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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20220069-GU

Petition for rate increase  
by Florida City Gas.

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PROCEEDINGS: SPECIAL AGENDA CONFERENCE

COMMISSIONERS  
PARTICIPATING: CHAIRMAN ANDREW GILES FAY  
COMMISSIONER MIKE LA ROSA  
COMMISSIONER GABRIELLA PASSIDOMO

DATE: Tuesday, March 28, 2023

TIME: Commenced: 10:30 a.m.  
Concluded: 11:20 a.m.

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

REPORTED BY: DEBRA R. KRICK  
Court Reporter

PREMIER REPORTING  
112 W. 5TH AVENUE  
TALLAHASSEE, FLORIDA  
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## 1 P R O C E E D I N G S

2 CHAIRMAN FAY: It looks like we have everybody  
3 ready. Are you good? We will go ahead and get  
4 started then a few minutes her here at 1:30.

5 So we will call this March 28th, Special  
6 Agenda Conference to order. Ms. Knoblauch, you are  
7 recognized to present the Special Agenda item.

8 MS. KNOBLAUCH: Thank you.

9 Good morning. Today's agenda is to address  
10 the petition filed on May 31st, 2022, by Florida  
11 City Gas, or FCG, seeking Commission approval of a  
12 base rate increase.

13 FCG is a natural gas distribution company  
14 providing service to approximately 116,000  
15 customers, with service territory in eight  
16 counties. The last approved rate case for FCG was  
17 filed in 2017, and resolved by the Commission's  
18 approval of a settlement agreement in 2018.

19 Two virtual and two in-person customer service  
20 hearings were held in September of 2022. An  
21 administrative hearing was held from December 12th  
22 through the 13th. And at that hearing, the  
23 Commission approved several stipulations as noted  
24 in staff's recommendation.

25 FCG stated that the key drivers for this

1 proposed rate increase were the costs associated  
2 with its liquified natural gas, or LNG facility,  
3 which are addressed in Issue 12; reclassification  
4 of its safety access and facility enhancement, or  
5 SAFE Program revenues from surcharge to base rate,  
6 which was stipulated prior to the hearing; adoption  
7 of depreciation parameters from another proceeding  
8 and a reserve surplus amortization mechanism, or  
9 RSAM. These are addressed in Issues 5 and 67. And  
10 to allow the company to earn a fair return on its  
11 investment, which is addressed in Issue 29.

12 Today's Special Agenda is the Commission's  
13 opportunity to vote on these and all remaining  
14 issues identified in the docket. Staff has  
15 prepared a suggested voting block chart which  
16 includes taking up two issues out of order, and  
17 those issues are 67 and 42.

18 This is a post-hearing decision, so  
19 participation is limited to Commissioners and  
20 staff.

21 The subsequent rate issues, Issues 60, 61, 62,  
22 65 and 66, will be brought before the Commission at  
23 the April 25th, 2023, Special Agenda. An oral  
24 modification was approved specific to those five  
25 issues to reflect the scheduling change to a

1 subsequent rate agenda. No other changes were  
2 requested to the recommendation as filed, and the  
3 oral modification has been placed in the docket  
4 file.

5 Staff is available for any questions.

6 CHAIRMAN FAY: Great. Thank you, Ms.  
7 Knoblauch. I appreciate the summary on the Special  
8 Agenda item.

9 Commissioners, what I would like to do, and I  
10 am happy to take some feedback here, but we will  
11 have an opportunity, if you want to provide any  
12 opening comments on the Agenda, we will allow you  
13 to do that, and then go through the proposed blocks  
14 that are put forward.

15 I know we've had a descent amount of time to  
16 look through this rate case, but there is also a  
17 lot to unpack, and so if you -- if you would like,  
18 when we get to each block, I am happy to recognize  
19 staff to provide additional information, or any  
20 sort of summary at that time, or just allow  
21 questions at that time if that is the prerogative  
22 of the Commission.

23 And so with that, if either of you would like  
24 to provide any opening comments for -- yes,  
25 Commissioner La Rosa, you are recognized.

1           COMMISSIONER LA ROSA:   Excellent.  Thank you,  
2           Chairman.

3           And I am -- I am okay with going through the  
4           block schedule kind of the way it's been laid out,  
5           and I will certainly chime in on -- on the items  
6           that I feel are necessary and maybe warrant for it.  
7           But I will start with this, is that I kind of  
8           jokingly this morning came in saying, you know, gas  
9           rate cases are not easy, right.  And this, by far  
10          -- I have been here now a little over two years at  
11          the Commission.  This has probably been, at least  
12          for me, the most difficult rate case to analyze, to  
13          go through.  There is a lot of moving parts to it,  
14          some first times, which is unique in itself.

15          And, you know, the one item that I could not  
16          ignore is what's happening overall in our economy,  
17          what the timing of this is, and I -- and I look  
18          back and I think back to the time where we went  
19          actually to the customers and heard from them.  And  
20          although, that seems like that was so long ago --  
21          Chairman, maybe for you even longer, because a lot  
22          has changed in your life since then.  But I  
23          remember hearing what the customers were saying,  
24          and I remember looking at their expressions on  
25          their faces and interjecting in their voice -- the

1 interjection in their voices, and that means a lot  
2 to me as well. Because I believe that at the end  
3 of the day, the customer service aspect of it has  
4 been well. Very well. In fact, if I was a  
5 business, I would -- I would appreciate some of the  
6 comments that I heard that customers said.

7 Of course customers are concerned about cost  
8 increases. And of course customers are concerned  
9 about what's going on in the economy. And even  
10 though back then, in September, it -- it seemed  
11 like we were on the cusp of -- of things changing,  
12 I think even more has changed economically since  
13 then.

14 And what I constantly heard over and over and  
15 over was, wow, we are starting to feel the pinch of  
16 it, and we are starting to feel the pinch of that.  
17 And I -- and as I look back, I believe that is --  
18 that is -- that is still occurring, and folks are  
19 still feeling a pinch.

20 And I think one of the most important elements  
21 that we can provide, at least what's been going  
22 through my mind as I analyze this, is how we can  
23 create stability long-term for them. Whether you  
24 are a business, whether you are an individual,  
25 stability, and understanding where things go and

1           how to plan for that is incredible value. And  
2           that's part of lens in which I analyzed what was  
3           before us today.

4                     With that said, staff has done a phenomenal  
5           job. We had a great briefing yesterday, I believe,  
6           and then staff has done a great job of analyzing  
7           and breaking this down. And I joked yesterday,  
8           saying, hey, from a layman's perspective I  
9           understand this. Maybe there is some  
10          technicalities that I got to dig a little bit  
11          deeper, but I think you have done a great job.

12                    At the end of the day, I think that there is  
13          multiple roads to go down when you want to get to  
14          it -- to a certain location, and staff has maybe  
15          laid out one. And I don't think that there is an  
16          absolute right and absolute wrong. That's what I  
17          learned here on this job, is that different from  
18          what happens downtown, where sometimes things  
19          become black and white, that's not exactly how it  
20          happens here at the PSC.

21                    So with that, Chairman, those are my opening  
22          comments. I just wanted to kind of lay the  
23          foundation, the understanding the groundwork of  
24          where I am coming from, and how I analyzed this  
25          rate case. I will be happy to turn it back over to

1           you. Thank you.

2           CHAIRMAN FAY: Sure. I'm happy to give you  
3           that opportunity.

4           Commissioner Passidomo, anything you would  
5           like to mention before we take up this first block,  
6           you are welcome to do so.

