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November 4, 2024

BY E-FILING

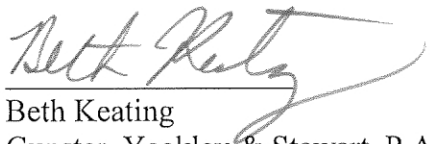
Mr. Adam Teitzman, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: **Docket No. 20240099-EI - Petition for rate increase by Florida Public Utilities Company**

Dear Mr. Teitzman:

Attached, for electronic filing, on behalf of Florida Public Utilities Company, please find the Company's Responses to Staff's Sixth Set of Data Requests.

Sincerely,



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Cc: (Service List)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Public Utilities Company.	DOCKET NO. 20240099-EI

FPUC'S RESPONSES TO STAFF'S SIXTH SET OF DATA REQUESTS

Please refer to MFR Schedule B-11, line numbers 2, 4, and 6 through 11 for the following questions:

1. Please detail the necessity for each of the listed additions.

Company Response:
Blankets -The blanket projects are used to allow for the installation of new or replacement of existing equipment that is involved primarily with providing service to new or existing customers. These blankets are used typically for smaller jobs where meters, poles, conductor, conduit and lights are used in service work to respond to customer request. These blankets allow for more quickly responding to customer requests without the need to set up separate jobs.

Install New 75-MVA Transformer- The replacement of the 75 MVA transformer at the Step Down substation is necessary to ensure reliable power for Amelia Island. During the 1970's, the Step Down substation was upgraded to include three (3) 50 MVA transformers to ensure reliable power to Amelia Island should one of the transformers fail while in service. Since that time, load on Amelia Island has grown to the point that it is necessary to have three (3) 75 MVA transformers to ensure reliable power for Amelia Island. One transformer was replaced in 2021. The replacement of the second transformer began in 2023 and closed to plant in 2024. The third transformer is projected to be replaced in 2025. Currently, if one of the 75 MVA transformers were to fail, there are certain times in which the remaining 75 MVA and older 50 MVA transformer would not ensure reliable power.

AIP Substation- This 69/12 KV substation is served by a radial 69 KV line that provides service to the south end of Amelia Island. The metal clad switchgear in the substation was

placed into service during the 1970's and has reached the end of its useful life as noted by the testing and resulting repairs that have been necessary over the last 15 years. The dual 40 MVA transformers are relatively new and will be utilized in the new substation design. Since there are no alternative construction sites available, the new substation will be constructed at the same location using the existing transformers. Additionally, the total load currently served by this substation can't be served from another substation so the rebuild is critical.

JL Terry Substation- This project involves the replacement of a 30 MVA transformer at the JLTerry substation with a 40 MVA transformer. The new transformer is needed for increase load growth on the substation and to match impedance with the other 40 MVA transformer that is in service in the substation. The existing 30 MVA transformer will be relocated to the Step Down substation to replace a 70+ year old 20 MVA transformer. This again is needed for load growth in the substation and to better match the impedance of the other transformer located at this site.

Purchase of NW Florida Substations-Under the current transmission agreement for the Northwest Florida Division, the interconnection point between FPUC and FPL is located at the low voltage side of the substation transformer. Based upon the location of the interconnection point, it was necessary for FPL to pass along substation cost associated with providing purchased power to FPUC in the form of a distribution charge which was incorporated into the purchased power cost. In relocating the interconnection point to the high voltage side of the substation transformer, the additional distribution cost will no longer be required for four of the five substations which helps reduce purchased power cost by approximately $1.400,000 annually. The fifth substation is configured in such a way that two customers are provided service from the same transformer which would not allow the relocation of the interconnection point. The distribution charge at this substation will continue. The purchase of these assets will be priced at the current depreciated book value plus any engineering/construction necessary to provide separation, security and reliability to the substations.

Replacements of NW Florida Substations-Within the purchased assets in the NW FL Division, there are certain assets, mainly substation transformers, which need to be replaced due to the age of the equipment. There are also certain modifications necessary for the substations to provide additional resiliency standards, such as the addition of redundant transformers.

Smart Meter Conversion- Smart Meter Conversions using Automated Metering Infrastructure (AMI) has become the standard in the utility industry in that it provides many benefits related to meter reading technology. Currently, FPUC utilizes traditional electric meters read by meter readers with some of those meters equipped with ERT modules that allow those meters to be read via radio as the meter readers pass within close proximity to the meter. With the new system, all the older meters will be replaced with AMI capable meters that will allow those meters to be read remotely. These new meters will communicate with a new system that will allow for collection of significant amounts of data that will be fed into other systems for usage data, billing, customer service and outage data. This system will provide a safer work environment in that meter readers will not be routinely entering private property, will reduce the number of miles driven and will allow meter disconnects/reconnects to occur remotely reducing customer and meter readers interactions that may be strained. This system will also provide efficiencies in that meters can be accessed to get updated reading at any time, can be accessed to determine if the power is on and providing tamper alerts. Additionally, this should allow customers to have more up to date information on usage and billing which should assist with improving customer service

Install Batteries for Substation- This project will involve the installation of utility scale batteries in substation(s) which will be interconnected with the FPU distribution system. The installation of these batteries will provide several benefits for FPU and the customers. These benefits include the ability to store and release energy as needed to provide a reliable and efficient solution for managing the fluctuations in energy supply and demand from the FPU purchased power providers. The ability to store energy during off peak hours or from renewable energy resources release the energy during certain peak hours will help reduce peak demand and purchased power cost.

2. Please provide a brief description of the anticipated activities associated with each of the listed additions.

Company Response:
Blankets-Please refer to attached file DR 6.2 Blankets

Install New 75-MVA Transformer-The transformer installed in 2023 was completed in early 2024. Please refer to the attached file DR 6.2 Install 75MVA Transformer 2025.

