available Under Current Settlement Agreement[3]		$ 1,252,100,355		1,252,100,355		1,252,100,355										
	Actual Amortization from 1/1/2017 - 12/31/2017:																
4	January, 2017	11.50%	$ (125,223,511)	125,223,511	0		0	1,969,904,426	29,833,068,325	6.60%	6.17%	6.65%	6.35%	yes	no	no	
5	February, 2017	11.50%	$ (35,682,879)	35,682,879	0		0	1,987,617,978	30,118,513,534	6.60%	6.17%	6.65%	6.53%	yes	no	no	
6	March, 2017	11.50%	$ (52,328,640)	52,328,640	0		0	2,006,304,082	30,414,000,489	6.60%	6.16%	6.64%	6.49%	yes	no	no	
7	April, 2017	11.50%	$ 26,451,730		26,451,730	(26,451,730)	0	2,024,786,349	30,696,531,447	6.60%	6.16%	6.64%	6.65%	yes	no	yes	1
8	May, 2017	11.50%	$ (36,038,470)	36,038,470	0		0	2,038,209,438	30,886,576,882	6.60%	6.17%	6.65%	6.53%	yes	no	no	
9	June, 2017	11.50%	$ (7,408,419)	7,408,419	0		0	2,050,924,005	31,080,476,259	6.60%	6.17%	6.65%	6.58%	yes	no	no	
10	July, 2017	11.50%	$ 25,671,697		25,671,697	(25,671,697)	0	2,067,702,399	31,303,128,365	6.61%	6.17%	6.65%	6.66%	yes	no	yes	2
11	August, 2017	11.50%	$ 22,847,456		22,847,456	(22,847,456)	0	2,083,161,426	31,508,630,527	6.61%	6.18%	6.66%	6.66%	yes	no	yes	3
12	September, 2017	11.50%	$ 75,509,428		75,509,428	(75,509,428)	0	2,095,237,878	31,781,526,320	6.59%	6.16%	6.64%	6.74%	yes	no	yes	4
13	October, 2017	11.50%	$ 54,523,942		54,523,942	(54,523,942)	0	2,108,470,091	32,055,292,707	6.58%	6.14%	6.62%	6.68%	yes	no	yes	5
14	November, 2017	11.50%	$ (52,119,437)	52,119,437	0		0	2,117,974,029	32,334,137,043	6.55%	6.12%	6.60%	6.45%	yes	no	no	
15	December, 2017 (Delete Irma)[2][5]	11.08%	$ (1,148,303,252)	1,148,303,252	0		0	2,062,924,335	32,628,492,321	6.32%	6.09%	6.56%	6.32%	yes	no	no	
16	Total Amortization from 1/1/2017 - 12/31/2017		$ (1,252,100,355)	1,457,104,608	205,004,253	(205,004,253)	0										
17	Adjustment to Reserve based on calendar year results																
18	Remaining Reserve Amount - 12/31/2017		$0				1,252,100,355										
	Actual Amortization from 1/1/2018 - 12/31/2018:																
19	January, 2018	11.15%			0		0	2,070,685,029	32,822,351,158	6.31%	6.04%	6.51%	6.31%	yes	no	no	
20	February, 2018	11.23%			0		0	2,094,805,712	33,065,126,614	6.34%	6.03%	6.51%	6.34%	yes	no	no	
21	March, 2018	11.22%			0		0	2,113,981,081	33,382,323,852	6.33%	6.04%	6.51%	6.33%	yes	no	no	
22	April, 2018	11.50%			0		0	2,178,577,170	33,705,615,296	6.46%	6.04%	6.51%	6.46%	yes	no	no	
23	May, 2018	11.41%			0		0	2,187,621,291	34,035,439,111	6.43%	6.05%	6.51%	6.43%	yes	no	no	
24	June, 2018	11.52%			0		0	2,230,107,909	34,371,238,294	6.49%	6.06%	6.53%	6.49%	yes	no	no	
25	July, 2018	11.60%	$ 51,958,256		51,958,256	(51,958,256)	0	2,265,462,036	34,684,090,019	6.53%	6.07%	6.54%	6.64%	yes	no	yes	6
26	August, 2018	11.60%	$ 55,277,885		55,277,885	(55,277,885)	0	2,295,907,069	34,994,305,269	6.56%	6.09%	6.56%	6.68%	yes	no	yes	7
27	September, 2018	11.60%	$ 193,713,805		193,713,805	(193,713,805)	0	2,323,532,744	35,280,472,895	6.59%	6.12%	6.59%	7.00%	yes	no	yes	8
28	October, 2018	11.60%	$ 125,007,557		125,007,557	(125,007,557)	0	2,348,950,400	35,488,566,903	6.62%	6.15%	6.62%	6.88%	yes	no	yes	9
29	November, 2018	11.60%	$ 14,253,285		14,253,285	(14,253,285)	0	2,379,535,649	35,714,209,675	6.66%	6.11%	6.67%	6.69%	yes	no	yes	10
30	December, 2018	11.60%	$ 100,738,501		100,738,501	(100,738,501)	0	2,408,440,336	35,971,745,420	6.70%	6.22%	6.70%	6.90%	yes	no	yes	11
31	Total Amortization from 1/1/2018 - 12/31/2018		$ 540,949,289	0	540,949,289	(540,949,289)	0										
32	Calculated Adjustment to Reserve based on calendar year results						98,506,091										
	Cannot increase Reserve Amount above $1.252 billion																
33	Remaining Reserve Amount - 12/31/2018		$540,949,289				1,252,100,355										
	Actual Amortization from 1/1/2019 - 12/31/2019:																
34	January, 2019	11.60%	$ (84,875,022)	84,875,022	0		0	2,446,262,814	36,238,502,628	6.75%	6.27%	6.76%	6.58%	yes	no	no	
35	February, 2019	11.60%	$ (33,423,808)	33,423,808	0		0	2,477,760,253	36,450,968,682	6.80%	6.31%	6.80%	6.73%	yes	no	no	
36	March, 2019	11.60%	$ (37,487,852)	37,487,852	0		0	2,516,374,279	36,772,075,693	6.84%	6.35%	6.85%	6.77%	yes	no	no	
37	April, 2019	11.60%	$ (1,238,828)	1,238,828	0		0	2,537,891,072	37,042,743,704	6.85%	6.36%	6.86%	6.85%	yes	no	no	
38	May, 2019	11.60%	$ 48,530,293		48,530,293	(48,530,293)	0	2,561,421,297	37,309,132,171	6.87%	6.37%	6.87%	6.96%	yes	no	yes	12
39	June, 2019	11.60%	$ 173,309,107		173,309,107	(173,309,107)	0	2,581,821,625	37,571,276,260	6.87%	6.38%	6.88%	7.22%	yes	no	yes	13
40	July, 2019	11.60%	$ 86,035,009		86,035,009	(86,035,009)	0	2,604,276,777	37,814,489,339	6.89%	6.39%	6.89%	7.06%	yes	no	yes	14
41	August, 2019	11.60%	$ 52,771,234		52,771,234	(52,771,234)	0	2,620,717,842	38,062,437,154	6.89%	6.39%	6.89%	6.99%	yes	no	yes	15
42	September, 2019	11.60%	$ 172,044,151		172,044,151	(172,044,151)	0	2,631,745,681	38,317,537,265	6.87%	6.37%	6.87%	7.20%	yes	no	yes	16
43	October, 2019	11.60%	$ 157,733,862		157,733,862	(157,733,862)	0	2,643,329,339	38,588,269,870	6.85%	6.36%	6.86%	7.16%	yes	no	yes	17
44	November, 2019	11.60%	$ (657,986)	657,986	0		0	2,657,582,020	38,875,401,030	6.84%	6.35%	6.84%	6.83%	yes	no	no	
45	December, 2019 Delete Dorian and Other Storms[5]	11.60%	$ (176,076,008)	265,409,000	89,332,992	(89,332,992)	0	2,671,231,704	39,250,784,958	6.81%	6.32%	6.81%	6.98%	yes	no	yes	18
46	Total Amortization from 1/1/2019 - 12/31/2019		$ 356,664,152	423,092,496	779,756,648	(779,756,648)	0										
47	Calculated Adjustment to Reserve based on calendar year results						86,995,377										
	Cannot increase Reserve Amount above $1.252 billion																
48	Remaining Reserve Amount - 12/31/2019		897,613,441				1,252,100,355										

Florida Power & Light Company
Demonstration of the Lack of Need for a Reserve Surplus Amortization Mechanism Excluding Storm Write-Off

Line No.	Description	FPL Achieved ROE (A)	Reserve Activity Amount Per FPL ESR (B)	OPC Analytical Adjustments (C)	OPC Adjusted Analytical Reserve Amount (D)	Reconciling Adjustment for Excess Earnings (E)	Adjusted Analytical Reserve Amount (F)	Earnings from FPL ESR Sch.2, Page 2 of 3 (G)	Avg. Rate Base from FPL ESR, Page 1 of 3 (H)	Achieved Rate of Return, FPL ESR, Page 1 (I)	Return MidPoint, FPL ESR Sch. 4 (J)	Return Maximum, FPL ESR Sch. 4 (K)	Net of Tax Adjusted Achieved Earnings with Above Mid-point Credits Reversed (L)	Is Adjusted Achieved: Above Mid Point? (M)	Below Mid Point? (N)	At or Above High Point? (O)	
	Actual Amortization from 1/1/2020 - 12/31/2020:																
49	January, 2020	11.60%	$ (114,482,970)	114,482,970	0		0	2,701,664,892	39,651,904,513	6.81%	6.33%	6.81%	6.60%	yes	no	no	
50	February, 2020	11.60%	$ (45,574,339)	45,574,339	0		0	2,722,670,929	39,993,735,573	6.81%	6.32%	6.81%	6.72%	yes	no	no	
51	March, 2020	11.60%	$ 11,911,325		11,911,325	(11,911,325)	0	2,743,818,708	40,346,880,357	6.80%	6.31%	6.81%	6.82%	yes	no	yes	19
52	April, 2020	11.60%	$ 5,861,698		5,861,698	(5,861,698)	0	2,760,234,633	40,641,722,200	6.79%	6.31%	6.80%	6.80%	yes	no	yes	20
53	May, 2020	11.60%	$ (5,982,714)	5,982,714	0		0	2,791,077,828	40,920,501,883	6.82%	6.33%	6.83%	6.81%	yes	no	no	
54	June, 2020	11.60%	$ (9,495,711)	9,495,711	0		0	2,823,113,632	41,228,656,330	6.85%	6.36%	6.85%	6.83%	yes	no	no	
55	July, 2020	11.60%	$ 41,960,553		41,960,553	(41,960,553)	0	2,841,265,288	41,530,995,940	6.84%	6.35%	6.85%	6.92%	yes	no	yes	21
56	August, 2020	11.60%	$ 78,526,460		78,526,460	(78,526,460)	0	2,859,426,791	41,841,524,678	6.83%	6.34%	6.84%	6.98%	yes	no	yes	22
57	September, 2020	11.60%	$ 137,409,299		137,409,299	(137,409,299)	0	2,881,686,389	42,152,933,802	6.84%	6.34%	6.84%	7.08%	yes	no	yes	23
58	October, 2020	11.60%	$ 117,397,423		117,397,423	(117,397,423)	0	2,906,268,015	42,464,806,592	6.84%	6.35%	6.85%	7.05%	yes	no	yes	24
59	November, 2020	11.60%	$ (26,854,283)	26,854,283	0		0	2,932,711,867	42,797,755,973	6.85%	6.36%	6.86%	6.81%	yes	no	no	
60	December, 2020	11.60%	$ (189,481,173)	189,481,173	0		0	2,955,429,035	43,224,147,555	6.84%	6.34%	6.85%	6.51%	yes	no	no	
61	Total Amortization from 1/1/2020 - 12/31/2020		$ 1,195,568	$ 391,871,190	$ 393,066,758	$ (393,066,758)	0										
62	Calculated Adjustment to Reserve based on calendar year results																
	Cannot increase Reserve Amount above $1.252 billion																
63	Remaining Reserve Amount - 12/31/2020		898,809,009				1,252,100,355										
	Actual Amortization from 1/1/2021 - 2/28/2021:																
64	January, 2021	11.60%	$ (164,322,261)	164,322,261	0		0	2,985,340,954	43,665,836,016	6.84%	6.34%	6.84%	6.55%	yes	no	no	
65	February, 2021	11.60%	$ (65,907,300)	65,907,300	0		0	3,006,287,949	43,967,736,147	6.84%	6.34%	6.85%	6.72%	yes	no	no	
66	March, 2021	11.60%	$ (86,035,112)	86,035,112	0		0	3,022,369,873	44,270,876,708	6.83%	6.33%	6.84%	6.68%	yes	no	no	
67	Total Amortization from 1/1/2021 - 3/31/2021		$ (316,264,673)	$ 316,264,673	$ -	$ -	0										
68	Reduction in Total Reserve Amount Available Under Current Settlement Agreement (Note 3)		$ (5,000,000)		(5,000,000)		(5,000,000)										
69	Remaining Reserve Amount - 3/31/2021		$577,544,336		(5,000,000)		1,247,100,355										
70	Total Reserve Amount Available Under Current Settlement Agreement						1,247,100,355										
71	Difference						0										

Notes:

(1) Rollover Reserve Surplus Amount provided pursuant to Order No. PSC-16-0560-AS-EI, Docket Nos. 160021-EI, 160061-EI, 160062-EI, and 160088-EI.
(2) The December 2017 amortization amount is a partial offset to the $1.3 billion Hurricane Irma restoration cost write-off.
(3) Available Reserve Surplus Amount reduction pursuant to Order No. PSC-2019-0319-S-EI, Docket No. 20180049-EI.
(4) Columns A, B, G, H, I, J and K are from FPL's Earnings Surveillance Reports
(5) Adjust out storms
(6) Additions to the Reserve Surplus are positive, reductions are negative

History of FPL ESR Achieved ROE & Depreciation Adjustments 2010-2016														
	2010		2011		2012		2013		2014		2015		2016	
Month	Adjustments [1]	ROE	Adjustments [1]	ROE	Adjustments [1]	ROE	Adjustments [1]	ROE	Adjustments [1]	ROE	Adjustments [1]	ROE	Adjustments [1]	ROE
January	($8,051,360)	10.74	$6,102,111	11	($2,443,374)	11	($2,939,359)	11	$795,124	11.22	$3,780,115	11.5	($4,473,983)	11.5
February	($17,444,901)	10.81	$7,327,629	11	$1,708,663	11	($3,183,444)	11	($917,780)	11.22	$2,742,787	11.5	$2,271,035	11.5
March	$0	10.99	$4,991,085	11	($268,045)	11	($212,860)	11	($56,848)	11.22	$4,265,122	11.5	$1,159,150	11.5
April	$0	10.73	$1,990,634	11	($4,562,009)	11	($974,954)	11	($465,842)	11.23	($137,189)	11.5	$1,164,297	11.5
May	$0	11.28	$1,272,599	11	$3,189,695	11	$5,586,240	11	($1,092,527)	11.24	$770,859	11.5	($816,936)	11.5
June	$0	11.43	$0	11	($230,480)	11	($2,073,105)	11	$1,349,852	11.28	$1,989,041	11.5	$291,404	11.5
July	$0	11.68	$270,726	11	$1,201,056	11	$1,384,685	11.25	($132,897)	11.29	$1,911,755	11.5	($873,703)	11.5
August	$0	11.79	($1,859,964)	11	$1,558,932	11	($1,275,249)	11.25	$1,674,176	11.31	$149,672	11.5	$945,790	11.5
September	$0	11.34	$166,407	11	($408,337)	11	$5,246,048	11.07	($4,731,138)	11.41	($8,103,108)	11.5	$3,411,086	11.5
October	$0	11.16	($1,417,652)	11	$3,150,553	11	($204,394)	10.99	($230,173)	11.48	$1,124,569	11.5	$1,452,192	11.5
November	$2,750,485	11	$1,810,361	11	$1,963,360	11	($1,705,320)	10.99	$3,835,545	11.48	$11,447,439	11.5	($2,234,224)	11.5
December	$6,708,711	11	$2,567,982	11	($2,597,625)	11	($3,421,126)	10.96	$2,726,781	11.5	($315,641)	11.5	$2,182,310	11.5

Docket No. 20210015-EI
History of FPL ESR Achieved ROE Depreciation Adjustments 2010-2016
Exhibit RCS-5, Page 1 of 1

[1] Schedule 2, Page 2 of 3, Other Rate Case Adjustments (Depreciation and Amortization)

QUESTION:
For each incentive compensation plan, for the 2023 test year and each of the years 2017, 2018, 2019, 2020, and 2021 provide the number of employees eligible under the plan for incentive compensation payment and number of eligible employees that did not receive incentive compensation payment.

RESPONSE:
See FCG's objections served on July 11, 2022. Subject to and without waiver of said objections, FCG responds as follows:

FCG has a performance-based incentive compensation program, for which employees have been eligible beginning July 29, 2018, when FCG was acquired from Southern Company and became a wholly owned, direct subsidiary of Florida Power & Light Company. Please see the table below for the 2023 test year and each of the years 2018 (August through December), 2019, 2020, and 2021 for the number of employees eligible under the program for incentive compensation payment and number of eligible employees that did not receive incentive compensation payment.

Performance Year	Payout Year	# Eligible	# Received	# Did Not Receive
2018	2019	128	123	5
2019	2020	150	139	11
2020	2021	160	153	7
2021	2022	162	138	24

QUESTION:
Identify any studies or analysis that the Company has knowledge or possession of which show that its incentive compensation plan provides any benefit to ratepayers.

RESPONSE:
FCG provides a competitive compensation package designed to attract, retain, and motivate workers with necessary skills. The Company performs annual benchmarking to ensure that salaries and performance-based incentive compensation are market-competitive. Because such benchmarking demonstrates that incentive compensation is a necessary component of a competitive pay package for salaried workers in utility and general industry (and that Company salaries alone, without a performance-based incentive compensation program, would be a below-market compensation package), and because the Company's ability to attract and retain workers directly benefits customers, the Company's annual benchmarking study therefore shows that its performance-based incentive compensation plan provides benefit to customers.

Florida City Gas Company
Docket No. 20220069-GU
OPC's First Set of Interrogatories
Interrogatory No. 56
Page 1 of 1

QUESTION:
Provide for each of the years 2019, 2020, and 2021, the various goals on which incentive payments were to be determined and the actual achievement attained (i.e., the response should show actual metrics and not a simple reference that the goal was at target, not at target, at maximum, etc.)

RESPONSE:
The various goals on which incentive payments were determined and the actual achievements attained are provided in confidential Attachment No. 1 to this response.

Florida City Gas Company
Docket No. 20220069-GU
OPC's First Set of Interrogatories
Interrogatory No. 56
Attachment 1
Page 1 of 3

FPL Gas Operations
YTD 2019 Corporate Indicator Performance

	Indicator	2019 Year End Actual	2019 Year End Goal	On plan?	Weight	
Cust. Value	Gross Margin ($000)	[redacted] [redacted]	[redacted] [redacted]	Worse	50%	10%
	O&M Base Costs ($000)	[redacted] [redacted]	[redacted] [redacted]	Worse		10%
	Net Income ($000)	[redacted] [redacted]	[redacted] [redacted]	Worse		10%
	Capital Expenditures ($000)	[redacted] [redacted]	[redacted] [redacted]	Better		10%
	ROE - Regulatory (%) [1]	[redacted]	[redacted]	Worse		10%
Other Operational	Safety: Number of OSHA Recordables (per 200,000 Hrs)	[redacted]	[redacted]	Better	50%	8%
	Customer Growth (Count of Active Accounts)	[redacted]	[redacted]	Better		6%
	Customer Usage (Therms)	[redacted]	[redacted]	Better		6%
	Customer Experience:					
	Appointment Attainment (%)	[redacted]	[redacted]	Better		5%
	Average Leak Response (minutes)	[redacted]	[redacted]	Better		5%
	Call Center Data: [2]					
	Call Volume (thousands of calls)	[redacted]	[redacted]	Worse		5%
	Speed of Answer (seconds)	[redacted]	[redacted]	Worse		5%
	Call Handle Time (seconds)	[redacted]	[redacted]	Worse		5%
	Collection:					
	Write-offs ($000)	$ [redacted]	$ [redacted]	Worse		5%

[1] Regulatory ROE represents 100% equity financing from August 2018 through January 2019: FCG received an intercompany loan from FPL in February 2019 whichrebalances the capital structure to the targeted equity ratio of 48%.
Actual Regulatory ROE based on 3/2019 Earnings Surveillance Report filed with the FPSC on 8/15/19.
[2] Customer Service & Emergency Calls. Does not include Energy Connection.