7           COMMISSIONER PASSIDOMO: Thank you, Mr. Chair.

8           I will just say I will just reserve my  
9           comments for the specific issues that I think we  
10          will all probably want to dive into deeper --

11          CHAIRMAN FAY: Okay great.

12          COMMISSIONER PASSIDOMO: -- so you just start  
13          whenever you are.

14          CHAIRMAN FAY: Great. And once again, once we  
15          take up those blocks, Commissioners, we -- we have  
16          the appropriate staff for each item available here.  
17          I -- I won't list all of them by name for each  
18          item, but just knowing that within that block, we  
19          do have the appropriate staff members that will be  
20          available. And even if they are not immediately  
21          sitting up here at the front row, we will make sure  
22          that they are made available if it's a question  
23          that we need their expertise on. We want to get  
24          this right, so don't hesitate if we need to pull in  
25          somebody from our team, or our staff, to answer



1           that.

2           So Commissioners, with that, we will begin and  
3           take up the first block of items, which would be  
4           the Test Period and Forecasting. It would be Items  
5           1, 2 and 3. I am happy to take up any questions or  
6           comments on Items 1, 2 or 3, under Test Period and  
7           Forecasting.

8           Seeing no questions or comments on these three  
9           items, I will take up a motion.

10           COMMISSIONER LA ROSA: Chairman, motion to  
11           approve staff's recommendation on 1, 2 and 3.

12           CHAIRMAN FAY: Okay.

13           COMMISSIONER PASSIDOMO: And second.

14           CHAIRMAN FAY: We have a motion and a second.  
15           Show that unanimously item -- staff recommendation  
16           on Items 1, 2 and 3 are approved.

17           Next we will move to Quality of Service, which  
18           is specifically Item 4 in this docket. So,  
19           Commissioners, with that, I will be happy to take  
20           up any questions or comments on Quality of Service  
21           Item No. 4 at this time.

22           Showing no questions or comments, we will take  
23           up a motion on Item No. 4.

24           COMMISSIONER LA ROSA: Chairman, move staff  
25           Item No. 4.

1 COMMISSIONER PASSIDOMO: Second.

2 CHAIRMAN FAY: Okay. We have a motion and a  
3 second to move staff's recommendation on Item 4.  
4 Show that item passing unanimously.

5 Next, Commissioners, we will move on to  
6 Depreciation Study and Other Issues. And as Ms.  
7 Knoblauch pointed out, within this block we will  
8 have Issues 5 and then Issue 67, that's correlated  
9 to that item taken up.

10 So with that, Depreciation Study and Other  
11 Issues, Item 5 and 67, I will take any questions  
12 for our staff or any comments at this time.

13 COMMISSIONER LA ROSA: Chairman, I don't have  
14 any questions necessarily on this, but I will -- I  
15 will open, and this will probably cut -- certainly  
16 lead you to where -- where you think I am going to  
17 go with 67 and well.

18 Analyzing the witnesses within this case, I  
19 think, going back to kind of where I started in --  
20 in trying to create and preserve rate stability  
21 long-term, I think that we should propose the RSAM  
22 adjusted depreciation rates as what's been  
23 reasonably alternative to support the RSAM  
24 mechanism. And I think that ultimately, things  
25 were laid out. And, again, this wasn't an easy

1 decision, but that's -- that's where I fall behind.

2 I wish -- I wish this was done differently,  
3 frankly. And I looked, again, through the lens of  
4 what's happening right now, what was put in front  
5 of us right now, and not necessarily to say that  
6 this is an easy decision to say, boom, rubber stamp  
7 this time and time again.

8 I think -- I think ultimately the case was  
9 laid out that led me to -- to lean towards creating  
10 that rate stability. And again, that's -- that's  
11 where I stand on this, and I want to throw it back  
12 to you, but happy to make a motion when the time is  
13 right.

14 CHAIRMAN FAY: Okay. Great. Thank you,  
15 Commissioner La Rosa.

16 I just have a few quick comments and then,  
17 Commissioner Passidomo, if you have anything you  
18 would like to add, I want to make sure we include  
19 you on this discussion.

20 I know for Issue 5, as Commissioner La Rosa  
21 had referred to, there is different -- different  
22 roads or different options that we can take. And I  
23 found with the three depreciation studies -- or the  
24 depreciation parameters that were put forward under  
25 the three scenarios, that they, in my opinion, just

1           sort of the ranked from top to bottom, in that the  
2           original depreciation parameters from the utility I  
3           thought had a lot of substantiated information that  
4           met the rule requirements, and also what I think  
5           366 intends to include.

6           And then OPC -- OPC's numbers had, of course,  
7           some -- some adjustments. But the reality being  
8           that some of the specific testimony from the  
9           utility that related to criticisms of that study  
10          spoke to the additional information that was  
11          provided to make those numbers better, to make them  
12          more specific to the utility itself. And I think  
13          that same criticism is fairly applied to the  
14          alternative depreciation parameters that were put  
15          forward.

16          And so in my opinion, obviously all of these  
17          meet the requirement, but I -- the preferred  
18          numbers that were put forward, in my opinion, were  
19          the original depreciation parameters put forward by  
20          the utility, and not the alternative, or OPC's  
21          presented numbers.

22          So that -- that's where I stand on that,  
23          Commissioner Passidomo, if you would like to  
24          provide any comments, or if you have any questions  
25          for our staff, and then we can take up a motion and

1 discuss that motion.

2 COMMISSIONER PASSIDOMO: Sure. Yeah. I have  
3 -- I have some comments, and then I do have one  
4 question for staff.

5 So I think it was probably pretty obvious from  
6 my briefing that I was really struggling with this  
7 item. I think we have seen in the past that the  
8 RSAM can really be a tool utilities use to, as  
9 Commissioner La Rosa alluded to, rates certainty  
10 and continuity are really important for customers,  
11 and they value that, but I also understand staff's  
12 concerns, when FCG relying on another utility's  
13 depreciation parameters.

14 My -- my main concern in the rec, reviewing  
15 some of the citations, I am having trouble finding  
16 some discovery that supports the claims that are  
17 being made. And as, you know, we all know, our  
18 decisions really need to be based on competent and  
19 substantial evidence that has been developed  
20 thoroughly in the record.

21 So my question for staff here is I would like  
22 to -- if we have the numbers, the revenue  
23 requirement and the corresponding rate impact on  
24 customers with the 2022 staff, you know, the  
25 depreciation study of FCG's '22 parameters, if we

1 have that information.

2 CHAIRMAN FAY: Okay. Mr. Cicchetti, you are  
3 recognized.

4 MR. CICHETTI: Thank you, Mr. Chairman.  
5 Are you asking for the revenue requirement  
6 with the original study?

7 COMMISSIONER PASSIDOMO: Yes, Mr. Cicchetti.  
8 The rate -- yeah, the rate impact for the staff  
9 proposed depreciation parameters.

10 MR. CICHETTI: It would be \$16,635,469.

11 COMMISSIONER PASSIDOMO: And do you have the  
12 information -- that same impact if the RSAM were to  
13 be approved?

14 MR. CICHETTI: Yes. If the RSAM were to be  
15 approved, it would be \$10,859,829, recognizing that  
16 that incorporates a 9.5 percent ROE, and does not  
17 include the acquisition adjustment.

