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FPUC's Responses to Staff's First Set of Interrogatories, Nos. 1, 3-7, 9, & 10

(Including Attachments)

INTERROGATORIES

1. Please refer to FPUC witness Lee's Direct Testimony, Exhibit PSL-2, page 2 of 93. The second sentence of the last paragraph reads "[t]he projected investment and reserve as of January 1, 2022, are $33,410 and $10,455, respectively." Please clarify whether the stated projected investment and reserve is as of January 1, 2023, instead of 2022, to be consistent with what is reported in Schedule A and D of Exhibit PSL-2.

Company Response:

Yes, the projected investment and reserve are as of January 1, 2023.

Respondent: Pat Lee

Interrogatory No. 3

3. "FPUC - Common" appears in the titles for each and all schedules included in Exhibit PSL-2. Please provide responses for the questions below:

a. Does the term "FPUC – Common" refer to common plant that is shared by both FPUC-gas divisions and FPUC-electric division?

b. If your response to Question (3.a.) above is affirmative, please explain in detail how the amount of plant, as well as the amount of reserve, associated with the FPUC – Common" were allocated to the FPUC-gas and FPUC-electric divisions, respectively.

Company Response:

a. FPUC-Common is allocated among the Company's regulated electric and gas divisions and the following unregulated Florida activities:

- Propane Distribution,
- Merchandising,
- Intrastate Natural Gas transmission, and
- Mobile Gas Delivery

b. Historically, the entire balance of FPUC Common's plant is included in the gas depreciation study to establish one set of rates. Florida Common is then allocated to all divisions based on that division's percentage of plant to total Florida division balance (without Florida Common).

Respondent: Pat Lee

Interrogatory No.4

4. Please refer to FPUC witness Cassel's Direct Testimony, page 9, which reads:

Using a projected test year ending December 31, 2023, the Company is seeking an increase in its base rates of $43,817,913. Of that amount, $19,755,931 is associated with moving the Company's current GRIP investments into rate base and resetting the GRIP surcharge [...].

a. Please identify the amount of accumulated depreciation associated with the $19,755,931 of this GRIP-related plant investment to be moved into the rate base.

b. Please clarify whether the $19,755,931 GRIP investment is as of 1/1/2023. If not, please explain.

c. If your response to Question (4.b.) is affirmative, please identify the dollar amount of the GRIP-related plant as well as the associated accumulated depreciation to be incurred in 2023.

d. Please complete Table 1 below with corresponding explanations.

		($)
1	The amount of plant-in-service FPUC included in its petitioned test year rate base.	
2	The amount of accumulated depreciation FPUC included in its petitioned test year rate base.	
3	The amount of GRIP-related annual depreciation expense FPUC included in its petitioned test year Net Operating Income.	

Company Response:

a. The $19,755,931 is the estimated GRIP revenue requirement associated with moving the Company's GRIP surcharge mechanism into base rates. MFR filing schedule G-2 page 7 estimated the revenues for 2023 based on the current approved surcharge times the projected therms for 2023. In 2023, except for a true up if the estimate was over or understated, these revenues will no longer be a surcharge and will be included in the base rate calculation. Please refer to the attached file titled "Staff ROG 4a GRIP Revenue" for the detailed calculation using the G-2 page 7 of 31 schedules. The actual amount of plant and accumulated depreciation are provided in response to part d of this question.

b. No, please refer to the response to part a.

c. Not applicable.

d. The balances below are the projected balances as of 12/31/2023 for account numbers 376G and 380G in the following MFR schedules: (1) G1-10 for plant-in-service, (2) G1-12 for accumulated depreciation and (3) G2-23 for annual depreciation expense.

		($)
1	The amount of plant-in-service FPUC included in its petitioned test year rate base.	195,886,503
2	The amount of accumulated depreciation FPUC included in its petitioned test year rate base.	24,642,381
3	The amount of GRIP-related annual depreciation expense FPUC included in its petitioned test year Net Operating Income.	4,162,610

Respondent: Mike Cassel

Interrogatory No. 5

5. Please refer to Tab Sch. A of the Exhibit PSL-2 Workbook for the questions below:

   a. Referring to Cells C18 and C23, is it correct that the total amount of the GRIP-related plant investment is $195,873,149 as of 1/1/2023? If not, please provide the correct amount.

   b. Please explain how the $19,755,931 of the GRIP-related plant investment discussed in Questions (4.a. and b.) is related to the correct amount of the GRIP-related plant discussed in Question (5.a.).

   c. Referring to Cells D18 and D23, is it correct that the total amount of GRIP-related reserve (accumulated depreciation) is $21,172,827 as of 1/1/2023? If not, please provide the correct amount.

   d. Please explain how the GRIP-related reserve discussed in Question (4.c.) is related to the correct amount of the GRIP-related reserve discussed in Question (5.c.).

