

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Re: Petition for limited proceeding to recover incremental storm restoration costs, by Florida Public Utilities Company.

DOCKET NO. 20180061-EI

FILED: January 14, 2019

CITIZENS' POST-HEARING BRIEF

The Citizens of the State of Florida, through the Office of Public Counsel (“Citizens” or “OPC”), pursuant to the Order Establishing Procedure in this docket, Order PSC-2018-0404-PCO-EI issued August 14, 2018, submit this Post-Hearing Brief.

PRELIMINARY STATEMENT

Within this Brief, the Office of Public Counsel will be referred to as “Citizens” or “OPC”. OPC will refer to Florida Public Utilities Company as “FPUC” or “Company”. Each OPC position statement will be set off with asterisks.

STATEMENT OF BASIC POSITION

FPUC’s petition of February 28, 2018, seeks recovery of \$2,280,815 to pay for alleged costs resulting from certain storms and to restore the Company’s storm reserve to \$1,500,000. Witness Cassel testified the storms at issue in this docket left the Company’s storm reserve with a deficit balance of \$497,967. (TR 42) On June 12, 2018, the Florida Public Service Commission (“PSC”) completed an audit of FPUC’s docket and identified two findings that totaled a reduction to the Company’s request of \$117,500. On August 20, 2018, FPUC filed direct testimony agreeing with the PSC audit staff’s adjustments and reducing the amount of its request to \$2,163,230. Subsequently, the Company agreed with OPC Witness Schultz’ adjustment for line-clearing costs - \$163,700 - thereby adjusting the Company’s request for approval to implement a surcharge that

will enable it to collect a total of \$1,999,405 which will allow it to replenish its reserve to approximately \$1.5 million. (TR 31)

FPUC's request to recover storm restoration costs includes \$307,228 of payroll costs with \$114,739 of this amount being capitalized; thus, the net payroll being requested is \$192,490. (TR 68) The payroll costs charged to the storm reserve includes \$69,632 of compensation paid under the Company's Inclement Weather Exempt Employee Compensation Policy. (TR 160) This compensation constitutes a "bonus" or "special compensation" pursuant to Rule 25-6.0143, Florida Administrative Code ("F.A.C.") (the "Storm Rule") because it is part of the Company's exempt employees' standard pay and benefits package, and has been a long-standing payroll practice of FPUC. (TR 160) Accordingly, this amount is not recoverable as a storm cost under the Storm Rule, and a reduction of \$69,632 to FPUC's request for payroll cost recovery for special compensation should be made. (TR 104)

FPUC also seeks recovery of \$1,978,291 in contractor costs. (TR 80) OPC Witness Schultz recommended the following three adjustments to contractor costs: (i) a reduction of at least \$185,039 for the grossly excessive hourly rate charged by Par Electrical Contractors (PAR); (ii) a reduction of at least \$353,795 for the excessive amount of standby time charged; and (iii) an adjustment of \$300,891 to account for the fact that contractors performed capital work which amount should be capitalized. (TR 85)

Lastly, Witness Schultz identifies costs in the amount of \$67,548 which constitutes lost revenue from services not provided. (TR 95) As such, these costs are prohibited from being charged to the reserve pursuant to the Storm Rule, and should be deducted.

Since all other issues are subject to stipulations, this brief will address only issues 3, 4, and 7 through 20.

ISSUES

ISSUE 3: Is the “extra compensation” included as part of the Inclement Weather Exempt Employee Compensation submitted for recovery by FPUC an allowable cost under Rule 25-6.0143, Florida Administrative Code?