18 COMMISSIONER PASSIDOMO: Right. Yeah. And we  
19 will --

20 MR. CICHETTI: Either one does not include  
21 the acquisition adjustment.

22 COMMISSIONER PASSIDOMO: Okay. Thank you.

23 So I think if we are -- you know, if we are  
24 keeping this open for discussion, you know, I think  
25 we, as the Commission, we have discretion in

1 deciding, you know, deciding what's beneficial for  
2 customers. And if I -- I think hearing those  
3 numbers, if we approve the RSAM, I think that's  
4 going to satisfy our duty of establishing fair,  
5 just and reasonable rates, because, you know, we  
6 just heard that it will, in fact, be lower in rates  
7 for customers when they go into effect.

8 And right now, I am -- you know, I am  
9 cognizant of customers' wallets today. When these  
10 rates go into effect with high inflation and  
11 potential -- the potential for the RSAM to grant  
12 some reprieve to customers when this happens --  
13 when these go into affect.

14 So I think that gives some indication of maybe  
15 which way I am leaning, but I am happy continuing  
16 to discussing my thoughts.

17 CHAIRMAN FAY: Okay. Great. I guess from  
18 this -- Commissioners, we can take up a motion on  
19 this. I will just add, for purposes of -- of  
20 speaking just directly to the depreciation  
21 parameters, as Commissioner Passidomo just  
22 mentioned, the details that are in the record. I  
23 mean, I think that we just need to be careful about  
24 a generalization of either, you know, referencing  
25 some other numbers that come from another utility's

1 settlement are on their face either invalid or not  
2 invalid.

3 I mean, the record has to prove up either way  
4 wherever those numbers come from, what's required  
5 in the statute and rule, and so that's really sort  
6 of where I was focused on for my, quote/unquote,  
7 rankings as we move them from, you know, the best,  
8 to the next option, to then the next option. So  
9 just for clarity on that, I want to make sure we  
10 are clear for purposes of voting, and then on the  
11 order what we would include.

12 So with that, Commissioners, I would be happy  
13 to take up a motion on Items 5 and 67.

14 COMMISSIONER PASSIDOMO: Mr. Chair, before we  
15 -- before we vote, the only one last comment I  
16 would like to add, because, you know, the -- the  
17 benefits of rate certainty also correspond to, you  
18 know, the company -- the utility telling us that  
19 this is -- you know, if the RSAM is approved, it's  
20 a four-year rate plan. But as was mentioned in the  
21 rec, that's not really an enforceable provision.  
22 So I -- you know, I -- supported by the record and  
23 the utility's testimony, I do -- I just want to put  
24 it out there that I do hope that the utility will  
25 stand by its commitment to not come back for



1 another four years if, you know, we do -- we do  
2 vote to approve that, I just want to make sure that  
3 that's said. Because it's, again, it's not  
4 enforceable, but we want to encourage the utility  
5 to stand by its commitment that it made in its  
6 testimony during the hearing.

7 CHAIRMAN FAY: Okay. Great.

8 And then based on comments from my colleagues,  
9 I think we can -- Commissioner La Rosa, I know you  
10 mentioned you are -- you are ready to make a  
11 motion. I am happy to take up sort of 5 and 67  
12 together, or individually, depending on how you  
13 prefer to lay them out as a motion. But I think,  
14 based on what the different options are, if you  
15 would provide a clear, you know, we can go this  
16 lane, this lane or that lane, I think we can take 5  
17 and 67 potentially up together if you feel  
18 comfortable doing that.

19 COMMISSIONER LA ROSA: Sure. I am fine with  
20 that.

21 CHAIRMAN FAY: Okay. You are recognized.

22 COMMISSIONER LA ROSA: Can I mention one more  
23 thing?

24 CHAIRMAN FAY: Sure. Absolutely.

25 COMMISSIONER LA ROSA: Commissioner Passidomo

1           made a great point, here having two attorneys on  
2           the panel with me, because you can lay that out.  
3           And I did struggle on the four-year plan. Of  
4           course, not being an attorney, I just say why can't  
5           we just do that? And of course, statutes and other  
6           things are thrown at me. And I appreciate you  
7           bringing that up.

8                     I also feel very much the same way, is that I  
9           would love to see that attempt be taken to the  
10          highest extent that it ultimately can be. And  
11          again, going back to where my initial comments  
12          were, is that that was the lens I was looking at  
13          this, that that's ultimately hopeful is the  
14          direction that the company will try within, of  
15          course, its legal limits. But thank you for  
16          mentioning it. I think that's an essential part  
17          what we are talking about today.

18                    With that, Chairman, I move that we approve  
19          the proposed RSAM adjusted depreciation rates as  
20          reasonable alternatives to support the RSAM  
21          mechanism for Issue 5, and then I motion for 67 to  
22          use FCG's request RSAM mechanism.

23                    COMMISSIONER PASSIDOMO: Second.

24                    CHAIRMAN FAY: Okay. Great. We have a motion  
25          and a second on Items 5 and 67.

1           As my comments stated, I will be voting  
2           against that motion, but show the RSAM depreciation  
3           parameters and RSAM validity under 5 and 67  
4           approved by the Commission.

5           So with that, legally, I just want to make  
6           sure do we need anything else before we move on to  
7           Items 6 through 9?

8           MS. HARPER: Not yet, but just to make you  
9           aware that approving the RSAM will affect some of  
10          the other issues, so we will let you know when we  
11          get there.

12          CHAIRMAN FAY: Okay. Great. And what I will  
13          do, as I walk through those blocks, which I think  
14          the first 6 through 9 will be one -- will be some  
15          of those examples where the recommendation provided  
16          if the RSAM parameters are accepted, we accept the  
17          following, and if they are not, we would accept the  
18          following.

19          So, Commissioners, next we will move on to the  
20          Depreciation Study, which will be block 6, 7, 8 and  
21          9. Under that block, we will obviously have some  
22          adjustments made in response to the approval of 5  
23          and 67.

24          So with that, Commissioners, any comments or  
25          questions on our staff for -- under Depreciation

1 Study, Items 6, 7, 8 and 9?

2 Okay. Showing none, Ms. Harper, for  
3 specifically voting on these items, the Commission  
4 can take up this block, since we did accept the  
5 RSAM depreciation values, 6 would be valid to take  
6 up, correct, as far as the recommendation? In  
7 other words, the values from 6 are essential based  
8 on what we approved on -- on a 5 and 67?

9 MS. HARPER: Yes. That's correct.

10 CHAIRMAN FAY: Okay. Great. And do you need  
11 any other clarification? So if we accept staff's  
12 recommendation based on the approval of the  
13 depreciation parameters that were accepted in 5 and  
14 67, we don't need anything additional legally for  
15 that? We will just take up the recommendation as  
16 stated? Okay. Great.

17 All right. Commissioners with that, then  
18 showing no questions or comments --

19 COMMISSIONER LA ROSA: Chairman, can I ask a  
20 quick question?

21 CHAIRMAN FAY: Oh, yeah, Commissioner La Rosa,  
22 go ahead.

23 COMMISSIONER LA ROSA: And we are talking  
24 about Table 6.1 as the staff recommendation for the  
25 depreciation parameters?

1           CHAIRMAN FAY: Correct. So based on the  
2 previous vote, we would be taking up those  
3 parameters in 6, which is staff's recommendation.  
4 I just want to make clear that those  
5 recommendations for 6, 7 and 8 provide two choices  
6 depending on what the vote was for 5 and 67.