AIP Substation-Please refer to DR 6.2 AIP Substation Rebuild.

JL Terry Substation-Please refer to DR 6.2 JL Terry Station Equipment.

Purchase of NW Florida Substations-The development of the final contract for the purchase is still in development but, is planned to be completed in November 2024. Engineering resources representing both parties are still completing the final engineering plans that would allow the final contract and associated cost to be developed and executed.

Replacements of NW Florida Substations-Please refer to DR 6.2 Refurbish NW Fl Substations.

Smart Meter Conversion-This project is a 2026/2027 project for which we will begin a review of technologies and vendors during 2025 with purchase and installation during the second half of 2026.

Install Batteries for Substation-This project is a 2026 project for which we will begin a review of technologies and vendors during 2025 with purchase and installation during the second half of 2026.

3. Please provide a timeline for each of the listed additions detailing the anticipated activities. As part of this response, please indicate the completion status of each activity, and the anticipated completion date for each activity pending completion.

Company Response:

Blankets –This is an ongoing work process that is dictated by customer needs and requests during the year. Please refer to the total estimates provided in DR 6.2.

Install New 75-MVA Transformer-The majority of the costs for one transformer was in construction work in process at December 31, 2023. Minor Costs were added in 2024 and the project was closed to plant in April 2024. An additional project is planned to begin in October 2025 and be completed in December 2025. The transformer has been ordered and is to be delivered and installed with completion in November 2025 and projected closing to plant in December 2025.

AIP Substation-This project is currently in the late stages of engineering design and material procurement. There was some work done inApril 2024. The rest of the construction work is to begin in November 2024 and is expected to be completed by April 2025 and transferred to plant in May 2025.

JL Terry Substation-This project is currently in the late stages of engineering, design, and material procurement. The work on JL Terry is expected to begin in January 2025 and be completed by November 2025. It is projected to be transferred to plant in November 2025.

Purchase of NW Florida Substations-This project is underway with completion targeted for no later than February 2025. It is expected to close to plant in March 2025.

Replacements of NW Florida Substations- Engineering on this project is currently in the development phase with actual construction costs expected to begin in May 2025 and be completed and transferred to plant in December 2025.

Smart Meter Conversion-Project development is currently underway. Dates for this project have not been determined at this time.

Install Batteries for Substation-This project is still in the discussion phase. Completion would be at the end of 2026.

4. Please provide the estimated total cost that FPUC is requesting be included in base rates for each of the listed additions. As part of this response, please provide an itemized breakdown of what is included in the cost estimate, and explain how the cost estimate was developed.

Company Response:

Please refer to the files in DR 6.2 for the itemized breakdown of what is included in each estimate. Also, please refer to the file DR 6.4 and DR 6.14 Revenue Requirement for the revenue requirement for each project requested.

Blankets –Please refer to the file DR 6.2 Blanket. Blanket projects have been utilized for a number of years which provide excellent data that allows estimates to be trended with known factors impacting those trended amounts. This method continues to be the most accurate way to develop estimates for these accounts.

Install New 75-MVA Transformer-This cost estimate was developed using transformer costs from the manufacturer and installation costs which occurred with the previous two replacements at this location.

AIP Substation-This cost estimate was developed by the engineering contractor in consultation with FPU personnel during the development of the engineering and construction package for this project.

JL Terry Substation- This cost estimate was developed by the engineering contractor in consultation with FPU personnel during the development of the engineering and construction package for this project.

Purchase of NW Florida Substations-The cost estimate for the assets, engineering and additions needed to keep assets separated by company, included was from the purchased power provider from which the equipment will be purchased.

Replacements of NW Florida Substations-These estimates were developed by using a portion of the engineering and construction cost for substation replacements from an engineering contractor.

Smart Meter Conversion-These estimates were obtained and updated from a previous project aimed at a Smart Meter Conversion estimate. Because the referenced MFR was asking for projected costs beyond the test year, the Company has no associated costs included in this filing.

Install Batteries for Substation-The estimate for this project was a high level estimate that may change based on many variables. Because the referenced MFR was asking for projected costs beyond the test year, the Company has no associated costs included in this filing.

5. Please explain the process FPUC intends to use to select third party contractors for each addition requiring contractor selections. For the additions that the Utility has already selected contractors for, please explain how the contractor was selected, indicate whether the selected contractor was the least cost contractor and if not, why not, and provide the reason for dismissal for all other contractors considered, if any.

Company Response:

Chesapeake Utilities Corporation has a purchase policy in which amounts greater than $250,000 O&M and $1,000,000 Capital are sent out as a Request For Proposal (RFP). The submittals from the companies are reviewed and scored based on Safety, Diversity, Price,

Quality of the Bid, and experience the company has with the vendor. This means that the lowest price might not always win the bid. For specialized items, to maintain standardization, the company will go back to the same vendor as awarded previously.

Blankets –For this project, FPU typically uses internal resources and company purchased material utilizing the purchasing guidelines established.

Install New 75-MVA Transformer - For this project, the previous suppliers and contractors will be utilized based on the success and efficiency of the two previous transformer replacements.

AIP Substation - For this project, the engineering and construction contractor with whom an existing contract had been established is being utilized for the engineering. Other purchases or services will be handled in accordance with purchasing guidelines.

JL Terry Substation- For this project, the engineering and construction contractor with whom an existing contract had been established is being utilized for the engineering. Other purchases or services will be handled in accordance with purchasing guidelines.

Purchase of NW Florida Substations - Since this project is a purchase of the assets from the purchased power provider, the costs are being provided by that entity.

Replacements of NW Florida Substations - For this project, the engineering and construction contractor with whom an existing contract had been established is being utilized for the engineering. Other purchases or services will be handled in accordance with purchasing guidelines.

Smart Meter Conversion- The final selection on this project has not been completed, but purchasing guidelines will be adhered to.