OPC: *No, the “extra compensation” is not allowable compensation under Rule 25-6.0143, Florida Administrative Code.*

ARGUMENT:

Subsection (1)(f)2 of the Storm Rule expressly excludes bonuses or any other special compensation for utility personnel not eligible for overtime. (TR 177) Rule 25-6.0143(1)(f)2, F.A.C. FPUC, in response to Citizens’ First Interrogatory, No. 19, which asked whether any incentive compensation or storm bonus payments were included in the recorded costs charged to the reserve, stated that “additional compensation payments” were made “in accordance with the Company’s Inclement Weather Exempt Employee Compensation Policy.” (TR 72) FPUC Witness Cassel testified that FPUC always provides compensation for exempt employees who perform qualifying functions during or following any extreme inclement weather event since the event requires hours and often duties exceeding those their pay was based on, and that the Inclement Weather Exempt Employee Compensation Policy provides compensation for these excessive hours. (TR 161)

OPC Witness Schultz testified that, based on FPUC’s response to Citizens’ First Interrogatory, No. 19, the payments to these exempt employees constitute an added form of employee compensation for salaried utility personnel not eligible for overtime pay, or at the very least, constitute other special compensation that is prohibited from recovery under the Storm Rule. (TR 72) Under cross examination, Witness Cassel admitted this compensation was paid under special circumstances – circumstances of inclement weather only – and that these employees are not eligible for overtime. (TR 178-179) Thus, as Witness Schultz testified, FPUC is attempting to circumvent the prohibition found in the Storm Rule of paying bonuses. (TR 72) Because this

additional compensation by FPUC clearly constitutes special compensation which is prohibited for recovery under the Storm Rule, the amount of \$69,632 should be reduced from FPUC's request for payroll cost recovery. (TR 101, 102)

ISSUE 4: What is the proper capitalization rate for labor, benefits and overhead?

OPC: *The proper capitalization rate should be the amount shown on Exhibit No. HWS-2, Schedule B, Page 2 of 2, of Helmuth Schultz' direct testimony.*

ARGUMENT:

FPUC utilized a labor rate of \$37.34 per hour for capitalizing labor costs. FPUC Witness Cassel testified the Company normally uses its own crews to remove and replace assets; therefore, the normal cost to install and remove was determined based on the type of asset being installed or removed using in-house personnel rates. (TR 167) He further stated that FPUC arrived at a labor rate of \$37.34 per hour for capitalizing labor costs based on estimated rates provided by operations management which was compared to the actual average labor and overhead rates prior to the storm. (TR 168) However, Witness Cassel admitted at hearing when questioned by the PSC staff that FPUC used both "internal and external crews" with the work primarily being done by outside contractors. (TR 50-51)

OPC witness Schultz testified the use of a labor rate that is not applicable to the time and place of the infrastructure replacement (i.e., during storm restoration) understates the capitalized cost. (TR 76) Because the capitalization rate FPUC proposes to use for storm restoration is the same as it uses in the normal course of its business operations under normal conditions, this capitalization rate is not appropriate. (TR 76) Witness Schultz explained FPUC understates the costs that should be capitalized by using an average capitalization rate which ignores the fact that,

after an extraordinary storm, the work is increased and the incremental work is done at overtime rates that would exceed the \$37.34 per hour figure. (TR 75-76)

Witness Schultz further testified the appropriate capitalization rate should reflect the average double time rate instead of the \$37.34 per hour, and then that rate should be grossed up for benefits and labor overhead. (TR 77) Once the grossed up, or loaded, rate is determined, it should be multiplied by the number of hours FPUC has determined to be capital related hours (assuming a crew size of 3). (TR 77) Witness Schultz determined the estimated cost for FPUC overtime plus overhead to be \$401,585 for capitalization. (TR 77) He explained the \$401,585 of loaded payroll cost is \$231,567 higher than FPUC's capitalized amount of \$170,019 which illustrates FPUC's significant understatement of labor dollars capitalized. *Id.* Thus, because FPUC's labor rate of \$37.34 per hour understates the capitalized cost and is not the appropriate labor rate to apply in this case, OPC recommends the capitalization rate be corrected in accordance with Exhibit No. HWS-2, Schedule B, Page 2 of 2. (TR 76; Hearing Exhibit 4)