7           So with that, I will take up a motion on Items  
8 6 through 9.

9           COMMISSIONER LA ROSA: Chairman, okay, 6  
10 through 9. I understand. I am just trying to  
11 follow along in my notes of where we are at. So 6  
12 through 9, then I -- I ask to move staff's  
13 recommendations based on -- on what we just  
14 approved in 5 and 67.

15          CHAIRMAN FAY: Okay. With that, show a motion  
16 for Items 6 through 9.

17          COMMISSIONER PASSIDOMO: Second.

18          CHAIRMAN FAY: And a second.

19          Let's see. I will also be supporting that  
20 motion.

21          Commissioners --

22          MS. HELTON: Mr. Chairman.

23          CHAIRMAN FAY: Yeah.

24          MS. HELTON: I am sorry to interrupt. I think  
25 for this part, it might be better if we take up

1 issue by issue, because if I am reading Issue 7  
2 correctly, we need to make a -- you need to make a  
3 choice there between two alternatives that staff  
4 has presented in the issue.

5 CHAIRMAN FAY: Okay. And just for clarity,  
6 Ms. Helton, so Items 5, 6 and 7 state in the  
7 recommendation that if the Commission approved the  
8 RSAM parameters, they essentially would accept one,  
9 and if not, they would accept the other. So that's  
10 -- that's sort of the point of clarity I was -- I  
11 was trying to make.

12 So you think we just need to go ahead and take  
13 them up individually so it's easier for the  
14 purposes of the order?

15 MS. HELTON: Yes, sir. I think it would give  
16 -- it would give me comfort if you do it that way.

17 CHAIRMAN FAY: Okay. No problem. I think it  
18 will give us the same result, but I just want to  
19 make sure that we provide clarity to what would be  
20 included in the order.

21 So, Commissioner La Rosa, just based on that  
22 -- that recommendation from the legal staff, would  
23 you be comfortable going ahead and just taking up  
24 Item 6 first, and motioning on that item, and then  
25 walk through them?

1           COMMISSIONER LA ROSA: I will amend what I  
2           just did -- what I just suggested to Issue 6 only,  
3           and then I move that we move staff's  
4           recommendation.

5           CHAIRMAN FAY: Okay. Great. We have a  
6           motion.

7           COMMISSIONER PASSIDOMO: Second.

8           CHAIRMAN FAY: And a second.  
9           Show Item 6, based on staff's recommendation,  
10          approved unanimously.

11          All right. Next we will move to Item No. 7.  
12          Commissioner La Rosa, you are recognized for a  
13          motion on Item No. 7.

14          COMMISSIONER LA ROSA: So I want to ask staff  
15          a question, if they could point out to me their  
16          recommendation based on what we approved in 5 and  
17          67, make sure I am on the same page.

18          CHAIRMAN FAY: Sure. Whoever is appropriate  
19          on staff. Mr. Smith, you are recognized.

20          MR. SMITH: I am sorry, could you repeat the  
21          question?

22          COMMISSIONER LA ROSA: If staff could point  
23          out its -- it's recommendation based on what we  
24          approved on 5 and -- on Item 5 and 67? My  
25          understanding is staff recommends resulting reserve

1 surplus of \$52.1 million.

2 MR. SMITH: That's correct. Yeah.

3 COMMISSIONER LA ROSA: Okay. So I move staff,  
4 Mr. Chair.

5 CHAIRMAN FAY: Okay. We have a motion. Do we  
6 have a second?

7 COMMISSIONER PASSIDOMO: Second.

8 CHAIRMAN FAY: And a second.

9 Show recommendation on Item No. 7 approved  
10 unanimously.

11 All right. With that, Commissioners, we will  
12 move to Item No. 8. Corrective Depreciation  
13 Measures. Any questions or comments?

14 Seeing none, we will take up a motion on Item  
15 No. 8.

16 COMMISSIONER LA ROSA: Chairman, I move -- I  
17 move staff on Issue No. 8.

18 CHAIRMAN FAY: Okay. We have a motion.

19 COMMISSIONER PASSIDOMO: Second.

20 CHAIRMAN FAY: And a second.

21 Show Item No. 8, staff recommendation approved  
22 unanimously.

23 And next we will move to Item No. 9,  
24 Implementation of Depreciation Rates. Any  
25 questions or comments on this item?



1           With that, we will take up a motion on Item  
2           No. 9.

3           COMMISSIONER LA ROSA: Chairman, move staff on  
4           Item No. 9.

5           COMMISSIONER PASSIDOMO: Second.

6           CHAIRMAN FAY: Okay. We have a motion for  
7           approval of recommendation on Item No. 9 and a  
8           second. Show that item -- that item passed  
9           unanimously.

10          All right. Commissioners, with that, that  
11          will conclude the blood under Depreciation Study of  
12          Items 6, 7, 8 and 9.

13          MR. CICCHETTI: Mr. Chairman?

14          CHAIRMAN FAY: Yes.

15          MR. CICCHETTI: Can staff have administrative  
16          -- administrative authority to make the changes  
17          consistent with your vote?

18          CHAIRMAN FAY: Okay. Great.

19          Yeah, just for the record, show clarity that  
20          the Commission, without objection, approves  
21          administrative authority for the staff to make the  
22          changes that they need on that, for 6 through 9.

23          And I guess, just to be clear, Mary Anne,  
24          would -- would it be appropriate if we just clarify  
25          for the record that we allow for staff to make

1           those administrative changes on all of these items?  
2           There will be fallout on a number of these. We can  
3           either motion each one with clarity that, in  
4           addition to that motion, there is staff  
5           administrative authority, or we can just state for  
6           the record that, for clarity purposes, we are  
7           allowing staff to -- to make those changes -- those  
8           administrative changes to be --

9           MS. HELTON: For all issues affected by  
10          your -- your decision to go with the RSAM, I think  
11          that would be appropriate.

12          CHAIRMAN FAY: Okay. Great.

13          So without objection, show that direction on  
14          the approved motion so we won't have to do that on  
15          -- on each item. And we don't have a problem with  
16          doing that if you think we need to do so, but I  
17          think it's clear for the record.

18          So with that, Commissioners, showing anything  
19          else, we will move to Rate Base. This includes  
20          some stipulated items previously voted on, which  
21          are Items 10, 14, 16, 18, 20 and 21. So under Rate  
22          Base, we will be taking up Items 11, 12, 13, 15,  
23          17, 19, 42, 22 and 23.

24          So with that, Commissioners, we will take up  
25          that -- that block. We can take any questions or

1           comments on any of those specific items. And then  
2           if needed, we can also pull any of those items for  
3           specific discussion or debate before we take those  
4           items up in a block.

5           So with that, Commissioners, I know that I  
6           have some comments on Item 2 and then some further  
7           discussion that I would like to have on Item 15.  
8           But with that, I will move into first Item -- Items  
9           11, 12 or 13 to see if there is any questions or  
10          comments for our staff.

11          COMMISSIONER LA ROSA: I have no questions.

12          CHAIRMAN FAY: No, seeing none.

13          Okay. My only quick comment on the Item No.  
14          12, the Liquified Natural Gas Plant, I think the  
15          record did reflect that the utility substantially  
16          proved up the recovery of their costs there. I  
17          will say that with all the volatility we've had in  
18          natural gas pricing, and the concerns of being able  
19          to have the resources we need to adapt quickly, the  
20          plan, in itself, I think is a good -- a good  
21          investment.

