

November 14, 2024

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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 Tenth Set of Data Requests.

Sincerely,



Beth Keating
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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 TENTH SET OF DATA REQUESTS

- 1.) Please complete the below table, which details the total number of complaints by type and year that were received by FPUC from January 2020 through October of 2024.

	Type of Complaints	
	Quality of Service	Billing Issues
2020		
2021		
2022		
2023		
2024 (January – October)		
Total		

Company Response:

	Type of Complaints	
	Quality of Service	Billing Issues
2020	7	4
2021	7	21
2022	8	20
2023	8	22
2024 (January – October)	6	24
Total	36	91

- 2.) Please refer to the direct testimony of witness Estrada for the following questions:
- a. Please refer to page 6, lines 1 through 4. Please identify and explain the specific improvements in timing and accuracy of billing through the new Customer Information System (NCIS).
 - b. Please refer to page 6, lines 4 through 7. Witness Estrada identifies potential

future enhancements such as a customer portal and preference management.

What are the anticipated in-service dates for these identified enhancements? If

there are none, please explain why.

- c. Please refer to page 9, lines 1 through 3. Please explain how FPUC currently communicates with communities where fieldwork is to be performed.

Company Response:

- a. **The new CIS included an automated process for the billing and invoicing processes. For example, meter reads are now automatically reviewed upon entry, allowing the system to identify outliers such as unexpectedly high or low readings, and if necessary, create an exception. This exception process offers improved accuracy in billing as there will be manual intervention for review and adjustments, only if needed. Another improvement in the automation for billing and invoicing is that it reduces manual processing time, allowing bills to be prepared and ready for issuance more quickly than before. This process also has an exception process where the system will detect missing or unusual data that can be reviewed and adjusted, if necessary, prior to being released to the customer.**
- b. **The expected in-service date for the customer self-service portal, and core notification and preference management functionality, is the end of 2025. In addition to the core notification and preference management functionality, a future enhancement of that core notification will include optional outbound communications (i.e. SMS, emails, etc.).**
- c. **Currently, appointments for customer-requested field work are confirmed with the customer at the time of request. If a customer should miss an appointment, a door hanger is left and a follow-up call is made for rescheduling. For most company-planned work, a door hanger is placed at the customer's premises advising of the planned work. A future**

enhancement of the notification and preference management system will include optional outbound communications (i.e. SMS, email, etc.) to customers about work at their location.

3.) Please refer to the direct testimony of witness Gadgil for the following questions:

- a. Please refer to page 8, lines 17 through 19. Please elaborate on the “industry standards and regulations” stated here. Please explain how the new SAP solution will ensure compliance with these standards and regulations.
- b. Please refer to page 9, line 5. Please provide the estimated implementation date for the NCIS.
- c. Please refer to page 9, lines 13 through 14. Please elaborate on the “industry benchmarks” referenced on these lines. Further, please explain how FPUC determined the additional costs for the NCIS are consistent with those benchmarks.
- d. Please refer to page 9, lines 18 through 19. Please explain in greater detail why FPUC believes that retaining the legacy platform would “lead to higher costs in the future.”
- e. Please refer to page 10, lines 12 through 14. Please elaborate on the “industry-standard platform” that FPUC is currently in the process of selecting. Please also state when FPUC anticipates making its selection.

Company Response:

- a. **SAP's platform is designed to address several critical security and compliance requirements. The key standards and regulations that are referenced are:**

- **NIST Standards:** The solution adheres to the foundational standards promulgated by the National Institute of Standards and Technology (NIST), which serve as the basis for industry models such as the industry C2M2 Capability Maturity Model. This alignment ensures robust data security, particularly in safeguarding sensitive information and enforcing stringent access controls. By complying with NIST standards, the solution upholds the core security pillars of confidentiality, integrity, and availability, thereby contributing to operational security and resilience.
- **PCI-DSS Best Practices:** While the Payment Card Industry Data Security Standard (PCI-DSS) is not required, the solution proactively incorporates its best practices to ensure the protection of customer payment information. This approach ensures adherence to the highest level of data protection, which is important for handling customer payments.
- **SOX Compliance:** To ensure financial integrity and reporting accuracy, the solution provides comprehensive audit trails and robust access controls in compliance with the Sarbanes-Oxley Act (SOX). These measures promote transparency and accountability in financial processes, which are essential for regulatory compliance and stakeholder trust.
- **NERC CIP Compliance:** Recognizing our role as an electric utility and the criticality of protecting vital infrastructure, the solution incorporates access controls, comprehensive logging, and robust auditing practices to safeguard both the physical and cyber aspects of our operations.