ISSUE 7: In connection with the restoration service associated with electric power outages affecting customers as a result of Hurricanes Matthew and Irma, were the contractor rates that FPUC paid for storm-recovery activities reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

OPC: *No. A reduction of contractor costs of at least \$185,039 for a grossly excessive hourly rate charged by Par Electrical Contractors should be made.*

ARGUMENT:

FPUC requested recovery of outside contractor costs in the amount of \$1,978,291. (TR 79-80) PAR Electrical Contractors ("PAR") billed \$1,682,556 for time and expenses. (TR 80) Witness Schultz testified that PAR charged \$905,074 – over 54% of the total amount charged to FPUC – for purely mobilization and standby charges. (TR 80-81) This alone is significant; however, Witness Schultz noted that of additional concern was the fact PAR's hourly rate charged

to FPUC during mobilization and standby periods was significantly higher than the hourly rate it charged for actually performing restoration work. (TR 81) PAR's rate charged for mobilization/demobilization was \$377 per hour per man for regular time and \$509 per hour per man for overtime, while its rate for actually performing restoration work, as well as standby time, ranged from \$216 to \$291 per hour per man.¹ (TR 81, 108-111; Hearing Exhibit 30). In other words, PAR charged FPUC over \$2,000 per hour for a 4-man crew simply to travel.

FPUC attributed this hourly rate cost differential as a result of a commitment through the Southeastern Electric Exchange ("SEE") mutual assistance process which allows utilities to obtain resources to help restore power during an emergency. (TR 81, 196) Witness Cutshaw testified that, while a discussion of rates with SEE is forbidden, the SEE process is a mechanism to share information and allocate resources. (TR 237) He further stated that rates and other matters such as hours of work, safety requirements and travel may be discussed at the time a contractor is assigned to a particular company. (TR 238) Here, FPUC was reallocated PAR after this contractor was originally assigned via SEE to Florida Power and Light Company ("FPL") under existing contract rates. (TR 81) FPUC argued it had to utilize the same rates that FPL had negotiated with PAR, which included the excessive \$509 per hour per man rate for mobilization/demobilization. (TR 81, 239)

FPUC Witness Cassel testified that under the circumstances, the limited supply of contractor services and the need to restore service, the rates charged by PAR including the rate of \$509 per hour per man were reasonable. (TR 165, 198) FPUC Witness Cutshaw also testified the hourly rate was the rate available under the "market conditions shortly before Hurricane Irma" and

¹ While PAR's invoice states that the \$509 hourly rate is given the title "Mobilize/Demobilize OT Hours", PAR's September 10, 2017, invoice and associated timesheets reflect that PAR split the time equally between mobilization and standby with 608 hours billed at \$509 and 608 hours billed at \$377. (TR 111)

that when PAR was released by FPL, there were no other options available. (TR 223, 227) However, he noted that, in the past, FPUC has turned PAR away because of their high rates. (TR 227)

FPUC stated that PAR's explanation for charging the higher rates for mobilization/demobilization when compared to its standard rate "was due to some extreme costs" incurred in responding to other storm areas and that "all Utilities [PAR] assisted *after* Hurricane Irma were charged these same rates." (TR 81) (emphasis added) Witness Schultz testified that such a general, non-specific and unsubstantiated statement does not meet any test for reasonableness or prudence that he has observed in his experiences in any state. He further stated it is a concern that through the SEE process the contractor may begin charging when it is assigned to a utility – in this case on September 7, four days before Hurricane Irma even hit FPUC's territory. (TR 81-82) Additional concerns were expressed regarding proper planning by FPUC, given that the trip from Des Moines, Iowa to Florida requires approximately 20 hours travel time and the fact that PAR was already in Jacksonville on September 8, especially in light of the high mobilization rates charged by PAR. (TR 82)

Witness Schultz further testified that prudent utilities generally have a contract in place prior to a storm hitting – utilities do not typically negotiate rates with contractors after the damage is known. (TR 144) He further stated that the rates here were all agreed to in anticipation of emergency circumstances. (TR 145)