22          With that said, the utility, on the record,  
23          stated that this would be in effect starting in  
24          March, and so I just, for validity purposes, I  
25          think it's appropriate to allow for recovery since,

1 as stated in the record by the utility, that plant  
2 is now in service. So with that clarity, we can  
3 move on.

4 Actually, Commissioners, since we don't have  
5 any potential debate on those items, why don't we  
6 take up a motion on Items 11, 12 and 13 before we  
7 move to Item 15.

8 So any other comments or questions on Items  
9 11, 12 or 13? Okay, with that, I will take up a  
10 motion for those three items.

11 COMMISSIONER LA ROSA: Chairman, I move staff  
12 on 11 through 13.

13 COMMISSIONER PASSIDOMO: Second.

14 CHAIRMAN FAY: Okay. We have a motion and a  
15 second. Show Items 11, 12 and 13 passed  
16 unanimously for staff's recommendation on those  
17 items.

18 All right. Great. Next we will move  
19 understand, since 14 is a stipulation, we will move  
20 into 15. I have some comments on this item.  
21 Commissioners, any questions before I go into my  
22 comments on this?

23 COMMISSIONER LA ROSA: I don't, but I am  
24 listening --

25 CHAIRMAN FAY: Okay. Great.

1           COMMISSIONER LA ROSA:  -- anticipating to hear  
2           what you have to say.

3           CHAIRMAN FAY:  Great.  Okay.  Yeah.

4           So, Commissioner La Rosa, as you stated, the  
5           complexity of the gas cases, I felt that way about  
6           this item.  Its original order that allowed for the  
7           adoption of this acquisition adjustment, and then  
8           essentially provided a provisional basis as to what  
9           would allow for recovery going forward.

10           I think, under that normal scenario, there  
11           would be some clarity as to if that was met in the  
12           next rate case or not.  As the recommendation in  
13           the record shows, there was a settlement in between  
14           that time period, and there really wasn't a lot of  
15           clarity on either side as to, in that settlement  
16           proceeding, which didn't talk about the specific --  
17           this specific issue, did that validate what was  
18           originally required under the provisional  
19           acceptance or did it not?  And I -- I had trouble  
20           finding it persuasive that it was really either way  
21           on that component.

22           And so, Commissioners, what I was thinking  
23           would be appropriate, is I -- I -- when we talk  
24           about these acquisition adjustments, and I know we  
25           just had another gas utility where some of this was

1 brought and proved up. This provisional acceptance  
2 to me requires the utility to come forward and  
3 demonstrate that some of the benefits that were  
4 stated in the original approval of the acquisition  
5 adjustment are present.

6 And so my thought is that we could allow the  
7 continuation of the recovery of this acquisition  
8 adjustment as previously approved, and the order  
9 approves, but going forward, we would just provide  
10 clarity to the utility that, when it comes back  
11 under that provisional requirement that was placed  
12 by the previous commission, that they would be able  
13 to show under -- and we talked about five factors,  
14 but they would show under those factors that was  
15 originally viewed on the utility, that there were  
16 some benefits.

17 There is obviously cost benefits. There is  
18 quantifiable numbers that can be showed at that  
19 time, but there is other variables that they could  
20 demonstrate. And so I don't know if they -- they  
21 really the opportunity to did that in the record  
22 here, and I am not sure it was really clear as if  
23 it was needed or not. And so I would be  
24 comfortable allowing the continuation of that  
25 acquisition adjustment, and the amortization that

1           they still have left on it up until either a future  
2           purchase by another utility, and/or up until the  
3           next rate case where they would be required to  
4           prove some of that up.

5                     And just -- just in sort of summary of that,  
6           Commissioners, my goal is to, you know, really give  
7           some thought and consideration as to these  
8           acquisition adjustments, where they can really  
9           benefit the utility, where they are appropriate.

10                    And the other component is I just -- I have  
11           concern about creating a policy that  
12           disincentivizes any acquisition strictly because  
13           that acquisition adjustment would then fall off the  
14           books based on the idea that it was purchased by  
15           somebody else. I don't really think that's a great  
16           policy.

17                    I understand that GAAP requires intangible  
18           assets to be taken off the books when a purchase  
19           occurs, but I really think there is some good  
20           policy reasons here to give some weight to that  
21           evaluation whenever it occurs. And if a commission  
22           previously blanketly approved it, it would be a  
23           different story. This previous commission  
24           provisionally approved this acquisition adjustment,  
25           and so for purposes of reviewing it. That's how I

1 think we should take it up.

2 So with that, Commissioners, I am open up to  
3 any other ideas or comments on the recommendation,  
4 or questions for our staff.

5 COMMISSIONER LA ROSA: Just to say that I --  
6 that I agree with you, and I appreciate you pulling  
7 this item out specifically, because there was a  
8 little bit -- there is some nuances to it, but I do  
9 agree with you wholeheartedly.

10 So I would just ask for staff, when the time  
11 comes, for just help in recommending how we should  
12 word that motion if it needs to be any differently.

13 CHAIRMAN FAY: Sure. Great. And what I will  
14 do is I will -- let me check with staff, too,  
15 because to your point, Commissioner La Rosa,  
16 sometimes staff will tell us I can't do what I just  
17 said we should potentially do, and so let's  
18 validate with them first that under the rate case  
19 information that we have, we would be able to allow  
20 for that --

21 The recommendation -- or the item itself talks  
22 about removing that component out of the revenue  
23 requirement. We would just be continuing what's  
24 set in the -- in the revenue requirement as stated  
25 up until the next review, and then that record



1           would be clear that the utility comes forward  
2           showing that information to continue it after  
3           that -- that point. And I don't know when that  
4           rate case will be --

5           MS. NORRIS: Right.

6           CHAIRMAN FAY: -- but is that feasible just to  
7           continue it in the revenue requirement and then  
8           have it reviewed at that time?

9           MS. NORRIS: In terms of functionally, as far  
10          as the data we have, we do have that to be able to  
11          make that adjustment back to include it in revenue  
12          requirement. And then I think, like you have laid  
13          out, in terms of specific -- the specific  
14          circumstances, or the specific provisions they  
15          would have in terms of reviewing that in another  
16          rate case.

17          So I believe, and check with Adria --

18          CHAIRMAN FAY: Okay.

19          MS. NORRIS: -- but I believe the information  
20          would be there specific enough to -- to include.

21          CHAIRMAN FAY: Yeah. I would love to be the  
22          ones to go ahead and decide it. We just don't have  
23          enough here to decide sort of either way based on  
24          the fact that it was perceived to be addressed in  
25          the 2018 settlement.

1 MS. HARPER: Yes, I -- I believe I understand  
2 what you are asking for. I believe staff has the  
3 numbers to continue with the acquisition adjustment  
4 and include it in the revenue requirement. And if  
5 you would like the order to specifically state  
6 something to the effect of, and we -- if there is a  
7 future rate case, we would like to see this proven  
8 up, I believe you said --

9 CHAIRMAN FAY: Yeah.

10 MS. HARPER: -- I can -- we can work on that.

11 CHAIRMAN FAY: Okay. Great. Yeah. I mean,  
12 the burden rests on the utility to show it, and so  
13 I just -- I think the order should make it clear  
14 that they are the ones that would need to come  
15 forward and demonstrate that, even if there was  
16 some form of settlement or stipulation agreement  
17 that occurred, at that time, whenever the rate case  
18 is.

