

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of: DOCKET NO. 20250035-GU

Petition for approval of 2025
depreciation study and for approval
to amortize reserve imbalance, by
Florida City Gas.

_____ /

PROCEEDINGS: SPECIAL AGENDA CONFERENCE
COMMISSIONERS
PARTICIPATING: CHAIRMAN GABRIELLA PASSIDOMO SMITH
COMMISSIONER GARY F. CLARK
COMMISSIONER MIKE LA ROSA

DATE: Tuesday, February 17, 2026

TIME: Commenced: 9:50 a.m.
Concluded: 10:05 a.m.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

PREMIER REPORTING
TALLAHASSEE, FLORIDA
(850) 894-0828

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

2 CHAIRMAN SMITH: Okay. So today is
3 February 17th, and I will -- it's 9:51, so you guys
4 are all very punctual -- I will now call of this
5 Special Agenda Conference to order.

6 We are going to have -- Ms. Wu, I believe you
7 are going to introduce -- give an overview of
8 everything, and then we will kind of go from there.
9 So, Ms. Wu, you are recognized whenever you are
10 ready.

11 MS. WU: Good morning, Chairman and
12 Commissioners. Jenny Wu on behalf of staff.

13 This Special Agenda item addresses Florida
14 City Gas, or FCG's petition for approval of its
15 2025 depreciation study and approval to amortize
16 reserve imbalance.

17 In the 2025 study, FCG proposed to revise
18 certain plant accounts depreciation parameters and
19 rates resulting in a calculated reserve imbalance
20 of \$19.2 million, which is a reserve surplus. FCG
21 proposed to amortize these reserve surplus over the
22 two-year period of 2025 and 2026.

23 The Office of Public Counsel objected to FCG's
24 filing. It requested the Commission reject the
25 2025 depreciation study and direct FCG to file a

1 depreciation study in its next base rate case.

2 Staff is recommending revisions to certain
3 depreciation parameters of two of FCG's account
4 compared to those proposed by FCG, which results in
5 a calculated reserve surplus of \$6.8 million.

6 Staff further recommends FCG use the remaining
7 life techniques to correct such reserve surplus,
8 recognize January 1st, 2025, as the implementation
9 date for the resulting new depreciation rates, and
10 that FCG revises the flow back of excess deferred
11 income taxes to reflect the approved depreciation
12 rates.

13 Thank you.

14 CHAIRMAN SMITH: Thank you for that summary.

15 So, Commissioners, I am -- the way I would
16 like to do this is kind of take, you know, we just
17 have seven issues here, take issue by issue and
18 vote on each issue individually, but I would like
19 to give you both an opportunity, if you have any,
20 like, broad comments on the petition as a whole,
21 right now would be a great time. Do of either of
22 you have -- yeah, Commissioner La Rosa.

23 COMMISSIONER LA ROSA: Sure. Thank you, Madam
24 Chair.

25 I guess when it kind of all boils down to me

1 right here from a broad perspective, I see the main
2 issue is in Issue 4, which is really the imbalance
3 -- referring back to the imbalance in Issue 3. I
4 thought staff laid out a good perspective, and that
5 was certainly just heard in the summary, using
6 remaining life technique to address the reserve
7 surplus results that a remaining life -- remaining
8 rate for each account is self-correcting in regards
9 the imbalance of surplus or deficit over the
10 remaining life, and I think there was some, even
11 some backup used by even FCG's witness Lee.

12 That was kind of the -- kind of what put me
13 over the top, and I felt comfortable with how staff
14 laid this out and what the recommendation was, but
15 I am happy to talk through each issue.

16 CHAIRMAN SMITH: Sure. Thank you.

17 All right. So let's start with Issue 1 then.
18 Ms. Wu, I believe you are also presenting this one
19 too, correct?

20 MS. WU: Issue 1 in this case is a threshold
21 issue which addresses whether or not the currently
22 approved depreciation parameters should be revised.
23 Staff recommends FCG's depreciation parameters
24 should be -- rates should be revised.

25 Thank you.

1 CHAIRMAN SMITH: Thank you.

2 Commissioners, do we have any questions on
3 Issue 1?

4 COMMISSIONER LA ROSA: I do not.

5 CHAIRMAN SMITH: Is there a motion?

6 COMMISSIONER CLARK: Move approval.

7 COMMISSIONER LA ROSA: Second.

8 CHAIRMAN SMITH: Okay. All those in favor say
9 aye.

10 (Chorus of ayes.)