Subsequent to filing its petition for recovery in this docket, FPUC instituted a new internal policy, effective August 2, 2018, that governs the emergency storm work process and requires, among other things, that contractor rates appearing "excessive" should be "negotiated with contractors as soon as possible" so that the restoration efforts are not delayed. (TR 192, 246)

Witness Schultz also pointed out that PAR's rates were substantially higher than the average \$106 per hour charged to FPUC by Davis H. Elliott Construction ("DH Elliot") in Hurricane Matthew. (TR 83) DH Elliot billed its equipment separately while PAR embedded the equipment costs in its hourly rate structure.² (TR 83,145-146, 242) Notwithstanding this fact, even after adding in the separate equipment charges, the implicit average hourly rate for DH Elliot is still only \$141 – significantly different than what PAR charged. (TR 83, TR 146)

PAR's rates are clearly egregious and it is unjust and unfair to expect FPUC's customers to reimburse the Company for such excessive rates. OPC urges the Commission to consider whether FPUC has carried its burden to demonstrate that such costs were reasonable and prudent in the way they were incurred and in amount. *See Florida Power Corp. v. Cresse*, 413 So. 2d 1187 (1982). OPC recommends a reduction of contractor costs by at least \$185,093 for the grossly excessive rate. (TR 86)

ISSUE 8: In connection with the restoration of service associated with electric power outages affecting customers as a result of Hurricanes Matthew and Irma, were the contractor costs associated with standby time, mobilization time, and demobilization time paid by FPUC for storm-recovery activities reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

OPC: *No. A reduction to contractor costs of at least \$353,795 for an excessive amount of standby time should be made.*

ARGUMENT:

FPUC requested recovery of outside contractor costs in the amount of \$1,978,291. (TR 80, 90) Despite FPUC's statement in response to First Citizens' Interrogatory, No. 7 that it did not incur any costs for standby time for its contractors for any of the storms in this docket, Witness

² There was no substantial difference in the equipment as between vendors. The equipment PAR brought was typical equipment in these circumstances. (TR 144)

Schultz testified the contractor invoices clearly indicate a charge for standby with a notation that the contractor was on standby. (TR 83-84) This raises a concern with FPUC's review process for paying outside vendors. (TR 84)

Witness Schultz explained that payment of standby time can be used to determine how prepared a utility is for storm restoration activities and whether it is monitoring this significant cost element of restoration in an efficient manner. (TR 84) If contractor crews are standing by and waiting for assignment for an excessive amount of time, then this is an indication the company is not properly monitoring crew activities and/or managing its resources efficiently. *Id.* As a result, Witness Schultz testified it is the utility ratepayers (here, the FPUC ratepayers) who suffer because (1) they are experiencing the power outages, and (2) they will ultimately have to pay the storm restoration expenses. *Id.* In his experience in reviewing storm costs documentation, Witness Schultz has found contractors generally note on their time sheets as to whether standby time is occurred. *Id.* He explained a prudent utility should require and use this information to evaluate its own performance and to help it develop a process to minimize standby time. *Id.* It is not reasonable to expect ratepayers to have to pay for contractors to just sit around.

FPUC began paying PAR on September 7 and Hurricane Irma did not actually hit FPUC territory until 4 days later on September 11. (TR 82) Witness Cassel testified that PAR was not on standby September 7 and 8, but rather traveling which is billed as "mobilization/demobilization." (TR 165) He conceded the PAR crews were on standby on September 9 and 10 and argued it is necessary that contractors arrive in advance of the storm so overall restoration time is reduced. *Id.* As stated above, given the length of the trip PAR made from Iowa – 20 hours – two days is much more reasonable instead of the four charged. (TR 82, 86) Moreover, since PAR was able to be in Jacksonville, Florida on September 8 and charged standby time for the next two days, it raises a major concern as to proper planning by FPUC,

especially given the high mobilization rates charged by PAR. *Id.* In addition, since FPUC obviously knew the storm was approaching and contracted SEE well in advance of the day the storm hit, it begs the question as to why the Company wasn't better prepared in terms of securing other contractors with more reasonable rates.

