

STATE OF FLORIDA

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Public Service Commission

December 9, 2024

STAFF'S NINETEENTH DATA REQUEST *via email*

Beth Keating, Esquire
Florida Public Utilities Company
Gunster, Yoakley & Stewart, P.A.
215 South Monroe Street, Suite 601
Tallahassee, FL 32301
bkeating@gunster.com

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

Dear Ms. Keating:

By this letter, the Commission staff requests that Florida Public Utilities Company (FPUC) provide responses to the following data requests:

1. Please refer to Florida Public Utilities Company's (FPUC or Company) electronic Minimum Filing Requirements (MFR), Schedule D, MS Excel tab D-4a, 25 supplement, for the following questions:
 - a) Please explain the reasoning for the issuance of the future notes, SN28 and SN29, found on MS Excel rows 40 and 41.
 - b) Please explain the methodology used to project the coupon rate of 5.75 percent accompanying the above-referenced notes.

- c) In reference to the question above, does FPUC expect the coupon rate of 5.75 percent to change?
 - d) Do you still expect to issue SN28 on January 1, 2025? If not, what is the new expected issuance date?
2. Please refer to FPUC's response to Staff's 6th Data Requests, specifically No. 27, part E, for the following request. What amount of contracting expense, if any, will be reduced as a result of consolidating some of the work previously performed by contractors to now be performed by the two new line supervisors? Please specify the amount, if any, by the Northeast and Northwest Territories.
3. Please refer to FPUC's response to Staff's 11th Set of Data Requests, specifically No. 12, part G, for the following request. Which expenses for "other health-related benefits" were not included in the projected 2025 test year?
4. Please refer to MFR Schedule C-20, page 3 of 3, line 15, specifically the \$2.286 million in total Company property tax expense shown for the test year ending on December 31, 2025, for the following requests.
 - a) Please provide a copy of the computation of this test year amount, including all assumptions, data, and quantifications in MS Excel format with all formulas intact.
 - b) Please provide the total Company property tax amounts for each calendar year 2020 through 2023.

5. Please refer to MFR Schedule C-20, page 2 of 3, line 15, specifically the \$1.534 million in total Company property tax expense (actual and/or projected) for the year ended December 31, 2024, for the following request. Please provide a copy of the computation of this projected prior year amount including all assumptions, data, and quantifications in MS Excel format with all formulas intact.
6. Please indicate if the employee positions that are reflected in FPUC's payroll cost calculations in the 2025 test year reflect the Company's historic experience with vacancies or are at full complement pursuant to authorized levels. Please explain your response.
7. Please provide a description of FPUC's, or Chesapeake Utilities Corporation's (Chesapeake) current merit and cost of living wage increase policies including policies that are expected to be effective in the test year.
8. Please list, by account, all stock-based compensation expense that FPUC, or Chesapeake, has included in its cost of service for the years 2020 through 2023, prior year 2024, projected test year ending December 31, 2025, and including, but not limited to, executive stock options, performance share awards and any other stock-based compensation awards that will result in such costs being charged to FPUC during the projected test year. In addition, please provide a description of each distinct stock-based compensation program that will result in charges to FPUC during the test year.

9. For FPUC, please provide the level of related incentive compensation bonus payments included in prior year 2024, and projected test year ending December 31, 2025.
10. Please provide the number of FPUC employees that were eligible to receive incentive compensation for each year 2020 through 2023, and for each year indicate how many did not or will not receive an award.
11. Please provide a listing of the total compensation of each corporate officer of FPUC or any other entity whose executive compensation costs are charged or allocated to FPUC for 2020 through 2023 (and projected amounts for the same cost for 2024, and 2025). Please indicate the separate amounts charged to O&M expense and capitalized, and breakdown the total compensation by type including, but not limited to, salary, deferred compensation, stock options, vehicle allowances, etc.
12. Please provide a description of each of FPUC's employee benefit program(s) or plan(s) currently in effect, and projected test year 2025, if different from the current program(s) or plan(s).
13. Please refer to the direct testimony of FPUC witness Rudolf Davison, pages 8-9, for the following request. Please provide a copy of the compensation study used to evaluate FPUC's compensation and benefit programs against the external market discussed in this section of testimony.

The following questions pertain to witness Crowley's direct testimony.

14. Please provide the work papers used by witness Crowley to develop his cost of equity analysis, that is, the Discount Cash Flow model (DCF), Capital Asset Pricing Model (CAPM), and Risk Premium model. If the work papers include spreadsheets, please ensure all links and formulas are intact.
15. Witness Crowley's testimony was filed on August 22, 2024. Please explain why he used market data from 2021, 2022, and 2023 in his DCF analysis.
16. Please provide a list of the sources for all of the market data in Exhibits NAC-11 through NAC-36.
17. Did witness Crowley compare any risk factors of the gas proxy group to the risk factors of FPUC? If yes, please list and explain the risk comparison.
18. Please refer to page 49, lines 5 through 8 for the following requests.
 - a) Please explain how witness Crowley calculated the overall market return.
 - b) Did witness Crowley use an arithmetic average or a geometric average?
 - c) Please list the source of the equity returns.
 - d) Please explain how witness Crowley estimated the expected inflation rate of 2.46 percent and the source of his information.

19. Please list the source from where witness Crowley obtained the risk-free rates in Table 4 on page 50.
20. Please explain how witness Crowley adjusted the CAPM Betas in Exhibits NAC-11, 12, and 13. What is the reason for the adjustments?
21. Please explain how witness Crowley estimated the expected growth rates in Exhibits NAC-16, 17, and 18. Please list the source of the information.
22. Please explain how witness Crowley calculated the historical market returns for the utility companies in Exhibits NAC-29, 30, and 31. Please list the source of the information.
23. Please refer to Table 7 on page 55 for the following requests.
 - a) Please provide all calculations, source materials, and spreadsheets with formulas and links intact used to develop the Risk Premia Analysis Results.
 - b) Please describe and list the source and companies included in the Equity Returns for the Large-Cap Stocks.
 - c) Please describe and list the source and companies included in the Equity Returns for the Small-Cap Stocks.
 - d) Please describe and list the source and type of U.S. Treasury Debt for the LT US Debt, InT US Debt and T-Bills.

24. Please refer to page 38, line 16, Please explain the meaning of the phrase “. . .future returns harbored by investors may assume a pattern of non-constant growth?”
25. Please explain why witness Crowley chose to use a proxy group of gas utilities in addition to the electric utilities proxy group.
26. Please explain why witness Crowley did not compare the capital structures and equity ratios of the utilities in the gas and electric proxy groups to that of FPUC.

Please file all responses electronically no later than Monday, December 23, 2024, through the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. *In addition, please email the filed response to discovery-gcl@psc.state.fl.us.*

Please feel free to call me at (850) 413- 6218 if you have any questions.

Sincerely,

/s/ Suzanne Brownless
Suzanne Brownless
Special Counsel

SBr/ds

cc: Office of Commission Clerk