11 CHAIRMAN SMITH: It's easy to hear, so Issue 1
12 is approved as recommended by staff.

13 Okay. We are going to move, then, to Issue 2.
14 Ms. Wu again.

15 MS. WU: Issue 2 addresses the appropriate
16 depreciation parameters and the rates for each
17 FCG's account.

18 Staff recommends depreciation parameters and
19 the rates for each of FCG's depreciable account and
20 amortization periods for each amortizable account
21 as shown in Attachment A to the recommendation.
22 Staff is recommending revisions to certain
23 parameters of two accounts compared to those
24 proposed by FCG.

25 Thank you.

1 CHAIRMAN SMITH: Questions on Issue 2?

2 COMMISSIONER LA ROSA: No questions.

3 CHAIRMAN SMITH: No questions?

4 The only thing I will say is I just -- I am
5 just going to -- I appreciate the way that staff
6 laid this out and explained it to me as, you know,
7 not having the best background understanding of net
8 salvage and that I agree with the way that -- I
9 mean, I see here, and staff laid it out kind of
10 understanding what was FCG's rationale for
11 increasing its net salvage. It seems like, you
12 know, they were -- they are kind of saying, okay,
13 well, there is improved deficiencies that were
14 gained, and things like that, but I am -- I am glad
15 it was asked through discovery, which is pointed
16 out here on page 17, that some of those -- it seems
17 like the same process that were used before are
18 still being used. They are services of the same
19 vendor, best practices, removal processes. So the
20 only real difference was maybe some sort of
21 efficiency that was gained through the paperwork,
22 or, you know, some sort of IT or something. I
23 don't think that that -- I agree with staff, I
24 don't think it rose to the level of that much of an
25 increase of a net salvage.

1 So that's sort of my justification for -- I
2 agree with staff's recommendation here for those
3 two accounts. That's, you know, account 3762 and
4 3801. So with that, I will take a motion on Issue
5 2.

6 COMMISSIONER CLARK: Madam Chair, I move
7 approval of staff's recommended changes to the
8 depreciation parameters as presented.

9 COMMISSIONER LA ROSA: Second.

10 CHAIRMAN SMITH: All those in favor say aye.

11 (Chorus of ayes.)

12 CHAIRMAN SMITH: All right. Issue 2 is
13 approved as recommended by staff.

14 Issue 3, Ms. Wu.

15 MS. WU: Issue 3 addresses the reserve
16 imbalance based on the application of the
17 depreciation parameters you approved in Issue 2 and
18 comparison of the theoretical reserve to the book
19 reserve.

20 Staff recommends reserve imbalance in the
21 amount of \$6.8 million as shown in Table 3-1 on
22 page 22 of the recommendation.

23 Thank you.

24 CHAIRMAN SMITH: Thank you.

25 This seems more like a -- sort of a fallout

1 issue. So any questions on this, Commissioners?

2 COMMISSIONER LA ROSA: No.

3 CHAIRMAN SMITH: Motion?

4 COMMISSIONER CLARK: Move to approve staff
5 recommendation, Madam Chair.

6 COMMISSIONER LA ROSA: Second.

7 CHAIRMAN SMITH: All those in favor say aye.

8 (Chorus of ayes.)

9 CHAIRMAN SMITH: Okay. Then Issue 3 is
10 approved as recommended by staff, thank you.

11 Issue 4 also Ms. Wu.

12 MS. WU: Issue 4 addresses the corrective
13 measures to treat the depreciation reserve
14 imbalance you approved in Issue 3.

15 Staff recommends using the remaining life
16 techniques to correct the reserve imbalance staff
17 identified in Issue 3 with the resulting
18 depreciation expense listed in Attachment B to the
19 recommendation.

20 Thank you.

21 CHAIRMAN SMITH: Thank you.

22 Commissioners, any -- other than Commissioner
23 La Rosa, you already had some comments on the
24 remaining life technique, but if there are any
25 additional comments for Issue 4.