Install Batteries for Substation- The final selection on this project has not been completed, but purchasing guidelines will be adhered to.

6. Please provide the estimated total O&M expense associated with each of the listed additions. As part of this response, please provide an itemized breakdown of what is included in the cost estimate, and detail how third party contractors will be selected to conduct O&M activities.

Company Response:

Other than increasing 2023 expenses for inflation and customer growth, the only additional costs added in the filing are as follows (please see MFR C-7 page 7 and 8). Although not specifically related to particular plant improvements, the engineering and supervision of these projects will be a part of the duties covered by the employees. These employees will be tasked with coordinating both capital and expense-related projects, which may include oversight or actual performance of the work involved.

a. **Additional internal engineering costs due to additional substation maintenance planning, additional vegetation management, transmission/distribution relay modifications and monitoring feeder loading for a total cost of $61,041. Please refer to file DR 6.6 GM450 engineering increase. The costs are internal employee or material costs.**

b. **The additional IMC Technician in the NE region cost of $79,045 in 2024 since some salary was already included in 2023. Please refer to file DR 6.6 IMC Technician NE. The cost is an internal cost.**

c. **The additional IMC Technician in the NW region which includes salary, equipment and supplies, annual training and an increase in expenses for substation maintenance. Please refer to file DR 6.6 IMC Technician NW.**

d. **Necessary substation maintenance cost of $106,000 related to existing substations. Please refer to file DR 6.6 NE Substation Mtc Schedule and Costs and DR 6.6 NW Substation Mtc Schedule and Costs. The expense will result from both internal and**

external resources. Materials included here will be obtained through the internal purchasing guideline. For maintenance needs, these will be provided by a contractor with whom an existing contract had been established is being utilized for the associated work.

e. **Electric Line Operation Supervisor NE cost of $52,500. Please refer to file DR 6.6 Line Operations Supervisors. This is an internal source.**

f. **Electric Line Operation Supervisor NW cost of $73,500. Please refer to DR 6.6 Line Operations Supervisors. This is an internal source.**

g. **Increased inventory usage cost of $97,414. The expenses related will be obtained through the internal purchasing guidelines.**

7. For each of the listed additions, please identify all alternatives FPUC considered to minimize the rate impact to customers. If no alternatives were considered, please explain why for each.

Company Response:

Blankets - For this project, FPU typically uses internal resources and company purchased material utilizing the purchasing guidelines established which is the preferred method. These costs are based on current FPUC specifications for distribution construction.

Install New 75-MVA Transformer- For this project, the engineering and construction contractor with whom an existing contract had been established is being utilized for the engineering. Since the contractor was previously vetted against other contractors, this contractor was deemed the best choice for this job. Although the sizing of the transformer was dictated by the load being served, alternatives such as other vendors, delivery times, and installation methods were considered, with this installation being considered the most efficient and cost-effective. Other purchases or services will be handled in accordance with

purchasing guidelines.

AIP Substation- For this project, the engineering and construction contractor with whom an existing contract had been established is being utilized for the engineering. Since the contractor was previously vetted against other contractors this contractor was deemed the best choice for this job. This contractor reviewed alternatives with FPUC on how to provide reliable energy for the south end of Amelia Island. Other possible substation locations were reviewed without success due to the limited property. Consideration was also given to additional maintenance of existing equipment but this was considered at the end of life and could not be utilized. The contractor also evaluated a number of options for the best method of replacing the substation in place to minimize outage related to the replacement. Other purchases or services will be handled in accordance with purchasing guidelines.

JL Terry Substation- For this project, the engineering and construction contractor with whom an existing contract had been established is being utilized for the engineering. Since the contractor was previously vetted against other contractors this contractor was deemed the best choice for this job. The contractor reviewed various methods of providing the additional backup transformer capacity to the substation to ensure reliability while utilizing the existing transformer in the best manner possible. Other purchases or services will be handled in accordance with purchasing guidelines.

Purchase of NW Florida Substations- This is considered sole source purchase as the equipment and a portion of the substation is owned by the purchased power provider. FPUC did evaluate not purchasing these assets and continuing to pay the distribution charge. However, the long-term cost to customers will be better served by making this purchase and avoiding the distribution charge. The construction of new substations were also considered but was not cost effective or efficient use of resources.

Replacements of NW Florida Substations- For this project, the engineering and construction contractor with whom an existing contract had been established is being utilized for the engineering. Since the contractor was previously vetted against other contractors this

contractor was deemed the best choice for this job. The review and prioritization of the replacements was reviewed with priority items being included in the project. However, this review and prioritization is ongoing and will monitored going forward. Other purchases or services will be handled in accordance with purchasing guidelines.

Smart Meter Conversion- Final selection of the contractor or system has not been concluded at this time. We evaluated several methods of collecting meter readings to look for cost savings and improving efficiency. The current method was compared to a drive by (AMR) method and the Automated Metering Infrastructure (AMI). The study indicated that both the AMR and AMI were much more efficient but did not provide significant overall cost savings compared to the current method. However, the AMI provided the most efficiency and also had the ability to provide almost instant information regarding the status of the service which allowed a much quicker response to outages. This allows the outage information and scope of the outage to be provided to responders which improves the outage restoration. The system allow allows usage information to be provided to customers more reliably

Install Batteries for Substation- FPUC is continuing to monitor technology and equipment cost moving forward to ensure this is a cost effective program. At this point is appears that using this technology to reduce cost overall for customers is the best long term solution. Final selection of the contractor or system has not been concluded at this time.

8. For each of the listed additions, please explain in detail how denying each addition would affect FPUC.

Company Response:

Blankets -This work is related to new or replacement equipment needed to continue providing the same level of service to new and existing customers. This would have a negative impact in many areas should this be denied.

