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November 2, 2017

E-PORTAL FILING

Ms. Carlotta Stauffer, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

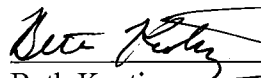
Re: Docket No. 20170150-EI - Petition for limited proceeding to include reliability and modernization projects in rate base, by Florida Public Utilities Company.

Dear Ms. Stauffer:

Attached, please find Florida Public Utilities Company's responses to staff's Sixth Set of Data Requests in the referenced docket.

As always, please don't hesitate to let me know if you have any questions. Thank you for your assistance with this filing.

Kind regards,



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cc:/ (Office of Public Counsel)

Docket No. 20170150-EI – Petition for limited proceeding to include reliability and modernization projects in rate base, by Florida Public Utilities Company.

Florida Public Utilities Company’s Response to Staff’s Sixth Data Request

1. For the purchased and installed electronic recloser project in the NW Division, FPUC listed \$25,000 as additional proposed costs. The staff auditors reviewed an invoice for reclosers for \$18,399. Please explain what the additional amount of \$6,601 (\$25,000 - \$18,399) is for.

Company Response:

The \$25,000 included on the project for purchased and installed electronic reclosers in the NW Division represents the remaining amount, at the time, forecasted to be spent to complete this project in 2017. This amount includes the \$18,399 included on the referenced invoice and does not represent additional costs to the project. The remaining \$6,601 will be used for labor to install and test the unit.

2. For the miscellaneous underground cable replacement project in the NW Division, staff auditors noted that no bids were received for the additional \$100,000. Please explain what the additional \$100,000 is for. When were the requests for bids sent out for this portion of the project and when were the bids expected to be received? Why does FPUC think no one bid on the project?

Company Response:

Bids were not solicited for this project. The Company has always anticipated that the major portion of this project will be, and is being done by our own crews. The Company is only using a contractor to install the conduit. The conduit is currently being installed and our crews will be starting the cable installation in early November. It will be completed in November.

3. For the replaced substation voltage regulators project in the NW Division, FPUC identified this project cost at \$60,000. The staff auditors indicated that FPUC spent \$2,106 for this project in June 2017 and reviewed a bill for the voltage regulators for \$38,311. Please explain what the additional \$19,583 (\$60,000 - \$2,106 - \$38,311) is for.

Company Response:

The \$60,000 on this project represents the remaining amount, as of June 2017, to be spent to complete the project in 2017. This is a component of the originally projected cost, not an additional cost to the project. The remaining \$19,583 will be used for labor, engineering, and overhead along with any additional materials needed to complete in 2017.

4. For the decayed pole replacement project, the staff auditors indicated that FPUC's completed amount of \$572,919 is comprised of the decayed pole replacements for \$470,063 and a 25 percent pole blanket for \$102,856. Please explain what the 25 percent pole blanket portion of this project is.

Company Response:

The 25 percent pole blanket portion of this project represents the expected quantity of decayed poles that will have to be replaced each year that are not included in a specifically identified project. Once this quantity is determined, the Company creates a "blanket" work order to cover the cost of these poles. In this case, more poles failed than expected so the Company uses the blanket work order to charge these additional poles. The 25 percent is the estimated number of customers considered to be part of the critical infrastructure of the system and include facilities for law enforcement, fire department, health care, schools, sewer and water stations, and elderly care facilities.

5. For all individual projects in which cost recovery is being sought, please delineate by federal Energy Regulatory Commission (FERC) account the requested capital amounts for each specific project. Please also note whether the project has been completed or not. For any incomplete projects, please estimate (in percentage terms) the amount that has been completed.

Company Response:

Please refer to the Company's included Attachment A (Excel only) for detail of each project's capital amount by FERC account. For project completion detail, please refer to the Company's included Attachment B, which shows the filed projects completion status as of September 2017.

6. Please provide an updated Exhibit MDC-2 page 1 of 2 with current cost completed, cost forecasted, and revenue requirement for all projects. Please detail any changes to this exhibit.

Company Response:

Please refer to the Company's Attachment B included with this response. The actuals were updated thru September. The Underground Feeder #312 project received some credits. The changes noted on this schedule include:

- a. The FP&L Interconnect project changed as discussed in the Company's response to question number 8 below.
- b. The Apalachicola River Crossing project has been put on hold pending decisions being made by the Florida Department of Transportation, and as such has been removed from the Company's request.
- c. The Overhead Conductor Along South Fletcher project has been split into two phases to accommodate unforeseen operational issues. The first phase of this project has been completed, while the second phase will need to be moved into 2018. As a result, the Company has reduced the total capital

amount anticipated in the project from \$1,532,592 to \$795,510 and likewise the requested revenue requirement from \$151,732 to \$97,747.

- d. **The Underground Feeder #312 project received a credit of \$6,665 from a subcontractor after the original filing of this petition. Then in October, the Company received a final invoice for \$4,990 from a subcontractor, which is now reflected in the 2017 forecast column of the Company's included Attachment B.**
 - e. **On the Rebuild AIP Substation NE project, the Company recorded depreciation into the Battery Storage Account 363, but it should have been recorded in Station Equipment Account 362. This resulted in a decrease to the depreciation cost of \$151,491 and a resulting decrease to revenue requirement of \$20,300.**
 - f. **All revenue requirements changed slightly resulting from the change in depreciation, as well as the resulting change in overheads, which is allocated on individual capital cost vs. total capital.**
7. Please provide the latest updated timetable for completion of all projects shown in Exhibit MDC-2 page 1 of 2.

Company Response:

Please refer to the Company's Attachment B included in this response.

