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FPUC’s Response to Staff’s Third Set of Interrogatories, Nos. 15-16

INTERROGATORY RESPONSES

15. Please refer to the Direct Testimony of Witness Derrick M. Craig, filed August 5, 2022, Exhibit DMC-2, Schedule C-3, Page 3 of 5, and Schedule C-2, Page 2 of 2. Exhibit DMC-2, Schedule C-3, Page 3 of 5 [2022 Actual/Estimated Schedule], reflects that FPUC projects that the Commercial Small Food Service Program will incur costs of $399,210 in 2022. Exhibit DMC-2, Schedule C-2, Page 2 of 2 [2023 Projection Schedule], reflects that the same program has estimated costs of $526,000 in 2023. Please explain why the 2023 projected costs are 31.8 percent more than the 2022 actual and estimated expenses.

Company Response:

As can be seen in Schedule C-3, Page 3 of 5, the forecasted expenses for the last six months of 2022 are expected to be approximately $45,042 monthly. The Company anticipates the increased encouragement towards purchases of tankless water heaters and energy efficient fryers during the second half of the year and throughout 2023. As a result, the forecasted spending for 2023 will be approximately $526,000.

Respondent: Derrick M. Craig

Interrogatory 16

16. Please refer to FPUC's Witness Derrick Craig's Direct Testimony, filed August 5, 2022 in Docket No. 20220004-GU, Exhibit DMC-2, Schedule C-1, Page 1 of 3 [2023 Projection Schedule], as well as to FPUC's Witness Kira Lake's Direct Testimony, filed August 6, 2021 in Docket No. 20210004-GU, Exhibit KIL-1, Schedule C-1, Page 1 of 3 [2022 Projection Schedule]. Schedule C-1, Page 1 of 3 from the 2023 Projection Schedule indicates that FPUC projects sales of 50,675,785 therms for 2023 associated with Chesapeake. Schedule C-1, Page 1 of 3 from the 2022 Projection Schedule indicates the Company projected sales of 60,514,548 therms associated for 2022 associated with Chesapeake. Please explain the source(s) and cause(s) of FPUC's lower therm sales projection for 2023 compared to its projection for 2022.

Company Response:

The 9.8 million therm reduction between the 2022 and 2023 projections is the result of several customers whose forecasted natural gas usage was dramatically reduced after the 2022 projection was submitted in August of 2021. The largest effect was from the reduction in the forecasted usage from a new industrial customer in 2022 that has taken more time to ramp up production than was initially anticipated. Another contributing factor to the decline in usage was the unforeseen reduction in consumption from an existing industrial customer that had shut down unexpectedly during the summer of 2021. Both of these events resulted in an approximate seven million therm reduction in the forecast.

The majority of the remaining volume forecast reduction is due to declining usage in the CFG – Firm Transportation Service – NGV customer class. FPUC's main customer in this rate class has seen significant and steady declining usage over the past three years. In addition to this declining usage, the customer lost their largest account in 2021, taking place after the 2022 forecast had already been submitted. As a result, the 2023 forecasted volumes for this customer were calculated using a new annualized amount based upon the volumes observed during the time frame of September 2021 through December 2021, resulting in the 2023 forecast dropping by approximately 1.6 million therms.

Respondent: Derrick M. Craig