19 MS. HARPER: Yes, I understand. Thank you,  
20 chairman.

21 CHAIRMAN FAY: Okay. Perfect. Thank you.

22 Okay. Commissioners, with that, then I think  
23 as provided by -- by Ms. Norris and Ms. Harper, we  
24 can take up a motion on Item No. 15.

25 COMMISSIONER LA ROSA: I move staff's

1 suggested continuation of revenue requirement as  
2 just discussed.

3 CHAIRMAN FAY: Okay. Great.

4 COMMISSIONER LA ROSA: Is that fair enough?

5 CHAIRMAN FAY: Yeah. Commissioner La Rosa --

6 MS. HELTON: Maybe we could look at it this  
7 way, you are denying staff's recommendation and,  
8 instead, you are continuing the amortization of the  
9 acquisition adjustment until the next rate case  
10 when the utility must prove up under the five  
11 factors why the acquisition adjustment should be  
12 continued further.

13 CHAIRMAN FAY: Okay. Great.

14 COMMISSIONER LA ROSA: That is much better  
15 said.

16 CHAIRMAN FAY: Great. Okay. So with that,  
17 Commissioner La Rosa, as reiterated by Mary Anne,  
18 we have a motion --

19 COMMISSIONER PASSIDOMO: Second.

20 CHAIRMAN FAY: -- unless you want to repeat  
21 that motion.

22 COMMISSIONER PASSIDOMO: No, second Mary Anne,  
23 a through Commissioner La Rosa.

24 CHAIRMAN FAY: Okay. No, thank you -- in all  
25 seriousness, Mary Anne, thank you for that help.

1           So we essentially would be rejecting the  
2           removal of that -- that amortization under the  
3           revenue requirement, and then just providing  
4           clarity in that order, that the next rate case,  
5           they will come forward and demonstrate that as  
6           based on the variables that have been reviewed for  
7           acquisition adjustment.

8           So with that, I will also be supporting that  
9           motion. So show motion on Issue 15 as proposed  
10          unanimously approved.

11          Okay. Commissioners, with that, we will next  
12          move into our other items under Rate Base, which  
13          include Accumulated Depreciation, Unamortized Rate  
14          Case Expense, Insurance Expense, Working Capital  
15          and Rate Base.

16          I am happy to take those up, Commissioners,  
17          for questions or comments as the remaining issues  
18          under Rate Base. So any of questions or comments  
19          on those items?

20          COMMISSIONER LA ROSA: I don't have any  
21          questions.

22          CHAIRMAN FAY: Any questions? Nope.

23          Seeing no questions or comments on Items 17,  
24          19, 42, 22 and 23, as the other items are already  
25          stipulated under the December hearing, I will take

1 a motion on those items.

2 COMMISSIONER LA ROSA: I motion, Chairman, to  
3 move staff on those items.

4 CHAIRMAN FAY: Okay.

5 COMMISSIONER PASSIDOMO: Second.

6 CHAIRMAN FAY: We have a motion and a second  
7 for staff recommendation on Items 17, 19, 42, 22  
8 and 23. Show those unanimously -- staff  
9 recommendation on those items unanimously approved.

10 All right. Ms. Harper, and we do have  
11 administrative authority that we generally provide.  
12 Is there anything else that you -- that you believe  
13 the Commission needs to provide for those items at  
14 this time?

15 MS. HARPER: I don't think so. We will use  
16 the administrative authority to adjust anything we  
17 need to pursuant to the decision on 5, Issue 5.

18 CHAIRMAN FAY: Okay. Great.

19 MS. HARPER: Thank you.

20 CHAIRMAN FAY: Thank you.

21 All right. With that, Commissioners, we will  
22 move to Cost of Capital. Those items will include  
23 24, 25, 26, 27, 28, 29 and Item 31.

24 With that, I will take up any questions or  
25 comments on those items at this time.

1 COMMISSIONER LA ROSA: No questions.

2 CHAIRMAN FAY: Okay.

3 COMMISSIONER PASSIDOMO: No que -- I mean, I  
4 guess -- and staff will probably confirm, we do  
5 have to kind of amend a little bit. There is --  
6 there is -- we have some options, I think, when we  
7 are talking about Issue 29, correct? So based on  
8 -- based on our vote on Issues 5 and 67.

9 COMMISSIONER LA ROSA: Yeah. And if not,  
10 Chairman, I certainly have an opinion on 29. So  
11 maybe I kind of spoke before because I was looking  
12 at 24 through 28, and 29 --

13 CHAIRMAN FAY: Okay. Great. So, Ms. Harper,  
14 is there clari -- based on -- based on my  
15 colleague's comments here, is there any  
16 clarification before we take up the vote on item 29  
17 that we would need additional clarification to pull  
18 out that item?

19 MS. HARPER: I think we are good. Thank you.

20 CHAIRMAN FAY: Great. Commissioners, with  
21 that, then I will take up a motion on Items 24  
22 through 29 and Item 31.

23 COMMISSIONER LA ROSA: Okay. Chairman, so I  
24 am going to -- I am going to go back but I am going  
25 to go to 29 --

1           CHAIRMAN FAY: Okay.

2           COMMISSIONER LA ROSA: -- and talking to  
3           staff, and great conversations through all of this,  
4           especially yesterday in understanding the analysis,  
5           and taking kind of my own calculations, I have a --  
6           a slightly different ROE that I am going to suggest  
7           of 10.25, which I believe is different from staff's  
8           10 that they are suggesting, but I believe that may  
9           be even less, and that's what I would like to  
10          clarify, if we were to choose the RSAM mechanism,  
11          which we have.

12          CHAIRMAN FAY: Okay. Great. So let's get  
13          clarification from staff.

14          So obviously, in the recommendation there is a  
15          discussion about a reduct-- a reduced ROE based on  
16          the approval of the RSAM for setting this rate, and  
17          I believe it might be Mr. Buys would give us  
18          additional context on this, but just for clarity  
19          purposes, based -- based on that, is -- do you have  
20          a recommendation for the ROE based on the approval  
21          of the RSAM mechanism that occurred?

22          MR. BUYS: Yes, Commissioners. The Commission  
23          has discretion to reduce the ROE from 10 up to --  
24          or down to 9.5 based on -- on the discussion, or  
25          what's in the record. We've given the -- we've

1 written it such that the Commission would have  
2 discretion to -- to make a decision between 10 and  
3 9.5. And, of course, they could decide whatever  
4 they wanted in lieu of that recommendation.

5 CHAIRMAN FAY: Okay. And just for clarity,  
6 that reduction is based on a reduction of risk, or  
7 what would be the basis for that reduction?

8 MR. BUYS: The reduction in risk is based on  
9 the RSAM would basically reduce the variability of  
10 earnings that the company would see going forward,  
11 and then that would -- of course, the risk of a  
12 utility, or any company, is the variability in  
13 earnings. And because the RSAM now would level out  
14 those earnings, therefore, they would have a lower  
15 risk. And we are trying to just capture that lower  
16 risk with the -- with the ROE.

17 CHAIRMAN FAY: Okay. Great. So Commissioner  
18 La Rosa has proposed here 10.25. What I would like  
19 to do is just see if our staff, either legal or  
20 Mr. Buys, have any comments as to -- I presume,  
21 since we have a range of ROEs built in from sort of  
22 a floor to a ceiling, numbers in between there  
23 would be justified for a number of different basis,  
24 but do you need any sort of specific basis for the  
25 10.25 or does Commissioner La Rosa need to specify



1 something in the record? Or is it just within that  
2 range we have the broad authority to adjust?