Install New 75-MVA Transformer- Denial of this project could put the reliability of Amelia

Island in jeopardy should one of the other transformers fail during high load conditions. The remaining 75 MVA transformer and the existing 50 MVA transformer may not have the capacity to provide reliable service to the entire island.

AIP Substation- Denial of this project could put the reliability of the southern end of Amelia Island in jeopardy should 1970's vintage metal clad switchgear fail while in service. The entire customer load can't be served from other substations which would result in rolling load curtailing or blackouts for an extended period of time.

JL Terry Substation-Denial of this project could have a reliability impact on the northern end of Amelia Island should the one of the transformers be damaged while in service. Previously, during most load conditions, one of the transformers could handle the load requirements should it be necessary to remove the other transformer for maintenance or emergencies. However, with the load growth and unmatched transformer impedances, the 30 MVA may not be able to handle the load should the larger transformer be required to be taken out of service.

Purchase of NW Florida Substations-Denial of this project would result in the yearly $1,400,000 in decreased purchased power cost from not occurring and not being passed along to FPUC customer through the purchased power adjustment.

Replacements of NW Florida Substations- Denial of this project would result in aging equipment not being replaced and redundant transformers not being installed which would ultimately impact the reliability of substations in the NW Florida area.

Smart Meter Conversion-This project is not in the current rate request. However, denial of this project in future cases would delay the implementation of the AMI system which is now the utility standard in metering systems. This would also delay the efficiencies and customer information benefits that are provided with this type of transition.

Install Batteries for Substation- Although denial of this project would not impact this

proceeding, the efficiency and cost benefits associated with the storage and releasing of energy in the utility scale battery systems would not be afforded to FPUC or customers.

9. Please refer to line number 2, and MFR Schedule B-13, line number 20. Please explain the difference in the costs listed for this project on these schedules.

Company Response:

The reason for the difference is that B-11 shows what is closed to plant for just one division because that division's blanket's exceeded the requirement of the schedule. For the blanket projects, they generally are closed monthly but are usually a month behind the actual addition to construction work in process. B-13, column (4) includes both divisions' blankets and is based on the amounts projected in the construction work in process balance and not what was closed to plant. B-13, column (11) is based on the 13-month average balance of the blanket work orders for both divisions.

10. Please refer to line number 4, and MFR Schedule B-13, page 3, line number 15. Please explain the difference in the costs listed for this project on these schedules.

Company Response:

The estimated November balance of Construction work in process was inadvertently input in B-13, line 15 column (4) instead of the December balance of $2.7 million before it was closed to plant in service. B-13 line 15, column (11) has the appropriate 13-month average balance for what is in the construction work in process account for this project and the error does not affect any other schedule balances.

Please refer to MFR Schedule B-13, page 3, line numbers 16, 21, 24 through 25, and 28 through 30 for the following questions:

11. Please detail the necessity for each of the listed projects.

Company Response:

Upgrade Lightening Arrestors- This project involves the upgrade of existing 69 KV transmission lighting arrestors previously used that, based on reliability and frequent failures, are at the end of life. There have been excessive outages due to these lighting arrestors on the radial transmission lines that resulted in extended outages to the entire substation. These arrestors have been in service for a number of years and exposed to numerous lighting events since installation and must be replaced.

Replace Live Fronts- Live front equipment on the FPUC system has been in service for many years, is outdated technology, and is not reliable. This type of equipment has been responsible for numerous outages and causes significant safety concerns when working on or around equipment that has exposed high-voltage parts within easy reach.

Self Healing Project- This project is focused on improving the reliability for customers by providing the ability to automatically switch over to a back-up energy supply when the normal energy supply is interrupted.

Replace Unjacketed Cable- This project has been underway for a number of years and is related to the unreliability of the unjacketed primary voltage cable. The unjacketed cable has an exposed concentric neutral, has been in service for a number of years and is at the end of it useful life. The newer jacketed cable has the concentric neutral covered, has provided excellent reliability and is needed to provide reliable service for customers.

SD Substation 69KV Loop and Switch- This project is part of a long term project to provide back up 69 KV transmission service to the substations on Amelia Island. This project will allow modifications to the Step Down Substation in preparation to provide more reliable transmission service to the other substations on Amelia Island.

Substation Upgrades This project is primarily part of a long-range plan of providing back up transmission service to the substations on Amelia Island. These substation upgrades will occur in order to have the JL Terry and Step Down Substations capable of accepting the additional circuit necessary to provide this back up transmission service to the substations. Additionally, this project contains replacement of switches at the Caverns Road Substation

Minor Projects- Endeavor Project, Substation Voltage Regulator, Electronic Reclosures, and Remove Manholes- These projects are each intended to make replacements to equipment that is no longer reliable and is at or near the end of its useful life.

12. Please provide a brief description of the anticipated activities associated with each of the listed projects.

Company Response:

Upgrade Lightening Arrestors-Please refer to DR 6.12 Upgrade Lightening Arrestors.
Replace Live Fronts-Please refer to DR 6.12 Replace Live Fronts.
Self Healing Project-Please refer to DR 6.12 Self Healing.
Replace Unjacketed Cable-Please refer to DR 6.12 Unjacked Cable.
SD Substation 69KV Loop and Switch-Please refer to DR 6.12 69 KV Loop and Switch.
Substation Upgrades Please refer to DR 6.12 Stepdown Cost and DR 6.12 Bypass Loop.
Minor Projects:
Endeavor Project Please refer to DR 6.12 Endeavor Project.
Voltage Regulator-Please refer to DR 6.12 Voltage Regulator Replacement Estimates.
Electronic Reclosures-Please refer to DR 6.12 Reclosure Estimate.
Remove Manholes-Please refer to DR 6.12 Manhole Cost Sheet.

13. Please provide a timeline for each of the listed projects detailing the anticipated activities. As part of this response, please indicate the completion status of each activity, and the anticipated completion date for each activity pending completion.