To ensure ongoing compliance, the solution is equipped with built-in tools for data encryption, granular user access controls, comprehensive logging, detailed audit trails, and automated security updates. Furthermore, it supports automated reporting and audit capabilities, streamlining the process of adhering to relevant standards and regulations. Our commitment to continuous monitoring enables us to proactively identify and address any potential compliance deviations, ensuring that the highest standards of data protection and cybersecurity are consistently maintained.

b. The new CIS system went live on August 26, 2024, and, after a stabilization period, was capitalized October 1, 2024. Some additional costs are expected to occur and be closed by year end 2024.

c. To address obsolescence in our current Customer Information System (CIS) and meet evolving customer demands, Chesapeake embarked on a comprehensive technology upgrade project. Recognizing the complexity of this undertaking, we engaged leading industry analyst firms to ensure a cost-effective and robust solution.

In 2021, Ernest & Young (E&Y) conducted an initial assessment and developed a technology upgrade plan, benchmarking potential costs against their extensive experience with similar utility CIS upgrades. This provided a preliminary cost range and helped define the scope of the project.

In 2022, we partnered with TMG, a leading utility industry analyst firm, to guide platform selection and system integration. TMG's base model for estimation, along with their comprehensive database of over 5,000 CIS requirements, enabled a rigorous evaluation of potential vendors in the Billing, front office, back office area.

After a thorough RFP process that included SAP, Oracle, and other niche firms, SAP was selected based on fit regarding the requirements, total costs and overall long term fit.

Recognizing that systems integration is critical to the success of a CIS implementation and represents a significant portion of the project cost, we commissioned TMG to lead a separate RFP process for this component. Leading firms, including E&Y, Deloitte, IBM, and HCL, were evaluated on utility experience, methodology, quality of team and cost. To ensure cost competitiveness, vendor bids were compared against industry benchmarks and normalized costs for similar utility projects, with vendors providing valuable comparative data.

Ultimately, IBM was selected as the systems integrator based on multiple evaluation factors that included, cost, capabilities, and strength of implementation team. A detailed work statement was established to govern project execution and ensure alignment with Chesapeake's objectives.

d. Retaining the legacy platform would result in substantial and escalating costs over time.

The legacy system, developed in the 1990s, was built on an IBM AS/400 framework. However, it gradually evolved into a niche product, with minimal industry adoption and limited product development. This stagnation ultimately rendered the system obsolete, with its development entirely discontinued.

In light of today's demands on the electrical grid, our customers require access to secure, reliable, accurate, and readily available information. Unfortunately, the legacy system lacks native capabilities to meet these modern requirements. Any updates to meet such standards would require either extensive in-house development or the addition of third-party services, both of which present challenges and added costs.

Moreover, since the core system was built 30 years ago, finding qualified developers with legacy system expertise has become increasingly difficult and costly. The shrinking pool of available professionals with knowledge of these outdated technologies makes it challenging to locate developers who can effectively build, support, and maintain this environment. This limitation introduces dependency risks on a few remaining experts, further increasing operational costs and potentially jeopardizing system reliability.

Attempting to integrate the legacy system with third-party add-ons to deliver modern capabilities introduces multiple risks. Such integrations increase system complexity, administrative overhead, and cybersecurity vulnerabilities. Older systems, with unpatched codebases, are inherently more vulnerable to contemporary cyber threats. Additionally, linking these outdated systems—which lack foundational security protocols—to modern software or cloud-based services is complex and, in some instances, impossible due to the rigidity and constraints of the legacy infrastructure. Maintaining this legacy system in its current state would also contribute to higher annual support costs, even without any feature upgrades. Hardware inevitably ages and will require replacement. The legacy applications, built decades ago, demand costly updates to remain compatible with newer hardware. This need for constant intervention not only drives up maintenance costs but also increases the frequency of necessary system outages, affecting overall service reliability and customer satisfaction.

e. This testimony refers to the recently implemented CIS system based on the industry standard SAP platform. Please refer to the response to 3b for the in-service date.