Certainly, there are instances where standby time is not objectionable. Witness Schultz testified that standby time would not be objectionable where the contractor is waiting for the storm to pass, for example in this case, on September 11th. (TR 24, 113) Consistent with this testimony, Witness Schultz did not recommend an adjustment for the standby time charged by PAR on that day. (TR 201) Additionally, Witness Schultz allowed two days – instead of the four charged by PAR – as being a reasonable amount of standby time for PAR to travel the 20 hours to Florida.

Witness Schultz recommended FPUC be required to separately identify the amount of hours and costs that are associated with mobilization/demobilization and with standby time as this information is beneficial not only to the Company but to the Commission. (TR 85) This information would provide critical assistance into how FPUC is planning and controlling costs before, during and after storm restoration. *Id.*

OPC recommends a reduction to contractor costs of at least \$353,795 for the excessive amount of standby should be made based upon the circumstances in this case. (TR 85) As stated above, two days (1,216 hours), instead of four days (2,432 hours), is a reasonable and sufficient time for PAR to travel to Florida and be available to perform restoration work. (TR 86) In addition, since half of the time billed is considered excessive, the remaining \$707,591 was multiplied by 50% which results in an adjustment of \$353,795 for excessive standby time. (TR 86)

ISSUE 9: In undertaking storm-recovery activities associated with Hurricanes Matthew and Irma, were the contractor costs FPUC has included for storm recovery reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

OPC: *No. FPUC's request for contractor costs related to recapitalization of contractor costs should be reduced by at least \$300,891. Additionally, FPUC's request for contractor costs should be reduced by \$170,019 for the reclassified costs from payroll benefits and overheads.*

ARGUMENT:

FPUC does not appear to have a set policy for capitalization of storm costs or a standard methodology in place. (TR 96) A prudent utility should have a capitalization policy in place and develop a method for appropriately capitalizing storm restoration costs. Witness Schultz explained the methodology should factor in contractor rates and crew sizes because contractors perform a significant portion of capital restoration work – and contractor rates are significantly higher than either regular or overtime rates of FPUC employees. (TR 96)

Witness Cassel testified FPUC normally uses its own crews to remove and replace assets; thus, the Company proposed using its normal cost to install and remove assets based on the type of asset being installed or removed and applying in-house personnel rates. (TR 167) As a result, the capitalization rate FPUC proposes to use for storm restoration is the same it uses in the normal course of its business operations under normal conditions. (TR 102) However, Witness Schultz stated that after a storm, circumstances dictate a different response and level of cost incurrence; a difference that cannot and should not be ignored. (TR 102) Because contractors perform a large portion of capital restoration work and at a much higher cost, it is unreasonable to apply a capitalization rate that is based on FPUC's normal business operations. Indeed, as stated earlier, Witness Cassel admitted that while FPUC used both internal and external crews, FPUC primarily used subcontractors (external crews or outside contractors). (TR 51-52) Accordingly, FPUC's request for contractor costs related to recapitalization should be reduced by at least \$300,891 for

the difference between the Company's capitalization rate and the adjusted average hourly capitalization rate of \$221 for its contractors. (TR 104) It should be noted that this adjustment does not preclude the Company from recovering these costs, but rather spreads the cost over the life of the assets that were replaced.