Company Response:

Upgrade Lightening Arrestors-10 are being added in 2024 and 10 in 2025. Each year's additions are projected to close in December.

Replace Live Fronts 5 are being replaced in 2024 and 5 in 2025 with the projects closing in December of each year.

Self Healing Project-6 units are projected to be installed in 2024 and 6 in 2025. Each year's additions are projected to close in December.

Replace Unjacketed Cable-Projected to replace 3,500 feet a year in 2024 and in 2025. Each year's additions are projected to close in December.

SD Substation 69KV Loop and Switch-Projected to start in October 2024 for 2 switches and close in December 2024. Projected to start in February 2025 for 5 switches and close in May 2025.

Substation Upgrades This project is currently underway and will continue with work through the end of 2025 to perform substation upgrades.

Minor Projects:
Endeavor Project-$25K in 2024 closed in December, $375K equally over months in 2025 and close in December 2025.
Substation Voltage Regulator-3 in 2024 and 3 in 2025 allocated equally each month and closed in December for each year.
Electronic Reclosures-4 each year spread evenly and closed in December of each year.

Remove Manholes- 4 in 2025 starting in January and closing in December.

14. Please provide the estimated total cost that FPUC is requesting be included in base rates for each of the listed projects. As part of this response, please provide an itemized breakdown of what is included in the cost estimate, and explain how the cost estimate was developed.

Company Response:
Please refer to the response in DR 6.12 for the itemized breakdown of the costs by project. Also refer to the file DR 6.4 and 6.14 Revenue Requirement for the revenue requirement for the projects requested. The explanation of cost development on these estimates follows:

Upgrade Lightening Arrestors-Cost estimates for this project were provided by the contractor who will be replacing the lighting arrestors while the transmission line is energized.

Replace Live Fronts – Cost estimates on this project we generated internally based on previous similar work that has been completed using company personnel.

Self Healing Project - Cost estimates on this project have been generated internally with input from the vendors providing the equipment based who provided estimates on equipment and installation costs.

Replace Unjacketed Cable - Cost estimates on this project we generated internally based on previous similar work that has been completed using company personnel.

SD Substation 69KV Loop and Switch - Cost estimates for this project were provided by the contractor who will be completing both the engineering and construction of the work.

Substation Upgrades Closed Quarterly- Cost estimates for this project were provided by the contractor who will be completing both the engineering and construction of the work.

Minor Projects: Endeavor Project, Substation Voltage Regulator, Electronic Reclosures, and Remove Manholes - Cost estimates on these projects we generated internally based on previous similar work that has been completed using company personnel.

15. Please explain the process FPUC intends to use to select third party contractors for each project requiring contractor selections. For the projects that the Utility has already selected contractors for, please explain how the contractor was selected, indicate whether the selected contractor was the least cost contractor and if not, why not, and provide the reason for dismissal for all other contractors considered, if any.

Company Response:
Chesapeake Utilities Corporation has a purchase policy in which amounts greater than $250,000 O&M and $1,000,000 Capital are sent out as a request for proposal. The submittals from the companies are reviewed and scored based on Safety, Diversity, Price, Quality of the Bid, and experience the company has with the vendor. This means that the lowest price might not always win the bid. For specialized items, to maintain standardization, the company will go back to the same vendor as awarded previously.

Upgrade Lightening Arrestors- For this project, the engineering and construction contractor with whom an existing contract had been established is being utilized for the engineering. Other purchases or services will be handled in accordance with purchasing guidelines.

Replace Live Fronts – This project is being engineered and constructed internally. Other purchases or services will be handled in accordance with purchasing guidelines.

Self Healing Project - This project is being engineered and constructed internally. Other purchases or services will be handled in accordance with purchasing guidelines.

Replace Unjacketed Cable - This project is being engineered and constructed internally. Other purchases or services will be handled in accordance with purchasing guidelines.

SD Substation 69KV Loop and Switch - For this project, the engineering and construction contractor with whom an existing contract had been established is being utilized for the engineering. Other purchases or services will be handled in accordance with purchasing guidelines.

Substation Upgrades Closed For this project, the engineering and construction contractor with whom an existing contract had been established is being utilized for the engineering. Other purchases or services will be handled in accordance with purchasing guidelines.

Minor Projects: Endeavor Project, Substation Voltage Regulator, Electronic Reclosures, and Remove Manholes - These projects are being engineered and constructed internally. Other purchases or services will be handled in accordance with purchasing guidelines.

16. Please provide the estimated total O&M expense associated with each of the listed projects. As part of this response, please provide an itemized breakdown of what is included in the cost estimate, and detail how third party contractors will be selected to conduct O&M activities.

Company Response:

Please refer to the response to DR 6.6. There are no additional costs added to expense.

17. For each of the listed projects, please identify all alternatives FPUC considered to minimize the rate impact to customers. If no alternatives were considered, please explain why for each.

Company Response:

Upgrade Lightening Arrestors- Lighting arrestors are an integral part of the 69 KV transmission system and must be in service to provide optimal service to provide reliable service to customers. The alternative of how to replace these was considered which involved

performing the replacements while the transmission system was energized or de-energized. Although slightly more time consuming and expensive to replace the arrestors while energized, it was determined that keeping the power on to a large part of Amelia Island was an important aspect of this project than the minimal rate impact for customers.

Replace Live Fronts – Replacing this equipment is critical as previously described from both a safety and reliability aspect and must occur. It was determined that for this type project the use of internal resources for both construction and purchasing was advantageous compared to outsourcing of this project. Completion of this project using internal resources will minimize the rate impact on customers while improving overall reliability and safety.

Self Healing Project –The major reason for this project is to improve the reliability to customers. It was determined that for this type project the use of internal resources for both construction and purchasing was advantageous compared to outsourcing of this project. Completion of this project using internal resources will minimize the rate impact on customers while improving overall reliability.