FPL Gas Operations
YTD 2020 Corporate Indicator Performance

Indicator		2020 Year End Actual	Goal	On plan?	Weight	
Cust. Value	Gross Margin ($000)	[redacted] [redacted]	[redacted] [redacted]	Worse	50%	10%
	O&M Base Costs ($000)	[redacted] [redacted]	[redacted] [redacted]	Worse		10%
	Net Income ($000)	[redacted] [redacted]	[redacted] [redacted]	Worse		10%
	Capital Expenditures ($000)	[redacted] [redacted]	[redacted] [redacted]	Better		10%
	ROE - Regulatory (%) (1)(2)	[redacted] [redacted]	[redacted]%	Worse		10%
Other Operational	Safety: Number of OSHA Recordables (per 200,000 Hrs) (3)	[redacted]	[redacted]	Worse	50%	8%
	Customer Growth (Count of Active Accounts) (4)	[redacted]	[redacted]	Better		6%
	Customer Usage (Therms) (5)	[redacted]	[redacted]	Better		6%
	Customer Experience: (6)					
	Appointment Attainment (%)	[redacted]	[redacted]	N/A		5%
	Average Leak Response (minutes)	[redacted]	[redacted]	N/A		5%
	Call Center Data: (7)					
	Call Volume (thousands of calls)	[redacted]	[redacted]	Worse		5%
	Speed of Answer (seconds)	[redacted]	[redacted]	Worse		5%
	Call Handle Time (seconds)	[redacted]	[redacted]	Worse		5%
	Collection:					
	Write-offs ($000)	[redacted] [redacted]	[redacted] [redacted]	Better		5%

(1) Actual Regulatory ROE based on 3Q 2020 Earnings Surveillance Report filed with the FPSC on 11/13/20.
(2) Year-end ROE is not finalized until ESR filing for 4Q 2020.
[redacted]
(4) Current Month Actual and Goal reported as incremental active accounts added.
(5) Represents send out therms. May not move in sync with gross margin due to timing of billed therms.
(6) For all measures, Customer Experience information is currently unavailable from the Customer Information System (StarNik). The goal
(7) Customer Service & Emergency Calls. Does not include Energy Connection.

Florida City Gas Company
Docket No. 20220069-GU
OPC's First Set of Interrogatories
Interrogatory No. 56
Attachment 1
Page 3 of 3

FPL Gas Operations
YTD 2021 Corporate Indicator Performance

	Indicator	2021 Year End				
		Actual	Goal	On plan?	Weight	
Cust. Value	Gross Margin ($000)	[redacted] [redacted]	[redacted] [redacted]	Worse	50%	10%
	O&M Base Costs ($000) (1)	[redacted] [redacted]	[redacted] [redacted]	Worse		10%
	Net Income ($000)	[redacted] [redacted]	[redacted] [redacted]	Worse		10%
	Capital Expenditures ($000) (2)	[redacted] [redacted]	[redacted] [redacted]	Better		10%
	ROE - Regulatory (%) (3)	[redacted]	[redacted]	Worse		10%
Other Operational	Safety: Number of OSHA Recordables (Count)	[redacted]	[redacted]	Worse	50%	8%
	Customer Growth (Count of Active Accounts) (4)	[redacted]	[redacted]	Worse		6%
	Customer Usage (Therms)	[redacted]	[redacted]	Worse		6%
	Customer Experience:					
	Appointment Attainment (%)	[redacted]	[redacted]	Better		5%
	Average Leak Response (minutes)	[redacted]	[redacted]	Plan		5%
	Call Center Data: (5)					
	Call Volume (thousands of calls)	[redacted]	[redacted]	Better		5%
	Speed of Answer (seconds)	[redacted]	[redacted]	Better		5%
	Call Handle Time (seconds)	[redacted]	[redacted]	Worse		5%
	Collection:					
	Write-offs ($000)	$ [redacted]	$ [redacted]	Worse		5%

[redacted]

(3) Actual Regulatory ROE based on the filed 3Q 2021 Earnings Surveillance Report.

(4) Current month actual and goal reported as incremental active accounts added.

(5) As of September 2021, the Emergency Response Team (ERT) is in-housed. Call Center Metrics do not include data after cut over.

Florida City Gas Company
Docket No. 20220069-GU
OPC's First Set of Interrogatories
Interrogatory No. 61
Page 1 of 1

QUESTION:
Please provide the amounts of Incentive Compensation broken out by short and long term included the test year and each of the years 2017, 2018, 2019, 2020, and 2021. If there are amounts charged to capital provide those separately.

RESPONSE:
See FCG's objections served on July 11, 2022. Subject to and without waiver of said objections, FCG responds as follows:

The requested information for the time period prior to July 29, 2018, when FCG was acquired from Southern Company and became a wholly owned, direct subsidiary of Florida Power & Light Company, is not reasonably available to FCG without incurring additional costs and/or requiring additional time.

Capital and expense for the Company's performance-based short-term and long-term incentive compensation programs for the requested periods are as follows:

	2018	2019	2020	2021	2023
Short Term (Capital)	$41,384	$159,168	$215,413	$243,215	$287,655
Short Term (Expense)	$276,955	$994,642	$1,120,037	$797,492	$1,321,611
Long Term (Expense)	$12,574	$161,243	-$93,253	$119,747	$163,461
Total	**$330,913**	**$1,315,053**	**$1,242,197**	**$1,160,454**	**$1,772,728**

Note that the information provided with this response does not include any costs included in FCG's cost recovery clauses.

Florida City Gas Company
Docket No. 20220069-GU
OPC's First Set of Interrogatories
Interrogatory No. 63
Page 1 of 1

QUESTION:
Identify the amount of injuries and damages expense included in the test year and for each of the years 2017, 2018, 2019, 2020, and 2021.

RESPONSE:
See FCG's objections served on July 11, 2022. Subject to and without waiver of said objections, FCG responds as follows:

The requested information for the time period prior to July 29, 2018, when FCG was acquired from Southern Company and became a wholly owned, direct subsidiary of Florida Power & Light Company, is not reasonably available to FCG without incurring additional costs and/or requiring additional time.

FCG interprets this request to provide amounts reflected in FERC Account 925, Injuries and Damages. Based on the interpretation, the amounts for the requested periods recorded in FERC Account 925, excluding amounts collected through FCG's cost recovery clauses, are as follows:

Year	Amount
Aug-Dec 2018	$ 91,151
2019	$ 111,135
2020	$ 243,888
2021	$ 552,519

For the amount of injuries and damages expenses included in the projected 2023 Test Year, please refer to MFR Schedule E-6 (with RSAM), Page 4 of 5.

Florida City Gas Company
Docket No. 20220069-GU
OPC's First Set of Interrogatories
Interrogatory No. 65
Page 1 of 1

QUESTION:
Please provide the amount of insurance expense, by insurance type (i.e., property insurance, liability insurance, workers compensation, etc.) included in the test year and each of the years 2017, 2018, 2019, 2020, and 2021.

RESPONSE:
See FCG's objections served on July 11, 2022. Subject to and without waiver of said objections, FCG responds as follows:

The requested information for the time period prior to July 29, 2018, when FCG was acquired from Southern Company and became a wholly owned, direct subsidiary of Florida Power & Light Company, is not reasonably available to FCG without incurring additional costs and/or requiring additional time.

Amounts for insurance expenses by type for the periods August 2018 to December 2021 and for the projected 2023 Test Year for FCG are as follows:

FCG PROPERTY & LIABILITY INSURANCE EXPENSE SUMMARY [(1)]

	Aug -Dec 2018	2019	2020	2021	2023
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	PROJECTED [(2)]
Property Insurance - Other	$7,195	$22,318	$40,153	$39,164	$40,127
Liability Insurance - Other	31,710	294,018	431,824	637,433	653,101
Liability Insurance - D&O	-	6,557	11,867	9,205	9,431
Liability Insurance - Workers Compensation	60,198	84,723	40,058	50,143	51,375
Liability Insurance - Fleet	-	312,227	245,043	258,328	264,678
Total	$99,103	$719,843	$768,946	$994,273	$1,018,712

(1) Does not include amounts recorded in FCG's cost recovery clauses.
(2) 2023 Test Year amounts are based on a 2.5% increase from actual insurance expense for 2021.

QUESTION:
Has the Company used a vacancy factor in its payroll forecast for the test year? If so, provide the factor used and the supporting calculations. If not, explain why not.

RESPONSE:
No. The Company does not use a vacancy factor in its payroll forecasting. The Company budgets optimal staffing levels for the full year.

QUESTION:
How many new hires has the Company included in the test year that were not hired as of 12/31/2021? For each new position provide:

a. Planned hiring date

b. Hiring dates for any of these positions that have been filled

c. Fully loaded annual salary

d. Job Title

RESPONSE:
Please see Attachment No. 1 to this response. Table 1 indicates all new positions filled from January 1, 2022 through June 30, 2022 including the job title, hiring date, and fully loaded annual salary. Table 2 indicates all new positions expected to be filled from July 1, 2022 through December 31, 2022 including the job title, planned hiring date, and fully loaded annual salary.

Note, FCG redacted fully loaded annual salaries in Tables 1 and 2 as they are designated as Highly Sensitive information as that term is used in the Confidentiality Agreement in use in this proceeding. The unredacted version of Attachment No. 1 will be available for inspection at the Gunster, Yoakley & Stewart, P.A. office located at 215 South Monroe Street, Suite 601, Tallahassee, FL 32301, provided the reviewing party has executed the Confidentiality Agreement and remains in compliance with the requirements of the Confidentiality Agreement associated with the review of Highly Sensitive information.

Florida City Gas Company
Docket No. 20220069-GU
OPC's First Set of Interrogatories
Interrogatory No. 75
Attachment No. 1 of 1
Tab 1 of 1

TABLE 1

Positions Filled from January 1, 2022 through June 30, 2022

Number	Position Title	Fully Loaded Annual Salary	Hiring Date
1	Sr Care Center Quality Analyst	[redacted]	February 2022
1	Assoc Gas Dispatcher		March 2022
1	Associate CSR		March 2022
1	Field Tech I		March 2022
1	Customer Advisor II		March 2022
1	Sales Engineer, National & Key Accounts		May 2022
1	Assoc Gas Dispatcher		May 2022
1	GIS Analyst		May 2022
1	Field Tech III		May 2022
1	Associate CSR		June 2022
1	Field Tech III		June 2022
1	Associate Engineer		June 2022
12	Total		

TABLE 2

Positions to be Filled-July through December 2022

Number	Position Title	Fully Loaded Annual Salary	Estimated Hiring Date
1	DIMP Analyst	[redacted]	July 2022
2	Technical Specialist II - Dsbn		July 2022
1	System Planner		July 2022
4	Project Manager		End of 2022
1	Sr Credit and Collections		July 2022
1	Associate CSR - Billing Technicians		July 2022
1	Agile Delivery Manager		End of 2022
1	Scrum Master		End of 2022
12	Total		

QUESTION:
Provide Capital and O&M budgeted and actual payroll expense for the test year and each of the years 2017, 2018, 2019, 2020, and 2021.

RESPONSE:
See FCG's objections served on July 11, 2022. Subject to and without waiver of said objections, FCG responds as follows:

The requested information for the time period prior to July 29, 2018, when FCG was acquired from Southern Company and became a wholly owned, direct subsidiary of Florida Power & Light Company, is not reasonably available to FCG without incurring additional costs and/or requiring additional time.

For 2018, FCG was not a subsidiary during the 2018 plan cycle and therefore, the requested information is unavailable for this period. For 2019, FCG prepared a high-level estimate of total operations and maintenance expense prior to the completion of FCG's acquisition. As a result, payroll budget detail is not available for 2019. Please see table below for budgeted payroll expense for 2020 and 2021 and Attachment No. 2 in FCG's response to OPC's First Set of Interrogatories No. 76 for 2023 Test Year budgeted payroll expense.

	Budget	
	2020	2021
Capitalized Payroll	1,775,483	2,861,162
Expensed Payroll	9,122,327	10,265,407

Note: The information provided above does not include any costs included in FCG's cost recovery clauses.

For actual payroll expense for 2018 through 2021, please see Attachment No. 1 in FCG's response to OPC's First Set of Interrogatories No. 76.

Florida City Gas Company
Docket No. 20220069-GU
OPC's Second Set of Interrogatories
Interrogatory No. 112
Page 1 of 1

QUESTION:
Refer to testimony of Kurt S. Howard, Page 6, lines 9-14. Were any costs for the LNG facility included in the base rates approved in the Company's prior rate case and if so, what amounts were recovered in rate base and in the operating expenses?

RESPONSE:
Yes. FCG's current base rates reflects $29,000,000 in rate base associated with the LNG facility and related land, and $167,150 in operating expenses.

Florida City Gas Company
Docket No. 20220069-GU
OPC's Second Set of Interrogatories
Interrogatory No. 115

QUESTION:
Refer to testimony of Kurt S. Howard, Page 32, lines 14-23. Provide a timeline for the construction and a side by side comparison, by major cost components, of the original budget and the revised budget amounts.

RESPONSE:
Please refer to the files titled "220617 LNG-Homestead Project Schedule" and "FCG LNG", served with FCG's response to OPC's First Request for Production of Documents No.1.

Florida City Gas Company
Docket No. 20220069-GU
OPC's Second Set of Interrogatories
Interrogatory No. 129
Page 1 of 1

QUESTION:
Refer to Exhibit MC-4, Page 1 of 3. Please explain why it is appropriate to include the AGL plant acquisition adjustment in rate base and identify any rulings relied on for including a previous owners acquisition adjustment as part of rate base.

RESPONSE:
The establishment and inclusion of the AGL plant acquisition adjustment in FCG's rate base was addressed in Docket No. 060657-GU and approved in Order No. PSC-07-0913-PAA-GU, issued on November 13, 2007, which is available at:

http://www.psc.state.fl.us/library/filings/2007/10239-2007/10239-2007.pdf.

Please also refer to MFR Schedule B-6 for additional information regarding the AGL acquisition adjustment.

The AGL plant acquisition adjustment continued to be included in rate base as part of FCG's last rate case settlement agreement approved in Order No. PSC-2018-0190-FOF-GU (Docket No. 20170179-GU). This was after the acquisition of FCG (through its parent AGL Resources) by Southern Company in 2016.

Florida City Gas
Docket No. 20220069-GU
OPC's Third Set of Interrogatories
Interrogatory No. 138
Page 1 of 1

QUESTION:
Are there any current and/or planned internal discussions for the Company to potentially merge or be acquired? If so, provide a detailed discussion on the status of those negotiations.

RESPONSE:
See FCG's objections served on August 9, 2022.

QUESTION:
Has the Company had any discussions with another party regarding the potential merger or acquisition of the Company? If so, provide a detailed summary of any such discussions

RESPONSE:
See FCG's objections served on August 9, 2022.

Florida City Gas
Docket No. 20220069-GU
OPC's Fourth Set of Interrogatories
Interrogatory No. 147
Page 1 of 1

QUESTION:
Refer to the response to OPC’s First Set of Interrogatories, No. 54. Explain why eligible employees did not receive incentive compensation in each of the years shown and what was the primary reason for the increase in employees not receiving incentive compensation in 2021 when compared to prior years

RESPONSE:
Details regarding why eligible employees did not receive incentive compensation in each of the years shown in FCG’s response to OPC’s First Set of Interrogatories, No. 54 are included in the table below. The primary reason for the increase in employees not receiving incentive compensation in 2021 compared to prior years was a significant increase in employees hired late in the year.

Employees Not Receiving Incentive Compensation Details

Performance Year	Payout Year	# Did Not Receive	# Late Hires	% Late Hires	# Inactive/Leave of Absense at Payout	% Inactive/Leave of Absense at Payout	# Poor Performance	% Poor Performance
2018	2019	5	3	60%	2	40%	0	0%
2019	2020	11	6	55%	4	36%	1	9%
2020	2021	7	4	57%	2	29%	1	14%
2021	2022	24	15	63%	8	33%	1	4%

Florida City Gas
Docket No. 20220069-GU
OPC's Fourth Set of Interrogatories
Interrogatory No. 149
Page 1 of 1

QUESTION:
Refer to the response to OPC's First Set of Interrogatories, No. 77. Explain in detail the 2021, 20.45% increase in budgeted capital and O&M payroll over 2020 budgeted capital and O&M payroll specifically identifying the amount associated with added employees.

RESPONSE:
The budgeted payroll increase of 20.45% for 2021 versus 2020 budget is consistent with the budgeted headcount increase of approximately 25% for 2021 versus 2020 budget. The 2021 budget contemplated 35 additional headcount, which represents a $2.2 million increase in total payroll cost (Capital and O&M) versus the 2020 budget. The primary reason for the budgeted increase in headcount was to fill positions related to the transition of functions post-acquisition from Southern Company.

It should be noted that when finalizing the 2020 budget, the plan for the transition of functions post-acquisition from Southern Company had not been finalized and, as a result, actual payroll cost and headcount in 2020 was higher than budgeted. The actual payroll cost in 2021 was lower than budgeted, as the open headcount was not able to be filled within the budgeted timeline. See below.

	Payroll Budget		Payroll Actual	
	2020	**2021**	**2020**	**2021**
Expense	9,122,327	10,265,407	10,179,183	10,548,742
Capital	1,775,483	2,861,162	2,036,803	1,844,485
Total	**10,897,810**	**13,126,569**	**12,215,986**	**12,393,227**

QUESTION:
Refer to the response to OPC's First Set of Interrogatories, No. 87. Explain the significant decline in 2021net plant additions when compared to 2020.

RESPONSE:
FCG's net plant additions, gross additions less retirements, were $43.0 million in 2020 and $8.2 million in 2021, resulting in a decrease of approximately $34.8 million. Please see below for the major drivers for the decrease:

- New Business – Decrease in net plant additions from 2020 to 2021 by approximately $12.2 million primarily due to major capital improvements for a new large industrial customer made in 2020 and lower new business in 2021 as a result of the ongoing impacts of the COVID-19 pandemic.

- Systems – Decrease in net plant additions from 2020 to 2021 by approximately $10 million due to $5.7 million for the implementations of Starnik (customer information system) and $4.3 million for the establishment of Gas and Work Management Systems in 2020.

- Operations, Safety, and Support – Decrease in net plant additions from 2020 to 2021 by approximately $10.4 million due to $7.2 million of retirements recorded in 2021 associated with the clean-up of certain components of meter retirements dating back to the acquisition of FCG by FPL, $1.6 million in capital improvements for the Cocoa Gate Station, and $1.6 million related to the implementation of a new Periodic Testing Program in 2020.

Florida City Gas
Docket No. 20220069-GU
OPC's Fourth Set of Interrogatories
Interrogatory No. 153
Page 1 of 1

QUESTION:
Refer to the response to OPC's First Set of Interrogatories, No. 96. Confirm that there are no allocated SERP costs from the parent or affiliates included in the 2023 test year. If cannot be confirmed provide the amount allocated to the Company and the account where the costs are charged.

RESPONSE:
Certain SERP costs are allocated across the NextEra Energy, Inc. organization via FPL's Corporate Services Charge ("CSC"). The forecasted amount of SERP costs allocated to FCG from FPL in the 2023 Test Year totals $29,576, and is reflected in FERC Account, 923, Outside Services.

QUESTION:
Refer to the response to OPC's Second Set of Interrogatories, No. 129. Was the approval of the acquisition adjustment specifically detailed in the settlement agreement in Order No. PSC-2018-0190-FOF-GU (Docket No. 20170179-GU)? If not, explain why the settlement can be viewed as approval for recovery.

RESPONSE:
No. Pursuant to Commission Order No. PSC-08-0623-PAA-GU, FCG was authorized to amortize a positive acquisition adjustment over a thirty-year period beginning November 2004. On October 23, 2017, FCG filed a petition in Docket No. 20170179-GU seeking Commission approval of a rate increase, depreciation study, and a request for interim rate relief. As part of that filing, FCG submitted Schedule MFR A-3 that clearly reflects the positive acquisition adjustment was included in the 2018 Test Year rate base. Please refer to Schedule MFR A-3, Page 1 in Docket 20170179-GU. Although FCG's current settlement agreement approved by Commission Order No. PSC-2018-0190-FOF-GU did not specifically address the acquisition adjustment, there is nothing in the settlement agreement to suggest that any portion of the acquisition adjustment included in the 2018 Test Year was disallowed or adjusted. In addition, please refer to Attachment No. 1 to this response for FCG's response to Staff's First Data Request No. 2, in Docket No. 20170179-GU (settlement data requests) regarding FCG's intent regarding the continued recovery of the acquisition adjustment in base rates.

GUNSTER
FLORIDA'S LAW FIRM FOR BUSINESS

Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

March 16, 2018

Electronic Filing

Ms. Carlotta Stauffer, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: DOCKET NO. 20170179-GU - Petition for rate increase and approval of depreciation study by Florida City Gas.

Dear Ms. Stauffer:

Attached for filing, please find Florida City Gas's Responses to Commission Staff's First Data Requests to the Company. Certain documents responsive to Data Request No. 11 are being provided under separate cover, along with a request for confidential classification.

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

Kind regards,

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

cc:/ (Service List)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida City Gas.	DOCKET NO. 20170179-GU DATED: March 16, 2018

FLORIDA CITY GAS'S RESPONSES TO STAFF'S FIRST DATA REQUEST ON STIPULATION AND SETTLEMENT

Florida City Gas's (FCG) responses to Staff's First Set of Data Requests are as follows:

Rate Case Expense

1. On page 8, paragraph 9, of the proposed Stipulation and Settlement Agreement, it states that the annual amortization of the regulatory asset established to recover the rate case expense incurred for the this rate case shall not be less than $150,000, and the amortization period runs from June 1, 2018, through May 31, 2022. This provision also states that the Company may, at its sole discretion, amortize additional amounts.

a. What is the anticipated balance of the regulatory asset on June 1, 2018?

b. Could the additional amortization authorized in this paragraph be considered in evaluating the Company's earned return on common equity under the terms of Paragraph 7 of this proposed Stipulation and Settlement Agreement?

