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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20190109-GU

PETITION FOR RECOVERY OF
COSTS ASSOCIATED WITH
HURRICANE MICHAEL AND
REPLENISHMENT OF STORM RESERVE,
BY PEOPLES GAS SYSTEM.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 9

COMMISSIONERS
PARTICIPATING: CHAIRMAN GARY F. CLARK
COMMISSIONER ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER ANDREW GILES FAY

DATE: Tuesday, March 31, 2020

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: DEBRA R. KRICK
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

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

2 CHAIRMAN CLARK: Mr. Maurey, you are still up,
3 Item No. 9.

4 MR. MAUREY: Thank you.

5 Item 9 concerns the joint motion for approval
6 of stipulation and storm cost settlement agreement
7 between Peoples Gas System and the Office of Public
8 Counsel.

9 On April 25th, 2019, Peoples Gas System filed
10 its petition for recovery of costs owes associated
11 with Hurricane Michael and replenishment of its
12 storm reserve.

13 On February 6th, 2020, the parties filed their
14 petition for approval of the storm cost settlement
15 agreement that's before you today.

16 The joint petitioners entered into this
17 agreement for the resolution of all issues related
18 to Peoples' recovery of storm costs associated with
19 Hurricane Michael and the replenishment of its
20 storm reserve.

21 The parties are available to discuss their
22 joint motion. Staff is available to answer any
23 questions.

24 CHAIRMAN CLARK: Thank you, Mr. Maurey.

25 Mr. Brown or Ms. Floyd, are you on the line?

1 MR. BROWN: This is Andy Brown.

2 CHAIRMAN CLARK: Any comment Mr. Brown?

3 MR. BROWN: Yes, thank you.

4 First of all I would like to take a moment on
5 behalf of Peoples Gas to congratulate Rick Moses on
6 his retirement. Certainly, I know everyone at
7 Peoples has a great -- has a great deal of respect
8 for Mr. Moses and has enjoyed a great working
9 relationship with him over the years.

10 We are here this morning on a motion to
11 approve the settlement agreement in this docket,
12 and we believe this agreement is in the public
13 interest and should be approved.

14 This docket was opened as a result of Peoples'
15 request to allow storm recovery costs related to
16 damages that occurred in October 2018 when
17 Hurricane Michael made landfall east of Panama
18 City, Florida, as a Category 5 hurricane. That
19 storm caused catastrophic damage in the panhandle
20 of Florida including significant damage to Peoples'
21 infrastructure in the area.

22 Peoples' responded to approximately 3,500
23 calls to address customer needs, and responded to
24 approximately 1,500 emergency leak orders. At the
25 time of the storm, Peoples had a balance of

1 approximately \$79,000 in the company's storm
2 reserve account. As a result of the storm,
3 Peoples' incurred a total of approximately \$3.9
4 million of direct Hurricane Michael related storm
5 and restoration costs.

6 The company has responded to interrogatories,
7 audit requests and engaged in discussions and
8 negotiations with the OPC. And let me just say
9 that -- let me compliment Mr. Kelly and
10 Ms. Fall-Fry for their efforts in that. I think
11 that it was a very thorough vetting of the issues,
12 a very thorough vetting of all of the storm costs
13 and the items that were included in there.

14 And the parties have reached an agreement
15 that -- and also, they went through all the
16 accounting procedures and all the documentation
17 that was involved, and this settlement is what has
18 resulted from that.

19 So the settlement really has two parts. The
20 first part will allow the company to retain
21 approximately \$3.2 million that has already been
22 collected from customers through a storm cost
23 recovery surcharge from August of last year through
24 December of last year. The costs were reviewed by
25 the OPC and staff, and approximately \$186,000 of

1 those costs were determined to not be recoverable
2 as part of this settlement. And those costs,
3 \$186,000, will be credited to customers via the
4 energy conservation cost recovery charge in
5 Peoples' tariff.

6 The second part of this agreement includes the
7 future process improvements and identifies specific
8 accounting procedures, including the implementation
9 of new processes with regard to contractors and
10 vendor engagement, travel and work policies, cost
11 documentation, auditing and regulatory recovery
12 processes that the company will allow for future
13 storm costs an certain documentation that the
14 company will provide in future storm cost
15 proceedings.

16 The top priority is still going to be safe and
17 timely restoration of services, but there has been,
18 as mentioned, these various changes in procedures
19 to try to streamline the process and to try to make
20 it more accountable and easier to follow for the
21 future.

22 Let me again thank the staff and OPC for their
23 professionalism and cooperation during this
24 process, and I would request that the Commission
25 approve this settlement agreement.

1 And Ms. Kandi Floyd of Peoples is on the line,
2 and we are both available to answer any questions.

3 Thank you.

4 CHAIRMAN CLARK: Thank you, Mr. Brown.

5 Ms. Floyd, any comment?

6 MS. FLOYD: Thank you, Chairman Clark. I do
7 not have any comments at this time. Thank you.

8 CHAIRMAN CLARK: Okay. Thank you.

9 Ms. Fall-Fry?

10 MS. FALL-FRY: Good morning, Mireille Fall-Fry
11 again with J.R. Kelly.

12 I want to support everything Peoples just said
13 and thank Mr. Brown for the compliments. Working
14 with Peoples has been great, and I want to
15 reiterate that all the work we've done towards the
16 settlement, none of this is saying that we
17 necessarily found anything wrong. We just believe
18 that the policies and procedures going forward in
19 the future will be beneficial to the public, and we
20 support the agreement as in the public interest.

21 CHAIRMAN CLARK: Okay. Thank you very much.

22 Any other interested parties on the line have
23 any comments?

24 Seeing none, Commissioner Graham?

25 Commissioner Brown?

1 COMMISSIONER BROWN: Waive.

2 CHAIRMAN CLARK: Commissioner Polmann?

3 COMMISSIONER POLMANN: No comment.

4 CHAIRMAN CLARK: Commissioner Fay?

5 I will entertain a motion.

6 Commissioner Graham?

7 COMMISSIONER GRAHAM: Yes, Mr. Chairman. I
8 move the joint motion to -- I am sorry, I move the
9 joint motion for approval of the stipulation of and
10 storm cost settlement agreement.

11 COMMISSIONER POLMANN: Second.

12 CHAIRMAN CLARK: I have a motion and a second.

13 Any discussion?

14 On the motion, all in fair say aye.

15 I am sorry. Commissioner Graham?

16 COMMISSIONER GRAHAM: Yes.

17 CHAIRMAN CLARK: Commissioner Brown?

18 COMMISSIONER BROWN: Aye.

19 CHAIRMAN CLARK: Commissioner Polmann?

20 COMMISSIONER POLMANN: Aye.

21 CHAIRMAN CLARK: Commissioner Fay?

22 COMMISSIONER FAY: Aye.

23 CHAIRMAN CLARK: And the motion is approved.

24 I am going to change that rule next time.

25 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby
certify that the foregoing proceeding was heard at the
time and place herein stated.

IT IS FURTHER CERTIFIED that I
stenographically reported the said proceedings; that the
same has been transcribed under my direct supervision;
and that this transcript constitutes a true
transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative,
employee, attorney or counsel of any of the parties, nor
am I a relative or employee of any of the parties'
attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED this 8th day of April, 2020.



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