Replace Unjacketed Cable - Replacing this equipment is critical as previously described from a reliability aspect and must occur. It was determined that for this type project the use of internal resources for both construction and purchasing was advantageous compared to outsourcing of this project. Completion of this project using internal resources will minimize the rate impact on customers while improving overall reliability and safety.

SD Substation 69KV Loop and Switch – This project is part of a long-range plan of providing back up transmission service to the substations on Amelia Island. Due to some of the complexities of this type project, it was determined that outsourcing both the engineering and construction was the most efficient method of beginning this project. Although there is customer rate impact involved, the overall improvement in reliability by providing back up transmission service to the substations should take precedence.

Substation Upgrades-This project is primarily the substation upgrades part of a long-range

plan of providing back up transmission service to the substations on Amelia Island. Due to some of the complexities of this type project, it was determined that outsourcing both the engineering and construction was the most efficient method of beginning this project. Although there is customer rate impact involved, the overall improvement in reliability by providing back up transmission service to the substations should take precedence.

Minor Projects: Endeavor Project, Substation Voltage Regulator, Electronic Reclosures, and Remove Manholes - The major reason for these projects is to improve the reliability to customers. It was determined that for these type project the use of internal resources for both construction and purchasing was advantageous compared to outsourcing of this project. Completion of this project using internal resources will minimize the rate impact on customers while improving overall reliability.

18. For each of the listed projects, please explain in detail how denying each project would affect FPUC.

Company Response:

Upgrade Lightening Arrestors- The replacement of arrestors must be completed in some manner. However, the denial of this project as proposed will require a change to replacement of arrestors while the 69 KV transmission line is de-energized which will result in extended outages to significant areas of Amelia Island.

Replace Live Fronts -Denial of this project can't delay the completion of this project. Due to the safety and reliability concerns associated with this project, this project must move ahead, primarily due to the safety aspect.

Self Healing Project – Denial of this project will have a direct negative impact on the reliability of the electric system moving forward which will also negatively impact customer service and satisfaction.

Replace Unjacketed Cable - Denial of this project will have a direct negative impact on the reliability of the electric system moving forward which will also negatively impact customer service and satisfaction.

SD Substation 69KV Loop and Switch - Denial of this project will have a direct negative impact on the reliability of the electric system moving forward which will also negatively impact customer service and satisfaction.

Substation Upgrades Denial of this project will have a direct negative impact on the reliability of the electric system moving forward which will also negatively impact customer service and satisfaction.

Minor Projects: Endeavor, Substation Voltage Regulator, Electronic Reclosures, Remove Manholes - Denial of this project will have a direct negative impact on the reliability of the electric system moving forward which will also negatively impact customer service and satisfaction.

Please refer to MFR Schedule C-7(2025), page 1, line numbers 8 through 27 for the following questions:

19. Please provide a brief description of what is included in the costs for each of the transmission and distribution O&M categories.

Company Response:

Please refer to the attached file DR 6.19 for the detail by account.

20. Please detail how vendors are selected to conduct O&M activities.

Company Response:
Chesapeake Utilities Corporation has a purchase policy in which amounts greater than $250,000 O&M and $1,000,000 Capital are sent out as a request for proposal. The submittals from the companies are reviewed and scored based on Safety, Diversity, Price, Quality of the Bid, and experience the company has with the vendor. This means that the lowest price might not always win the bid. For specialized items, to maintain standardization, the company will go back to the same vendor as awarded previously.

21. Please provide historic O&M costs in the format of this schedule for the years 2013 through 2023 for each of the identified transmission and distribution O&M categories.

Company Response:

Please refer to the attached file DR 6.21.

Please refer to the direct testimony of witness Haffecke for the following questions:

22. Please refer to page 12 for the following questions:

a) Please refer to lines 19 through 20. Please confirm that FPUC will be acquiring these assets from FPL. If not, please indicate where FPUC will be acquiring these assets from.

b) Please refer to lines 19 through 20. Please identify the purchase price for each acquisition, and explain how the price was determined for each.

c) Please refer to lines 22 through 23. Please detail the signs of aging FPUC has discovered. As part of this response, please detail what actions FPUC intends to take

to update the aging equipment.

d) Please refer to lines 22 through 23. Please detail all customer and system benefits FPUC believes the acquisition of these assets will provide.

Company Response:

a. These assets will be acquired from FPL.

b. The final purchase price is still under review as the necessary engineering and construction modifications are determined. The estimated value of $4,200,000 was determined and provided by FPL. These are broken down below by substation.

- **Caverns Road Substation and Radial 115 KV transmission line. - $1,490,000**
- **Chipola Substation - $740,000**
- **Marianna Substation - $1320,000**
- **Altha Substation - $650,000**

c. The initial indication of equipment reliability is the age of the equipment, some of which appear to have been in service for many years. After acquisition, review of previous testing results and additional testing will occur in order to determine how to proceed with the equipment. Based on the testing results, some issues may be addressed with maintenance activities while other issues will require replacement of the equipment. In parallel with maintenance or replacement, redesign of certain substation will occur to allow for the installation of a redundant transformer to further improve the reliability.

d. The first major benefit of these project is to eliminate the distribution facilities charge from the wholesale power billing which will have a direct impact on reducing the purchased power adjustments for all customers. The next major benefit is improved long term reliability. This will result from a review of the equipment, which is primarily substation transformers, and perform the necessary replacements and maintenance as determined by the testing of equipment. Additionally, there will be some redesign of the substation buss with plans to add back up transformers to the substation to redundancy purposes.