FCG Response:

a. The forecasted balance for the regulatory asset at June 30, 2018 is $1,200,000.
b. Yes. In evaluating the Company's earned return on common equity under the terms of paragraph 7 of the proposed Stipulation and Settlement Agreement, the Company will use the actual amortized amount of rate case expense.

Respondent: Mike Morley

Docket No. 20170179-GU

Acquisition Adjustment

2. As part of its rate case filing, FCG requested continued approval of the 2007 Acquisition Adjustment that the Commission had approved on a provisional basis in Docket No. 060657-GU.

While the proposed Stipulation and Settlement Agreement reached by the parties asserts to be comprehensive to all issues outlined in the rate case filing, it does not directly address the Acquisition Adjustment and its continued prudence.

a. Is it the intention of the parties for the proposed Stipulation and Settlement Agreement to address the Acquisition Adjustment and its continued prudence?

b. As part of the proposed Stipulation and Settlement Agreement, have the parties agreed to stipulate their approval of the acquisition adjustment?

c. If yes, does FCG believe that this Stipulation and Settlement Agreement fulfills its obligation to demonstrate to the Commission the prudence of the Acquisition Adjustment?

FCG Response:

a. The Parties' have put forth a "black box" settlement, which, as noted, does not address the Acquisition Adjustment approved by the Commission in Docket No. 060657-GU. It can, however, be noted that the Settlement and Stipulation also does not include a specific adjustment to disallow any portion of the remaining unamortized amount associated with that Commission-approved Acquisition Adjustment.

b. Please see response to part a, above. The Parties further note that no intervenor party submitted testimony or exhibits recommending that any portion of the remaining unamortized amount associated with the Acquisition Adjustment be disallowed.

c. While the Stipulation and Settlement does not specifically address the Acquisition Adjustment, the Company provided the testimonies of Witnesses Kim and Bermudez in support of the continued prudence of the Acquisition Adjustment. To the extent that no intervenor party provided testimony recommending an adjustment to the unamortized amount associated with the Acquisition Adjustment, and the Settlement and Stipulation does not contain a specific adjustment to the remaining unamortized amount associated with the Acquisition Adjustment, FCG believes that a sufficient demonstration has been made as to the continued prudence of the Acquisition Adjustment.

Respondent: Carolyn Bermudez

Federal Income Tax Reform

3. Please provide the method, including the calculations and schedules (formulas intact), used to determine the projected tax savings of $4,584,338.

FCG Response:

Please see Attachment Staff DR Set 1 (1-3) for the details above.

Respondent: Mike Morley

Revenue Requirement

4. Please discuss how the two step increases will be allocated to the rate classes (e.g., across the board same percentage increase to all rate classes)

FCG Response:

The attached Schedule Staff DR 1-4 and electronic file "Schedule Staff DR 1-4.xlsx" present how the Company proposes allocate the two step increases. For the first step increase the Company proposes to allocate the $2,500,000 in the same manner as the initial $8,000,000 increase net of SAFE revenues was allocated to the RS-1, RS-100, RS-600, GS-1, GS-6k, GS-

25k, GS-120k and GS-1250k classes. Page 1 of the attached schedule presents this allocation for the first step. The Company proposes to place all the proposed increase for this step into the energy charges.

For the second step of $1,300,000 the Company proposes to follow the same basic method. Detail of this calculation is based on page 2 of the attached schedule. The difference is that allocation is based upon both the initial increase and the increase from the first step. The result is both steps are allocated to the classes of RS-1, RS-100, RS-600, GS-1, GS-6k, GS-25k, GS-120k and GS-1250k by the same percentages as the initial increase. Again, the Company proposes to place all the proposed increase for this step into the energy charges.

Respondent: Dan Nikolich

<u>LNG Facility</u>

5. Please explain whether FCG intends to use the LNG facility for purposes of selling LNG as an alternative fuel for transportation. For instance, will the LNG plant have a trucking rack and scale to allow long-haul trucks to buy LNG. If so, explain how such potential revenues from the sale of LNG will be treated by FCG.

<u>FCG Response:</u>

The Company has no intention to use the LNG facility for purposes of selling LNG as an alternative fuel for transportation. Florida City Gas is building the LNG facility to provide gas to address the capacity issues identified in the testimony of Witness Becker.

Respondent: Steve Wassell

6. Does FCG intend to sell any of the gas from the LNG facility to wholesale customers (e.g., another LDC, an electric utility, or a third party supplier or marketer that is not on FCG's system), and how would FCG treat such revenues?

FCG Response:
The Company does not intend to sell any of the gas from the LNG facility to wholesale customers. Florida City Gas is building the LNG facility to provide gas to address the capacity issues identified in the testimony of Witness Becker.

Respondent: Steve Wassell

Transportation Tariff

7. Please explain the methodology FCG will use to allocate the 20,000 Dth/h of additional capacity to the Third Party Shippers and please explain whether provision XI b. of the proposed Agreement was originally contemplated in the proposed transportation service tariffs or whether that provision is new to the Agreement (i.e., that Third Party Shippers would be responsible for the full 20,000 Dth/d of additional FGT capacity).

FCG Response:

FCG will allocate and release firm transportation capacity on Florida Gas Transmission to the Third Party Shippers that provide the natural gas supply for the Company's Transportation customers. The capacity allocation will be done in a way that recognizes the physical delivery rights of the firm transportation capacity contract on the interstate pipeline and the location of the Transportation customer(s) on the FCG system. The Third Party Supplier will therefore have a firm ability to deliver gas supply to the part of the FCG system where their transportation customer(s) and their potential demand for natural gas is located. Capacity will be allocated and released to Third Party Suppliers to meet the needs of our ADDQ customers and then to the

DCQ customers. The allocation and release of Firm Transport capacity on the interstate pipeline will continue until there is no further capacity to release. Since the system does not have the full amount of capacity needed to meet a forecasted design day not all parties will receive a release or the release they receive may not fully cover their transportation customer's load potential until such time as the Company is able to secure adequate gas supply capability to do so.

Respondent: Greg Becker

8. How many Third Party Shippers are on FCG's system?

FCG Response:

There are 11 Third Party Shippers who actively provide gas supply to Transportation customers on FCG's distribution system at this time.

Respondent: Greg Becker

9. FCG Witness Becker's rebuttal testimony stated that only one Third Party Shipper has firm capacity rights on the FGT system. Will that shipper also have to buy capacity from FCG?

FCG Response:

The Third Party Suppliers will not be purchasing capacity directly from FCG. The Company will contract for Firm Capacity on the interstate pipeline and then release the capacity to the Third Party Supplier. These releases will be conducted on the interstate pipeline's Electronic Bulletin Board "EBB" and will comply with their Federal Energy Regulatory Commission's "FERC" approved Tariff. The Third Party Supplier would then be billed directly by the interstate pipeline company as a replacement shipper to the firm capacity.

All Third Party Suppliers will be released capacity from FCG unless they can provide documentation to the Company illustrating that they have enough Firm Capacity on FGT, with firm delivery rights to points on FCG's distribution system that correspond to the geographic location of their Transportation customers that would meet the demands of all of their ADDQ and DCQ customers.

The Company has not analyzed the specifics of the one Third Party Shipper that currently holds a very small amount of firm transportation capacity on FGT that has firm delivery rights to points on the FCG system, where the Third Party Shipper's Transportation customers are located on FCG's system or any other reasons why that Third Party Shipper may hold and be using that firm capacity on FGT.

Respondent: Greg Becker

10. Please explain whether Third Party Shippers will be required to buy their allocated share of the 20,000 Dth/d additional capacity, or whether Third Party Shippers will be able to choose to buy capacity from FCG or continue to rely solely on the FGT secondary capacity release market.

FCG Response:

The Company's position is that the Third Party Shippers will be required to take release of firm transportation capacity that the Company subscribes to which will have firm delivery rights to the FCG system.

Respondent: Greg Becker

11. Please discuss whether FCG has communicated the proposed settlement to its Third Party Shippers and how it affects them. If so, please provide a discussion on the acceptance of the proposed transportation tariff and/or proposed settlement by the shippers.

FCG Response:

The Company has communicated the Capacity Release mechanism proposed in the transportation tariff and received a letter in response from the Third Party Suppliers. Those materials were provided in the Company's response to OPC POD 6-105. The Company also provided updated materials to each Third Party Supplier that reflected the amount of capacity that would be released to them before any additional capacity is contracted for by the Company. Those materials were sent to marketers on February 26, 2018 and subsequent follow-up discussions are taking place. See the emails enclosed separately on CD (Confidential).

The Company has not communicated the proposed settlement to Third Party Suppliers but plans on setting a meeting with the Third Party Supplier group in April or May of 2018 to have a Comprehensive discussion about the settlement and implementation of capacity releases.

Respondent: Greg Becker

New Rates

12. Please state when and how FCG will notify its customers of the proposed rates effective June 1, 2018.

FCG Response:

The Company will notify customers of the proposed rates effective June 1, 2018 consistent with Commission Rule 25-22.046 - Notice and Public Information on General Rate Increase Requests and Petitions for Limited Proceedings by Electric and Gas Utilities.

The rule states, "After the Commission's issuance of an order granting or denying a rate change, the utility shall give notice to its customers of the order and the revised rates. The notice shall be approved in advance by the Commission or its staff and transmitted to the customers with the first bill containing the new rates."

The Company will notify customers via a direct mailing that will be mailed to all FCG customers the first week of May. The Company will also place a message on the bill the first month that the approved base rates are effective informing customers that the bill incorporates newly approved base rates.

Respondent: Carolyn Bermudez

Exhibit A

13. Please refer to Exhibit A to the stipulation and settlement, page 3. Should the proposed settlement charge for Reconnection (Residential-outside regular business hours) be $50 instead of the $80 as shown?

FCG Response:

Yes. Additionally, other information related to Reconnection charges in the table needs to be corrected. The table below correctly represents the Reconnection charges information.

	Present Rates	**Interim Rates**	**Proposed Settlement Rates**
Reconnection Charge (Residential)	$37.00	$37.00	$40.00
Reconnection Charge (Residential-outside regular business hours)	$37.00	$37.00	$50.00
Reconnection Charge (Non-Residential)	$80.00	$80.00	$80.00
Reconnection Charge (Non-Residential-outside regular business hours)	$80.00	$80.00	$100.00

Respondent: Dan Nikolich

Docket No. 20170179-GU

14. Please refer to Exhibit A to the stipulation and settlement, page 3. The row for Reconnection (non residential outside regular business hours) appears twice. Should the first row with the proposed settlement charge of $50 be deleted, as the following row showing a proposed charge of $100 is correct?

FCG Response:

Yes. Please see the response to Staff DR 1-13.

Respondent: Dan Nikolich

15. Please provide the work papers showing the derivation of the proposed customer, distribution, and demand charges for all rate classes and provide proof that they are designed to produce the June 2018 additional increase in revenues contained in the stipulation and settlement ($11.5 million).

FCG Response:

The attached Schedule Staff DR 1-15 presents the Company's support for the $11.5M increase to the customer, demand and distribution charges. The $11.5M increase can viewed as two parts. The first part consists of rolling $3.5M of SAFE charges into base rates. The second part is comprised of an additional $8M needed to recover a revenue requirement of $61,847,331 to bring the total increase over base rates to $11.5M. To recover this revenue requirement, the Company proposes to increase its base rate customer, demand, and distribution charges.

The customer charge increases were based upon a comparison of the Company's current, proposed, customer costs per customer from the Class Cost of Service MFR H1 schedule updated for the tax law changes, TECO-Peoples Gas', and Florida Public Utilities customer charges presented in page two of the attachment. Based upon this comparison, the Company proposes to move the customer charges more in line with the cost of service but not exceeding maximum of the Company's current or another utility's shown similar customer charge.

For the demand charges, based upon the schedule H MFR's, almost 99% of FCG's costs are either customer or capacity based. As such, FCG's current demand charges are below the Company's demand related capacity based costs. The Company proposes to increase demand charges by roughly the same level as the modest increment that the original $0.289 per therm demand charges were based upon 14 years ago. This results in demand charges increasing by $0.286 per therm to $0.575 per therm.

Increases to the customer and demand charges alone are not sufficient to meet the agreed upon revenue requirement. Therefore, the Company proposes to increase the distribution charges. The first page of the attachment presents the calculation of the new distribution charges. To calculate the proposed distribution charges:

1. Residential increases were maintained at the level shown on the schedule H class cost of service allocation model adjusted for the tax law changes. This resulted in an overall 7.2% increase to residential base rate revenues.
2. The remaining increase was allocated evenly arriving a 21.5% increase for the commercial and industrial classes of GS-1, GS-6k, GS-25K, GS-120k, and GS-1250k.
3. The proposed increases by class were added to the current revenues by class to arrive at the revenue requirement by class totaling $61,847,331.
4. To compute the portion of the revenue requirement to be recovered through distribution charges, the proposed miscellaneous revenues totaling $3,164,078 were backed out.

5. Next, using the projected test year ending December 2018 billing determinants, the proposed customer charges totaling $20,767,237 and the proposed demand charges totaling $7,764,929 were deducted from the revenue requirements by class. This results in $35,151,088 in revenue requirement to be recovered through distribution charges.
6. Finally, for each class, the distribution charge revenue requirement was divided by the projected test year number of therms to arrive at the proposed rates for each class.

Respondent: Dan Nikolich

Exhibit B

16. Please provide a revised Exhibit B to the stipulation and settlement that in addition to total Base Rate Revenues under original filed, adjusted for tax law changes, and settlement proposal, also shows as a separate line item the revenue increase associated with miscellaneous service charges.

FCG Response:

Please see the attached Schedule Staff DR 1-16 and the attached electronic file "Schedule Staff DR 1-16.xslx".

Respondent: Dan Nikolich

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Exhibit C - Depreciation

17. Please refer to Exhibit C, page 2, of the proposed Settlement, and the Direct Testimony of FCG witness Watson, Exhibit No. DAW-2, pages 42, 168, and 169 for the following Data Request. For Federal Energy Regulatory Commission (FERC) Account 380.20 - Service, Plastic (shown on page 2 of Exhibit C), please confirm that the *Proposed* and *OPC Settlement* rates of Net Salvage are both negative 45 percent, rather than the shown zero percent.

FCG Response:

Yes, the Proposed and OPC Settlement rates of Net Salvage are both negative 45 percent, rather than the shown zero percent.

Respondent: Mike Morley

18. Please refer to Exhibit C, page 1, of the proposed Settlement, and the Direct Testimony of FCG witness Watson, Exhibit No. DAW-2, page 62.

a. Please confirm that FCG still intends to implement General Plant Amortization as alluded to by the values shown on Exhibit C, page 2, of the proposed Settlement.

b. Please confirm if it is still the Company's intention to retire certain assets whose ages' are greater than the average service life of their corresponding (amortizable) accounts.

FCG Response:

a. Yes, FCG still intends to implement General Plant Amortization as alluded to by the values shown on Exhibit C, page 2, of the proposed Settlement.

b. Yes, the Company's intention to retire certain assets whose ages' are greater than the average service life of their corresponding (amortizable) accounts.

Respondent: Mike Morley

19. Please provide an estimated total annual depreciation expense differential (including plant amortization expense) based upon the depreciation rates shown on Exhibit C of the proposed Settlement, with an implementation date of January 1, 2018, to the Company's proposed "Total Depreciated Plant" expense shown on Exhibit DAW-2, page 103 of 171.

FCG Response:

Please refer to Staff DR 1-19 Attachments 1 and 2. Attachment 1 provides a comparison of depreciation expense based on the proposed settlement and the rates proposed in Exhibit DAW-2, page 103 of 171 using plant balances as of July 31, 2018 (also provided in Exhibit DAW-2, page 103 of 171. Attachment 2 provides a comparison of depreciation expense based on the proposed settlement and existing rates using the average plant balances for the 2018 test year (MFR G1-10 and 11).

Respondent: Mike Morley

Billing Determinants

20. Please refer to Page 4 of the Settlement and Stipulation, Section III.a. The settlement states the FCG shall be authorized to increase base rates and service charges "based on the projected test year December 2018 billing determinants reflected in the Minimum Filing Requirements ("MFRs") filed with the Company's Petition in this docket." Do the parties to the Stipulation and Settlement affirm that the billing determinants appearing in MFR Schedules E1 and E2 as filed on October 23, 2017 in this proceeding...

a. are the same billing determinants used to set base rates in this settlement?

b. were not revised in FCG's revised MFR schedules filed February 26, 2018?

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<u>FCG Response:</u>

Yes, the billing determinants for number of customers, demand charges quantities, and therms are the same between those filed on October 23, 2017 and February 26, 2018. They are also the same determinants used to set rates for this settlement and used in the Company's response to Staff DR 1-15 with two exceptions. MFR's E1 and E2 show demand charge quantities (DCQ's) that were still based upon the current tariff which specifies separate winter and summer DCQ. Under the filed tariff, and per the testimony of Witness Nikolich, the Company has proposed going to one annual DCQ for the entire year rather than separate winter and summer periods. That leads the updated DCQ billing determinant in therms as shown below:

	Seasonal DCQ		**Annual DCQ**	
	GS-120k	GS-1250K	GS-120k	GS-1250K
Jan-18	172,347	198,876	172,347	198,876
Feb-18	172,347	198,876	172,347	198,876
Mar-18	172,347	198,876	172,347	198,876
Apr-18	166,110	115,577	172,347	198,876
May-18	166,110	115,577	172,347	198,876
Jun-18	166,110	115,577	172,347	198,876
Jul-18	166,110	115,577	172,347	198,876
Aug-18	166,110	115,577	172,347	198,876
Sep-18	166,110	115,577	172,347	198,876
Oct-18	166,110	115,577	172,347	198,876
Nov-18	172,347	198,876	172,347	198,876
Dec-18	172,347	198,876	172,347	198,876
Total	**2,024,504**	**1,803,419**	**2,068,163**	**2,386,512**

Respondent: Dan Nikolich

21. Please refer to Page 4 of the Settlement, Section III.a. Is it the intent of the parties to set the base rates for the step revenue increases discussed in this section based on the December 2018 billing determinants appearing in MFR Schedules E1 and E2 as filed in this proceeding on October 23, 2017? If not, please explain how the parties expect the billing determinants used to implement the step increases to base rates will be determined.

FCG Response:

Yes. Please refer to the Company's response to Staff DR's 1-4 and 1-15 that discuss and present how the two step process will employ the billing determinants to set rates.

Respondent: Dan Nikolich

Other Cost Recovery

22. Please refer to page 6 of the Settlement, Section VI – Other Cost Recovery. This section states, in part;

"As part of the base rate freeze, agreed to herein, the Company will not seek approval to defer for later recovery in rates, any costs incurred or reasonably expected to be incurred from the Effective Date through and including May 31, 2022, which are of the type which historically or traditionally have been or would be recovered in base rates, unless such deferral and subsequent recovery is expressly authorized herein or otherwise agreed to by each of the Parties."

Please indicate whether FCG contemplates seeking approval to defer any specific costs to be recovered in rates after May 31, 2022 which have already been "otherwise agreed to by each of the Parties" but not expressly authorized in the Settlement. If applicable, please provide a reasonably detailed description and estimate of such costs.

FCG Response:

At this time, FCG does not contemplate seeking approval to defer any specific costs to be recovered in rates after May 31, 2022 which have already been "otherwise agreed to by each of the Parties" but not expressly authorized in the Settlement.

Respondent: Mike Morley

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing filing has been served by Hand Delivery and/or Electronic Mail (w/o confidential attachments) this 16th day of March, 2018, upon the following:

Virginia Ponder
Office of the Public Counsel
c/o The Florida Legislature
111 West Madison St., Rm 812
Tallahassee, FL 32399-1400

Walter Trierweiler
Danijela Janjic
Florida Public Service Commission
General Counsel's Office
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

A.J. Unsicker/L.L. Zieman/N.A. Cepak/R.K. Moore
c/o AFLOA/JACE-ULFSC
139 Barnes Drive, Suite 1
Tyndall AFB FL 32403
(850) 283-6347
andrew.unsicker@us.af.mil
ULFSC.Tyndall@US.AF.MIL
lanny.zieman.1@us.af.mil
natalie.cepak.2@us.af.mil
ryan.moore.5@us.af.mil
Andrew.Jernigan.3@us.af.mil
ebony.payton.ctr@us.af.mil

By: Beth Keating
Beth Keating
Lila A. Jaber
Greg Munson
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Florida City Gas
Docket No. 20220069-GU
OPC's Fifth Set of Interrogatories
Interrogatory No. 159
Attachment 1 of 1
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Florida City Gas
Docket No. 20170179
Schedule 1

Item No.		Amount	Tickmark	MFR / WP Location 1	Explanation
1	Change in Current Income Tax	(3,855,349)	A/	Schedule 3, Line 43	This was calculated utilizing the "As Filed" Total Rate Base of $299,278,151 multiplied by the change in cost of capital at the new explansion factor. See Schedule 3 for details of the calculation.
2	Excess Deferred Tax Amortization	(1,093,333)	B/	Schedule 3.5, cell O28	FCG determined the amount of $(1,093,333) on line three (3) listed as Excess Deferred Tax by taking the 2018 amortization of the protected excess deferred income tax liability of $1,016,422 less the 2018 amortization of the unprotected excess deferred income tax asset of $207,864. The result was then multiplied by the revenue expansion factor of 1.3522 (refer to Schedule 3.7 and Schedule 3.8). The 2018 amortization amounts for the protected and unprotected excess deferred income tax amounts are provided in the Company's response to OPC ROG 8-176, attachment OPC ROG 8-176-2.
3	Change in Cost of Capital - Elimination of Bonus Depreciation	364,344	C/	Schedule 3, Line 24	This was calculated utilizing the "As Filed" Total Rate Base of $299,278,151 multiplied by the change in cost of capital at the old explansion factor. See Schedule 3 for details of the calculation.
4	$4.6M Components of Revised Revenue Requirement	$ (4,584,338)			For further details please refer to OPC ROG 8-175, and Staff ROG 16-18

A/ Change in federal income tax rate from 35% to 21% and resulting impacts on operating income and the gross revenue conversion factor.