As a result of the revision of payroll as discussed earlier, the reclassification of \$170,019 of capitalized payroll, benefit and overhead costs to reduce the recoverable amount of contractor costs is no longer required. (TR 102-103)

ISSUE 10: *Stricken.*

ISSUE 11: In connection with the restoration of service associated with storm-related electric power outages affecting customers, were the line clearing costs FPUC included for storm recovery reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

OPC: *No. A reduction of at least \$163,700 to FPUC's request for line clearing cost recovery should be made.*

ARGUMENT:

FPUC has agreed to OPC's recommendation of a reduction of \$163,707 to FPUC's request for line clearing costs, \$21,720 for Hurricane Matthew and \$141,987 for Hurricane Irma. (TR 156, 171)

ISSUE 12: In connection with the restoration of service associated with storm-related electric power outages affecting customers, were the vehicle and fuel costs FPUC included for storm recovery reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

OPC: *The Citizens have not identified any issues related to vehicle and fuel costs, but the Commission should satisfy itself that FPUC has carried its burden to demonstrate that such costs were reasonable and prudent in the way they were incurred and in amount.*

ARGUMENT:

FPUC identifies the amount of vehicle and fuel costs for the storm being charged to the reserve to be \$34,231. (TR 92) Witness Schultz testified that, following his review of the costs and the supporting detail provided, he has not identified any issues that would require an adjustment to FPUC's request concerning vehicle and fuel costs. (TR 92) However, OPC contends the Commission must still satisfy itself that FPUC has carried its burden to demonstrate that such costs were reasonable and prudent in the way they were incurred and in the amount. *See Florida Power Corp. v. Cresse*, 413 So. 2d 1187 (1982).

ISSUE 13: In connection with the restoration of service associated with storm-related electric power outages affecting customers, were the material and supply costs FPUC included for storm recovery reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

OPC: *No. A reduction of at least \$32,800 to FPUC's request for materials and supplies cost recovery should be made.*

ARGUMENT:

Based upon evidence presented in the hearing, OPC is no longer recommending an adjustment to materials and supply costs.

ISSUE 14: In connection with the restoration of service associated with storm-related electric power outages affecting customers, were the logistic costs FPUC included for storm recovery reasonable and prudent, in incurrence and amount? If not, what amount should be approved?

OPC: *No. More information is required from FPUC to determine what adjustments, if any, should be made. The Commission should satisfy itself that FPUC has carried its burden to demonstrate that such costs were reasonable and prudent in the way they were incurred and in amount.*

ARGUMENT:

FPUC requests recovery of a total of \$245,705 for logistics costs, which represents \$73,455 for Hurricane Matthew and \$172,250 for Hurricane Irma. (TR 93) Logistic costs are costs related to the establishment and operation of storm restoration sites, and to support employees and contractors who are working on storm restoration (i.e., lodging, meals, transportation, etc.) *Id.* OPC Witness Schultz identified an invoice for Hurricane Matthew totaling \$82,390; however, FPUC included only \$40,000 in its request which was identified as a down payment. (TR 94) Witness Schultz testified FPUC should explain how this invoice was accounted for as it was not clear why only the down payment was reflected and whether any subsequent payments were made. *Id.* Ultimately, FPUC failed to provide any additional explanatory information in rebuttal or at hearing as to why only the down payment in the amount of \$40,000 was made or whether any additional payments were incurred. Therefore, the Commission should disallow the amount of \$40,000 as FPUC did not meet its burden of proof to justify this cost for recovery. *See Florida Power Corp. v. Cresse*, 413 So. 2d 1187 (1982).

ISSUE 15: In connection with the restoration of service associated with storm-related electric power outages affecting customers, were the costs identified by FPUC as “Normal Expenses Not Recovered in Base Rates” and included as “other operating expenses” reasonable and prudent, in incurrence and amount? If not, what amount should be made?