23. Please refer to page 13 for the following questions:

a) Please refer to lines 1 through 5. Please identify the anticipated reduction in distribution charges FPUC expects as a result of relocating the interconnection point. As part of this response, please explain how this amount was determined.

b) Please refer to lines 12 through 13, and MFR Schedule C-7, page 7. Please confirm that FPUC is requesting that the costs associated with the addition of two IMC Technicians, one in each of FPUC's service territories, be included in base rates. As part of this response, please explain how denying this request would affect FPUC.

c) Please refer to lines 12 through 13. Please detail why FPUC needs to add two IMC Technician positions, and identify when FPUC intends to fill each position.

d) Please refer to lines 12 through 13. Please indicate whether or not FPUC intends for the addition of the IMC Technician positions to be permanent. If so, please explain why a permanent position is necessary.

e) Please refer to lines 12 through 13. Please identify the anticipated salary for each IMC Technician position. As part of this response, please explain how this amount was determined, and outline the anticipated responsibilities of the position.

f) Please refer to lines 12 through 13. Please identify the number of work hours per week expected for the IMC Technician position.

g) Please refer to lines 12 through 13. Please explain how the responsibilities the IMC Technicians will be handling are currently addressed by FPUC. As part of this

response, please explain why these responsibilities cannot continue to be addressed without the addition of this position.

h) Please refer to lines 12 through 13. If the IMC Technician's anticipated responsibilities were previously addressed by another FPUC employee, please identify the position and remaining responsibilities of the employee, identify the current salary of the employee, and if the responsibilities of the employee will be reduced, please indicate if their salary will be decreased. If so, please identify the new salary, and if not, please explain.

i) Please refer to lines 13 through 14. Please provide a cost breakdown of the other expenses that will be necessary for the addition of the IMC Technician position.

j) Please refer to lines 14 through 15. Please detail the process FPUC intends to use to select outside contractors.

k) Please refer to lines 14 through 15. Please explain if the outside contractors can complete the activities that the IMC Technician would be responsible for. If so, please explain why FPUC opted against using outside contractors for these activities.

l) Please refer to lines 17 through 18. Please detail the signs of aging FPUC has discovered. As part of this response, please detail what actions FPUC intends to take to update the aging equipment.

m) Please refer to lines 17 through 18. Please identify the regulations FPUC is intending to comply with.

Company Response:

a. The reduction of the distribution facilities charge will be approximately $1,400,000 annually. This charge is determined by FPL which is based on the return necessary for these assets that provide service only to FPU at the four substation locations.

b. Yes, the cost for the IMC Technicians in each area will be included in base rates. These positions are primarily the personnel who are responsible for the operation and maintenance of substations. There is existing FPUC owned substation equipment in both the NE FL and NW FL substations. The personnel also work with contractors for specialized work in the substation to ensure work is perform efficiently and securely at these very important locations. Without these positions, reliability and security issues could result.

c. The two divisions are located over 300 miles apart and having dedicated personnel for each division allows for a focus on substations operations. The position in NE FL was filled in the third quarter of 2023 while the position in NW FL was filled in the third quarter of 2024.

d. These will be permanent positions.

e. The IMC Technician in both divisions will have a base hourly salary of $47.43/hour with overtime work being paid at 1.5 times that rate. Overtime can be significant based on maintenance activities and associated line construction work requiring switching operations in the substations. These positions will be responsible for all activities within the substations. This will include inspections, performing necessary switching activities, collection of substation load readings, documentation of relay operations, equipment maintenance activities, substation battery maintenance, and assist contractors when needed and to ensure the substations are maintained in a clean and orderly manner.

f. The weekly work hours for the IMC Technician will be a minimum of 40 hours per week. The will be a varying amount of overtime work that will be required due to

maintenance activities, switching activities and outages that may occur.

g. These positions are currently filled and are being handled accordingly. There was a time where getting qualified personnel in place was difficult and many of the duties were not completed in accordance with manufacturers maintenance guidelines. However, failure to complete the necessary maintenance activities on a consistent basis in the long term risk serious substation equipment failures.

h. Both divisions now have two IMC Technicians in place with all of them being paid at the $47.43/hour base rate of pay. All of these employees routinely work overtime as needed for maintenance and capital related work activities. In both divisions, one of the IMC Technicians focuses on metering related items while the other focuses on substation related items. During the time where there was only one IMC Technician in each division, that person had to perform both substation and metering related duties. This resulted in maintenance activities lacking in both the substation and metering operations.

i. _These costs are included in the backup files provided in DR 6.6 IMC Technician NE and DR 6.6 IMC Technician NW.

j. Chesapeake Utilities Corporation has a purchase policy in which amounts greater than $250,000 O&M and $1,000,000 Capital are sent out as a request for proposal. The submittals from the companies are reviewed and scored based on Safety, Diversity, Price, Quality of the Bid, and experience the company has with the vendor. This means that the lowest price might not always win the bid. For specialized items, to maintain standardization, the company will go back to the same vendor as awarded previously.

k. FPUC will utilize a combination of internal and contractor resources as needed. For more routine activities, internal resources will be used to perform the majority of the task in the substation. For more specialized, technical activities it is necessary to use contactor that have the training, experience and tools to carry out that task which internal resources do not have. However, security within the substation is a very

serious issue for which we utilize internal resources to be on site whenever contractors are in the substations. These IMC Technicians provide for the security of the substation and also get to oversee what is being performed which further increases internal resource knowledge.

l. Please see question 22(c) above.

m. Currently the NW FL Division is registered with the North American Electric Reliability Corporation (NERC) as a Transmission Owner and Distribution Provider based on the makeup of the FPUC substations and transmission lines. The Federal Energy Regulatory Commission (FERC) has delegated authority to NERC to ensure the reliability of the bulk electric system in North American. NERC, along with SERC Reliability Corporation, requires utilities to comply with certain procedures based on the company operations. There are a number of the procedures in which FPUC must comply many of which involve testing, maintenance and documentation of substation operations.

