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July 13, 2022

BY E-PORTAL

Mr. Adam Teitzman, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Docket No. 20220049-EI: Review of Storm Protection Plan pursuant to Rule 25-6.030,
F.A.C., Florida Public Utilities Company**

Dear Mr. Teitzman:

Attached for electronic filing in the above-referenced docket, please find Florida Public Utilities Company's Prehearing Statement.

I hope you find this of some assistance. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,



Beth Keating
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MEK
cc: (Certificate of Service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of Storm Protection Plan
pursuant to Rule 25-6.030, F.A.C., Florida
Public Utilities Company

DOCKET NO. 20220049-EI

DATED: July 13, 2022

**FLORIDA PUBLIC UTILITIES COMPANY'S
PREHEARING STATEMENT**

Consistent with Order No. 2022-0119-PCO-EI, issued March 17, 2022, as subsequently modified¹, Florida Public Utilities Company ("FPUC") hereby submits this Prehearing Statement:

a. All Known Witnesses

Direct

<u>Witness</u>	<u>Subject</u>	<u>Issue</u>
P. Mark Cutshaw	FPUC's 2022 – 2031 Storm Protection Plan	1B – 6B, and 10B-11B

Rebuttal

P. Mark Cutshaw	Rebuttal to OPC Witness Mara	1B-4B, & 10B
Robert C. Waruszewski	Rebuttal to <u>OPC Witness</u> Kollen	2B, 5B & 6B

¹ First Order Modifying Order Establishing Procedure No. PSC-2022-0226-PCO-EI, issued on June 24, 2022.

b. All Known Exhibits

<u>Witness</u>	<u>Exhibit</u>	<u>Title</u>	<u>Issue</u>
P. Mark Cutshaw	PMC-1	FPUC Storm Protection Plan 2022-2031	1-10, 11
Robert C. Waruszewski	RCW-1	Estimated Period 2022-2031 – Return on Capital Investments, Depreciation and Taxes	4 & 5

c. FPUC’s Statement of Basic Position

FPUC: Consistent with the Commission’s prior orders Order No. PSC-2020-0097-PCO-EI, issued in Docket No. 20200068-EI, and Order PSC-2020-0502-PAA-EI, issued in Docket No. 20200228-EI, and pursuant to Section 366.96, Florida Statutes and Rule 25-6.030, Florida Administrative Code, FPUC submitted its first Storm Protection Plan (“SPP”) for 2022 through 2031 for approval on April 11, 2022. In accordance with Section 366.96(3), Florida Statutes, the programs and projects contemplated thereunder meet the statutory objectives of reducing restoration costs and outage times associated with extreme weather events and enhancing reliability. Overall, the SPP combines the beneficial legacy Storm Hardening programs with new programs developed based upon resiliency risk scores from across FPUC’s electric system to provide an organized, highly navigable “roadmap” for the investments necessary to fully implement the SPP statutory objectives. The SPP put forth by FPUC is consistent with the Legislative directive of Section 366.96, Florida Statutes, and it includes the details and information required by Rule 25-6.030, Florida Administrative. Implementation of FPUC’s plan, as filed, would be in the public interest; therefore, FPUC asks that it be approved.

d. FPUC's Position on the Issues

ISSUE 1B: Does FPUC's Storm Protection Plan contain all of the elements required by Rule 25-6.030, Florida Administrative Code?

FPUC: Yes. (*Witness Cutshaw*).

ISSUE 2B: To what extent is FPUC's Storm Protection Plan expected to reduce restoration costs and outage times associated with extreme weather events and enhance reliability?

FPUC: FPUC's SPP is expected to reduce restoration costs and reduce outage times as outlined in Exhibit PMC-1 and as further discussed in the rebuttal testimony of FPUC Witness Mark Cutshaw, as well as that of FPUC Witness Robert Waruszewski. Implementation of FPUC's SPP will result in a reduction to future restoration costs from severe storms because the projects and programs in the SPP will enhance system reliability and ultimately result in less damage in a storm event. The Company believes there is no reasonable way to quantify the savings amount, since the restoration costs related to a severe storm are related to the timing and damage of the storm in the future. (*Witnesses Cutshaw and Waruszewski*).

ISSUE 3B: To what extent does FPUC's Storm Protection Plan prioritize areas of lower reliability performance?

FPUC: FPUC historical data was analyzed using a Risk Resiliency Model, which assessed:

1. The probability or likelihood that an extreme weather condition event will cause damage to existing utility infrastructure.
2. The utility's ability to appropriately respond to and recover from infrastructure damage caused by an extreme weather condition; and

3. The societal impact of the extreme weather condition caused electrical outage to the community being affected.

Critical load was categorized, number of customers served by circuits was assessed, and an Interruption Cost Estimate (ICE) calculator was utilized to estimate the cost impact of outages. In addition, particularly given FPUC's two distinct service areas, location and historical weather patterns were also evaluated. (*Witness Cutshaw*).

ISSUE 4B: To what extent is FPUC's Storm Protection Plan regarding transmission and distribution infrastructure feasible, reasonable, or practical in certain areas of the Company's service territory, including, but not limited to, flood zones and rural areas?