OPC: *No. The request for \$67,548 should be disallowed.*

ARGUMENT:

FPUC seeks recovery of costs in the amount of \$67,548 identified as “Normal Expenses Not Recovered in Base Rates” and included as “other operating expenses.” FPUC stated that it “did not realize the level of base rate revenues expected to cover its normal O&M costs and that these amounts reflect normal O&M costs not covered by the Company’s base rate revenue. (TR

95) Witness Schultz testified that FPUC's explanation clearly indicates these costs are for lost revenues in contravention of subsection (f)9 of the Storm Rule which prohibits the recovery of "[u]tility lost revenues from services not provided." *Id.* FPUC provided no supporting evidence for the incurrence of \$67,548. *Id.* The only information FPUC provided for this added cost were two journal entry amounts. *Id.*

Witness Cassel argued that FPUC was not seeking to recover \$67,548 in lost revenue. (TR 169) Rather, he testified the \$67,548 represents recovery of O&M costs in FPUC's base rates and not the lost profit or lost revenue that reach the Company's bottom line. (TR 169) He argued that, because FPUC's revenue was reduced as a result of the "minimal electric usage," regular payroll costs were not recovered in base rate revenue. *Id.* Witness Cassel further stated the Company was asking for recovery of typical O&M costs that should have been recovered in base rates but were not recovered because of impacts to FPUC's customers from the storm. *Id.* In other words, FPUC's position is that its revenue was reduced and that it was not allowed to recover payroll costs and base-rate revenues as a result of not being able to sell electricity to customers during the post-storm period. (TR 181) Witness Cassel further argued that FPUC's inclusion of these costs is consistent with Commission Order No. PSC-05-0937-FOF-EI where the Commission found that normal O&M costs that FPL did not recover in base rates should be eligible for recovery in the storm recovery mechanism. (TR 170)

Significantly, the decision relied upon by FPUC predates the June 11, 2007 amendment to the Storm Rule. (TR 182-186) Further, the March 29, 2007, staff Storm Rule proposal made clear that (i) the objective of the amendment was to establish a single, consistent, and uniform methodology for determining which storm-damage restoration costs can be appropriately charged to the reserve and (ii) that the non-exhaustive list of types of costs found in new paragraph (f) came directly from the Commission's decisions in the 2004 and 2005 hurricane cost-recovery dockets.

(182-184, 186) The Commission's decision that FPUC points to in support of its attempt to recover the \$67,548 is one such decision from the 2005 docket that was a driver for the rule amendment and any reliance on this order would be contrary to current Commission authority.

FPUC's attempts to re-characterize the \$67,548 should be rejected. Under any analysis, the \$67,548 is clearly lost revenues and the Commission should disallow FPUC's request to recover this amount since it is prohibited by subsection (1)(f)9 of the Storm Rule.

ISSUE 16: What is the correct amount to be included in storm recovery to replenish the level of FPUC's storm reserve?

OPC: *No more than \$1,022,561 should be included in storm recovery to replenish the level of FPUC's storm reserve.*

ARGUMENT:

Based on the adjustments discussed above, OPC contends no more than \$1,022,561 should be included in storm recovery to replenish the level of FPUC's storm reserve. (TR 98)

ISSUE 18: Should the Commission approve Florida Public Utility Company's proposed tariff and associated charge?

OPC: *No, FPUC's proposed tariffs should be recalculated in accordance with Witness Schultz's recommended adjustments.*

ARGUMENT:

FPUC's proposed tariffs should be recalculated in accordance with Witness Schultz' recommended adjustments.

ISSUE 19: If applicable, how should any under-recovery or over-recovery be handled?

OPC: *The over recovery should be handled as a one-time adjustment to customers' bills or, in the alternative, a one-time adjustment to the fuel clause for the remainder of 2019.*

ARGUMENT:

The over recovery should be handled as a one-time adjustment to customers' bills or, in the alternative, a one-time adjustment to the fuel clause for the remainder of 2019.

ISSUE 20: Should the docket be closed?

OPC: *No.*

ARGUMENT:

Once the Commission makes the findings contained herein, it will be unnecessary to keep this docket open. Therefore, the docket should be closed.

Respectfully submitted,

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CERTIFICATE OF SERVICE
20180061-EI

I HEREBY CERTIFY that a true and correct copy of **Citizen's Post-Hearing Brief** has been furnished by electronic mail on this 14th day of January, 2018, to the following:

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