24. Please refer to page 16, lines 14 through 17 for the following questions:

a) Please indicate if the substation rebuild referenced here is outside of the substation rebuilds referenced on page 13, lines 17 through 18 of witness Haffecke's testimony. If so, please identify the substation, and explain why this project is necessary.

b) Please indicate whether these improvements will take place in FPUC's Northeast or Northwest territory.

Company Response:

a. **Yes, the substation upgrades described on page 13 are for the new substations being rebuilt in the NE FL Division (AIP and JL Terry) and the NW FL substations ae discussed on page 12 line 18 thru Page 13 line 15. Please refer to the response to Staff's Data request 6 number 8 as to why these additions are necessary.**

b. Please refer to a above.

25. Please refer to page 16, lines 20 through 21. Please provide the estimated total cost that FPUC is requesting be included in base rates for removing failing manholes. As part of this response, please explain how the cost estimate was developed.

Company Response:

This estimated cost was developed internally based on previous engineering, material and replacement labor cost for the replacement of manholes. Please refer to file DR 6.25 Manhole costs.

26. Please refer to page 17, lines 10 through 15. Please identify any safety incidents that have occurred from 2018 to the present related to uninsulated live front equipment.

Company Response:

FPUC is fortunate that there have been no safety incidents related to live front equipment during this time. When working around this equipment, it is very easy to visualize how easily an accident could occur with this type of equipment as the exposed live parts are very accessible.

27. Please refer to page 19, line 21, through page 20, line 2 for the following questions:

a) Please detail why FPUC needs to add a supervisor position in both its Northeast and Northwest territories, and identify when FPUC intends to fill each position. As part of this response, please explain how denying this request would affect FPUC.

b) Please indicate whether or not the addition of the supervisor position in both FPUC's Northeast and Northwest territories will be permanent. If so, please explain why a

permanent position is necessary, and outline the anticipated responsibilities of the position.

c) Please identify the anticipated salary for each supervisor position. As part of this response, please explain how this amount was determined.

d) Please identify the number of work hours per week expected for each position.

e) Please explain how the responsibilities the supervisor positions will be handling are currently addressed by FPUC. As part of this response, please explain why these responsibilities cannot continue to be addressed without the addition of these positions.

f) Please identify the position and remaining responsibilities of the employee(s) currently handling the new supervisors' anticipated duties. As part of this response, please identify the current salary(ies) of the employee(s), and if the responsibilities of the employee(s) will be reduced, please indicate if their salary(ies) will be decreased. If so, please identify the new salary(ies), and if not, please explain.

Company Response:

a. FPUC needs to add a supervisor in both NE FL and NW Fl Divisions to provide oversight of our distribution line crews, monitor material usage/spend, oversee time coding, facilitate training and qualifications, apprenticeship oversight, ensure compliance of safety equipment, monitor fleet compliance/performance, oversee compliance work, adherence to construction standards, perform field safety observations, and performance reviews. This position would also assist with the oversight of contracting distribution line workers and vegetation contractors. FPUC currently has these two positions filled. Denying this request would leave FPUC

understaffed and limit the ability to have quality oversight of our internal and external resources. Additional projects would lack the necessary oversight and management. Outsourcing of training, an apprenticeship program, fleet compliance, and quality control of construction standards would add additional contracted resources.

b. The additional supervisor positions would be permanent. The supervisor positions will provide oversight of our distribution line crews, monitor material usage/spend, oversee time coding, facilitate training and qualifications, apprenticeship oversight, ensure compliance of safety equipment, monitor fleet compliance/performance, oversee compliance work, adherence to construction standards, perform field safety observations, and performance reviews. This position would also assist with the oversight of contracting distribution line workers and vegetation contractors.

c. Salary compensation would be $105,000 per year for each respective position. This salary was devised by a comprehensive review by our talent acquisition department focusing on similar positions across the industry. Filing estimates include a 30% allocation to capital projects in the NW Fl Division and a 50% allocation to capital projects in the NE Fl Division.

d. A 40-hour work week along with "on-call" after hour responsibilities would apply to both positions. The "on-call" responsibilities would fall into a rotation of other management employees to ensure oversight of emergent issues after normal business hours. The supervisors will also be expected to work major events impacting the affected utility.

e. FPUC currently leverages the Manager of Electric Operations, Engineering and Safety staff, as well as contractors to facilitate the responsibilities described in the supervisor role. The supervisors are used to provide direct oversight of our distribution line workers, due to the complexity of the work and the need to ensure

the safest and most efficient work environment. A portion of these salaries are capitalized and the tasks of the supervisor role on capital projects is covered in parts by Engineering, Safety, and contractors. While this has historically worked for FPUC the increased workload and additionally complexity make it necessary to find an additional supervisor position. This will help to consolidate the work required by the role back into a single source.

f. As has been described above, the supervision being provided by these two Line Supervisors has not been provided in an effective or efficient manner. These two positions are bringing an additional level of supervision that is necessary to not only assist the construction personnel, but, to allow other personnel to focus on other tasks that have not been completed due to the work load requirements. To be clear, these positions are adding needed supervision that has not been previously adequately provided.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by Electronic Mail to the following parties of record this 4th day of November, 2024:

Suzanne Brownless Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 sbrownle@psc.state.fl.us discovery-gcl@psc.state.fl.us	Walt Trierweiler/P. Christensen / Charles Rehwinkel/Mary Wessling/Octavio Ponce/Austin Watrous Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Trierweiler.Walt@leg.state.fl.us Wessling.Mary@leg.state.fl.us Rehwinkel.Charles@leg.state.fl.us Christensen.patty@leg.state.fl.us Ponce.octavio@leg.state.fl.us Watrous.austin@leg.state.fl.us
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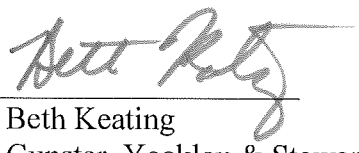
By: 

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