

85

**FPUC's Responses to Staff's Thirteenth
Set of Interrogatories, Nos. 142-146**

(Including Attachments)

INTERROGATORIES

Interrogatory No. 142

142. Please provide any updates to the projected amount of rate case expense shown on MFR Schedule C-13.

Company Response:

Please refer to the file “OPC POD 27 Natural Gas Rate Case Expense Projection,” attached to Responses and Objections to the Ninth Request for Production of Documents (Nos. 27-29) by Staff to the Florida Public Service Commission. There was a slight increase in the projected amount from \$3,427,574 to \$3,672,702 which is attributed to availability of up-to-date projections.

Respondent: Michelle Napier

Interrogatory No. 143

143. Please explain how the total amount of rate case expense is allocated to each utility and provide the calculation of this allocation.

Company Response:

The Company allocated the total rate case expense to each utility based on projected net operating revenue for each utility for 2022 as a percentage of consolidated net operating revenue projected for 12/31/2022 for all the utilities as shown below. However, this 2022 estimate was not the final filed revenue estimate.

<u>Utility</u>	<u>Net Operating Revenue</u>	<u>Allocation %</u>
FN	\$59,962,179	71.88%
CF	\$23,090,790	27.68%
FI	\$140,075	0.17%
FT	\$229,197	0.27%
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	\$83,422,241	100.00%

The final estimate would change the existing allocation of costs to the divisions slightly.

Please see the table below:

<u>Utility</u>	<u>Net Operating Revenue</u>	<u>Allocation %</u>
FN	\$60,604,124	72.52%
CF	\$22,617,475	27.06%
FI	\$144,875	0.17%

FT	\$207,003	0.25%
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	\$83,573,477	100.00%

Respondent: Michael Cassel

Interrogatory No. 144

144. According to MFR Schedule G-1, the construction work in progress (CWIP) is \$7,130,484 for the projected test year. Please provide any updates to this total amount and the amount per system based on changes to projected in-service dates of projects, such as the canceling, delaying, or accelerating of any project.

Company Response:

The Company does not anticipate a change to the CWIP balance for the projected test year.

Respondent: Jason Bennett

Interrogatory No. 145

145. On pages 30-31 of witness Cassel's direct testimony, he explains the Company's proposed new methodology for calculating and apportioning bad debt expense to base rates and the clauses. He uses an example of 70 percent for calculating the Company's projected bad debt expense allocated to base rates.

- a. Please provide a calculation and an explanation of the percentage of projected revenues used to apportion the bad debt expense between base rates and each clause separately for Florida Public Utilities Company (FPUC), Florida Division of Chesapeake Utilities Corporation, FPUC – Fort Meade, and FPUC – Indiantown Division.
- b. If the percentage of projected revenues is updated annually to calculate the write-off factor to adjust clause rates, yet the percentage remains the same in base rates, could the Company hypothetically recover more than 100 percent of the annual bad debt expense? If no, please explain.
- c. Would the write-off factors to adjust the clause rates be calculated once on an annual basis and applied to all the clause filings within that year? Or calculated and applied separately to reflect the most recent data available?

Company Response:

- a. Please refer to the attached files titled "Staff ROG 145a Bad Debt Expense to Clause" for the calculation.
- b. Yes, the Company could theoretically over or under collect at any given time as base rates are set on projected recoverable expenses at a fixed point in time. The Company's

projections use sound assumptions that are based on the history of actual bad debts. If the Company is allowed to recover the bad debt related to clause revenues as requested it will allow customers to receive the benefit of any over-collection more quickly through the true-up processes that are in place for the clauses. Any over or under recoveries on the portion charged to the clauses, would be placed into the over/under account on the balance sheet and then reflected in the Company's request for rate adjustments for each clause. This would result in the trued-up portion of the bad debt expense in the clauses always being based on the actual expense.

- c. The write-off factors would be adjusted quarterly and separately for each clause.

Respondent: Michelle Napier

Interrogatory No. 146

146. Given that the Commission has not yet approved the consolidation of rates, please explain why it is appropriate to calculate the bad debt rate used in the revenue expansion factor for each system on a total company basis, instead of a system specific basis.

Company Response:

The Commission approved that the filing be made on a consolidated basis except for a few schedules that contained information from old cases specific to the division. Commission Order No. PSC-2022-0058-PAA-GU issued February 15, 2022, in Docket No. 20210188-GU approved our variance from Rule 25-7.039(1), Fla. Admin. Code, and permitted filing the rate case based on consolidated data except for the MFR's identified in Attachment A to the petition. MFR G-4 that contains the bad debt for the expansion factor is not on Attachment A. The individual division information provided in the Excel version was not based on what was required in accordance with the order.

Respondent: Michelle Napier

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida) Docket No. 20220067-GU
Public Utilities Company, Florida Division of)
Chesapeake Utilities Corporation, Florida)
Public Utilities – Fort Meade and Florida)
Public Utilities – Indiantown Division) Filed: October 13, 2022

DECLARATION

I hereby certify and affirm that I sponsored the Company's responses to STAFF'S THIRTEENTH SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Nos. 142, and 145-146 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.

Michelle Napier

Michelle Napier, Declarant

Dated: 10/6/2022

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida) Docket No. 20220067-GU
Public Utilities Company, Florida Division of)
Chesapeake Utilities Corporation, Florida)
Public Utilities – Fort Meade and Florida)
Public Utilities – Indiantown Division) Filed: October 13, 2022
)

DECLARATION

I hereby certify and affirm that I sponsored the Company's responses to STAFF'S THIRTEENTH SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, No. 143 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.



Michael Cassel, Declarant

Dated: 10/11/2022

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
20220067.GU Staff Hearing Exhibit 00250

In re: Petition for rate increase by Florida) Docket No. 20220067-GU
Public Utilities Company, Florida Division of)
Chesapeake Utilities Corporation, Florida)
Public Utilities – Fort Meade and Florida)
Public Utilities – Indiantown Division) Filed: October 13, 2022
_____)

DECLARATION

I hereby certify and affirm that I sponsored the Company's responses to STAFF'S THIRTEENTH SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Nos. 144 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.



Jason Bennett, Declarant

Dated: 9/30/22