Company Response:

a. No, the total amount of GRIP-related plant investment is $195,899,859. This amount includes $146,906,028 for plastic mains in Account 376G and $48,993,831 for plastic services in Accounts 380G. The variance is due to deducting an adjustment of $13,356 from Account 376G, when it should have been added back to the Plant balance to properly reflect the reclassification of the retirement from Account 376G to Account 3762.

b. See response to 4a above. A GRIP-related Plant in Service reconciliation is shown below for Sch. A of the Exhibit PSL-2 Workbook and MFR Schedule G-1 page 9.

<u>Plant in Service Reconciliation: MFR Schedule G-1 to Exhibit PSL-2 Workbook</u>

Interrogatory No. 5, cont.

Description	Amount
GRIP-related Plant in Service at December 2021	$186,401,922
Total GRIP-related Additions for Year 2022	$9,484,581
Sch. G-1 Reconciled GRIP-related Plant in Service at December 2022	$195,886,503
Revised GRIP-related Retirement adjustments included in the Sch. A Balance (Exhibit PSL-2 Workbook Sch. M)	$13,356
Revised Sch. A Reconciled GRIP-related Plant in Service at December 2022	$195,899,859

c. No, the total amount of GRIP-related reserve is $21,173,038. This amount includes $17,720,232 for plastic mains in Account 376G and $3,452,806 for plastic services in Account 380G. The $211 variance is caused by the correction to Account 376G that is discussed in response 5a. above.

d. Question 4c asks for the accumulated depreciation at the end of the test year which is 2023. The study was done as of 12/31/2022. The 2022 balance in the filing is $20,479,771 ($24,642,381-depreciation expense of $4,162,610). The filing did not include the two adjustments shown in the reconciliation below. The 2022 variance between Sch. A of the Exhibit PSL-2 Workbook and MFR Schedule G-1 page 11 is caused by the reclassification of GRIP-related COR from Accounts 376G and 380G to the respective steel accounts, Accounts 3762 – Mains Steel and 3802 Services – Steels.

Interrogatory No. 5, cont.

GRIP-Related Reserve Reconciliation: MFR Schedule G-1 to Exhibit PSL-2 Workbook

Description	Amount
GRIP-related Reserve at December 2021	$16,320,023
Total GRIP-related Accruals for Year 2022	$4,095,546
Pre-adjusted GRIP-related Reserve at December 2022	$20,415,569
2021 GRIP-related COR adjustments included in the balances of Sch. G-1 and Sch. A (Exhibit PSL-2 Workbook Sch. N Cell G19)	$64,205
Sch. G-1 Reconciled GRIP-related Reserve at December 2022	$20,479,774
Additional GRIP-related COR adjustments included in Sch. A balance for the period 2018-2021 (Exhibit PSL-2 Workbook Sch. N All Remaining GRIP adjustments)	$693,053
Additional accruals due to $13,356 plant adjustment correction (Discussed in 5a)	$211
Revised Sch. A Reconciled GRIP-related Reserve at December 2022	$21,173,038

Respondent: Pat Lee

Interrogatory No. 6 (a-c)

6. Referring to the proposed "Florida Safety Town" field training facility discussed in FPUC witness Bennett's Direct Testimony, page 13, please provide responses to the questions below:

a. Please identify all the depreciation accounts that are affected by the Florida Safety Town.

b. Please specify the "Florida Safety Town" related plant investment and accumulated depreciation, if any, that are included in FPUC's proposed test year rate base.

c. Witness Bennett indicated that the project is expected to be completed in Spring 2023. Referring to Tabs Sch. G 2018 through Sch. 2022 contained in the Exhibit PSL-2 Workbook, for each tab affected by the "Florida Safety Town," please provide the amount of respective "Additions," "Accruals," "Ending Balance" of "Plant In Service" and "Reserve (Correct Balances)."

Company Response:

a. The "Florida Safety Town" project is only included in Account 3900.

b. FPUC's proposed test year rate base includes plant investment and accumulated depreciation of $3,000,000 and ($69,000) [($3M) PIS Bal. at 12/2022 x 2.3% Annual Depr. Rate for Acct. 3900], respectively, for the construction of the "Florida Safety Town" training facility.

c. Sch. G 2022 of Exhibit PSL-2 Workbook is the only tab that includes projections for Safety Town. Additions and Ending Balance of the Plant in Service schedule includes a projection of $3M for the "Florida Safety Town". There is no associated Reserve at the end of 2022. Projected Additions were placed in service December 2022 and the current month's accruals would have been computed using the prior month's ending plant balance of $0.