B/ Amortization of excess deferred taxes - protected and basis adjustments to property excess deferred taxes are amortized under the average rate assumption method and unprotected excess deferred taxes are amortized over 5 years

C/ Primarily due to the loss of bonus depreciation in 2018 in accordance with the tax reform act. The Company did incorporate the allowance of 50% in 2018 bonus depreciation for property acquired prior to September 2017. The loss of bonus depreciation in 2018 resulted in a lower tax to book difference in depreciation expense of approximately $38 million.

Florida City Gas
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Florida City Gas
Schedule 3

Line No.	Description		Ratio	Cost Rate	Weighted Cost	1 - Tax Rate	After-Tax	Calculated Values *	Paste Special Values	* Differences between calculated values and paste special values is attributed to roundi
1	COMMON EQUITY		36.67%	11.25%	4.35%	N/A	N/A	4.35%	4.35%	MFR Schedule G3-2
2	LONG TERM DEBT	(a)	39.14%	4.66%	1.82%	61.43%	1.12%	1.12%	1.12%	
3	SHORT TERM DEBT	(a)	5.37%	2.64%	0.14%	61.43%	0.09%	0.09%	0.09%	
4	CUSTOMER DEPOSITS	(a)	1.28%	2.73%	0.03%	61.43%	0.02%	0.02%	0.02%	
5	DEFERRED TAXES		14.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
6	TAX CREDIT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
7	TOTAL							5.57%	5.58%	OPC ROG 8-175

(a) Note the change in capital structure ratio components are after all impacts of the TCJA with the exception of the impact to the equity ratio due to elimination of bonus deprecaition. and increase to equity component to mitigate adverse imapcts on credit ratings

Updated After-Tax Cost of Capital, incl impact to equity ratio for elim of bonus depreciation but before increase to equity to mitigate adverse impacts on credit ratings; before tax reform rev conversion factor

Line No.	Description	Ratio	Cost Rate	Weighted Cost	1 - Tax Rate	After-Tax	Calculated Values *	Paste Special Values		* Differences between calculated values and paste special values is attributed to roundi
8	COMMON EQUITY	39.32%	11.25%	4.42%	N/A	N/A	4.42%	4.42%		
9	LONG TERM DEBT	39.14%	4.66%	1.82%	61.43%	1.12%	1.12%	1.12%		
10	SHORT TERM DEBT	5.37%	2.64%	0.14%	61.43%	0.09%	0.09%	0.09%		
11	CUSTOMER DEPOSITS	1.28%	2.73%	0.03%	61.43%	0.02%	0.02%	0.02%		
12	DEFERRED TAXES	14.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
13	TAX CREDIT	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
14	TOTAL			6.41%			5.64%	5.65%		
15										
16						Line 13	5.65%	5.58%	Line 7	
17										
18						Revenue Expansion Factor MFR Schedule G-4, Line 11	1.6434	1.6434		
19										
20						Line 16 x Line 18	9.29%	9.16%	0.12174%	Cost of Capital at Old Expansion Factor (9.29% - 9.16%)
21										
22									299,278,151	MFR Schedule G-5, Line 1 / As Filed Total Rate Base
23										
24									364,344	Line 20 x Line 22 / Schedule 1, Line 3

Updated After-Tax Cost of Capital, incl impact to equity ratio for elim of bonus depreciation but before increase to equity to mitigate adverse impacts on credit ratings; after tax reform rev conversion factor

Line No.	Description	Ratio	Cost Rate	Weighted Cost	1 - Tax Rate	After-Tax	Calculated Values *	Paste Special Values		* Differences between calculated values and paste special values is attributed to round
25	COMMON EQUITY	39.32%	11.25%	4.42%	0	N/A	4.42%	4.42%		
26	LONG TERM DEBT	39.14%	4.66%	1.82%	0.74655	1.36%	1.36%	1.36%		
27	SHORT TERM DEBT	5.37%	2.64%	0.14%	0.74655	0.10%	0.10%	0.11%		
28	CUSTOMER DEPOSITS	1.28%	2.73%	0.03%	0.74655	0.02%	0.02%	0.03%		
29	DEFERRED TAXES	14.89%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
30	TAX CREDIT	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
31	TOTAL			6.41%			5.91%	5.91%		
32										
33						Line 31	5.91%			
34										
35						Revenue Expansion Factor OPC ROG 8-175	1.3522			
36										
37						Line 33 x Line 35	8.00%	9.29%	Line 20	
38										
39									-1.28822%	Cost of Capital New Expansion Factor vs Old Expansion Factor
40										
41									299,278,151	Line 22 / As Filed Total Rate Base
42										
43									(3,855,349)	Line 39 x Line 41 / Schedule 1

Florida City Gas
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Florida City Gas
Docket No. 20170179
Schedule 3.5

Item No.							
1							
2		Record Regulatory Tax Liability Net Protected and Unprotected					
3			Dec. 31, 2017		Grossed Up Amount - Reg. (Liability)/(Asset)	Related ADIT	
4		Protected Liability		(19,128,385)	(25,622,376)	6,493,991	
5		Unprotected Asset		1,039,318	1,392,161	(352,843)	
6							
7		Journal Entries - December 2017					
8					Dr	Cr	
9	279100	Accel Fed Tax Depr-Property			19,128,385		
10	279200	Other Timing Difference-Fed				(1,039,318)	
11	279101	ADIT on Regulatory Asset			6,141,148		
12	259999	Regulatory Tax Liability				(24,230,215)	
13							
14							
15			2018				
16			Amortization of Protected Excess Deferred Income Taxes				
17							
18					Dr.	Cr.	
19							
20							
21	259999	Regulatory Tax Liability			1,361,492		
22	279101	ADIT on Regulatory Asset				345,070	274,502
23	427500	Deferred Income Tax Expense				$\boxed{1,016,422}$	
24							
25							
26			Amortization of Protected Excess Deferred Income Taxes				
27							
28					Dr.	Cr.	
29							
30							
31							274,502
32	279101	ADIT on Regulatory Asset			70,569		
33	427510	Deferred Income Tax Expense			$\boxed{207,864}$		
34	259999	Regulatory Tax Liability				278,432	
35							
36			**Calculation**				
37							
38			Line 23		(1,016,422)		
39			Line 33		207,864		
40			Line 40 - Line 41		(808,558)		
41			Schedule 3.7 / Revenue Expansion Fac		1.3522		
42			Schedule 3.6		$\boxed{(1,093,333)}$		
43							

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Schedule Staff DR 1-4
Page 1 of 2

FLORIDA CITY GAS

Determination of Energy Charge Rates
June 2019 Additional $2,500,000 Increase

Class	Initial Proposed Revenue Increase net of SAFE	Percent Allocator	June 2019 Increase	3-08-2018 Settlement Proposal Total	June 2019 Proposed Total Base Rate Revenues	Consumption in Therms	Proposed Rate Increase	3-08-2018 Distribution Proposed Rates	June 2019 Proposed Distribution Rates based upon the $10.5 M for the Intial and 1st Step
RS-1	$ 540,703	6.8%	$ 169,041	$ 6,984,757	$ 7,153,797	2,886,825	$ 0.05856	$ 0.47322	$ 0.53177
RS-100	$ 1,224,000	15.3%	$ 382,661	$ 18,572,299	$ 18,954,960	12,240,769	$ 0.03126	$ 0.41137	$ 0.44263
RS-600	$ 0	0.0%	$ 0	$ 671,130	$ 671,130	787,899	$ -	$ 0.53133	$ 0.53133
GS-1	$ 1,144,607	14.3%	$ 357,841	$ 6,457,906	$ 6,815,747	12,382,178	$ 0.02890	$ 0.37923	$ 0.40813
GS-6k	$ 1,938,139	24.2%	$ 605,924	$ 10,935,033	$ 11,540,957	28,127,107	$ 0.02154	$ 0.34153	$ 0.36308
GS-25k	$ 1,163,001	14.5%	$ 363,591	$ 6,561,681	$ 6,925,272	17,386,101	$ 0.02091	$ 0.32696	$ 0.34787
GS-120k	$ 1,472,174	18.4%	$ 460,248	$ 8,306,045	$ 8,766,294	34,439,382	$ 0.01336	$ 0.19499	$ 0.20836
GS-1250k	$ 514,004	6.4%	$ 160,694	$ 2,900,024	$ 3,060,718	15,613,100	$ 0.01029	$ 0.09453	$ 0.10482
GS-11M									
GS-25M									
GAS LIGHTING			$ 0	$ 20,967	$ 20,967			$ 0.39535	$ 0.39535
NGV									
Contract Demand			$ 0	$ 171,598	$ 171,598				
TPS			$ 0	$ 265,891	$ 265,890				
Total All Classes	$ 7,996,627	100.0%	$ 7,500,000	$ 61,847,331	$ 64,347,331				
Total Residential			$ 551,702		$ 26,779,888				
Total Commercial and Industrial			$ 1,948,298		$ 37,108,988				
GS-1 through 25K			$ 1,327,356		$ 25,281,976				
GS-120k			$ 460,248		$ 8,766,294				
GS-1250k			$ 160,694		$ 3,060,718				

Class	Revenues Under Current Rates	Current SAFE Revenues	Total Company Revenues under Current Rates (Including SAFE)	Initial Proposed Revenue Increase net of SAFE	June 2019 Increase	Overall June Revenue Increase from Current Rates	Total Percent Increase from Current Rates Including SAFE
RS-1	$ 5,379,375	$ 1,064,679	$ 6,444,054	$ 540,703	$ 169,041	$ 709,744	11.0%
RS-100	$ 15,258,401	$ 2,089,898	$ 17,348,299	$ 1,224,000	$ 382,661	$ 1,606,661	9.3%
RS-600	$ 640,654	$ 30,476	$ 671,130	$ 0	$ 0	$ 0	0.0%
GS-1	$ 5,156,332	$ 156,967	$ 5,313,299	$ 1,144,607	$ 357,841	$ 1,502,448	28.3%
GS-6k	$ 8,858,485	$ 138,409	$ 8,996,894	$ 1,938,139	$ 605,924	$ 2,544,063	28.3%
GS-25k	$ 5,375,992	$ 22,688	$ 5,398,680	$ 1,163,001	$ 363,591	$ 1,526,592	28.3%
GS-120k	$ 6,827,819	$ 6,052	$ 6,833,871	$ 1,472,174	$ 460,248	$ 1,932,422	28.3%
GS-1250k	$ 2,385,773	$ 247	$ 2,386,020	$ 514,004	$ 160,694	$ 674,698	28.3%
GS-11M						$ 0	
GS-25M						$ 0	
GAS LIGHTING	$ 20,655	$ 312	$ 20,967	$ 0	$ 0	$ 0	0.0%
NGV						$ 0	
Contract Demand	$ 171,598		$ 171,598	$ 0	$ 0	$ 0	0.0%
TPS	$ 262,518		$ 262,518	$ 3,373	$ 0	$ 3,373	1.3%
Total All Classes	$ 50,337,602	$ 3,509,729	$ 53,847,331	$ 8,000,000	$ 2,500,000	$ 10,500,000	19.5%
Total Residential	$ 21,278,430	$ 3,185,053	$ 24,463,483	$ 1,764,702	$ 551,702	$ 2,316,404	9.5%
Total Commercial and Industrial	$ 24,604,401	$ 324,364	$ 28,928,765	$ 6,283,925	$ 1,948,298	$ 8,180,223	28.3%
GS-1 through 25K	$ 19,390,809	$ 318,064	$ 19,708,874	$ 4,245,747	$ 1,327,356	$ 5,573,103	28.3%
GS-120k	$ 6,827,819	$ 6,052	$ 6,833,871	$ 1,472,174	$ 460,248	$ 1,932,422	28.3%
GS-1250k	$ 2,385,773	$ 247	$ 2,386,020	$ 514,004	$ 160,694	$ 674,698	28.3%

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Determination of Energy Charge Rates
December 2019 Additional $1,300,000 Increase

Class	Initial Proposed Revenues Increase net of SAFE and June 19 Increase	Percent Allocator	Dec 2019 Increase	June 2019 Proposed Total Base Rate Revenues	Proposed Total Base Rate Revenues	Consumption in Therms	Proposed Rate Increase	June 2019 Proposed Distribution Rates based upon the $10.5 M for the Initial and 1st Step	Dec 2019 Proposed Distribution Rates with all $11.8 M Increase
RS-1	$ 709,744	6.8%	$ 87,901	$ 7,153,797	$ 7,241,699	2,886,825	$ 0.03045	$ 0.53177	$ 0.58222
RS-100	$ 1,606,661	15.3%	$ 198,984	$ 18,954,960	$ 19,153,944	12,240,759	$ 0.01626	$ 0.44263	$ 0.45889
RS-600	$ 0	0.0%	$ 0	$ 671,130	$ 571,130	267,899	$ -	$ 0.53133	$ 0.53133
GS-1	$ 1,502,446	14.3%	$ 186,077	$ 6,815,747	$ 7,001,824	12,382,178	$ 0.01503	$ 0.40813	$ 0.42315
GS-6k	$ 2,544,069	24.2%	$ 315,080	$ 11,540,957	$ 11,856,038	28,127,107	$ 0.01120	$ 0.36808	$ 0.37428
GS-25k	$ 1,526,992	14.5%	$ 189,067	$ 6,925,272	$ 7,114,339	17,388,101	$ 0.01087	$ 0.34787	$ 0.35875
GS-120k	$ 1,932,423	18.4%	$ 239,329	$ 8,766,294	$ 9,005,623	34,439,382	$ 0.00695	$ 0.20886	$ 0.21581
GS-1250k	$ 674,698	6.4%	$ 83,561	$ 3,060,718	$ 3,144,279	15,618,100	$ 0.00535	$ 0.10482	$ 0.11018
GS-11M									
GS-25M									
GAS LIGHTING			$ 0	$ 20,967	$ 20,967			$ 0.59535	$ 0.59535
NGV									
Contract Demand			$ 0	$ 171,598	$ 171,598				
TPS			$ 0	$ 265,891	$ 265,891				
Total All Classes	$ 10,498,627	100.0%	$ 1,300,000	$ 64,347,331	$ 65,647,331				
Total Residential			$ 286,885		$ 27,066,773				
Total Commercial and Industrial			$ 1,013,115		$ 38,122,103				
GS- 1 through 25K			$ 690,225		$ 25,972,201				
GS-120k			$ 239,329		$ 9,005,623				
GS-1250k			$ 83,561		$ 3,144,279				

Class	Revenues Under Current Rates	Current SAFE Revenues	Total Company Revenues under Current Rates (Including SAFE)	Initial Proposed Revenue Increase net of SAFE	June 2019 Increase	Dec 2019 Increase	Overall June Revenue Increase from Current Rates	Total Percent Increase from Current Rates Including SAFE
RS-1	$ 5,379,375	$ 1,064,579	$ 6,444,054	$ 540,703	$ 169,041	$ 87,901	$ 797,645	12.4%
RS-100	$ 15,258,401	$ 2,089,898	$ 17,348,299	$ 1,224,000	$ 382,661	$ 198,984	$ 1,805,645	10.4%
RS-600	$ 640,654	$ 30,476	$ 671,130	$ 0	$ 0	$ 0	$ 0	0.0%
GS-1	$ 5,156,332	$ 156,967	$ 5,313,299	$ 1,144,607	$ 357,841	$ 186,077	$ 1,688,525	31.8%
GS-6k	$ 8,858,485	$ 138,409	$ 8,996,894	$ 1,938,139	$ 605,924	$ 315,080	$ 2,859,143	31.8%
GS-25k	$ 5,375,992	$ 22,688	$ 5,398,680	$ 1,163,001	$ 363,591	$ 189,067	$ 1,715,659	31.8%
GS-120k	$ 6,827,819	$ 6,052	$ 6,833,871	$ 1,472,174	$ 460,248	$ 239,329	$ 2,171,751	31.8%
GS-1250k	$ 2,385,773	$ 247	$ 2,386,020	$ 514,004	$ 160,694	$ 83,561	$ 758,259	31.8%
GS-11M								
GS-25M								
GAS LIGHTING	$ 20,655	$ 312	$ 20,967	$ 0	$ 0	$ 0	$ 0	0.0%
NGV								
Contract Demand	$ 171,598	$ 0	$ 171,598	$ 0	$ 0	$ 0	$ 0	0.0%
TPS	$ 262,518	$ 0	$ 262,518	$ 3,373	$ 0	$ 0	$ 3,373	1.3%
Total All Classes	$ 50,337,602	$ 3,509,729	$ 53,847,331	$ 9,000,000	$ 2,500,000	$ 1,300,000	$ 11,800,000	21.9%
Total Residential	$ 31,278,431	$ 3,185,053	$ 34,463,483	$ 1,764,702	$ 551,702	$ 286,885	$ 2,603,289	10.6%
Total Commercial and Industrial	$ 28,604,401	$ 324,364	$ 28,928,765	$ 6,291,925	$ 1,948,298	$ 1,013,115	$ 9,193,338	31.8%
GS- 1 through 25K	$ 19,390,809	$ 318,064	$ 19,708,874	$ 4,245,747	$ 1,327,356	$ 690,225	$ 6,263,328	31.8%
GS-120k	$ 6,827,819	$ 6,052	$ 6,833,871	$ 1,472,174	$ 460,248	$ 239,329	$ 2,171,751	31.8%
GS-1250k	$ 2,385,773	$ 247	$ 2,386,020	$ 514,004	$ 160,694	$ 83,561	$ 758,259	31.8%

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Determination of Energy Charge Rates

Intial Rate Increase of $11.5M

Class	Total Current Rates excluding SAFE	SAFE Transfer to Base Rates	Initial Proposed Revenue Increase net of SAFE	Percent Increase including SAFE Revenues	Total Increase	3-08-2018 Settlement Proposal Total	Less Proposed Misc Revenues	Proposed Total Base Rate Revenues
RS-1	$ 5,379,375	$ 1,064,679	$ 540,703	8.4%	$ 1,605,382	$ 6,984,757	$ 742,272	$ 6,242,484
RS-100	$ 15,258,401	$ 2,089,898	$ 1,224,000	7.1%	$ 3,313,898	$ 18,572,299	$ 1,571,770	$ 17,000,529
RS-600	$ 640,654	$ 30,476	$ 0	0.0%	$ 30,476	$ 671,130	$ 30,482	$ 640,649
GS-1	$ 5,156,332	$ 156,967	$ 1,144,607	21.5%	$ 1,301,574	$ 6,457,906	$ 264,473	$ 6,193,434
GS-6k	$ 8,858,485	$ 138,409	$ 1,938,139	21.5%	$ 2,076,548	$ 10,935,033	$ 329,830	$ 10,605,204
GS-25k	$ 5,375,992	$ 22,688	$ 1,163,001	21.5%	$ 1,185,689	$ 6,561,681	$ 175,419	$ 6,386,262
GS-120k	$ 6,827,819	$ 6,052	$ 1,472,174	21.5%	$ 1,478,226	$ 8,306,045	$ 37,846	$ 8,268,199
GS-1250k	$ 2,385,773	$ 247	$ 514,004	21.5%	$ 514,251	$ 2,900,024	$ 9,834	$ 2,890,190
GS-11M	$ 0							
GS-25M	$ 0							
GAS LIGHTING*	$ 20,655	$ 312	$ 0	0.0%	$ 312	$ 20,967	$ 132	$ 20,835
NGV	$ 0							
Contract Demand	$ 171,598		$ 0	0.0%	$ 0	$ 171,598	$ 2,020	$ 169,578
TPS**	$ 262,518		$ 3,373	1.3%	$ 3,373	$ 265,891		$ 265,891
Total All Classes	$ 50,337,602	$ 3,509,729	$ 8,000,000	14.9%	$ 11,509,729	$ 61,847,331	$ 3,164,078	$ 58,683,254
Total Residential	$ 21,278,431	$ 3,185,053	$ 1,764,702	7.2%	$ 4,949,755	$ 26,228,186	$ 2,344,524	$ 23,883,662
Total Commercial and Industrial	$ 28,604,401	$ 324,364	$ 6,231,925	21.5%	$ 6,556,289	$ 35,160,690	$ 817,401	$ 34,343,289
GS- 1 through 25K	$ 19,390,809	$ 318,064	$ 4,245,747	21.5%	$ 4,563,812	$ 23,954,621	$ 769,721	$ 23,184,899
GS-120k	$ 6,827,819	$ 6,052	$ 1,472,174	21.5%	$ 1,478,226	$ 8,306,045	$ 37,846	$ 8,268,199
GS-1250k	$ 2,385,773	$ 247	$ 514,004	21.5%	$ 514,251	$ 2,900,024	$ 9,834	$ 2,890,190

Class	Number of Bills	Customer Charge Rate	Customer Charge Revenue	Demand Charge Quantity In Therms	Demand Charge Rate	Demand Charge Revenue	Proposed Base Rate Revenues less Customer and Demand Charges	Consumption in Therms	Proposed Distribution Rates
RS-1	406,366	$ 12.00	$ 4,876,392				$ 1,366,092	2,886,825	$ 0.47322
RS-100	797,671	$ 15.00	$ 11,965,065				$ 5,035,464	12,240,769	$ 0.41137
RS-600	11,632	$ 20.00	$ 232,640				$ 408,009	767,899	$ 0.53133
GS-1	59,911	$ 25.00	$ 1,497,775				$ 4,695,659	12,382,178	$ 0.37923
GS-6k	28,538	$ 35.00	$ 998,830				$ 9,606,374	28,127,107	$ 0.34153
GS-25k	4,678	$ 150.00	$ 701,700				$ 5,684,562	17,386,101	$ 0.32696
GS-120k	1,212	$ 300.00	$ 363,600	2,068,164	$ 0.575	$ 1,189,194	$ 6,715,405	34,439,382	$ 0.19499
GS-1250k	84	$ 500.00	$ 42,000	2,386,512	$ 0.575	$ 1,372,244	$ 1,475,946	15,613,100	$ 0.09453
GS-11M		$ 1,000.00			$ 0.575				
GS-25M		$ 2,000.00			$ 0.575				
GAS LIGHTING*	1,944	$ 10.72	$ 20,835						$ 0.59535
NGV		$ 25.00							
Contract Demand	12	$ 500.00	$ 6,000				$ 163,578		
TPS**	156	$ 400.00	$ 62,400	33,653	$ 6.05	$ 203,491	$ 0		
Total All Classes			$ 20,767,237			$ 2,764,929	$ 35,151,088		
Total Residential			$ 17,074,097			$ 0	$ 6,809,565		
Total Commercial and Industrial			$ 3,603,905			$ 2,561,439	$ 28,177,945		
GS- 1 through 25K			$ 3,198,305			$ 0	$ 19,986,594		
GS-120k			$ 363,600			$ 1,189,194	$ 6,715,405		
GS-1250k			$ 42,000			$ 1,372,244	$ 1,475,946		

* Number of Unmetered Gas Light Customers represents number of Mantles at 18 therms per Mantle.