3 MR. BUYS: Yes, Chairman, the record would  
4 strongly support an ROE from anywhere from 9.25, as  
5 recommended by the OPC witness, up to 10.75, as  
6 recommended by the FCG witness.

7 CHAIRMAN FAY: Okay. Anything additional from  
8 legal?

9 MS. HARPER: No, sir.

10 CHAIRMAN FAY: Okay. Great.

11 All right. With that, Commissioner Passidomo,  
12 any questions or comments on the Item 29, the  
13 Return on Equity?

14 COMMISSIONER PASSIDOMO: No, I -- I mean, I --  
15 I think Mr. Buys' position there is compelling,  
16 with the approve of the RSAM, I think that helps  
17 the utility manage its risks and costs that are  
18 associated with, you know, higher inflation and  
19 such. So I -- I am -- I am leaning more towards  
20 where staff has recommended that we have the  
21 authority to lower the ROE up to -- up to 50 basis  
22 points because of the approval of the RSAM.

23 CHAIRMAN FAY: Okay. Great. And with that,  
24 what I would like to do, if it's all right with  
25 legal, I would like us to go ahead and take 20 --

1           vote on 29 specifically, is -- we don't -- I  
2           presume we don't need to vote on the issues pre --  
3           previous to 29 before we take that up, correct?

4           MS. HARPER: Correct.

5           CHAIRMAN FAY: Okay. Well, Commissioner La  
6           Rosa, then what I would like to do is we will end  
7           up -- and Commissioner Passidomo -- we will take up  
8           29, and then we will go back to the block for Cost  
9           of Capital since we don't have any debate or  
10          discussion on those.

11          Actually, why don't we do this, just to keep  
12          things in order. Commissioners, why don't we take  
13          up a motion on Items 24 through 28 and then 31, and  
14          then we will vote on Item 29 to make sure we are  
15          consistent chronologically.

16          So with that, is there a motion on those  
17          items?

18          MR. BUYS: Chairman, if I may?

19          CHAIRMAN FAY: Yes, Mr. Buys.

20          MR. BUYS: If the weighted average cost of  
21          capital in Issue 31, if the ROE changes from 10  
22          percent, that will change the -- the recommended  
23          number on the weighted average cost of capital as  
24          well.

25          CHAIRMAN FAY: Okay. Great. And then the

1 items before 24 through 28, those would not need to  
2 be adjusted depending on what we did for the ROE?

3 MR. BUYS: That's correct.

4 CHAIRMAN FAY: Okay. Thank you for that  
5 clarification.

6 So, Commissioners, we will take up a motion on  
7 Items 24 through 28.

8 COMMISSIONER LA ROSA: Chairman, move staff on  
9 those items.

10 COMMISSIONER PASSIDOMO: Second.

11 CHAIRMAN FAY: Okay. We have a motion and a  
12 second to move staff's recommendation on Cost of  
13 Capital, Items 24 through 28. Show those items  
14 passed unanimously.

15 All right. Thank you, Mr. Buys.

16 So with that, we will take up Item 29.

17 Commissioners, I -- I -- I think I am both -- I  
18 think it might be a reality that I am in between  
19 you physically, and now on the issue itself, maybe  
20 somewhere there in the middle there, but I think  
21 for purposes of making sure you both have the  
22 information you need to motion the item and -- and  
23 move something out, I tend to agree with  
24 Commissioner Passidomo's position, and what the  
25 staff has laid out in the recommendation here, that

1 reduction of risk that occurs with the adoption of  
2 the RSAM, which is one of the arguments for why  
3 it's a good thing to adopt, I think is appropriate  
4 in that rate.

5 So from what I understand, that would support,  
6 as Commissioner Passidomo stated, a 9.5 rate, which  
7 would still allow 100-basis-point variable  
8 adjustment in between. We wouldn't be changing  
9 that.

10 And so that's where I would stand on the item.  
11 And with that said, I will take a motion from  
12 either Commissioner on Item 29.

13 COMMISSIONER PASSIDOMO: Mr. Chairman, I would  
14 move approval of the -- maybe I should frame this  
15 as I would move approval of that idea of a 9.5 ROE  
16 with the, you know, the -- I don't know if I need  
17 to include the 100-basis-point fluctuation, but  
18 just 9.5 ROE.

19 CHAIRMAN FAY: Okay, I think -- I think that's  
20 consistent with --

21 COMMISSIONER PASSIDOMO: Is that sufficient?

22 CHAIRMAN FAY: Yes, it's sufficient. For the  
23 record, just make sure legal, Ms. Harper, is that  
24 sufficient for us to address all of -- everything  
25 in Issue 29?

1 MS. HARPER: Yes.

2 CHAIRMAN FAY: Okay.

3 MS. HARPER: Thank you.

4 CHAIRMAN FAY: Great.

5 We have a motion from Commissioner Passidomo  
6 on that item.

7 Commissioner La Rosa, I know you might have a  
8 different position. You are welcome to go ahead  
9 and state that if you would like to, and then I  
10 will be supporting the item, so I will allow you  
11 the opportunity to -- to make some comments and  
12 tender a vote on that item.

13 COMMISSIONER LA ROSA: Sure, and I appreciate  
14 that. And we are obviously a very congenial group,  
15 and I don't -- I don't -- my point is not exactly  
16 100 percent correct, and I think that, obviously,  
17 we have the abilities to -- to talk professionally  
18 about it.

19 I think at the end of the day, the reason I am  
20 not there, just like I said, this is not an easy  
21 case, I think that this was going to be one of the  
22 tougher elements to follow within, but I felt that  
23 we were -- we were cutting down the RSAM to almost  
24 -- almost doling it off, and that wasn't where I  
25 was going with it. Otherwise, if I didn't feel

1           that way, I probably would honestly 100 percent  
2           agree with this. But I -- but I just think we are  
3           cutting it off a fraction too short.

4           I am concerned about the environment of where  
5           we are economically, and if they do have to carry  
6           through earning to that level, might -- might  
7           change things for them. So unfortunately, I am --  
8           I am not there. I am not saying I am not close,  
9           but I am just not there.

10           CHAIRMAN FAY: Okay. Great.

11           So, Commissioner La Rosa, we would show you as  
12           a no -- no vote for Item 29 as motioned by  
13           Commissioner Passidomo. I will be supporting that  
14           item.

15           So with that, Commissioners, show item No. 29  
16           passed as proposed by staff with that 9.5 percent  
17           ROE and 100-basis-point adjustment as stated in the  
18           recommendation.

19           So with that, Commissioners, we will -- seeing  
20           no other comments, we will move to Item No. 31,  
21           Weighted Average Cost of Capital, which will have  
22           some fallout from the item that we approved in 29.

23           Mr. Buys, you just want to clarify real  
24           quickly for the record that -- that you will have  
25           -- the Commission will have administrative

1 authority to make the appropriate adjustment there,  
2 but as to what that adjustment will need to be?

3 MR. BUYS: Yes. I did a quick calculation,  
4 and I believe the weighted average cost of capital  
5 would be decreased from 6.7 percent to 6.45  
6 percent, subject to check, once we verify all the  
7 numbers and put it into our schedules.

8 CHAIRMAN FAY: Okay. All right. With that,  
9 Commissioners, you have heard a summary of those  
10 changes based on the approval of Item 29. I will  
11 take up any questions or comments on Item 31, or a  
12 motion on that item.