FPUC: The Company's SPP as it relates to transmission and distribution infrastructure is feasible, reasonable, and practical for all areas and facilities that the Company's SPP addresses. The Reliability Model used to develop the SPP considers, among other things, geographic location and population; thus, flood zones and rural areas have been considered. The proposed SPP builds on what has already been accomplished through the Storm Hardening Plan and enhances those efforts through additional programs that will further enhance the reliability and resiliency of FPUC's electric system in a cost-effective manner. (*Witness Cutshaw*).

ISSUE 5B: What are the estimated costs and benefits to FPUC and its customers of making the improvements proposed in the Storm Protection Plan?

FPUC: FPUC's estimates that implementation of its SPP for the 2022-2031 period will cost \$147,181,829, as set forth in Exhibit No. PMC-1 and Exhibit No. RCW-1. Of that amount, \$20,021,100 represents O&M expense, and \$127,160,729 of that amount consisting of Capital

Expenditures and the Return Requirement. All proposed programs and subsequent projects provide an economic benefit in more than one way inclusive of reduced restoration costs from facilities which will not require repair following extreme weather events and economic benefits to customers whose power availability will either be uninterrupted or be restored more expeditiously because of these initiatives. The calculated or perceived financial benefit to specific customers because of the availability of power varies by individual customer, business/industry, individual circumstances, or personal choice/perception.

(Witnesses Cutshaw and Waruszewski).

ISSUE 6B: What is the estimated annual rate impact resulting from implementation of FPUC's Storm Protection Plan during the first 3 years addressed in the plan?

FPUC: The estimated annual rate impact associated with implementation of FPUC's SPP is set forth in Section 5.0 of Exhibit No. PMC-1, at page 39, which provides the estimated impact in 2023, 2024, and 2025 for residential, commercial, and industrial customers. *(Witnesses Cutshaw and Waruszewski).*

ISSUE 7: Withdrawn.

ISSUE 8: Withdrawn.

ISSUE 9: Should the Commission approve, approve with modification, or deny FPL's new Transmission Access Enhancement Program?

FPUC: No position.

ISSUE 10B: Is it in the public interest to approve, approve with modification, or deny FPUC's Storm Protection Plan?

FPUC: Yes, the Commission should determine that FPUC's SPP meets the statutory objectives, complies with requirements of Rule 25-6.030, F.A.C., and as such, should be approved as being in the public interest. (*Witness Cutshaw*)

ISSUE 11B: Should this docket be closed?

FPUC: Yes.

e. Contested Issues

OPC has offered edits to Issues 1, 2, 5, and 6 above. FPUC objects to the edits proposed by Office of Public Counsel ("OPC") as they are unnecessary, are not neutrally worded, and otherwise seek to impose requirements not contemplated by the Rule.

In addition, the following issues have been proposed for consideration in this proceeding by OPC. FPUC contests the inclusion of the issues in this proceeding as they: (1) expand the scope of this proceeding beyond that contemplated by Section 366.96, Florida Statutes, and Rule 25-6.030, Florida Administrative Code; (2) would assume applicability of requirements not otherwise contemplated in the Rule; or (3) are otherwise redundant of, or subsumed within, issues set forth above. FPUC provides its positions as to the disputed, proposed additional issues as follows, including its positions, should any of the issues be retained, reflected in italics:

OPC Proposed Issue A:

Are the Company's Storm Protection Plan programs and projects new or expansions of existing activities that are incremental, and are the programs designed specifically for the purpose of reducing restoration costs and outage times?

- a. Docket No. 20220048-EI for TECO's Storm Protection Plan.
- b. **Docket No. 20220049-EI for FPUC's Storm Protection Plan.**
- c. Docket No. 20220050-EI for DEF's Storm Protection Plan.
- d. Docket No. 20220051-EI for FPL's Storm Protection Plan.

FPUC: FPUC believes this issue is inappropriate and inconsistent with Rule 25-6.030, F.A.C. in that whether or not the programs or projects are new or are expansions of existing activities is not a contemplated criteria within either the Rule or the underlying statute. Neither is precluded by the Rule. Otherwise, this issue is subsumed by current Issue 2.

FPUC's proposed SPP is comprised largely of the expansion, revision, and continuation of programs originally undertaken in its Storm Hardening Program, but also includes certain specific capital projects that are also integral to realizing the full potential of the SPP.

OPC Proposed Issue B:

What decision criteria, including economic, did the Company use to qualify, rank (select), and determine the magnitude (optimal and/or maximum levels and timing of capital expenditures and expenses) of the Company's Storm Protection Plan programs and projects, and are these criteria reasonable and properly applied for the purposes of mitigating outage times and restoration costs of extreme storms?

- a. Docket No. 20220048-EI for TECO's Storm Protection Plan.
- b. **Docket No. 20220049-EI for FPUC's Storm Protection Plan.**
- c. Docket No. 20220050-EI for DEF's Storm Protection Plan.
- d. Docket No. 20220051-EI for FPL's Storm Protection Plan.

