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Public Service Commission

March 4, 2013

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Beth Keating, Esquire  
 Gunster, Yoakley & Stewart, P.A.  
 215 South Monroe Street, Suite 601  
 Tallahassee, Florida 32301

STAFF'S SECOND DATA REQUEST

**Re: Docket Number 120311-GU - Petition for approval of positive acquisition adjustment to reflect the acquisition of Indiantown Gas Company by Florida Public Utilities Company.**

Dear Ms. Keating:

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

1. Please refer to the Direct Testimony of witness Cheryl Martin, Exhibit CM-3, page 1 of 1. As shown on Exhibit CM-3, FPUC-Indiantown Division anticipates that the total annual operating cost savings will be \$187,792. Please provide the operating cost savings/increases by category and year using the format provided on the schedule below. Do not annualize the amount of any savings/increases that are not in effect for the entire year. Please indicate any one-time savings/increases that will not affect future years. Expand the schedule until the total annual operating savings of \$187,792 is realized.

Florida Public Utilities Company-Indiantown					
Docket No. 120311-GU					
Total Net Operating Cost Savings By Year					
For The Period Of 2010 Through 2025					
	2010	2011	2012	2025	Total
					Anticipated
					Net Savings
Operating Cost Savings – Capacity					
Operating Cost Savings – Cost of Capital					
Operating Cost Savings – Personnel Related					
Operating Cost Savings – Corporate					
Operating Cost Increases – Personnel Related					
Operating Cost Increases – Corporate & Benefits					

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Operating Cost Increases - Transportation costs					
Operating Cost Increases - Other					
Total Net Operating Cost Savings					

2. Please refer to the 2011 Annual Report for FPUC-Indiantown Division, page 4. Are the officers and directors salary expenses ongoing yearly expenses? If so, please provide the allocation factor or methodology used to establish the yearly salary expense for each applicable position.
  
3. Please refer to Attachment 1 - Supporting Documentation – Valuation Calculation. The chart displaying the tax depreciation calculation did not include the Commission's adjustments for accumulated depreciation. Please provide a detailed explanation for why the depreciation adjustments were not applied to the current accumulated depreciation to calculate the net value of the plant assets. In addition, please provide a revised chart for the tax depreciation calculation and any supporting documentation or work papers supporting the calculations.
  
4. Please refer to Florida Public Utilities Responses to Staff's First Data Requests, Number 18b. The Company was asked to provide a comparative analysis of the services and costs provided under the O & M agreement with former IGC and the scheduled tasks to be performed by FPUC employees. The Company responded that total distribution expense incurred was \$18,301.
  - a. Please explain if the recorded \$18,301 expense was based on an allocation methodology. If so, please provide all supporting documentation and calculations. If not, please provide all supporting documentation and calculations used to establish FPUC's cost of the scheduled O & M tasks.
  
  - b. For all vehicles, if any, used by FPUC employees from the West Palm Beach territory for the scheduled O & M tasks, please provide the vehicle expenses incurred for 2011 and 2012, and describe the method used in the calculation of the costs. Provide all supporting documentation and calculations for the vehicle expenses.
  
5. Please refer to Exhibit C of the Operations and Maintenance Agreement, page 15. It states in the O & M Agreement that "All equipment and materials used in the performance of the above O & M tasks shall be provided by the Company."
  - a. Based on the above statement, please identify the company FPUC Indiantown Division or Indiantown LP Gas is providing the equipment and materials.
  
  - b. If your response to 5(a) is FPUC Indiantown Division, please identify what equipment the company is providing to Indiantown LP Gas and at what cost to the Company.
  
  - c. Please provide a listing of the vehicles, if any, that are provided to Indiantown LP Gas to perform any of the O & M tasks.

Staff's Second Data Request to Florida Public Utilities Company

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6. Please provide a revision of Exhibit CM-2 assuming an acquisition adjustment amortization period of 20 years.
7. Please refer to the Company's response to staff's first data request, number 48. In this response the Company provided an attachment (Attachment 48) which displays the investment and average remaining life for each Indiantown account, as provided in PSC Order No. PSC-09-0328-PAA-GU. Using Attachment 48 as the base, please provide the total weighted average remaining life for the accounts acquired by FPUC from Indiantown (i.e., excluding Transportation, Account 392). Please include the calculation backup in the response.
8. Please refer to Exhibit CM-4 of witness Martin's Direct Testimony for the following questions:
  - a. The yearly costs and savings listed in Exhibit CM-4 appear to be rounded up. Please provide a revised Exhibit CM-4 for the 15 year amortization that shows the yearly costs and savings before rounding, or a copy of the Company's work papers that show the costs and savings before they were rounded up.
  - b. Please provide a revised Exhibit CM-4 based on a 20 year amortization that shows the yearly costs and savings before rounding, or a copy of the Company's work papers that show the costs and savings before they were rounded up.

Please file the original and five copies of the requested information by Tuesday, March 19, 2013, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6220 if you have any questions.

Sincerely,



Caroline Klancke  
Senior Attorney

CMK/ace

cc: Office of Commission Clerk  
Gunster Law Firm