Respondent: Pat Lee

Interrogatory No. (a-b)

7. Referring to the proposed "Area Expansion Program" (AEP) discussed in FPUC witness Lake's Direct Testimony, please provide responses to the questions below:

a. Please identify all the depreciation accounts that will be affected by the AEP, if any.

b. Please specify the AEP-related plant investment and accumulated depreciation, if any, that are included in FPUC's proposed test year rate base.

Company Response:

a. Account 3761 is the only depreciation account that will be affected by the projected 2023 AEP close-out to Plant in Service.

b. FPUC's proposed 2023 test year includes plant investment and reserve adjustment of $4,080,866 and $0, respectively, as a result of the AEP program modifications that were discussed in witness Lake's Direct Testimony. However, the reserve adjustment was understated in the filing and should have included a projected adjustment of ($85,698) [($4,080,866) AEP PIS Bal. at 12/2022 x 2.1% Annual Depr. Rate for Acct 3761].

Respondent: Pat Lee

Interrogatory No. 9

9. Please refer to FPUC witness Lee's Direct Testimony, Exhibit PSL-2, Page 23 of 93, and FPUC's response to OPC POD 6 Item 3. The first paragraph in the Account 392.4 – Transportation - Other section states, "Other gas companies in the state have average service lives ranging from 14 years to 30 years, averaging 23 years." FPUC's response to OPC POD 6 Item 3 reflects a "Florida Average" (cell P34) of 27 years for this account. Please explain this difference.

Company Response:

FPUC's response to OPC POD 6 Item 3 is correct. The only companies that have reported investment in other vehicles like trailers and such are FPUC and Peoples Gas. The first paragraph under Account 392.4 – Transportation – Other in Witness Lee's Direct Testimony, Exhibit PSL-2, page 23 of 93, should read "One other gas company in the State has investment in this account with a currently prescribed 27-year average service life."

Respondent: Pat Lee

Interrogatory No. 10

10. What is the amount of cyber security costs for the historical, intermediate, and projected test years? Under which FERC account name(s) and number(s) are those costs recorded?

Company Response:

The Company objects to this interrogatory because the phrase "cyber security costs" is vague. FPUC has made a good-faith and reasonable attempt to ascertain the meaning of this request and provide a response based on such attempt, but FPUC responds without waiving its objection to the vagueness of the request. The costs that could be identified as cyber security are as follows:

Account	2021	2022	2023
408.1	4,154	4,262	4,373
920	77,192	79,894	82,688
921	102,381	108,401	111,769
923	108,481	118,677	125,552
925	476	504	519
926	7,391	8,011	8,476
Total	301,075	319,749	333,379

In addition to these costs, there are other costs essential to cyber security that are more difficult to separate out and include management time, project management resources and multiuse tools. For example, the Chief Information Officer plays a role in cyber security governance, risk management activities, business continuity, planning and leading the incident response team. The infrastructure team, which includes the infrastructure director, network support resources, database administrators and other personnel, also perform various functions related to cyber security. Some tools are multiuse and support multiple functions which include cyber security. The costs in the table above, however, only include costs and salaries that are directly related and not costs that have various functions, one of which is cyber security.

Respondent: Vik Gadgil

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities Company - Fort Meade, and Florida Public Utilities Company - Indiantown Division.	) Docket No. 20220067-GU)))) Filed: 8/12/2022

DECLARATION

I hereby certify and affirm that I sponsored the Company's responses to STAFF'S FIRST SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Numbers 4 in Docket No. 20220067-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.

Mike Cassel

Dated: 8/12/2022

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities Company - Fort Meade, and Florida Public Utilities Company - Indiantown Division.	) Docket No. 20220067-GU)))) Filed: 8/12/2022

DECLARATION

I hereby certify and affirm that I sponsored the Company's responses to STAFF'S FIRST SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Numbers 10 in Docket No. 20220067-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.

V. Gadgil

Vikrant Gadgil

Dated: 8/12/2022

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities Company - Fort Meade, and Florida Public Utilities Company - Indiantown Division.	) Docket No. 20220067-GU)))) Filed: 8/12/2022

DECLARATION

I hereby certify and affirm that I sponsored the Company's responses to STAFF'S FIRST SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Numbers 1-3, and 5-9 in Docket No. 20220067-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.

Pat Lee, Declarant

Dated: 8/12/2022