** Demand Charge Quantity billing determinant for TPS in number of customers receiving gas supply service from a TPS.

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Determination of Customer Charge Rates

Customer Charge Comparison

Florida City Gas					TECO - Peoples's Gas		Florida Public Utilities	
Current Rates		Proposed Rates		Customer Cost of Service	Current Rates		Current Rates	
Residential Service		**Residential Service**			**Residential Service**		**Residential Service**	
GS-1	$ 8.00	RS-1	$ 12.00	$ 14.70	RS-1 (0 to 99 Thms)	$ 12.00	RS	$ 11.00
GS-100	$ 9.50	RS-100	$ 15.00	$ 16.92	RS-2 (100 to 249 Thms)	$ 15.00		
GS-220	$ 11.00				RS-3 (250 tro1999 Thms)	$ 30.00		
GS-600	$ 12.00	RS-600	$ 20.00	$ 19.77				
GS-1.2k	$ 15.00							
GS-6k	$ 30.00							
General Service		**General Service**			**General Service**		**General Service**	
GS-1	$ 8.00	GS-1	$ 25.00	$ 42.85	SGS (0 to 1,999)	$ 25.00	GS-1 (0-600 Thms)	$ 20.00
GS-100	$ 9.50							
GS-220	$ 11.00							
GS-600	$ 12.00						GS-2 (600 Thms +)	$ 33.00
GS-1.2K	$ 15.00				GS-1 (2,000 to 9,999)	$ 35.00		
GS-6K	$ 30.00	GS-6K	$ 35.00	$ 57.89	GS-2 (10,000 to 49,999)	$ 50.00		
GS-25K	$ 80.00	GS-25K	$ 150.00	$ 154.12	GS-3 (50,000 to 249,999)	$ 150.00		
GS-60K	$ 150.00							
GS-120K	$ 250.00	GS-120K	$ 300.00	$ 588.40				
GS-250K	$ 300.00				GS-4 (250,000 to 499,999)	$ 250.00	Large Volume Service	$ 90.00
GS-1,250K	$ 500.00	GS-1,250K	$ 500.00	$ 1,083.02	GS-5 (500,000 and beyond)	$ 300.00		
		GS-11M	$ 1,000.00					
		GS-25M	$ 2,000.00					

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Determination of Energy Charge Rates

Intial Rate Increase of $11.5M

Class	Total Current Rates excluding SAFE	SAFE Transfer to Base Rates	Initial Proposed Revenue Increase net of SAFE	Percent Increase including SAFE Revenues	Total Increase	3-08-2018 Settlement Proposal Total	Less Proposed Misc Revenues	Proposed Total Base Rate Revenues
RS-1	$ 5,379,375	$ 1,064,679	$ 540,703	8.4%	$ 1,605,382	$ 6,984,757	$ 742,272	$ 6,242,484
RS-100	$ 15,258,401	$ 2,089,898	$ 1,224,000	7.1%	$ 3,313,898	$ 18,572,299	$ 1,571,770	$ 17,000,529
RS-600	$ 640,654	$ 30,476	$ 0	0.0%	$ 30,476	$ 671,130	$ 30,482	$ 640,649
GS-1	$ 5,156,332	$ 156,967	$ 1,144,607	21.5%	$ 1,301,574	$ 6,457,906	$ 264,473	$ 6,193,434
GS-6k	$ 8,858,485	$ 138,409	$ 1,938,139	21.5%	$ 2,076,548	$ 10,935,033	$ 329,830	$ 10,605,204
GS-25k	$ 5,375,992	$ 22,688	$ 1,163,001	21.5%	$ 1,185,689	$ 6,561,681	$ 175,419	$ 6,386,262
GS-120k	$ 6,827,819	$ 6,057	$ 1,472,174	21.5%	$ 1,478,226	$ 8,306,045	$ 37,846	$ 8,268,199
GS-1250k	$ 2,385,773	$ 247	$ 514,004	21.5%	$ 514,251	$ 2,900,024	$ 9,834	$ 2,890,190
GS-11M	$ 0							
GS-25M	$ 0							
GAS LIGHTING*	$ 20,655	$ 312	$ 0	0.0%	$ 312	$ 20,967	$ 132	$ 20,835
NGV	$ 0							
Contract Demand	$ 171,598		$ 0	0.0%	$ 0	$ 171,598	$ 2,020	$ 169,578
TPS**	$ 262,518		$ 3,373	1.3%	$ 3,373	$ 265,891		$ 265,891
Total All Classes	$ 50,337,602	$ 3,509,729	$ 8,000,000	14.9%	$ 11,509,729	$ 61,847,331	$ 3,164,078	$ 58,683,254
Total Residential	$ 21,278,431	$ 3,185,053	$ 1,764,702	7.2%	$ 4,949,755	$ 26,228,186	$ 2,344,524	$ 23,883,662
Total Commercial and Industrial	$ 28,604,401	$ 324,364	$ 6,231,925	21.5%	$ 6,556,289	$ 35,160,690	$ 817,401	$ 34,343,289
GS- 1 through 25K	$ 19,390,809	$ 318,064	$ 4,245,747	21.5%	$ 4,563,812	$ 23,954,621	$ 769,721	$ 23,184,899
GS-120k	$ 6,827,819	$ 6,052	$ 1,472,174	21.5%	$ 1,478,226	$ 8,306,045	$ 37,846	$ 8,268,199
GS-1250k	$ 2,385,773	$ 247	$ 514,004	21.5%	$ 514,251	$ 2,900,024	$ 9,834	$ 2,890,190

Class	Number of Bills	Customer Charge Rate	Customer Charge Revenue	Demand Charge Quantity In Therms	Demand Charge Rate	Demand Charge Revenue	Proposed Base Rate Revenues less Customer and Demand Charges	Consumption in Therms	Proposed Distribution Rates
RS-1	408,366	$ 12.00	$ 4,676,392				$ 1,366,092	2,886,825	$ 0.47322
RS-100	797,671	$ 15.00	$ 11,965,065				$ 5,035,464	12,240,769	$ 0.41137
RS-600	11,632	$ 20.00	$ 232,640				$ 408,009	767,899	$ 0.53133
GS-1	59,911	$ 25.00	$ 1,497,775				$ 4,695,659	12,382,178	$ 0.37923
GS-6k	28,538	$ 35.00	$ 998,830				$ 9,606,374	28,127,107	$ 0.34153
GS-25k	4,678	$ 150.00	$ 701,700				$ 5,684,562	17,386,101	$ 0.32696
GS-120k	1,212	$ 300.00	$ 363,600	2,068,164	$ 0.575	$ 1,189,194	$ 6,715,405	34,439,382	$ 0.19499
GS-1250k	84	$ 500.00	$ 42,000	2,386,512	$ 0.575	$ 1,372,244	$ 1,475,946	15,613,100	$ 0.09453
GS-11M		$ 1,000.00			$ 0.575				
GS-25M		$ 2,000.00			$ 0.575				
GAS LIGHTING*	1,944	$ 10.72	$ 20,835						$ 0.59535
NGV		$ 25.00							
Contract Demand	12	$ 500.00	$ 6,000				$ 163,578		
TPS**	156	$ 400.00	$ 62,400	33,653	$ 6.05	$ 203,491	$ 0		
Total All Classes			$ 20,767,237			$ 2,764,929	$ 35,151,088		
Total Residential			$ 17,074,097			$ 0	$ 6,809,565		
Total Commercial and Industrial			$ 3,603,905			$ 2,561,439	$ 28,177,945		
GS- 1 through 25K			$ 3,198,305			$ 0	$ 19,986,594		
GS-120k			$ 363,600			$ 1,189,194	$ 6,715,405		
GS-1250k			$ 42,000			$ 1,372,244	$ 1,475,946		

* Number of Unmetered Gas Light Customers represents number of Mantles at 18 therms per Mantle.
** Demand Charge Quantity billing determinant for TPS in number of customers receiving gas supply service from a TPS.

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Determination of Customer Charge Rates

Customer Charge Comparison

Florida City Gas					TECO - Peoples's Gas		Florida Public Utilities	
Current Rates		Proposed Rates		Customer Cost of Service	Current Rates		Current Rates	
Residential Service		**Residential Service**			**Residential Service**		**Residential Service**	
GS-1	$ 8.00	RS-1	$ 12.00	$ 14.70	RS-1 (0 to 99 Thms)	$ 12.00	RS	$ 11.00
GS-100	$ 9.50	RS-100	$ 15.00	$ 16.92	RS-2 (100 to 249 Thms)	$ 15.00		
GS-220	$ 11.00				RS-3 (250 tro1999 Thms)	$ 30.00		
GS-600	$ 12.00	RS-600	$ 20.00	$ 19.77				
GS-1.2k	$ 15.00							
GS-6k	$ 30.00							
General Service		**General Service**			**General Service**		**General Service**	
GS-1	$ 8.00	GS-1	$ 25.00	$ 42.85	SGS (0 to 1,999)	$ 25.00	GS-1 (0-600 Thms)	$ 20.00
GS-100	$ 9.50							
GS-220	$ 11.00							
GS-600	$ 12.00						GS-2 (600 Thms +)	$ 33.00
GS-1.2K	$ 15.00				GS-1 (2,000 to 9,999)	$ 35.00		
GS-6K	$ 30.00	GS-6K	$ 35.00	$ 57.89	GS-2 (10,000 to 49,999)	$ 50.00		
GS-25K	$ 80.00	GS-25K	$ 150.00	$ 154.12	GS-3 (50,000 to 249,999)	$ 150.00		
GS-60K	$ 150.00							
GS-120K	$ 250.00	GS-120K	$ 300.00	$ 588.40				
GS-250K	$ 300.00				GS-4 (250,000 to 499,999)	$ 250.00	Large Volume Service	$ 90.00
GS-1,250K	$ 500.00	GS-1,250K	$ 500.00	$ 1,083.02	GS-5 (500,000 and beyond)	$ 300.00		
		GS-11M	$ 1,000.00					
		GS-25M	$ 2,000.00					

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Rate Design Revenue Comparisons

	Revenues under Current Rates				Revenues under Original Proposed Rates							
Class	Base Rates	SAFE	Misc Revenues	Total Current Rates	Original Proposed Base Rates	SAFE	Original Proposed Misc Revenues	Original Filed Proposal	Original Proposed Base Rates Increase	Original Proposed Misc Revenues Increase	Increase	Pct. Increase
RS-1	$ 4,858,604	$ 1,064,679	$ 520,771	$ 6,444,054	$ 6,468,353		$ 742,272	$ 7,210,626	$ 545,071	$ 221,501	$ 766,572	11.9%
RS-100	$ 14,104,488	$ 2,089,898	$ 1,153,914	$ 17,348,299	$ 17,236,014		$ 1,571,770	$ 18,807,784	$ 1,041,628	$ 417,856	$ 1,459,484	8.4%
RS-600	$ 612,306	$ 30,476	$ 28,349	$ 671,130	$ 520,240		$ 30,482	$ 550,722	$ (122,541)	$ 2,133	$ (120,408)	-17.9%
GS-1	$ 4,930,588	$ 156,967	$ 225,744	$ 5,313,299	$ 6,776,996		$ 264,473	$ 7,041,468	$ 1,689,441	$ 38,728	$ 1,728,169	32.5%
GS-6k	$ 8,562,701	$ 138,409	$ 295,784	$ 8,996,894	$ 11,651,240		$ 329,830	$ 11,981,069	$ 2,950,129	$ 34,046	$ 2,984,175	33.2%
GS-25k	$ 5,213,694	$ 22,688	$ 162,299	$ 5,398,680	$ 6,913,012		$ 175,419	$ 7,088,431	$ 1,676,630	$ 13,121	$ 1,689,750	31.3%
GS-120k	$ 6,789,973	$ 6,052	$ 37,846	$ 6,833,871	$ 12,476,820		$ 37,846	$ 12,514,667	$ 5,680,795	$ 0	$ 5,680,795	83.1%
GS-1250k	$ 2,375,939	$ 247	$ 9,834	$ 2,386,020	$ 3,922,207		$ 9,834	$ 3,932,041	$ 1,546,021	$ 0	$ 1,546,021	64.8%
GS-11M												
GS-25M												
GAS LIGHTING	$ 20,523	$ 312	$ 132	$ 20,967	$ 73,973		$ 132	$ 74,105	$ 53,139	$ 0	$ 53,139	253.4%
NGV												
Contract Demand	$ 169,578		$ 2,020	$ 171,598	$ 169,578		$ 2,020	$ 171,598	$ 0	$ 0	$ 0	0.0%
TPS	$ 262,518			$ 262,518	$ 266,633			$ 266,633	$ 4,115	$ 0	$ 4,115	1.6%
Total All Classes	$ 47,900,909	$ 3,509,729	$ 2,436,693	$ 53,847,331	$ 66,475,065		$ 3,164,078	$ 69,639,143	$ 15,064,427	$ 727,385	$ 15,791,812	29.3%
Total Residential	$ 19,575,397	$ 3,185,053	$ 1,703,034	$ 24,463,483	$ 24,224,608		$ 2,344,524	$ 26,569,131	$ 1,464,158	$ 641,490	$ 2,105,648	8.6%
Total Commercial and Industrial	$ 27,872,894	$ 324,364	$ 731,507	$ 28,928,765	$ 41,740,274		$ 817,401	$ 42,557,676	$ 13,543,016	$ 85,895	$ 13,628,910	47.1%
GS- 1 through 25K	$ 18,706,982	$ 318,064	$ 683,827	$ 19,708,874	$ 25,341,247		$ 769,721	$ 26,110,968	$ 6,316,200	$ 85,895	$ 6,402,095	32.5%
GS-120k	$ 6,789,973	$ 6,052	$ 37,846	$ 6,833,871	$ 12,476,820		$ 37,846	$ 12,514,667	$ 5,680,795	$ 0	$ 5,680,795	83.1%
GS-1250k	$ 2,375,939	$ 247	$ 9,834	$ 2,386,020	$ 3,922,207		$ 9,834	$ 3,932,041	$ 1,546,021	$ 0	$ 1,546,021	64.8%

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Rate Design Revenue Comparisons

	Revenues under Current Rates				Revenues under Proposed Rates Adjusted for Tax Law Changes							
Class	Base Rates	SAFE	Misc Revenues	Total Current Rates	Tax Law Change Proposed Base Rates	SAFE	Proposed Misc Revenues	Total Adjusted for Tax Law Changes	Tax Law Change Proposed Base Rates Increase	Proposed Misc Revenues Increase	Increase	Pct. Increase
RS-1	$ 4,858,604	$ 1,064,679	$ 520,771	$ 6,444,054	$ 6,347,288		$ 742,272	$ 7,089,561	$ 424,006	$ 221,501	$ 645,507	10.0%
RS-100	$ 14,104,488	$ 2,089,898	$ 1,153,914	$ 17,348,299	$ 17,000,529		$ 1,571,770	$ 18,572,299	$ 806,144	$ 417,856	$ 1,224,000	7.1%
RS-600	$ 612,306	$ 30,476	$ 28,349	$ 671,130	$ 541,466		$ 30,482	$ 571,948	$ (101,315)	$ 2,133	$ (99,183)	-14.8%
GS-1	$ 4,930,588	$ 156,967	$ 225,744	$ 5,313,299	$ 6,454,972		$ 264,473	$ 6,719,445	$ 1,367,418	$ 38,728	$ 1,406,146	26.5%
GS-6k	$ 8,562,701	$ 138,409	$ 295,784	$ 8,996,894	$ 11,072,480		$ 329,830	$ 11,402,309	$ 2,371,369	$ 34,046	$ 2,405,415	26.7%
GS-25k	$ 5,213,694	$ 22,688	$ 162,299	$ 5,398,680	$ 6,581,972		$ 175,419	$ 6,757,391	$ 1,345,590	$ 13,121	$ 1,358,710	25.2%
GS-120k	$ 6,789,973	$ 6,052	$ 37,846	$ 6,833,871	$ 10,931,187		$ 37,846	$ 10,969,033	$ 4,135,162	$ 0	$ 4,135,162	60.5%
GS-1250k	$ 2,375,939	$ 247	$ 9,834	$ 2,386,020	$ 3,609,378		$ 9,834	$ 3,619,212	$ 1,233,192	$ 0	$ 1,233,192	51.7%
GS-11M												
GS-25M												
GAS LIGHTING	$ 20,523	$ 312	$ 132	$ 20,967	$ 15,213		$ 132	$ 15,345	$ (5,622)	$ 0	$ (5,622)	-26.8%
NGV												
Contract Demand	$ 169,578		$ 2,020	$ 171,598	$ 169,578		$ 2,020	$ 171,598	$ 0	$ 0	$ 0	0.0%
TPS	$ 262,518			$ 262,518	$ 265,891			$ 265,891	$ 3,373	$ 0	$ 3,373	1.3%
Total All Classes	$ 47,900,909	$ 3,509,729	$ 2,436,693	$ 53,847,331	$ 62,989,953		$ 3,164,078	$ 66,154,031	$ 11,579,315	$ 727,385	$ 12,306,700	22.9%
Total Residential	$ 19,575,397	$ 3,185,053	$ 1,703,034	$ 24,463,483	$ 23,889,284		$ 2,344,524	$ 26,233,807	$ 1,128,834	$ 641,490	$ 1,770,324	7.2%
Total Commercial and Industrial	$ 27,872,894	$ 324,364	$ 731,507	$ 28,928,765	$ 38,649,989		$ 817,401	$ 39,467,390	$ 10,452,730	$ 85,895	$ 10,538,625	36.4%
GS- 1 through 25K	$ 18,706,982	$ 318,064	$ 683,827	$ 19,708,874	$ 24,109,424		$ 769,721	$ 24,879,145	$ 5,084,377	$ 85,895	$ 5,170,272	26.2%
GS-120k	$ 6,789,973	$ 6,052	$ 37,846	$ 6,833,871	$ 10,931,187		$ 37,846	$ 10,969,033	$ 4,135,162	$ 0	$ 4,135,162	60.5%
GS-1250k	$ 2,375,939	$ 247	$ 9,834	$ 2,386,020	$ 3,609,378		$ 9,834	$ 3,619,212	$ 1,233,192	$ 0	$ 1,233,192	51.7%

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Rate Design Revenue Comparisons