13 COMMISSIONER LA ROSA: I would move staff on  
14 31.

15 COMMISSIONER PASSIDOMO: Second.

16 CHAIRMAN FAY: Okay. We have a motion and a  
17 second to move staff's recommendation with the  
18 administrative authority to adjust based on Item  
19 No. 29. I will be voting to approve that motion,  
20 so show 31 passed unanimously.

21 All right. Commissioners, next we will be  
22 moving into Net Operating Income. We will be  
23 taking up Items 34, 35, 36, 38 through 41, 45, 46,  
24 47, and then 49 through 55. The other issues under  
25 Net Operating Income that were not included in that

1 list have been stipulated as Type 2 stipulations  
2 already.

3 And so with that, Commissioners, we will move  
4 to those items under Net Operating Income. I will  
5 be happy to take any questions or comments on Net  
6 Operating Income at this time.

7 COMMISSIONER LA ROSA: Chairman, just to  
8 clarify --

9 CHAIRMAN FAY: Sure. Go ahead, Commissioner  
10 La Rosa.

11 COMMISSIONER LA ROSA: -- on Item 51, and I  
12 apologize if you just mentioned it, but Item 51 is  
13 affected by the decisions we've made today,  
14 correct?

15 CHAIRMAN FAY: Yeah. So if we can, from  
16 staff, just get clarification as the impact of the  
17 previous vote on Item 5 would be impacted, and so  
18 make sure we --

19 MS. NORRIS: Yes, sir. Yes, it would be  
20 impacted by the change in that decision from 5 --

21 CHAIRMAN FAY: Okay.

22 MS. HARPER: -- and we would reflect it in  
23 that issue.

24 CHAIRMAN FAY: Okay. So it can still be  
25 consistent with staff's recommendation, just with



1 the adjustments being made --

2 MS. HARPER: Right --

3 CHAIRMAN FAY: -- based on the vote?

4 MS. NORRIS: Right. It's more like a fallout  
5 adjustment --

6 CHAIRMAN FAY: Okay.

7 MS. HARPER: -- from there. Right, yes, sir.

8 CHAIRMAN FAY: Okay. Great. And that gives  
9 legal what they need for the order on the record  
10 for that? Okay. Great.

11 All right. With that, then, Commissioner La  
12 Rosa, I will take up a motion on Net Operating  
13 Income as the items stated.

14 COMMISSIONER LA ROSA: So, Chairman, I move a  
15 motion to move staff on the items, 34, 36, 38  
16 through 41, 45 through 47, and 49 through 55.

17 CHAIRMAN FAY: Okay. Great. We have a  
18 motion. Do we have a second?

19 COMMISSIONER PASSIDOMO: Second.

20 CHAIRMAN FAY: We have a motion and a second.  
21 Show staff recommendation on those items passed  
22 unanimously.

23 All right. Commissioners, next we will move  
24 to Revenue Requirements. We will be taking up  
25 Items 57 through 6-- excuse me. We will be taking

1 up Item 57 under Revenue Requirement. Item 56 was  
2 addressed in a stipulation.

3 So with that, Commissioners, any questions or  
4 comments related to Item 57? Showing none, we will  
5 take up a motion on that item.

6 COMMISSIONER LA ROSA: Move staff on Item 57.

7 COMMISSIONER PASSIDOMO: Second.

8 CHAIRMAN FAY: Okay. We have a motion and a  
9 second. Show item -- staff recommendation on Item  
10 57 passed unanimously.

11 All right. Next we will move to Cost of  
12 Service and Rate Design.

13 Commissioners, we will be taking up Items 58  
14 through 62, and then Items 65 and 66. Show 63 and  
15 64 have been addressed by Type 2 stipulations.

16 So I will take up any questions or comments on  
17 these items, Commissioners, under Cost of Service  
18 And Rate Design.

19 COMMISSIONER LA ROSA: Question, Chairman, of  
20 how -- how 60 through 62 are affected, because my  
21 understanding, those are later --

22 CHAIRMAN FAY: Yeah, so your -- good point of  
23 clarification.

24 So for 60 and 62, we will take up in April  
25 25th, when we accept those -- those revenue

1 requirements. So we will not be -- to be clear, we  
2 will not be voting on those five items today, 60 --  
3 60 through 62 and then 65 and 66, is that -- is  
4 that correct for legal purposes? Okay.

5 Great. So just for clarification then,  
6 Commissioner La Rosa, we would be taking up a  
7 motion on Item 58 and 59.

8 COMMISSIONER LA ROSA: Thank you, Chairman for  
9 that. Move staff on 58 and 59.

10 CHAIRMAN FAY: Okay. We have motion for  
11 staff's recommendation.

12 COMMISSIONER PASSIDOMO: Second.

13 CHAIRMAN FAY: Okay, and a second on Items 58  
14 and 59. Show those items passed unanimously under  
15 Cost of Service and Rate Design.

16 All right. Commissioners, next we will move  
17 on to the final issues in this docket. So under  
18 Other Issues, we have Items 68 and 71.

19 With that, Commissioners, I want to take up  
20 any questions for our staff, or comments on either  
21 of those two items, and then we will take up a  
22 motion on those items.

23 COMMISSIONER LA ROSA: Chairman, just a quick  
24 comment.

25 CHAIRMAN FAY: Sure.

1           COMMISSIONER LA ROSA: I know we already  
2           talked about this, this is kind of maybe where we  
3           started, but talking about 71 specifically, the  
4           four-year rate plan, and -- and reading through  
5           testimony again and being able to kind of analyze,  
6           and we talked a little bit about the enforceability  
7           aspect of it, but again, just reiterating what I  
8           started with, is that that's the lens I am looking  
9           through this, is that how do we create a long-term  
10          rate design for -- for customers? And, you know,  
11          my hope is that that's we end up being in a  
12          four-year rate plan. But again, thank you for the  
13          legal background. Thank you, staff, for -- for  
14          explaining this in layman's terms.

15                 But, yeah, that's just kind of where I am  
16          coming from, and my thoughts, but I do agree the  
17          wave staff has laid it out.

18                 CHAIRMAN FAY: Okay. Great. Any comments  
19          from Commissioner Passidomo? No?

20                 COMMISSIONER PASSIDOMO: Ditto Commissioner La  
21          Rosa.

22                 CHAIRMAN FAY: Okay. Great.

23                 So with that, then we will take up a motion on  
24          Items 68 and 71.

25                 COMMISSIONER LA ROSA: Move staff on those

1 items.

2 COMMISSIONER PASSIDOMO: Second.

3 CHAIRMAN FAY: Okay. We have a motion and a  
4 second for staff's recommendation on Items 68 and  
5 71. Show those two items passed unanimously.

6 All right. Commissioners, we have addressed  
7 the administrative authority for the docket for  
8 legal. Let's make sure that we don't have anything  
9 else that we need to address before concluding the  
10 docket. Anything from technical or legal?

11 MS. HARPER: No, sir.

12 CHAIRMAN FAY: No. With that, Commissioners,  
13 show that this Agenda Conference is concluded.  
14 Thank you so much.

15 (Proceedings concluded.)  
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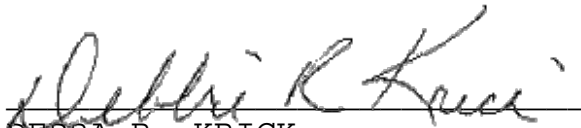
STATE OF FLORIDA )  
COUNTY OF LEON )

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 11th day of April, 2023.

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