8. In its Exhibit MDC-2 filed on July 3, 2017, the Company estimates the total cost of the FP&L Interconnect Project will be \$2,930,668, and the Company is requesting \$307,291 in revenue requirement. Please answer the following:
- a. In responding to the staff audit, the Company appears to indicate that this project has two parts, part one of the project being the portion contracted with FP&L, and part two of the project for work to reconfigure the Nassau Substation. Please clarify whether the Company is requesting cost recovery at this time for part one only, part two only, or for both parts? Include in your response whether the Company's July 3, 2017 Petition addressed part one only, part two only, or for both parts.
 - b. In responding to the staff audit, the Company appears to indicate that the total costs of the FP&L Interconnect Project are projected to total \$5,870,000. Please explain the difference between this amount and the \$2,930,668 amount shown in Exhibit MDC-2.
 - c. In responding to the staff audit, the Company appears to indicate that the total costs of the FP&L Interconnect Project are projected to total \$5,870,000. Please state what the revenue requirement would be for this amount.

Company Response:

- a. **The Company is requesting inclusion of both parts of the FP&L Interconnect project. The July 3, 2017 petition also included both parts of the project, however, cost for the project has evolved since the original design.**

- b. On August 30, 2017, the Company provided the staff auditor with two documents related to the FP&L Interconnection project. One was the contract with FP&L, which totaled \$3,550,800, and the second was a revised estimate of the Nassau Substation changes from FP&L, which totaled \$2,320,000. Together these two documents in total equal the \$5,870,000 mentioned in the staff audit report. Per the agreement between the Company and FP&L, the Company is only liable for one-half of any overages associated with the Nassau Substation. As such, only \$160,000 of the Nassau Substation document should have been included making the total revised estimate of the project, at the time, \$3,710,800 rather than \$5,870,000. On September 1, 2017, the Company noted this difference and sent a revision to the staff auditor revising the estimate for the project along with a breakdown by cost. As the project is nearing completion, the Company has a better estimate of the actual costs. The overall design and required work from FP&L, JEA and the Company has changed in order to ensure the optimum design is incorporated in the project. The revised estimated total for the FP&L interconnect is \$4,522,976. The Company is preparing to file a response to the staff audit to address the correction of \$5,780,000.**
- c. As responded to in question 8 (b) above, the Company is filing a response to the staff audit report indicating that the amount \$5,870,000 was incorrectly stated. There was never an estimate for the FP&L interconnection project for this amount and, as such, there was also no revenue requirement calculated for this amount.**

Florida Public Utilities Company
Limited Proceeding Electric Based on Costs at September and Current Forecast
Modernization & Storm Hardening Initiatives

Attachment B

Revised Exhibit MDC-2 Page 1 of 2
 Revised

| Initiative | Project | Cost Completed As Of Sept. 2017 | Remaining 2017 Forecast | Total | Revenue Requirement | Estimated Completion Date |
|--|----------------------|---------------------------------|-------------------------|---------------|---------------------|---------------------------|
| FPL Interconnect | FPL Interconnect | \$ 2,919,411 | \$ 1,603,566 | \$ 4,522,976 | \$ 429,326 | December |
| Install New SCADA at JLT and SD | Modernization/Safety | \$ 1,058,910 | | \$ 1,058,910 | \$ 139,999 | Completed |
| Loop Underground Feed in Amelia Park Subdivision NE Division | Modernization/Safety | \$ 51,508 | | \$ 51,508 | \$ 5,573 | Completed |
| Miscellaneous Underground Cable Replacement Northwest Division | Modernization/Safety | \$ 10,867 | \$ 100,000 | \$ 110,867 | \$ 6,710 | November |
| Purchase and Install Electronic Recloser NW Division | Modernization/Safety | \$ 124,961 | \$ 25,000 | \$ 149,961 | \$ 18,960 | December |
| Replace Conduit/Cable-Forrest Ridge Condos NE Division | Modernization/Safety | \$ 225,929 | | \$ 225,929 | \$ 30,615 | Completed |
| SHN Reclosers NE Division | Modernization/Safety | | \$ 100,000 | \$ 100,000 | \$ 6,446 | December |
| Substation Voltage Regulators NW Division | Modernization/Safety | \$ 238,951 | \$ 19,232 | \$ 258,183 | \$ 28,970 | November |
| Apalachicola River Crossing | Storm Hardening | | | \$ - | \$ - | 2018 |
| Decayed Pole Replacements from Osmose Pole Inspections Both Divisions | Storm Hardening | \$ 888,447 | \$ 46,770 | \$ 935,217 | \$ 103,600 | December |
| Extend Underground Feeder #312 Airport to S. Fletcher -Cond./SW. NE Division | Storm Hardening | \$ 694,592 | \$ 4,990 | \$ 699,582 | \$ 86,103 | October |
| Overhead Reconductor Along South Fletcher (Atlantic to Sadler) NE Division | Storm Hardening | \$ 795,510 | | \$ 795,510 | \$ 97,736 | Completed |
| Phase Down HWY-73 | Storm Hardening | \$ 40,939 | | \$ 40,939 | \$ 5,900 | Completed |
| RE-Build AIP Substation NE Division | Storm Hardening | \$ 3,275,614 | | \$ 3,275,614 | \$ 415,803 | Completed |
| Replace 69KV Pole with Concrete NE Division | Storm Hardening | \$ 2,562,735 | | \$ 2,562,735 | \$ 347,414 | Completed |
| Storm Harden Prison Feeder From Substation to High School NW Division | Storm Hardening | \$ 76,481 | | \$ 76,481 | \$ 10,983 | Completed |
| Storm Hardening -Jackson County Hospital Feeder NW Division | Storm Hardening | \$ - | \$ 120,000 | \$ 120,000 | \$ 8,010 | December |
| | | \$ 12,964,855 | \$ 2,019,557 | \$ 14,984,412 | \$ 1,742,147 | |