	Revenues under Current Rates				Revenues under Settlement Proposal Rates							
Class	Base Rates	SAFE	Misc Revenues	Total Current Rates	Proposed Base Rates	SAFE	Proposed Misc Revenues	3-08-2018 Settlement Proposal Total	Proposed Base Rates Increase	Proposed Misc Revenues Increase	Increase	Pct. Increase
RS-1	$ 4,858,604	$ 1,064,679	$ 520,771	$ 6,444,054	$ 6,242,484		$ 742,272	$ 6,984,757	$ 319,202	$ 221,501	$ 540,703	8.4%
RS-100	$ 14,104,488	$ 2,089,898	$ 1,153,914	$ 17,348,299	$ 17,000,529		$ 1,571,770	$ 18,572,299	$ 806,144	$ 417,856	$ 1,224,000	7.1%
RS-600	$ 612,306	$ 30,476	$ 28,349	$ 671,130	$ 640,649		$ 30,482	$ 671,130	$ (2,133)	$ 2,133	$ 0	0.0%
GS-1	**$ 4,930,588**	**$ 156,967**	**$ 225,744**	**$ 5,313,299**	**$ 6,193,434**		**$ 264,473**	**$ 6,457,906**	**$ 1,105,879**	**$ 38,728**	**$ 1,144,607**	**21.5%**
GS-6k	**$ 8,562,701**	**$ 138,409**	**$ 295,784**	**$ 8,996,894**	**$ 10,605,204**		**$ 329,830**	**$ 10,935,033**	**$ 1,904,093**	**$ 34,046**	**$ 1,938,139**	**21.5%**
GS-25k	**$ 5,213,694**	**$ 22,688**	**$ 162,299**	**$ 5,398,680**	**$ 6,386,262**		**$ 175,419**	**$ 6,561,681**	**$ 1,149,880**	**$ 13,121**	**$ 1,163,001**	**21.5%**
GS-120k	**$ 6,789,973**	**$ 6,052**	**$ 37,846**	**$ 6,833,871**	**$ 8,268,199**		**$ 37,846**	**$ 8,306,045**	**$ 1,472,174**	**$ 0**	**$ 1,472,174**	**21.5%**
GS-1250k	**$ 2,375,939**	**$ 247**	**$ 9,834**	**$ 2,386,020**	**$ 2,890,190**		**$ 9,834**	**$ 2,900,024**	**$ 514,004**	**$ 0**	**$ 514,004**	**21.5%**
GS-11M												
GS-25M												
GAS LIGHTING	$ 20,523	$ 312	$ 132	$ 20,967	$ 20,835		$ 132	$ 20,967	$ (0)	$ 0	$ 0	0.0%
NGV												
Contract Demand	$ 169,578		$ 2,020	$ 171,598	$ 169,578		$ 2,020	$ 171,598	$ 0	$ 0	$ 0	0.0%
TPS	$ 262,518			$ 262,518	$ 265,891			$ 265,891	$ 3,373	$ 0	$ 3,373	1.3%
Total All Classes	$ 47,900,909	$ 3,509,729	$ 2,436,693	$ 53,847,331	$ 58,683,254		$ 3,164,078	$ 61,847,331	$ 7,272,615	$ 727,385	$ 8,000,000	14.9%
Total Residential	$ 19,575,397	$ 3,185,053	$ 1,703,034	$ 24,463,483	$ 23,883,662		$ 2,344,524	$ 26,228,186	$ 1,123,212	$ 641,490	$ 1,764,702	7.2%
Total Commercial and Industrial	**$ 27,872,894**	**$ 324,364**	**$ 731,507**	**$ 28,928,765**	**$ 34,343,289**		**$ 817,401**	**$ 35,160,690**	**$ 6,146,030**	**$ 85,895**	**$ 6,231,925**	**21.5%**
GS- 1 through 25K	**$ 18,706,982**	**$ 318,064**	**$ 683,827**	**$ 19,708,874**	**$ 23,184,899**		**$ 769,721**	**$ 23,954,621**	**$ 4,159,853**	**$ 85,895**	**$ 4,245,747**	**21.5%**
GS-120k	**$ 6,789,973**	**$ 6,052**	**$ 37,846**	**$ 6,833,871**	**$ 8,268,199**		**$ 37,846**	**$ 8,306,045**	**$ 1,472,174**	**$ 0**	**$ 1,472,174**	**21.5%**
GS-1250k	**$ 2,375,939**	**$ 247**	**$ 9,834**	**$ 2,386,020**	**$ 2,890,190**		**$ 9,834**	**$ 2,900,024**	**$ 514,004**	**$ 0**	**$ 514,004**	**21.5%**

FLORIDA CITY GAS

Current Miscellaneous Revenue

Class	CONNECTION CHARGE	COLLECTION IN LIEU OF DISCONNECT CHARGE	RECCONNECT CHARGE	BAD CHECKS	LATE PAYMENT CHARGES	DAMAGE BILLING	CHANGE OF ACCOUNT	METER READ ONLY	TEMPORARY DISCONNECT	FAILED TRIP CHARGE	Total
RS-1	$ 216,258	$ 81,783	$ 32,009	$ 11,729	$ 161,616	$ 17,377					$ 520,771
RS-100	$ 424,501	$ 160,534	$ 62,831	$ 23,023	$ 435,092	$ 47,932					$ 1,153,914
RS-600	$ 6,190	$ 2,341	$ 916	$ 336	$ 16,832	$ 1,734					$ 28,349
GS-1	$ 31,420	$ 12,057	$ 28,203	$ 1,729	$ 133,257	$ 19,078					$ 225,744
GS-6k	$ 14,967	$ 5,743	$ 13,434	$ 824	$ 225,641	$ 35,175					$ 295,784
GS-25k	$ 2,453	$ 941	$ 2,202	$ 135	$ 135,398	$ 21,168					$ 162,299
GS-120k						$ 37,846					$ 37,846
GS-1250k						$ 9,834					$ 9,834
GS-11M											
GS-25M											
GAS LIGHTING						$ 132					$ 132
NGV											
Contract Demand						$ 2,020					$ 2,020
TPS											
Total All Classes	$ 695,790	$ 263,400	$ 139,596	$ 37,775	$ 1,107,835	$ 192,297					$ 2,436,693

Proposed Miscellaneous Revenue

Class	CONNECTION CHARGE	COLLECTION IN LIEU OF DISCONNECT CHARGE	RECCONNECT CHARGE	BAD CHECKS	LATE PAYMENT CHARGES	DAMAGE BILLING	CHANGE OF ACCOUNT	METER READ ONLY	TEMPORARY DISCONNECT	FAILED TRIP CHARGE	Total
RS-1	$ 352,143	$ 102,917	$ 35,347	$ 11,729	$ 153,661	$ 17,377		$ 31,287	$ 32,155	$ 5,657	$ 742,272
RS-100	$ 691,235	$ 202,019	$ 69,383	$ 23,023	$ 402,541	$ 47,932		$ 61,414	$ 63,118	$ 11,105	$ 1,571,770
RS-600	$ 10,080	$ 2,946	$ 1,012	$ 336	$ 12,397	$ 1,734		$ 896	$ 920	$ 162	$ 30,482
GS-1	$ 43,858	$ 15,173	$ 28,809	$ 1,729	$ 145,639	$ 19,078		$ 4,613	$ 4,741	$ 834	$ 264,473
GS-6k	$ 20,891	$ 7,228	$ 13,723	$ 824	$ 247,137	$ 35,175		$ 2,197	$ 2,258	$ 397	$ 329,830
GS-25k	$ 3,425	$ 1,185	$ 2,249	$ 135	$ 146,461	$ 21,168		$ 360	$ 370	$ 65	$ 175,419
GS-120k						$ 37,846					$ 37,846
GS-1250k						$ 9,834					$ 9,834
GS-11M						$ -					
GS-25M						$ -					
GAS LIGHTING						$ 132					$ 132
NGV						$ -					
Contract Demand						$ 2,020					$ 2,020
TPS											
Total All Classes	$ 1,121,632	$ 331,467	$ 150,523	$ 37,775	$ 1,107,835	$ 192,297		$ 100,766	$ 103,562	$ 18,220	$ 3,164,078

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Account	Description		Proposal per Depreciation Study Exhibit DAW-2, Page 103 of 171		Proposal per Exhibit C of Proposed Settlement		Change	
			Rate	Amount	Rate	Amount	Rate	Amount
Storage								
364.00	LNG Plant	0	2.0%		2.0%			
Distribution Plant								
375.00	Structures and Improvements	0	3.1%	0	3.1%	0	0.00%	0
376.10	Mains. Steel	109,201,912	2.5%	2,730,048	2.5%	2,730,048	0.00%	0
376.20	Mains, Plastics	150,016,423	2.5%	3,750,411	2.5%	3,750,411	0.00%	0
378.00	M&R Station Equipment - General	3,009,723	3.5%	105,340	3.5%	105,340	0.00%	(0)
379.00	M&R Station Equipment - City gate	10,001,911	2.7%	270,052	2.7%	270,052	0.00%	0
380.10	Services, Steel	14,597,872	2.7%	394,143	2.7%	394,143	0.00%	0
380.20	Services, Plastic	61,702,824	3.4%	2,097,896	2.5%	1,570,251	0.86%	527,645
381.00	Meters	17,980,578	6.1%	1,096,815	6.1%	1,096,815	0.00%	(0)
381.10	Meters - ERTs	1,563,534	6.1%	95,376	6.1%	95,376	0.00%	0
382.00	Meter Installation	7,163,196	4.5%	322,344	3.6%	255,844	0.93%	66,500
382.10	Meter Install - ERTs	4,694,672	3.1%	145,535	3.1%	145,535	0.00%	0
383.00	House Regulators	5,883,813	3.0%	176,514	3.0%	176,514	0.00%	(0)
384.00	House Regulator Installations	2,308,976	3.2%	73,887	3.2%	73,887	0.00%	(0)
385.00	Industrial M&R Station Equipment	3,045,478	2.8%	85,273	1.5%	45,185	1.32%	40,088
387.00	Other Equipment	836,930	3.0%	25,108	3.0%	25,108	0.00%	0
	Total Distribution	392,007,842		11,368,742		10,734,508		634,234
General Plant								
390.00	Structures & Improvements	8,410,478	2.5%	210,262	2.5%	210,262	0.00%	0
391.00	Office Furniture	635,484	6.7%	42,577	6.7%	42,577	0.00%	(0)
391.10	Software Non-Enterprise	215,218	10.0%	21,522	10.0%	21,522	0.00%	0
391.11	Computer Software	12,908,974	8.3%	1,071,445	8.3%	1,071,445	0.00%	0
391.12	Computer Hardware	660,987	20.0%	132,197	20.0%	132,197	0.00%	(0)
391.50	Individual Equipment	181,680	20.0%	36,336	20.0%	36,336	0.00%	0
392.00	Transportation Equipment	1,224,135	8.4%	102,827	8.4%	102,827	0.00%	(0)
392.10	Transp Equipment - Autos & Lt Trucks	128,095	11.0%	0	11.0%	0	0.00%	0
392.20	Transp Equipment - Service Trucks	3,231,812	12.1%	391,049	12.1%	391,049	0.00%	(0)
392.30	Transp Equip - Heavy Trucks	374,204	4.9%	18,336	4.9%	18,336	0.00%	0
393.00	Stores Equipment	0	4.0%	0	4.0%	0	0.00%	0
394.00	Tools, Shop, & Garage Equipment	644,252	6.7%	43,165	6.7%	43,165	0.00%	0
394.10	Natural Gas Vehicle Equipment	3,661,963	4.7%	172,112	4.7%	172,112	0.00%	(0)
395.00	Laboratory Equipment	0	5.0%	0	5.0%	0	0.00%	0
396.00	Power Operated Equipment	210,084	6.5%	13,655	6.5%	13,655	0.00%	(0)
397.00	Communication Equipment	609,131	8.3%	50,558	8.3%	50,558	0.00%	0
398.00	Miscellaneous Equipment	248,144	5.0%	12,407	5.0%	12,407	0.00%	(0)
	General Plant Amortization True-up			284,454		284,454		0
	Total General	33,344,639		2,602,902		2,602,903		(1)
	Total Plant	425,352,481		13,971,644		13,337,411		634,233

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Account	Description	Plant In Service 12/31/2018 (MFR G1-10 and 11)	Existing Accrual Rate	Existing Accrual Amount	Proposal per Exhibit C of Proposed Settlement Rate	Proposal per Exhibit C of Proposed Settlement Amount	Difference
STORAGE PLANT							
364.00	LNG Plant	3,984,615	New	0.00	2.00%	77,692.30	77,692.30
DISTRIBUTION PLANT							
375.00	Structures & Improvements	0	2.80%	-	3.10%	-	-
376.10	Mains, Steel	109,208,413	3.00%	3,276,252.39	2.50%	2,730,210.33	(546,042.06)
376.20	Mains, Plastic	146,111,846	3.10%	4,529,467.23	2.50%	3,652,796.15	(876,671.08)
378.00	M&R Station Equipment - General	2,851,518	3.30%	94,100.09	3.50%	99,803.13	5,703.04
379.00	M&R Station Equipment - City Gate	10,001,910	3.30%	330,063.03	2.70%	270,051.57	(60,011.46)
380.10	Services, Steel	14,608,049	6.50%	949,523.19	2.70%	394,417.32	(555,105.86)
380.20	Services, Plastic	61,562,546	4.10%	2,524,064.39	2.54%	1,566,681.41	(957,382.97)
381.00	Meters	17,963,071	4.90%	880,190.48	6.10%	1,095,747.33	215,556.85
381.10	Meters - ERTs	1,563,533	4.90%	76,613.12	6.10%	95,375.51	18,762.40
382.00	Meter Installations	7,167,574	4.50%	322,540.83	3.57%	256,000.00	(66,540.83)
382.10	Meter Install - ERTs	4,694,678	6.70%	314,543.43	3.10%	145,535.02	(169,008.41)
383.00	House Regulators	5,884,588	4.90%	288,344.81	3.00%	176,537.64	(111,807.17)
384.00	House Regulator Installations	2,308,977	3.10%	71,578.29	3.20%	73,887.26	2,308.98
385.00	Industrial M&R Station Equipment	3,045,476	3.30%	100,500.71	1.48%	45,185.19	(55,315.52)
387.00	Other Equipment	836,929	3.30%	27,618.66	3.00%	25,107.87	(2,510.79)
	Total Distribution	387,809,108.00	3.55%	13,785,400.63	2.74%	10,627,335.73	(3,158,064.89)
GENERAL PLANT							
390.00	Structures & Improvements	8,410,477	2.60%	218,672.40	2.50%	210,261.93	(8,410.48)
391.00	Office Furniture	643,793	7.70%	49,572.06	6.70%	43,134.13	(6,437.93)
391.10	Software Non-Enterprise	666,469	8.30%	55,316.93	10.00%	66,646.90	11,329.97
391.11	Computer Software	12,946,633	9.10%	1,178,143.60	8.30%	1,074,570.54	(103,573.06)
391.12	Computer Hardware	668,003	8.30%	56,444.25	20.00%	133,600.60	78,156.35
391.50	Individual Equipment	329,067	8.30%	27,312.56	20.00%	65,813.40	38,500.84
392.00	Transportation Equipment	1,004,480	11.50%	115,515.20	8.40%	84,376.32	(31,138.88)
392.10	Trans Equip - Autos & Lt Trucks	735,170	11.50%	-	11.00%	-	-
392.20	Trans Equip - Service Trucks	2,644,382	11.50%	304,103.93	12.10%	319,970.22	15,866.29
392.30	Trans Equip - Heavy Trucks	346,280	11.50%	39,822.20	4.90%	16,967.72	(22,854.48)
393.00	Stores Equipment		6.20%	-	4.00%	-	-
394.00	Tools,Shop,& Garage Equipment	629,180	7.20%	45,300.96	6.70%	42,155.06	(3,145.90)
394.10	Natural Gas Vehicle Equipment	3,661,963	5.00%	183,098.15	4.70%	172,112.26	(10,985.89)
395.00	Laboratory Equipment		4.00%	-	5.00%	-	-
396.00	Power Operated Equipment	205,266	8.30%	17,037.08	6.50%	13,342.29	(3,694.79)
397.00	Communication Equipment	555,746	8.30%	46,127.08	8.30%	46,127.08	-
398.00	Miscellaneous Equipment	254,530	7.50%	19,089.75	5.00%	12,726.50	(6,363.25)
	General Plant Amortization True Up					284,453.60	284,453.60
	Total General	33,701,441.00	6.99%	2,354,556.16	7.67%	2,586,258.55	231,702.40
	TOTAL DEPRECIATED PLANT	$ 425,395,164.00	3.79%	$ 16,139,956.78	3.12%	$ 13,291,286.58	$ (2,848,670.20)

AFFIDAVIT

STATE OF GEORGIA

COUNTY OF FULTON

I hereby certify that on this 16th day of March, 2018, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared GREGORY BECKER, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 7, 8, 9, 10, 11 from STAFF'S FIRST DATA REQUEST TO FLORIDA CITY GAS (NOS. 1 - 22) in Docket No(s). 20170179-GU, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 16th day of March, 2018.

Notary Public
State of Georgia, at Large

My Commission Expires:
March 26, 2019

SYREETA CAMPBELL
MY COMMISSION EXPIRES
NOTARY PUBLIC
MARCH 26, 2019
DEKALB COUNTY, GEORGIA

AFFIDAVIT

STATE OF GEORGIA

COUNTY OF FULTON

I hereby certify that on this 16th day of March, 2018, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared STEVE WASSELL, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 5, 6 from STAFF'S FIRST DATA REQUEST TO FLORIDA CITY GAS (NOS. 1 - 22) in Docket No(s). 20170179-GU, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 16th day of March, 2018.

Syreeta Campbell
Notary Public
State of Georgia, at Large

My Commission Expires:
March 26, 2019

SYREETA CAMPBELL
MY COMMISSION EXPIRES
NOTARY PUBLIC
MARCH 26, 2019
DEKALB COUNTY, GEORGIA

AFFIDAVIT

STATE OF GEORGIA

COUNTY OF FULTON

I hereby certify that on this 16th day of March, 2018, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared DANIEL NIKOLICH, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 4, 13, 14, 15, 16, 20, 21 from STAFF'S FIRST DATA REQUEST TO FLORIDA CITY GAS (NOS. 1 - 22) in Docket No(s). 20170179-GU, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 16th day of March, 2018.

Syreeta Campbell
Notary Public
State of Georgia, at Large

My Commission Expires:
March 26, 2019

SYREETA CAMPBELL
MY COMMISSION EXPIRES
NOTARY
PUBLIC
MARCH 26, 2019
DEKALB COUNTY, GEORGIA

AFFIDAVIT

STATE OF GEORGIA

COUNTY OF FULTON

I hereby certify that on this 16th day of March, 2018, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared MICHAEL MORLEY, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 1, 3, 17, 18, 19, 22 from STAFF'S FIRST DATA REQUEST TO FLORIDA CITY GAS (NOS. 1 - 22) in Docket No(s). 20170179-GU, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 16th day of March, 2018.

Syreeta Campbell
Notary Public
State of Georgia, at Large

My Commission Expires:
March 26, 2019

SYREETA CAMPBELL
MY COMMISSION EXPIRES
NOTARY PUBLIC
MARCH 26, 2019
DEKALB COUNTY, GEORGIA

AFFIDAVIT

STATE OF GEORGIA

COUNTY OF FULTON

I hereby certify that on this 16th day of March, 2018, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared CAROLYN BERMUDEZ, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 2, 12 from STAFF'S FIRST DATA REQUEST TO FLORIDA CITY GAS (NOS. 1 - 22) in Docket No(s). 20170179-GU, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 16th day of March, 2018.

Notary Public
State of Georgia, at Large

My Commission Expires:
March 26, 2019

SYREETA CAMPBELL
MY COMMISSION EXPIRES
NOTARY PUBLIC
MARCH 26, 2019
DEKALB COUNTY, GEORGIA

QUESTION:
Refer to the response to OPC's Second Request for Production, No. 29 and OPC's Second Set of Interrogatories, No. 117. The response to the request for production refers to testimony that identifies O&M expense of $20,000 yet the response to the interrogatory identifies O&M Expense before the correction noted to be $2,150 ($1,896 plus $254). Please explain the difference.

RESPONSE:
In preparation of this response, FCG identified that the original amount forecasted for the Itron Software and Managed Services was inadvertently overstated. The amount associated with Itron Software and Managed Services in FCG's 2023 Test Year O&M expense should be $15,000. The sum of the revised amounts associated with Itron Software and Managed Services of $15,000 and FPL providing FCG the use of its network for the AMI meters of $1,896, as stated in FCG's response to OPC's Second Set of Interrogatories No. 117, is $16,896. Therefore, O&M expense in the 2023 Test Year is overstated by approximately $3,104 resulting from the two corrections noted above.

FCG will file a notice of identified adjustments in this docket that will include the above-described revision along with other identified adjustments for the 2023 Test Year.

QUESTION:
Refer to Schedule G-1, Page 9 of 28. Provide a comparable summary with actuals by month for January through June of 2022.

RESPONSE:
Please refer to Attachment No. 1 to this response for actual monthly utility plant balances by account for January through June 2022.