FPUC: FPUC believes this issue is unnecessary, inappropriate, and inconsistent with Rule 25-6.030, F.A.C., and Section 366.96, F.S. As proposed, this issue seeks to impose an additional layer of debate regarding FPUC's development of its SPP that is simply not contemplated by the Rule or the underlying statute. *In developing its SPP, FPUC appropriately considered the costs, benefits, historic service reliability performance, and appropriate prioritization of the various programs and projects, including an analysis of the costs of its various programs and projects balanced with the benefits of reduced outage times for its customers, including critical load customers. It also included a methodical "ramp-up" approach in the first three years in order to*

mitigate the rate impact in those years. The criteria applied by FPUC to select the programs and projects for inclusion in its SPP are consistent with the statute and in the public interest.

OPC Proposed Issue C:

Are the Company's Storm Protection Plan programs and projects prudent and reasonable and are the costs reasonable?

- a. Docket No. 20220048-EI for TECO's Storm Protection Plan.
- b. Docket No. 20220049-EI for FPUC's Storm Protection Plan.**
- c. Docket No. 20220050-EI for DEF's Storm Protection Plan.
- d. Docket No. 20220051-EI for FPL's Storm Protection Plan.

FPUC: FPUC objects to this issue as imposing a standard inconsistent with the Section 366.96, F.S. for approval of FPUC's SPP. Consideration of the utility's prudently incurred storm protection plan costs, as contemplated by Section 366.96(7), and Rule 25-6.031, F.A.C., is a matter for consideration in Docket No. 20220010-EI. *The programs and projects in FPUC's proposed SPP are consistent with Section 366.96 and Rule 25-6.030, F.A.C., and implementation of its SPP would be consistent with the public interest.*

OPC Proposed Issue D:

Should a return on CWIP be included in the Company's annual rate impacts or deferred and included in the rate impacts only after a project is completed and determined to be prudent.

- a. Docket No. 20220048-EI for TECO's Storm Protection Plan.
- b. Docket No. 20220049-EI for FPUC's Storm Protection Plan.**
- c. Docket No. 20220050-EI for DEF's Storm Protection Plan.
- d. Docket No. 20220051-EI for FPL's Storm Protection Plan.

FPUC: FPUC objects to this issue as inappropriate for this proceeding under Rule 25-6.030, F.A.C., which contemplates that FPUC's SPP will be analyzed under the "public interest"

standard. *Generally, FPUC believes recovery of costs incurred for programs and projects conducted under an approved plan should be included in the calculation and true-up of cost recovery rates according to when they are incurred.*

OPC Proposed Issue E:

Should credits be reflected in the Company's annual rate impacts for savings in depreciation on base rate assets that are retired when replaced with SPP project assets and savings in base rate operation and maintenance and other operating expenses that are avoided due to SPP programs and projects?

- a. Docket No. 20220048-EI for TECO's Storm Protection Plan.
- b. **Docket No. 20220049-EI for FPUC's Storm Protection Plan.**
- c. Docket No. 20220050-EI for DEF's Storm Protection Plan.
- d. Docket No. 20220051-EI for FPL's Storm Protection Plan.

FPUC: FPUC also objects to this proposed issue as inappropriate for this proceeding under Rule 25-6.030, F.A.C. and as otherwise seeking to impose a standard not contemplated by the statute for consideration of FPUC's SPP. As with the prior proposed Issue D, this issue would be more appropriate (if at all) for consideration in the cost recovery proceeding in Docket No. 20220010-EI, as this ultimately goes to the matter of recovery of costs associated with the SPP.

No.

f. Stipulated Issues

While not a party to any stipulations at this time, FPUC believes that it should be possible to reach a stipulation on each of the issues as they pertain to FPUC.

g. Pending Motions

FPUC has no pending motions.

h. Pending Confidentiality Claims or Requests

June 21, 2022 - Request for Confidential Classification of portions of the Testimony of OPC Witness Mara.

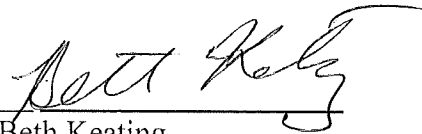
i. Objections to Witness Qualifications as an Expert

FPUC has no objections to any witnesses' qualifications at this time.

j. Compliance with Order No. PSC-2022-0119-PCO-EI

FPUC has complied with all requirements of the Order Establishing Procedure entered in this docket.

RESPECTFULLY SUBMITTED this 13th day of July, 2022.

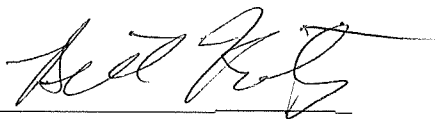


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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by Electronic Mail to the following parties of record this 13th day of July, 2022.

Jacob Imig Walt Trierweiler Lee Eng Tan Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 jimig@psc.state.fl.us wtrierwe@psc.state.fl.us ltan@psc.state.fl.us	Mike Cassel Florida Public Utilities Company 208 Wildlight Ave. Yulee, FL 32097 mcassel@fpuc.com
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