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October 6, 2022

BY E-PORTAL

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

Re: Docket No. 20220128-PU – Joint petition requesting approval to establish regulatory assets, 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 Mr. Teitzman:

Attached for electronic filing, please find Florida Public Utilities Company's to Staff's Third Set of Data Requests.

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

Sincerely,

/s/Beth Keating
Beth Keating
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Cc: Jennifer Crawford (OGC)
Ryan Sandy (OGC)

Docket No. 20220128-PU – Joint petition requesting approval to establish regulatory assets, by Florida Public Utilities Company, Florida Public Utilities Company - Indiantown Division, Florida Public Utilities Company - Fort Meade, and Florida Division of Chesapeake Utilities Corporation.

FLORIDA PUBLIC UTILITIES COMPANY’S RESPONSE
TO STAFF’S THIRD DATA REQUESTS

1. Please elaborate on the specific tasks of the four duties listed in paragraph 10 of the petition to establish regulatory assets.

FPUC Response:

Gathering & Validating Business Requirements – These tasks will focus on the business requirements for the CIS system. Business Requirements cover all aspects of what is needed in a billing system including, but not limited to, the following functional areas: New Service, Customer Service, Field Service, Inventory, Meter Reading, Billing, Payments, Credit & Collections, Accounting, Self-Service, Reports, Interfaces, System Characteristics, and Security. The process of gathering and validating these requirements is accomplished by leveraging subject matter experts in each functional area. These are then utilized as requirements within the Customer Information System (CIS) Request for Proposal (RFP).

Vendor Review & Selection – These tasks involve targeting the RFP to respective vendors along with detailed expectations for completion and timelines. Once the vendor proposals are submitted, a vigorous validation occurs that the requirements identified in the previous step are met. On-site vendor demos are organized to observe and evaluate the system for each category mentioned above as well as the following items: Company Overview, Technical Requirements, Rates, Utility Knowledge, System Outlook & Stability, and Overall Functionality.

Data Cleansing & Preparation – Data Cleansing & Preparation involves tasks of validating specific data fields that may have non-standard formats (Example: 923 Main St versus 923 Main Street), named fields that are being used for alternate data collection (Example: Alternate Billing Address field is actually email addresses), inventory updates, old service orders, premise addresses, tax jurisdictions, and system reporting. There is a wide range of tasks that will be done prior to the project start and then throughout the project start.

Process Documentation – These tasks include documentation of all processes in the respective areas. Documentation on record will be reviewed for accuracy, updated, and simplified where possible. These tasks ensure that the current process is understood, accurate, and documented so

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that we can accurately identify what specific steps in a process are changing as a result of the CIS implementation, as well as articulate the internal and external change management needs.

2. In FPUC's response to Question Five on Staff's First Data Request, the breakdown of cost has the category "training/stabilization." What is stabilization and how does it correlate to the duties listed in paragraph 10 of the petition?

FPUC Response:

The training/stabilization is focused on stabilization of the system. The duties in paragraph 10 reference items needed to select a system that meets the business requirements and preparing the organization and current system for building of the new CIS platform. The stabilization phase is after the platform becomes active. From a technical perspective, this phase addresses any defects in the system and activities they might require, such as system modifications. From a business perspective, this phase will entail any training that might be required as a result of system changes and includes additional staff in both the front office and back office to respond to increased call volume due to extended handle times while customers and staff become accustomed to the new system.

3. In FPUC's response to Question Five of Staff's First Data Request, the Company estimated the total cost of training/stabilization to be \$3,714,350.
 - a. Please identify how much of this total cost is for training and for stabilization.

FPUC Response: The total cost for training is estimated at \$52,467 and stabilization activities are estimated at \$3,661,883.

- b. Does all the training cost included in the \$3.7 million involve training solely prior to the implementation of the new CIS on January 1, 2025? If not, how much is subsequent to the implementation of the new CIS on January 1, 2025?

FPUC Response: No. The training costs prior to the implementation are estimated at \$120,738.

4. The Uniform System of Accounts (USOA) for Public Utilities and Licensees as found in the Code of Federal Regulations, Title 18, Subchapter C, Parts 101 and 201, Plant Instructions 3. (19), states, the following:

Training costs (Major and Nonmajor Utilities). When it is necessary that employees be trained to operate or maintain plant facilities that are being constructed and such facilities are not conventional in nature, or are new to the company's operations, these costs may be capitalized as a component of construction cost. Once plant is placed in service, the capitalization of training costs shall cease and subsequent training costs shall be expensed. (See Operating Expense Instruction 4.) (Underline Emphasis Added)

In response to Question 2 to Staff's Second Data Request, FPUC stated that "[a]ny additional training costs associated with post implementation costs would result in a true up of the amortization amount in the period incurred and the remaining subsequently amortized as appropriate." In accordance with the USOA for Public Utilities and Licensees as found in the Code of Federal Regulations, Title 18, Subchapter C, Parts 101 and 201, Plant Instructions 3.(19), does FPUC agree that any training costs incurred after the implementation of the new CIS on January 1, 2025, should be expensed?

FPUC Response: FPUC is seeking approval to classify these post implementation training costs as a regulatory asset with subsequent amortization due to the above stated regulation indicated those costs are not eligible for capitalization as Plant in Service assets.