Florida City Gas
Docket No. 20220069-GU
OPC's Fifth Set of Interrogatories
Interrogatory No. 164
Attachment 1 of 1
Page 1 of 1

Florida City Gas Company
Docket No. 20220069-GU
OPC 164
Plant Balances by Account from Jan-Jun 2022

Accounts	January-22	February-22	March-22	April-22	May-22	June-22
30200 - Franchises & Consents	241,544.51	241,544.51	241,544.51	241,544.51	241,544.51	241,544.51
30302 - Computer Software	10,165,051.24	10,563,630.32	10,735,803.02	10,848,381.14	10,847,044.65	10,980,099.65
30320 - Software as a Service - 20 years	5,519,200.19	5,519,200.19	5,519,200.19	5,519,200.19	5,519,200.19	5,519,200.19
36710 - Mains - Steel Transmission	-	-	-	-	147,249.16	147,249.16
37400 - Land & Land Rights	1,277,648.65	1,277,648.65	1,277,648.65	1,277,648.65	1,277,648.65	1,277,648.65
37410 - Land	72,437.21	72,437.21	72,437.21	72,437.21	72,437.21	72,437.21
37430 - Right-of-way	11,131.67	11,131.67	11,131.67	11,131.67	11,131.67	11,131.67
37500 - Structures & Improvements	188,834.27	189,845.94	194,611.68	197,948.26	202,456.82	202,181.36
37610 - Mains - Steel	139,900,332.58	139,436,833.80	139,433,765.94	139,397,143.38	140,095,435.53	140,290,386.32
37620 - Mains - Plastics	154,021,537.61	155,530,719.29	156,322,578.19	156,647,832.75	157,264,805.64	157,409,606.93
37800 - M&R Station Equipment	2,436,444.48	2,436,444.48	2,436,444.48	2,436,726.55	2,437,311.41	2,437,048.60
37900 - M&R Station Equipment-City Gate	17,575,375.59	17,576,223.35	17,576,129.89	17,577,015.73	17,577,296.30	17,577,044.77
38010 - Services - Steel	15,448,007.89	15,453,815.36	15,459,782.42	15,463,175.87	15,470,712.25	15,489,080.26
38020 - Services - Plastic	88,779,494.06	89,202,439.47	89,600,615.56	90,009,703.64	89,969,731.23	90,311,080.84
38100 - Meters	19,542,639.59	19,621,381.16	19,744,101.64	19,773,537.08	19,922,314.83	19,918,748.03
38110 - Meters - ERTs	2,023,463.89	2,084,803.18	2,169,915.34	2,196,787.92	2,309,184.54	2,353,661.05
38200 - Meter Installations	4,995,290.60	4,984,371.22	4,953,579.82	5,020,309.84	5,051,267.34	4,881,824.77
38210 - Meter Install - ERTs	554,219.68	439,348.23	315,739.12	266,973.17	268,386.73	98,676.51
38300 - House Regulators	7,066,565.28	7,065,058.06	7,118,120.52	7,156,954.31	7,155,671.31	7,206,949.06
38400 - House Regulator Installation	1,926,732.86	1,931,119.68	1,933,793.41	1,948,996.42	1,954,366.65	1,952,512.35
38500 - Industrial M&R Station Equipment	3,550,221.23	3,550,221.23	3,550,221.23	3,550,221.23	3,550,221.23	3,550,221.23
38700 - Other Equipment	1,803,212.68	1,813,548.65	1,832,682.32	1,841,648.92	1,844,757.71	1,852,669.89
38798 - Unregulated Misc Assets	7,833.46	-	-	-	-	-
38900 - Land	2,225,560.72	2,225,560.72	2,225,560.72	2,225,560.72	2,225,560.72	2,225,560.72
38920 - Land Rights	255,845.75	255,845.75	255,845.75	255,845.75	255,845.75	255,845.75
39000 - Structures & Improvements	9,127,408.46	9,127,408.46	9,127,408.46	9,127,408.46	9,127,408.46	9,127,408.46
39100 - Office Furniture and equipment	761,398.32	761,398.32	761,398.32	761,398.32	761,398.32	761,398.32
39112 - Computer Equipment	87,829.41	87,829.41	87,829.41	87,829.41	87,829.41	87,829.41
39150 - Individual Equipment	813,417.04	892,663.81	895,369.65	896,585.17	910,929.30	942,408.46
39200 - Transportation Equipment	303,331.77	303,331.77	303,331.77	303,331.77	303,331.77	303,331.77
39210 - Trans Equip - Autos and Lt Trucks	1,723,037.49	1,723,037.49	1,723,037.49	1,723,037.49	1,723,037.49	1,723,037.49
39220 -Trans Equip - Service Trucks	4,287,663.29	4,324,390.49	4,399,447.59	4,399,734.72	4,399,734.26	4,399,734.26
39230 -Trans Equip - Heavy Trucks	776,644.00	776,644.00	776,644.00	776,644.00	776,644.00	776,644.00
39400 - Tools, Shop & Garage Equipment	992,183.11	992,183.11	992,183.11	992,183.11	992,183.11	992,183.11
39410 - Natural Gas Vehicle Equipment	1,564,203.37	1,564,203.37	1,564,203.37	1,564,203.37	1,564,203.37	1,564,203.37
39600 - Power Operated Equipt	269,769.53	269,769.53	269,769.53	269,769.53	269,769.53	269,769.53
39700 - Communications Equipt	702,382.32	702,382.32	702,382.32	702,382.32	702,382.32	702,382.32
39800 - Miscellaneous Equipt	224,541.67	224,541.67	224,541.67	224,541.67	224,541.67	224,541.67
Total Utility Plant In Service	501,222,435.47	503,232,955.87	504,808,799.97	505,765,774.25	507,514,975.04	508,137,281.65
114 - Acquisition Adjustment	21,656,835.00	21,656,835.00	21,656,835.00	21,656,835.00	21,656,835.00	21,656,835.00
Total Utility Plant[1]	522,879,270.47	524,889,790.87	526,465,634.97	527,422,609.25	529,171,810.04	529,794,116.65

Note:
(1) Excludes amounts associated with capital leases and cost recovery clauses.

QUESTION:
Refer to the response to OPC's First Set of Interrogatories, No. 80. Provide for 2022 by month, by name of position, the positions added and the positions that were vacated and identify what positions added were discussed in Company testimony with a reference to who discussed the addition and the page it was discussed.

RESPONSE:
Please see below table for detail of positions vacated and positions added by month through June 2022. Please refer to Page 6 of the Direct Testimony of FCG witness Howard filed May 31, 2022, where he refers to customer growth and system expansion which correlates to the added positions.

Florida City Gas
Docket No. 20220069-GU
OPC's Fifth Set of Interrogatories
Interrogatory No. 169

Month	Vacated / Added	Position Title
January	Vacated	Field Specialist II
January	Vacated	Pipeline Integrity Analyst
January	Vacated	Business Analyst II
January	Vacated	Engineer II
January	Vacated	Field Specialist II
January	Added-Replacement Position	Engineering Leader
January	Added-Replacement Position	Field Tech III
January	Added-Replacement Position	Field Tech III
February	Vacated	EEP Program Manager
February	Vacated	Account Advisor
February	Vacated	Agile Delivery Manager
February	Vacated	Customer Service Representative
February	Added-Replacement Position	Field Specialist II
February	Added-Replacement Position	Field Tech III
February	Added-New Position	Senior Care Center Quality Analyst
March	Vacated	Field Tech III
March	Vacated	Technical Specialist II
March	Vacated	Technical Specialist II
March	Vacated	Business Analyst II
March	Added-Replacement Position	Field Tech III
March	Added-Replacement Position	Associate CSR
March	Added-New Position	Field Tech I
March	Added-New Position	Customer Advisor II
March	Added-New Position	Associate CSR
March	Added-New Position	Associate Gas Dispatcher
April	Vacated	Scrum Master
May	Vacated	Field Tech II
May	Added-Replacement Position	Leader Retail Operations
May	Added-Replacement Position	Associate Gas Dispatcher
May	Added-Replacement Position	Business Analyst II
May	Added-Replacement Position	Field Tech III
May	Added-Replacement Position	Field Tech III
May	Added-Replacement Position	CSR
May	Added-New Position	Associate Gas Dispatcher
May	Added-New Position	GIS Analyst
May	Added-New Position	Sales Engineer, National & Key Accounts
May	Added-New Position	Field Tech III
June	Vacated	Associate CSR
June	Added-Replacement Position	Associate Gas Dispatcher
June	Added-New Position	Associate Customer Advisor
June	Added-New Position	Field Tech III
June	Added-New Position	Associate Engineer

QUESTION:

Refer to the response to OPC’s Second Set of Interrogatories, No. 112, LNG Facility. Provide by year 2019-2021 and 2022 to date a net operating income summary of the revenue and associated costs that were approved and allowed in base rates (i.e. it should show revenue, depreciation, O&M expense, income taxes, etc. and net income).

RESPONSE:

Please refer to Attachment No. 1 to this response for the revenue requirement calculation of the LNG Facility provided during negotiation discussions for FCG’s Stipulation and Settlement Agreement which was approved by the Commission in Order No. PSC-2018-0190-FOF-GU, Docket No. 20170179-GU.

FCG initially provided this calculation with different parameters in response to OPC’s Third Production of Documents No. 82 in Docket No. 20170179-GU and subsequently updated the calculation with settlement parameters as shown in Attachment No. 1.

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OPC's Fifth Set of Interrogatories
Interrogatory No. 172
Attachment 1 of 1
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Florida City Gas
Docket No. 2017-0179
OPC POD 3-82

Line No.				
1	Proposed Return on Equity		4.64%	- MFG Schedule G-3, page 2 Column "Weighted Cost", Line 1
2	Proposed Return on Debt		1.93%	- MFG Schedule G-3, page 2 Column "Weighted Cost", Sum of Lines 2-4
3	**Total Return**		**6.57%**	
	Composite Tax Rate			
			100.00%	
4	State		5.50%	
5			94.50%	
6	Federal		21.00%	
7			19.85%	
8	Composite Tax Rate		25.35%	
9	**Equity Tax Gross UP**		**33.95%**	
10	Depreciation Rate-Book		2.00%	
11	Land	$	7,500,000	
12	Plant facilities	$	50,500,000	
13	Investment	$	58,000,000	
14	Property Tax Factor - Estimated		0.76%	

Line No.	**Revenue Requirement**								**Capital Spend/In Service**						
	Year	Average	Dec-18	Nov-18	Oct-18	Sep-18	Aug-18	Jul-18	Jun-18	May-18	Apr-18	Mar-18	Feb-18	Jan-18	Dec-17
15	Plant In Service	58,000,000	58,000,000	-	-	-	-	-	-	-	-	-	-	-	-
16	CWIP	-	-	53,166,667	48,333,333	43,500,000	38,666,667	33,833,333	29,000,000	24,166,667	19,333,333	14,500,000	9,666,667	4,833,333	-
17	Accumulated Depreciation	1,010,000													
18	Rate Base Impact	56,990,000	58,000,000	53,166,667	48,333,333	43,500,000	38,666,667	33,833,333	29,000,000	24,166,667	19,333,333	14,500,000	9,666,667	4,833,333	

Line No.					
19	Equity Return Requirement	$	2,644,336	- Line 15 x Line 1	
20	Debt Return Requirement		1,101,674	- Line 15 x Line 2	
21	Income Tax On Equity Return		897,739	Line 19/Line 9	
22	Return on Rate Base	$	4,643,749		
23	Salary Wages & Benefits & other O&M	$	273,994	- based off amount excluded by OPC in case, which was full year amount provided in ROG 131	
24	Property Tax		430,925		
25	Depreciation		1,010,000		
26	**Total Revenue Requirement**	**$**	**6,358,667**	**$ 3,828,493**	**- incremental impact**
27	**Depreciation**				
28	Average Depreciable Plant	$	58,000,000.00		
29	Proposed Book Depreciation Rate		2.00%		
30	Depreciation Expense - Full Month	$	1,010,000.00		
31	Depreciation Expense - Mid-Month	$	1,010,000.00		
32	**Property Taxes**				
33	2018 Estimated Property Taxes		1,900,000		
34	2018 Average Plant in Service		$429,446,193.00		
35	Accumulated Depreciation		$178,170,203.88		
36	Net Plant	$	251,275,989		
37	Property Tax Factor		0.76%		

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OPC's Fifth Set of Interrogatories
Interrogatory No. 172
Attachment 1 of 1
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Florida City Gas
Docket No. 2017-0179
OPC POD 3-82

Line No.				
1	Proposed Return on Equity		4.64%	- MFG Schedule G-3, page 2 Column "Weighted Cost", Line 1
2	Proposed Return on Debt		1.93%	- MFG Schedule G-3, page 2 Column "Weighted Cost", Sum of Lines 2-4
3	**Total Return**		**6.57%**	
	Composite Tax Rate			
			100.00%	
4	State		5.50%	
5			94.50%	
6	Federal		21.00%	
7			19.85%	
8	Composite Tax Rate		25.35%	
9	**Equity Tax Gross UP**		**33.95%**	
10	Depreciation Rate-Book		2.00%	
11	Land	$	7,500,000	
12	Plant facilities	$	50,500,000	
13	Investment	$	58,000,000	
14	Property Tax Factor - Estimated		0.76%	

Line No.	**Revenue Requirement**								**Capital Spend/In Service**						
	Year	Average	Dec-18	Nov-18	Oct-18	Sep-18	Aug-18	Jul-18	Jun-18	May-18	Apr-18	Mar-18	Feb-18	Jan-18	Dec-17
15	Plant In Service	4,461,538	58,000,000	-	-	-	-	-	-	-	-	-	-	-	-
16	CWIP	24,538,462	-	53,166,667	48,333,333	43,500,000	38,666,667	33,833,333	29,000,000	24,166,667	19,333,333	14,500,000	9,666,667	4,833,333	-
17	Accumulated Depreciation														
18	Rate Base Impact	29,000,000	58,000,000	53,166,667	48,333,333	43,500,000	38,666,667	33,833,333	29,000,000	24,166,667	19,333,333	14,500,000	9,666,667	4,833,333	

Line No.				
19	Equity Return Requirement	$	1,345,600	- Line 15 x Line 1
20	Debt Return Requirement		560,599	- Line 15 x Line 2
21	Income Tax On Equity Return		456,824	Line 19/Line 9
22	Return on Rate Base	$	2,363,023	
23	Salary Wages & Benefits & other O&M	$	91,331	based on 1/3 of annualized amount - the case had employees for four months
24	Property Tax		33,736	
25	Depreciation		42,083	
26	**Total Revenue Requirement**	**$**	**2,530,174**	
27	**Depreciation**			
28	Average Depreciable Plant	$	4,208,333.33	
29	Proposed Book Depreciation Rate		2.00%	
30	Depreication Expense - Full Month	$	84,166.67	
31	Depreication Expense - Mid-Month	$	42,083.33	
32	**Property Taxes**			
33	2018 Estimated Property Taxes		1,900,000	
34	2018 Average Plant in Service	$	429,446,193	
35	Accumulated Depreciation	$	178,170,204	
36	Net Plant	$	251,275,989	
37	Property Tax Factor		0.76%	

Florida City Gas Company
Docket No. 20220069-GU
OPC's First Request for Production of Documents
Request No. 1
Page 1 of 2

QUESTION:
Please provide all exhibits, schedules, and workpapers utilized and/or filed by all Company witnesses in preparing filed testimony in this case.

RESPONSE:
Please see confidential and non-confidential documents provided.

In addition to the supporting documents provided for FCG witness Kurt Howard, please see the following:

- Order No. PSC-2018-0190-FOF-GU
- Order No. PSC-15-0390-TRF-GU
- Pipeline and Hazardous Materials Safety Administration (PHMSA) Rule, 84 FR 52180
- PHMSA Part 192 Amendments
- PIPES Act
- PIPES Act – PHMSA Overview
- American Petroleum Institute Recommended Practice 1173
- Docket No. 20170179-GU – Wassell Direct Testimony
- Docket No. 20170179-GU – Becker Direct Testimony

In addition to the supporting documents provided for FCG witness Mark Campbell, please see the following:

- Order No. PSC-02-0501-AS-EI
- Order No. PSC-05-0902-S-EI
- Order No. PSC-10-0153-FOF-EI
- Order No. PSC-13-0023-S-EI
- Order No. PSC-15-0390-TRF-GU_SAFE
- Order No. PSC-16-0560-AS-EI
- Order No. PSC-2018-0190-FOF-GU_FCG 2018 Settlement Agreement
- Order No. PSC-2018-0596-S-GU_FCG TCJA
- Order No. PSC-2021-0446-S-EI
- Order No. PSC-12-0179-FOF-EI
- Order No. PSC-12-0187-FOF-EI
- Order No. PSC-13-0505-PAA-EI
- Order No. PSC-14-0590-FOF-EI
- Order No. PSC-16-0032-FOF-EI
- Order No. PSC-2018-0550-FOF-GU (FCG Security Application Final Order)

- Order No. PSC-2019-0472-FOF-EI 2019 Securities Application Final Order
- Order No. PSC-2020-0401-FOF-EI 2020 Securities Application Final Order
- Order No. PSC-2021-0409-FOF-EI 2021 Securities Application Final Order

In addition to the supporting documents provided for FCG witness Liz Fuentes, please see the following:

- Order No. PSC-15-0390-TRF-GU_SAFE
- Order No. PSC-2018-0190-FOF-GU_FCG 2018 Settlement Agreement
- Order No. PSC-2018-0596-S-GU_FCG TCJA
- Order No. PSC-2020-0485-FOF-EU_PGS Rate Case
- Order No. PSC-2021-0430-TRF-GU_SAFE 2022 Factors

For the exhibits, schedules, and workpapers of the Direct Testimony of FCG witness Ned Allis, please see FCG's response to OPC's First Request for Production of Documents No. 7.

FCG 000560
20220069-GU

Comparative Analysis-Incl Exp PR Tax (A/Fc)

CSC Charged to FCG - 2023

Selections /Variables

Version 1	WV3
Period/Year	2023.01 - 2023.12
Version 2	PCY
Period/Year 2	2023.01 - 2023.12
Account Hierarchy	FPLGRU10000

	Working Plan - Version 3 Jan 2023 -Dec 2023
***Resp. Cost Center|WBS: Functional Area**	Z02
[+] Information Technology	292,400
[+] NEE Financial BU	178,521
[+] FPL Utility Finance	1,472
[+] Human Resources & Corporate Services	223,756
[+] General Counsel/Environmental Services	79,014
[+] Engineering Const & Supply Chain	22,469
[+] Strategy & Corp Dev	26,428
[+] Marketing & Communications	50,761
[+] Internal Audit	4,726
[+] Executive	516,401
[+] Location 10	329,048
[-] Corporate Support	1,432,597
[-] Florida Power & Light Co.	1,724,997
[-] FPL Utility	1,724,997
[-] NextEra Energy, Inc.	1,724,997
[-] NextEra Energy, Inc.	1,724,997

FCG 000561
20220069-GU

		Working Plan - Version 3 Jan 2022 -Dec 2026 (B)	
***Account**	**Time: Fiscal Year**	2022	2023
8120006	Corporate Payroll	11,912.62	12,270.00
8120008	Other Payroll	12,301.94	12,671.00
8120009	Benefits	1.00	0.00
8120059	NEER Payroll	22,101.94	22,765.00
8120061	NEEM Payroll	3,538.83	3,645.00
8120063	Project Mgmt Payroll	22,333.01	23,003.00
8120173	Pipeline Services Payroll Stl-WBS	376,052.44	387,334.01
8120174	Pipeline Services Payroll OT Stl-WBS	23,994.17	24,714.00
8120200	FPL Exempt ST	293,720.39	302,532.00
8120201	FPL N-Exempt ST	47,754.12	49,132.55
8120204	FPL Exempt OT	69.90	72.00
8120205	FPL N-Exempt OT	3,613.59	3,722.00
8120210	FPL Funded Welfare	13,077.40	13,197.30
8120211	FPL Unfunded Service Cost	5,638.71	5,842.36
8120257	FPL Unfunded Benefits Costs	(16,916.13)	(17,990.31)
8120270	Deferred Compensation	8,618.33	8,876.88
8120284	Shared Based Compensation - Type 1	18,830.82	19,395.74
8120285	Shared Based Compensation - Type 2	39,905.41	41,102.57
8120286	Shared Based Compensation - Type 3	51,173.31	52,708.51
8120295	Payroll Expense: Exempt (Restricted)	45,076.70	46,429.00
8120298	Employee Incentives	218,911.36	245,804.63
8567200	FCG Payroll Tax OH	0.00	0.00
Overall Result		**1,201,709.87**	**1,257,227.25**