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

- a. Please refer to page 10, lines 17 through 19. Please provide the estimated total capital cost and O&M expenses for the NCIS. As part of this response, please provide an itemized breakdown of what is included in the cost estimate.
- b. Please refer to page 15, lines 19 through 20. Please explain where the

dispatcher and/or management are located.

- c. Please refer to page 15, lines 22 through 23. Please provide the communication range for the two-way radio system.
- d. Please refer to page 16, lines 7 through 8. Please provide the estimated implementation date for the two-way radio system.
- e. Please refer to page 16, line 10. Please provide the estimated total O&M expenses for the two-way communication system. As part of this response, please provide an itemized breakdown of what is included in the cost estimate.
- f. Please refer to page 18, line 10. Please provide the estimated total cost of the security cameras. As part of this response, please provide an itemized breakdown of what is included in the cost estimate.
- g. Please refer to page 18, lines 14 through 16. Please provide the estimated implementation date for the security cameras. As part of this response, please provide the number of substations and operation offices that would have security cameras installed along with the number of security cameras.
- h. Please refer to page 20, lines 12 through 15 provide the estimated total O&M expenses associated with the security system service and plan monitoring. As part of this response, please provide a description of what the security system service and plan monitoring includes and an itemized breakdown of what is included in the cost estimate.

Company Response:

- a. Please refer to the file DR10.4a - Estimated CIS Cost Calculation, for the detailed CIS

expenses of \$356,083 O&M and \$337,690 depreciation expense and file DR 10.4b - Estimated CIS Capital Cost, for the capital estimate of \$6,912,623.

b. Dispatchers and Management are located at both Operations Centers (NE and NW).

c. We do not currently know the range. A propagation study is being performed in both divisions to determine the number of repeaters required so that there will be complete coverage of both areas.

d. It is estimated that the radio system will be fully implemented by December 31, 2024.

e. The costs related to the two-way radio system were capital costs to purchase the radios. Therefore, there are no O&M expenses related to the radio system.

f. Please refer to the attached file DR 10.4f - Estimated Camera Cost and Monitoring.

g. The installation of cameras will begin in November in Fernandina and then in Marianna and expect all to be completed by the end of 2024. There will be 27 total cameras as follows:

Fernandina Beach Operations Center will have 5 cameras.

The Eight Flags substation in NE FL will have 1 camera.

The JL Terry substation in NE FL, the Daugherty substation in NE FL, the Marianna Operations Center, the Chipola substation in NW FL, the Altha substation in NW FL, the Caverns substation in NW FL, and the Marianna substation in NW FL will all have 3 cameras each.

h. The capital estimates include multi-sensor and dual cameras, a control house at each location with card readers, electric strike, door contacts, request to exit motion, and headend equipment. There will be 30 days of Cloud storage and 30 days on-premises video retention for each site or 60 days of storage. The estimated operating and maintenance costs are outlined below for the security system service and security health monitoring at

each of the identified locations. These recurring monthly charges reflect a turn-key solution to the health and maintenance of our video management system to include parts and labor.

Security health monitoring (SHM) includes the remote monitoring of our security cameras, network video recorders, access control panels, and any IP based security system to include patch management and technical support 24/7. As many of these systems are outside the Chesapeake network, recurring monthly cellular costs based on internet connection access fees apply. Please refer to the attached file DR 10.4f - Estimated Camera Cost and Monitoring.

- 5.) Please refer to the direct testimony of witness Napier for the following questions:
- a. Please refer to page 23, lines 12 through 13. Please provide FPUC projections for the account to be underfunded.
 - b. Please refer to page 23, lines 14 through 15. Please provide FPUC projections for the increase in the reserve and expenses.
 - c. Please refer to page 25, lines 20 through 21. Please provide an example of how the Technology Cost Recovery Rider (TCRR) will be used.

Company Response:

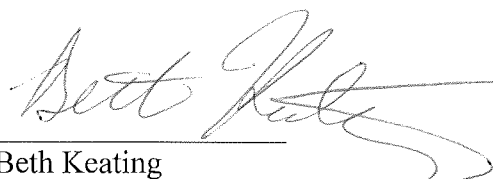
- a. **Please refer to the attached file DR 10.5a - Storm Reserve Estimate.**
- b. **Please refer to the response to a above.**
- c. **Please refer to Staff's Data Request 8 number 1 and 5.**

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 14th day of November, 2024:

<p>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</p>	<p>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</p>
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By: _____



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