1 I guess I will just say I agree as well on
2 using the remaining life technique. It is --
3 obviously, this is -- you know, as staff kind of
4 lays out, this is sort of a policy decision here,
5 but we have taken it -- we have traditionally used
6 this technique, when you look at Table 4-1 on page
7 26, and that the rule -- like, that we have Rule
8 25-7.045, that the -- provides the calculated
9 reserve imbalance and underlying depreciation will
10 be reviewed at least every five he years. So there
11 is self-correcting within this, so I feel
12 comfortable using this approach even though I know
13 that FCG does make the point that using the life
14 technique could take 43 years to correct the
15 imbalance, but I think that we have options to
16 correct that earlier than 43 years.

17 So with that, I will take a motion.

18 COMMISSIONER CLARK: Move to approve, Madam
19 Chair.

20 COMMISSIONER LA ROSA: Second.

21 CHAIRMAN SMITH: All those in favor.

22 (Chorus of ayes.)

23 CHAIRMAN SMITH: Aye. Sorry.

24 So Issue 4 is approved as recommended by
25 staff. Thank you.

1 Issue 5, Mr. Richards, you are up.

2 MR. RICHARDS: Good morning, Madam Chair and
3 Commissioners. Chris Richards with Commission
4 staff.

5 In Issue 5, staff is recommending the revised
6 depreciation rates and amortization schedules be
7 implemented effective January 1st, 2025.

8 CHAIRMAN SMITH: Any questions on Issue 5?

9 COMMISSIONER LA ROSA: No questions.

10 CHAIRMAN SMITH: I will take a motion then.

11 COMMISSIONER CLARK: Move to approve.

12 COMMISSIONER LA ROSA: Second.

13 CHAIRMAN SMITH: All those in favor say aye.

14 (Chorus of ayes.)

15 CHAIRMAN SMITH: Issue 5 is approved as
16 recommended by staff.

17 Thank you.

18 Issue 6, Mr. Buys.

19 MR. BUYS: Good morning, Madam Chair and
20 Commissioners.

21 Issue 6 addresses the revision of the
22 amortization of investment tax credits and flow
23 back of excess deferred income taxes associated
24 with the approved depreciation rates and
25 amortization schedules in Issues 1 and two.

1 Staff recommends that the current flow back of
2 those deferred income taxes and investment tax
3 credits be revised as applicable to reflect the
4 depreciation rates approved by the Commission.

5 CHAIRMAN SMITH: Thank you.

6 Commissioners, any questions on Issue 6?

7 COMMISSIONER LA ROSA: No.

8 CHAIRMAN SMITH: Also seems a fallout issue.
9 So I will take a motion.

10 COMMISSIONER CLARK: Move to approve.

11 COMMISSIONER LA ROSA: Second.

12 CHAIRMAN SMITH: All those in favor say aye.
13 (Chorus of ayes.)

14 CHAIRMAN SMITH: Okay. Issue 6 approved -- is
15 approved as recommended by staff.

16 And then Issue 7, close the docket. You are
17 welcome to explain it, Mr. Imig, but, yeah -- okay.
18 All right.

19 So I will take a motion on Issue 7 too just so
20 we can --

21 COMMISSIONER CLARK: Move staff
22 recommendation.

23 COMMISSIONER LA ROSA: Second.

24 CHAIRMAN SMITH: Thank you.

25 All those in favor say aye.

1 (Chorus of ayes.)

2 CHAIRMAN SMITH: All right. So Issue 7,
3 docket is closed is approved.

4 Any other matters here?

5 COMMISSIONER LA ROSA: Madam Chair, I think
6 you mentioned it, but I just wanted to say thank
7 you to staff, because this -- it kind of gets
8 almost, like, into the minutiae of a very detailed
9 item, but I think staff did a very good job of
10 breaking this down, especially when you start
11 talking about materials and laying out charts of --
12 and kind of gives you the reasons why and what you
13 are pointing back to, so appreciate that. Good
14 history on this, and it made a very complicated
15 issue a little bit easier to read and understand,
16 so thank you very much.

17 CHAIRMAN SMITH: Ditto.

18 Seeing no other matters, this Special Agenda
19 Conference is adjourned. Thank you.

20 (Proceedings concluded.)

21

22

23

24

25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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 23rd day of February, 2026.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH575054
EXPIRES AUGUST 13, 2028