

FPUC's Response to Staff's Second Set of
Interrogatories, Nos. 3-9

RESPONSES TO INTERROGATORIES

3. Did FPUC, in the instant docket, reflect any costs associated with the Florida Gas Transmission's (FGT's) rate case (Docket No. RP21-441-000) filed with the Federal Energy Regulatory Commission (FERC) in February 2021?

Company Response:

Yes. Florida Public Utilities has incurred approximately \$17,324 in actual costs through June 2021 associated with the Florida Gas Transmission rate case, and these costs are incorporated in the "Other" line item, or line 6, of Schedule E-1R.

Respondent: Jeff Bates

4. If FPUC incurred any costs for the above referenced docket, did the company, in the instant docket, reflect any rate changes in the schedules included in the docket?

Company Response:

If the reference is to costs incurred related to the FGT rate case asked in the previous question, then yes, a very miniscule rate change is reflected in the schedules. See below:

$$\begin{array}{lcl} \text{FGT Costs Incurred} & \longrightarrow & \$17,323.50 \\ \text{Total Projected Therms} & \longrightarrow & 32,604,186 \end{array} = 0.0531 \text{ Cents per therm}$$

Respondent: Derrick M. Craig

Interrogatory No. 5

5. Referring to the petition filed on August 6, 2021, paragraph 9 states that FPUC included costs associated with outside consulting when calculating the costs to be allocated to the PGA. Please state where in the schedules the stated costs are included.

Company Response:

The costs associated with outside consulting are included in the “Other” line item on line 6 of Schedule E-1. The total annual amount of outside consulting in this line item is \$151,699 for Pierpont & McLelland.

Respondent: Derrick M. Craig

6. Referring to the direct testimony of witness Bates, page 7 of 8, lines 21-23 states that the Company included costs associated with a software tool in the PGA costs. Please explain the purpose of this software, and state if this is an annually occurring cost, whether the said software cost stays constant annually, or if the cost fluctuates every year.

Company Response:

The Gas Management/Shipper Program Administration System will provide a gas management portal that can accommodate changes in the industry and the company's complex gas delivery environment in a single solution. The system will provide improved management of all aspects related to gas volumes delivered to its city-gates and customers, the settlement of this gas, and provide a flexible solution for implementation of future features such as complex third-party/supplier billing services. This system will be a more efficient, effective and flexible tool replacing Florida Public Utilities' existing software system currently managed by Cardinal Technology. The cost of the software purchase and installation has been capitalized and is not included in the purchased gas adjustment clause.

The new vendor, as did Cardinal, provides hosting services, support and maintenance at the estimated fee of \$260,000 annually. This will be a recurring amount.

Respondent: Jeff Bates

7. In reference to the above stated software cost, please identify the schedule and line where the software cost is included.

Company Response:

The hosting services, support, and maintenance of the software are located in the “Other” line item, which is line 6 of Schedule E-1.

Respondent: Derrick M. Craig

8. Referring to Schedules E-1 and E-1/R, please explain what is included in line 6 – Other and state the reason(s) for the different “Other” total amounts in the two schedules (\$538,394 I in Schedule E-1 and \$438,765 in Schedule E-1/R)

Company Response:

Schedule E-1 relates to projected costs for the projection period January 2022-December 2022 and Schedule E-1R is based on six months estimated and six months estimated costs for the period January 2021-December 2021. Therefore, the figures on line 6 of both schedules will never tie. The two schedules include the same type of costs, as previously mentioned in the Companies' responses above, like consulting, legal and expenses related to the software tool. However, the 2022 projection period (Schedule E-1) does include the cost recovery of COVID-19 incremental costs of \$112,295 as approved in Docket No. 20200194, Order No. PSC-2021-0266-S-PU issued on July 22, 2021.

Respondent: Derrick M. Craig

9. Please discuss the components and assumptions that were made in developing the company's 2022 projections.

Company Response:

The Company has forecasted the 2022-weighted average cost of gas using the projected monthly pipeline demand costs, less the projected cost of capacity temporarily relinquished to third parties, the projected pipeline usage and no-notice costs and the projected supplier commodity costs. The weighted average cost of gas also includes projected costs related to our purchased gas functions and anticipated a credit for the swing service rider. The sum of these costs are then divided by the projected therm sales to the traditional non-transportation customers resulting in the projected weighted average cost of gas and ultimately the PGA recovery (cap) factor, as shown on Schedule E-1. Capacity shortfall if any, would be satisfied by gas and capacity repackaged and delivered by another FGT or SONAT capacity holder. If other services become available and it is economic to dispatch supplies under those services, the Company will utilize those services as part of its portfolio.

Respondent: Jeff Bates

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased Gas Adjustment True-Up for) Docket No. 20210003-GU
Florida Public Utilities Company and Florida)
Public Utilities Company-Fort Meade)
_____) Filed: October 1, 2021

DECLARATION

I hereby certify and affirm that I sponsored the Company's responses to STAFF'S SECOND SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Nos. 4, 5, 7 and 8 in Docket No. 20210003-GU. The responses are true and correct to the best of my knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory responses identified above, and that the facts stated therein are true.



Derrick M. Craig, Declarant

Dated: September 29, 2021

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased Gas Adjustment True-Up for) Docket No. 20210003-GU
Florida Public Utilities Company and Florida)
Public Utilities Company-Fort Meade)
)
_____) Filed: September 29, 2021

DECLARATION

I hereby certify and affirm that I sponsored the Company's responses to STAFF'S SECOND SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Nos. 3, 6, and 9 in Docket No. 20210003-GU. The responses are true and correct to the best of my knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory responses identified above, and that the facts stated therein are true.

Jeffrey Bates, Declarant

Dated: _____