

Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

October 4, 2018

E-PORTAL FILING

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


Re: Docket No. 20180158-GU – Re: Joint petition for approval of revised swing service rider rates for the period January through December 2019, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.

Dear Ms. Stauffer:

Attached for filing, please find the above-identified Companies' response to Commission Staff's Second Data requests in the referenced docket. Confidential versions are being submitted separately, by hand delivery, under a Request for Confidential Classification.

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

Kind regards,


Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK

STAFF'S SECOND DATA REQUEST

Re: Docket No. 20180158-GU - Joint petition for approval of revised swing service rider rates for the period January through December 2019, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.

1. Please refer to the response to staff's first data request, No. 2 and respond to the following questions.
 - a. Are Pierpont and Temporary Employee new vendors?
 - b. If yes, who previously provided the services provided by Pierpont and Temporary Employee?
 - c. Could FPUC employees perform the services provided by these vendors?
 - d. Please provide a justification that the amounts paid to those vendors are reasonable and appropriate for recovery from FPUC's customers.

Company Response:

- a. **No, the vendors listed are not new vendors. The actual vendor related to the Temporary Employees is the firm of Accounting Principals, DBA Parker and Lynch.**
- b. **N/A**
- c. **No these items were temporary and specialized in nature, and for FPUC to perform these services would have required additional staff at a higher cost than incurred on a temporary basis.**
- d. **Pierpont and McLelland perform specialized analysis related to the purchase of commodity and capacity, provide recommendations and strategies on projected commodity and capacity needs related to any new natural gas project, as well as related tariff mechanisms. They provided recommendations for capacity requirements and other fuel related cost savings measures. The temporary employees were additional resources that were needed to assist the department on projects that affected both Purchased Gas Adjustment (PGA) and Swing Service.**

The costs were not included in base rates and were charges related to managing fuel commodity and capacity and transportation tariff mechanisms in order to maximize the benefits to PGA and transportation customers. Historically, these type of costs would have been recovered through the PGA clause only. However, since they relate to both PGA and transportation customers, inclusion in the Swing Service costs more fairly distributes these costs to both.

2. Please refer to the redacted monthly reservation charge to Mosaic provided in Docket No. 20170180-GU and the annual amount of \$36,000 received from Mosaic shown on schedule D of the petition. Please explain the difference in the amounts shown.

Company Response:

The redacted amount in the petition to approve the Mosaic agreement in Docket 20170180-GU is the total monthly charge to Mosaic. Only a portion of that amount was determined

to be related to the swing service charge and therefore included in Schedule D for this docket.

3. Please refer to page 4 of the direct testimony of Michael Cassel, lines 10-11, and schedule D of the petition. Please discuss and show the derivation of the swing service charges directly billed to the five special contract customers.

Company Response:

The swing charge to special contracts is designed to collect a portion of the swing charge costs for intrastate capacity costs and other costs that were typically collected in the PGA and were not historically collected from transportation and special contract customers. The contracts referred to in the testimony and schedule D are negotiated special contract rates based on factors such as market based rates, return on investments and competitive negotiations. They are not tariffed rates, but negotiated rates. The Swing Service portion of these contracts are effectively computed and noted below by contract.

Mosaic-The total contract is for [REDACTED] therms per day equal to \$ [REDACTED] per therm or [REDACTED] on an annual basis in 2019. Of this amount we are collecting and crediting to the swing charge a flat \$ [REDACTED] per month. ($\$ [REDACTED] \times 12 = \$ [REDACTED]$).

Pensacola-The total FGS contract is for [REDACTED] therms per day at [REDACTED] per therm or \$ [REDACTED] on an annual basis in 2019. Of that amount we are collecting and crediting the swing charge \$ [REDACTED] or \$. [REDACTED] per therm.

Ascend- The total FGS contract is for [REDACTED] therms per day at [REDACTED] per therm or [REDACTED] on an annual basis in 2019. Of that amount we are collecting and crediting the swing charge \$ [REDACTED] or \$. [REDACTED] per therm.

Rayonier- For 2019, we estimated [REDACTED] therms per day at [REDACTED] per therm plus a fixed reservation charge of \$ [REDACTED] a month ($\$ [REDACTED]$ /year) for a total annual basis of \$ [REDACTED]. Of that amount we are collecting and crediting the swing charge \$ [REDACTED], or \$. [REDACTED] per therm.

Eight Flags- The total contract is for [REDACTED] therms per day at \$ [REDACTED] per therm or \$ [REDACTED] on an annual basis in 2019. Of that amount we are collecting and crediting the swing charge \$ [REDACTED] or \$ [REDACTED] per therm.

These swing charge credits are consistent with what we have charged other similarly situated customers.