FCG 002049
20220069-GU

FPLM: 2022 FCG Rate Case

PE_FCG - RAF: NOI & Rate Base Adjustment Trend	Dec - 2023				
	1: Company per Book	7: Juris Utility			
Florida City Gas					
NOI COMMISSION ADJUSTMENTS					
G-NOI_AEP: REMOVE AEP				51,671,695	Revenue
G-AJI049510: OTHER GAS REVENUES - AEP	726,069	726,069		(34,075,912)	COST OF GAS
G-AJI049511: AEP CLAUSE - FEDERAL INCOME TAXES	(8,581)	(8,581)		(6,739,918)	O&M
G-AJI049512: AEP CLAUSE - STATE INCOME TAXES	(2,378)	(2,378)		(3,353,938)	TOIT
G-AJI528226: A&G EXP - REGULATORY COMMISSION EXPENSE - RAF - AEP	(3,630)	(3,630)		224,224	D&A
G-AJI607380: AMORT OF AEP EXCESS COSTS	(679,200)	(679,200)			
G-NOI_AEP: REMOVE AEP	32,280	32,280		(1,507,277)	FEDERAL TAX — Federal Tax Rate 0.19845
				(424,938)	STATE TAX — State Tax Rate 0.055
G-NOI_ASSOC_DUES: ASSOCIATION DUES					
G-AJI513000: ASSOCIATION DUES	(25,000)	(25,000)			
G-AJI513001: ASSOCIATION DUES - FEDERAL INCOME TAXES	4,961	4,961		34,527	Intr Sync - Federal
G-AJI513002: ASSOCIATION DUES - STATE INCOME TAXES	1,375	1,375		9,569	Intr Sync - State
G-NOI_ASSOC_DUES: ASSOCIATION DUES	(18,664)	(18,664)			
				5,838,032	
G-NOI_ECONOMIC_DEVELOPMENT: ECONOMIC DEVELOPMENT					
G-AJI514000: ECONOMIC DEVELOPMENT	(3,217)	(3,217)			
G-AJI514001: ECONOMIC DEVELOPMENT - FEDERAL INCOME TAXES	638	638			
G-AJI514002: ECONOMIC DEVELOPMENT - STATE INCOME TAXES	177	177			
G-NOI_ECONOMIC_DEVELOPMENT: ECONOMIC DEVELOPMENT	(2,402)	(2,402)			
G-NOI_ECP: ECP REVENUE/COSTS					
G-AJI048941: ECP CLAUSE - FEDERAL INCOME TAXES	4,910	4,910			
G-AJI048942: ECP CLAUSE - STATE INCOME TAXES	1,361	1,361			
G-AJI049501: OTHER GAS REVENUES - ECP	7,237,445	7,237,445			
G-AJI0495X1: OTHER GAS REVENUES - DEFERRED ECP REVENUES	(240,291)	(240,291)			
G-AJI409100: CUST SERV & INFO - INFO & INST ADV -ECP RECOV	(6,825,941)	(6,825,941)			
G-AJI525121: A&G EXP - INJURIES & DAMAGES - ECP					
G-AJI526605: A&G EXP - EMP PENSIONS & BENEFITS - ECP	(75,617)	(75,617)			
G-AJI528225: A&G EXP - REGULATORY COMMISSION EXPENSE - RAF - ECP	(36,187)	(36,187)	(6,937,745)		RAF (250,628)
G-AJI608193: TAX OTH TH INC TAX - PAYROLL - ECP	(84,150)	(84,150)			
G-NOI_ECP: ECP REVENUE/COSTS	(18,471)	(18,471)			
G-NOI_FRANCHISE: FRANCHISE EXPENSE					
G-AJI608111: TAX OTH TH INC TAX - FRANCHISE TAX	(1,519,414)	(1,519,414)			
G-AJI608112: FRANCHISE TAX EXPENSE - FEDERAL INCOME TAXES	301,528	301,528			
G-AJI608113: FRANCHISE TAX EXPENSE - STATE INCOME TAXES	83,568	83,568			
G-NOI_FRANCHISE: FRANCHISE EXPENSE	(1,134,319)	(1,134,319)			
G-NOI_FRANCHISE_REV: FRANCHISE REVENUE					
G-AJI048012: RETAIL SALES - FRANCHISE REVENUES	1,558,374	1,558,374			
G-AJI048052: FRANCHISE REVENUE - FEDERAL INCOME TAXES	(307,713)	(307,713)			
G-AJI048053: FRANCHISE REVENUE - STATE INCOME TAXES	(85,282)	(85,282)			
G-AJI528222: A&G EXP - REGULATORY COMMISSION EXPENSE - RAF - FRANCHISE	(7,792)	(7,792)			
G-NOI_FRANCHISE_REV: FRANCHISE REVENUE	1,157,587	1,157,587			
G-NOI_FUEL: FUEL REVENUES/COSTS					
G-AJI048013: RETAIL SALES - RESIDENTIAL REVENUES - FUEL	13,935,947	13,935,947			
G-AJI048111: RETAIL SALES - COMMERCIAL AND INDUSTRIAL REVENUES - FUEL	19,931,584	19,931,584			
G-AJI048701: FUEL CLAUSE - FEDERAL INCOME TAXES	38,005	38,005			
G-AJI048702: FUEL CLAUSE - STATE INCOME TAXES	10,533	10,533			

G-AJI0495X2: OTHER GAS REVENUES - DEFERRED FUEL REVENUES	186,211	186,211			
G-AJI104000: PURCHASED GAS - NATURAL GAS CITY GATE PURCHASES - FUEL	(34,075,912)	(34,075,912)			
G-AJI105000: PURCHASED GAS - NATURAL GAS CITY GATE PURCHASED - FUEL					
G-AJI112001: PURCHASED GAS - NATURAL GAS USED-OTHER UTIL OPERATIONS-CREDIT - FUEL					
G-AJI522601: A&G EXP - ADMINISTRATIVE EXPENSES TRANSFERRED CR. - FUEL					
G-AJI525122: A&G EXP - INJURIES & DAMAGES - FUEL					
G-AJI526606: A&G EXP - EMP PENSIONS & BENEFITS - FUEL					
G-AJI528223: A&G EXP - REGULATORY COMMISSION EXPENSE - RAF - FUEL	(169,338)	(169,338)			
G-AJI608194: TAX OTH TH INC TAX - PAYROLL - FUEL					
G-NOI_FUEL: FUEL REVENUES/COSTS	(142,970)	(142,970)			
G-NOI_GRT: GROSS RECEIPTS TAXES					
G-AJI048011: GROSS RECEIPTS TAX REVENUES	1,600,252	1,600,252			
G-AJI048050: GRT REVENUE - FEDERAL INCOME TAXES	7,731	7,731			
G-AJI048051: GRT REVENUE - STATE INCOME TAXES	2,143	2,143			
G-AJI608151: TAX OTH TH INC TAX - GROSS RECEIPTS TAX	(1,639,212)	(1,639,212)			
G-NOI_GRT: GROSS RECEIPTS TAXES	(29,085)	(29,085)			
G-NOI_INTEREST_SYNCHRONIZATION: INTEREST SYNCHRONIZATION					
G-AJI431101: INTEREST SYNCHRONIZATION - FEDERAL INCOME TAXES	34,527	34,527			
G-AJI431102: INTEREST SYNCHRONIZATION - STATE INCOME TAXES	9,569	9,569			
G-NOI_INTEREST_SYNCHRONIZATION: INTEREST SYNCHRONIZATION	44,096	44,096			
G-NOI_SAFE: REMOVE SAFE					
G-AJI048802: OTHER OPERATING REVENUES - DEFERRED SAFE REVENUES	2,164,752	2,164,752			
G-AJI048803: OTHER OPERATING REVENUES - MISC SERVICE REVENUES - SAFE	4,571,352	4,571,352			
G-AJI048804: SAFE CLAUSE - FEDERAL INCOME TAXES	(897,134)	(897,134)			
G-AJI048805: SAFE CLAUSE - STATE INCOME TAXES	(248,639)	(248,639)			
G-AJI528224: A&G EXP - REGULATORY COMMISSION EXPENSE - RAF - SAFE	(33,681)	(33,681)			
G-AJI603072: DEPR & AMORT EXP - DISTRIBUTION ACCT 376 - SAFE	(942,459)	(942,459)	(1,273,253)	SAFE	(37,816)
G-AJI603074: DEPR & AMORT EXP - DISTRIBUTION ACCT 380 - SAFE	(265,106)	(265,106)			
G-AJI603079: DEPR & AMORT EXP - DISTRIBUTION ACCT 381 - SAFE	(36,049)	(36,049)			
G-AJI603080: DEPR & AMORT EXP - DISTRIBUTION ACCT 382 - SAFE	(29,640)	(29,640)			
G-AJI608198: TAX OTH TH INC TAX - SAFE	(908,466)	(908,466)			
G-NOI_SAFE: REMOVE SAFE	3,374,932	3,374,932			
NOI COMMISSION ADJUSTMENTS	3,262,984	3,262,984			
NOI COMPANY ADJUSTMENTS					
G-NOI_CLAUSE_SUPPORT: CLAUSE SUPPORT					
G-AJC523000: CLAUSE SUPPORT	(57,294)	(57,294)	Outside Services (A&G)		
G-AJC523001: CLAUSE SUPPORT - FIT	11,370	11,370			
G-AJC523002: CLAUSE SUPPORT - SIT	3,151	3,151			
G-NOI_CLAUSE_SUPPORT: CLAUSE SUPPORT	(42,773)	(42,773)			
G-NOI_RATE_CASE_EXPENSE: RATE CASE EXPENSE					
G-AJC528700: RATE CASE EXPENSE	497,779	497,779	Rate Case Exp (A&G)		
G-AJC528701: RATE CASE EXPENSE - FIT	(98,784)	(98,784)			
G-AJC528702: RATE CASE EXPENSE - SIT	(27,378)	(27,378)			
G-NOI_RATE_CASE_EXPENSE: RATE CASE EXPENSE	371,617	371,617			
G-NOI_RIM_DEPRECIATION: DEPRECIATION ADJUSTMENT					
G-AJC603062: RIM DEPRECIATION - FIT	(195,892)	(195,892)			
G-AJC603063: RIM DEPRECIATION - SIT	(54,291)	(54,291)			
G-AJC603065: EADIT AMORTIZATION - DEPR STUDY DEPRECIATION - FEDERAL	25,978	25,978			
G-AJC603100: DEPR & AMORT EXP - DISTRIBUTION ACCT 375 - DEPR STUDY	(513)	(513)	2,176,677	941,239	Depr Study
G-AJC603101: DEPR & AMORT EXP - DISTRIBUTION ACCT 376 - DEPR STUDY	114,980	114,980		1,235,438	
G-AJC603102: DEPR & AMORT EXP - DISTRIBUTION ACCT 378 - DEPR STUDY	(16,193)	(16,193)		2,176,677	
G-AJC603103: DEPR & AMORT EXP - DISTRIBUTION ACCT 379 - DEPR STUDY	68,958	68,958			
G-AJC603104: DEPR & AMORT EXP - DISTRIBUTION ACCT 380 - DEPR STUDY	1,121,127	1,121,127			

G-AJC603105: DEPR & AMORT EXP - DISTRIBUTION ACCT 381 - DEPR STUDY	(140,886)	(140,886)
G-AJC603106: DEPR & AMORT EXP - DISTRIBUTION ACCT 382 - DEPR STUDY	(1,592)	(1,592)
G-AJC603107: DEPR & AMORT EXP - DISTRIBUTION ACCT 383 - DEPR STUDY	(32,459)	(32,459)
G-AJC603108: DEPR & AMORT EXP - DISTRIBUTION ACCT 384 - DEPR STUDY	11,458	11,458
G-AJC603109: DEPR & AMORT EXP - DISTRIBUTION ACCT 385 - DEPR STUDY	40,275	40,275
G-AJC603110: DEPR & AMORT EXP - DISTRIBUTION ACCT 387 - DEPR STUDY	(4,150)	(4,150)
G-AJC603111: DEPR & AMORT EXP - GENERAL STRUCTURES - DEPR STUDY	98,576	98,576
G-AJC603112: DEPR & AMORT EXP - GENERAL OTHER - DEPR STUDY	(318,341)	(318,341)
G-AJC603113: DEPR & AMORT EXP - DISTRIBUTION ACCT 376 - SAFE - DEPR STUDY	(25,874)	(25,874)
G-AJC603114: DEPR & AMORT EXP - DISTRIBUTION ACCT 380 - SAFE - DEPR STUDY	76,994	76,994
G-AJC603115: DEPR & AMORT EXP - DISTRIBUTION ACCT 381 - SAFE - DEPR STUDY	(3,051)	(3,051)
G-AJC603116: DEPR & AMORT EXP - DISTRIBUTION ACCT 382 - SAFE - DEPR STUDY	(2,200)	(2,200)
G-NOI_RIM_DEPRECIATION: DEPRECIATION ADJUSTMENT	762,904	762,904
G-NOI_SAFE BASE: SAFE		
G-AJC603072: DEPR & AMORT EXP - DISTRIBUTION ACCT 376 - SAFE BASE	877,959	877,959
G-AJC603074: DEPR & AMORT EXP - DISTRIBUTION ACCT 380 - SAFE BASE	250,694	250,694
G-AJC603079: DEPR & AMORT EXP - DISTRIBUTION ACCT 381 - SAFE BASE	33,835	33,835
G-AJC603080: DEPR & AMORT EXP - DISTRIBUTION ACCT 382 - SAFE BASE	27,079	27,079
G-AJC603081: SAFE BASE - FIT	(394,295)	(394,295)
G-AJC603082: SAFE BASE - SIT	(109,278)	(109,278)
G-AJC608198: TAX OTH TH INC TAX - SAFE BASE	797,305	797,305
G-NOI_SAFE BASE: SAFE	1,483,299	1,483,299
NOI COMPANY ADJUSTMENTS	2,575,048	2,575,048
		5,838,032

Florida City Gas Company
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OPC's First Request for Production of Documents
Request No. 19
Page 1 of 1

QUESTION:
Please provide complete copies of all incentive compensation plans, bonus programs or other incentive award programs in effect at the Company for each of the years 2017, 2018, 2019, 2020, 2021 and 2022 and the plan supporting the incentive compensation in the test year.

RESPONSE:
See FCG's objections served on July 11, 2022. Subject to and without waiver of said objections, FCG responds as follows:

The requested information for the time period prior to July 29, 2018, when FCG was acquired from Southern Company and became a wholly owned, direct subsidiary of Florida Power & Light Company, is not reasonably available to FCG without incurring additional costs and/or requiring additional time.

Please see attached descriptions of performance-based incentive compensation programs. Attachment No. 1 is confidential in its entirety. Attachment No. 2 is not confidential; however, non-responsive information is redacted. Attachment No. 3 is not confidential.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

PERFORMANCE REWARDS

Performance Rewards is the name for our annual compensation program, which is part of our performance management cycle and reflects the company's pay for performance philosophy. The general concept behind pay for performance is that rewards are linked to company, business unit and individual performance. Performance Rewards can be awarded as merit adjustments or incentive compensation. Employees hired before October 1st of the performance year are considered eligible for awards, except project bound employees, whom are not eligible for any performance rewards. All rewards are at the sole and absolute discretion of the company.

[redacted]

[redacted]

PERFORMANCE INCENTIVE COMPENSATION

The performance incentive compensation program is designed to strengthen our commitment to achieving corporate objectives and promoting the concept of shared success. The program enables exempt employees to qualify for rewards based upon company performance, business unit performance and individual contribution. The performance incentive compensation is a discretionary lump-sum cash award.

The highlights of the program are as follows:

Primary Objectives

- Reward employees commensurate with company, business, and individual performance
- Motivate top performers and retain key employees
- Improve business results and customer satisfaction
- Increase awareness of company objectives by linking employee goals to the company goals
- Promote team work among FPL's workforce
- Reinforce collective accountability in contributing to key organizational results

Employee Eligibility and Conditions

- Exempt employees (Participants) must be employed in good standing before October 1st of the performance year
- Employees should achieve results that meet or exceed performance for the calendar year
- Participants must be employed in good standing on the date of the payout (paycheck date)
- Awards for employees hired during the performance year should be pro-rated based upon the period of time they were employed
- Performance Incentive Compensation is a discretionary lump-sum cash award. Eligibility to participate does not guarantee receipt of an award. Awards are granted at the discretion of the company based on company performance, business unit performance, employee performance, and available dollars

Criteria

- Company – meeting or exceeding performance targets for the performance year
- Participant – meeting or exceeding your SMART (specific, measurable, aligned, realistic but challenging, and time-bound) goals while utilizing the knowledge, skills and behaviors essential for successful performance

Florida City Gas Company
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OPC's First Request for Production of Documents
Request No. 20
Page 1 of 1

QUESTION:
Please provide any studies the Company has in its possession that reflect a comparison of the Company's incentive compensation plan to those which have been allowed to be included in rates in other jurisdictions.

RESPONSE:
FCG has no responsive documents.

Florida City Gas Company
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OPC's Second Request for Production of Documents
Request No. 28
Page 1 of 1

QUESTION:
Affiliate Costs. Provide a comparison of the affiliated costs, by type, included in the 2018 settlement and the projected 2023 affiliate costs included in the Company's request.

RESPONSE:
FGC has no responsive documents.

Florida City Gas Company
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OPC's Second Request for Production of Documents
Request No. 37
Page 1 of 1

QUESTION:
Refer to Exhibit MC-2, Page 4 of 34. Provide any documents for the 2022-2026 planning cycle that identify any Planning for Merger Cost/Savings associated with the Company as it relates to FPL.

RESPONSE:
There currently are no plans to merge FCG and FPL from either a legal or regulatory perspective. Although FCG became a direct, wholly owned subsidiary of FPL on July 29, 2018, FCG and FPL remain separate legal entities and regulatory entities with separate books, records, and rates. As such, there are no merger costs or merger savings between FPL and FCG in the projected 2023 Test Year.

QUESTION:
Please provide from 2018 through the end of 2023 the capital investments the Company has placed in-service or plans to place in-service. For each project, please include the expected in-service date, a brief description of the project, and the cost of the project. Please note if any expected in-service dates have shifted to beyond the end of 2023 since the Company filed its direct testimony.

RESPONSE:
See FCG's objections served on August 9, 2022. Subject to and without waiver of said objections, FCG responds as follows:

The requested information for the time period prior to July 29, 2018, when FCG was acquired from Southern Company and became a wholly owned, direct subsidiary of Florida Power & Light Company, is not reasonably available at the project level detail to FCG without incurring additional costs and/or requiring additional time.

Please refer to Attachment No. 1 for the requested information from August 2018 through December 2021.

For the 2022 and 2023 projected periods, please refer to Attachment No. 2 which includes forecasted base additions at a project level. Capital investments during the projected periods use a "major" or "minor" project designation. Major projects go into service based on a selected date and minor projects go into service based on a historical average. Please refer to FCG witness Campbell's Exhibit MC-2 for additional information regarding major and minor project designation.

Florida City Gas
Docket No. 20220069-GU
FEA's Second Set of Interrogatories
Interrogatory No. 10
Attachment No. 2 of 2
Tab 1 of 1

Project	ADDITIONS PROJECTED BASE ONLY 2022	ADDITIONS PROJECTED BASE ONLY 2023	Project Type	In-Service Date	Project(s) Description
FCG _Proj_1: FCG AMI - Meters	-	2,500,000	Major [1]	Various - 2023 [1]	AMI Pilot - Meters
FCG _Proj_2: FCG AMI - IT Hardware	-	50,000	Major [1]	Various - 2023 [1]	AMI Pilot - IT Hardware
FCG _Proj_3: FCG AMI - IT Software	-	800,000	Major [1]	Various - 2023 [1]	AMI Pilot - IT Software
UGAS.00000120: Work & Asset Mgmt (Maximo)	402,091	52,248	Minor	Various	Work and Asset Management (Maximo) - IT
UGAS.00000123: BPO VDI Service	(2,976)	(120)	Minor	Various	Information Technology (IT)
UGAS.00000126: CIS (Starnik)	49,468	60,049	Minor	Various	Customer Information System (Starnik) - IT
UGAS.00000127: Gas Supply (Gastar)	47,296	12,230	Minor	Various	Gas Supply (Gastar) - IT
UGAS.00000183: FCG Systems Integration and Automation -	1,424,046	57,310	Minor	Various	Information Technology (IT)
UGAS.00000191: FCG GIS Enhancements	342,273	13,775	Minor	Various	GIS Enhancements - IT
UGAS.00000192: BCA Portal Enhancements	129,654	5,218	Minor	Various	BCA Portal Enhancements - IT
UGAS.00000193: Accelerate Project # Damage Assessment	224,731	9,044	Minor	Various	IT Projects supporting O&M efficiency initiatives
UGAS.00000197: Indirect Tax Migration FCG	124,633	25,551	Minor	Various	Tax Systems Migration - IT
UGAS.00000203: Accelerate 5 - IT Future Projects CAP	889,748	193,086	Minor	Various	IT Projects supporting O&M efficiency initiatives
UGAS.00000205: Strategic Enhancements - Capital	270,546	58,712	Minor	Various	IT Projects supporting O&M efficiency initiatives
UGAS.00000113: Support-IT/Facilities	170,753	170,753	Minor	Various	IT and Facilities Support Capital
UGAS.00000103: Fleet	948,405	878,592	Minor	Various	Fleet and vehicles
UGAS.00000104: Gas Operations	44,132	48,677	Minor	Various	Gas Operations - Measurements and Systems
UGAS.00000105: Mandatory/Strategic	3,865,604	3,377,464	Minor	Various	Mandatory capital expenditures due to federal, state, or regulatory mandate
UGAS.00000106: Support	7,157,530	10,412,557	Minor	Various	Support projects related to corrosion, DIMP, PRIM, DOT, Reg Station, Renewals
UGAS.00000107: Distribution Operations	900,582	1,289,647	Minor	Various	Distribution Field Operations
UGAS.00000108: TIMP	855,130	1,321,450	Minor	Various	Transmission Integrity Management Program (TIMP)
UGAS.00000110: New Business-Core	12,239,479	14,861,976	Minor	Various	New customer projects
UGAS.00000112: New Business-Lg Strat Efforts	1,321,152	2,116,612	Minor	Various	New customer projects
UGAS.00000124: Infrastructure	12,768	19,641	Minor	Various	Other minor projects
UGAS.00000180: Capital Payroll - Distribution Ops	475,395	742,402	Minor	Various	Capitalized distribution operations payroll
UGAS.00000181: Capital Payroll - Measurement & System O	130,841	204,328	Minor	Various	Capitalized measurement and system operations payroll
UGAS.00000182: Capital Payroll - Engineering & Integrit	802,966	1,253,953	Minor	Various	Capitalized engineering payroll
UCOR.00000631: LNG Land	-	8,259,905	Major	3/31/2023	LNG Facility - Land
UGAS.00000109: LNG	-	59,740,095	Major	3/31/2023	LNG Facility
FCG SAFE - Open CWIP as of Dec 2022 - Roll Into Base for 2023	-	2,857,315	Minor	Various	SAFE base roll-in
Total	**32,826,247**	**111,392,470**			

(1) - This project is small enough to qualify as a minor project, however capex dollars were placed in-service based on the estimated AMI project progression.