

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 20, 2023

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Dale R. Buys, Public Utilities Supervisor, Division of Accounting & Finance *DRB*

RE: Docket No. 20220210-EI – Petition requesting approval of an AFUDC rate, effective January 1, 2023, by Florida Public Utilities Company.

Please file the attached email from Beth Keating, counsel for FPUC, to staff, dated March 17, 2023, including the attached Schedules A, B, and C, in Docket No. 20220210-EI.

From: [Keating, Beth](#)
To: [Dale Buys](#); [Jennifer Crawford](#); [Mark Cicchetti](#); [Daniel Dose](#); [Charles Rehwinkel](#); [Patty Christensen \(christensen.patty@leg.state.fl.us\)](#); [Willis, Marshall](#)
Subject: RE: Docket No. 20220210
Date: Friday, March 17, 2023 2:19:58 PM
Attachments: [image001.png](#)
[image002.png](#)
[FPUC AFUDC DISC Comp w-o Hurricane Michael.pdf](#)

All, it has come to FPUC's attention that calculation of the AFUDC rate attached to the Company's March 3 data responses did not reflect certain necessary adjustments to deferred taxes. Attached, please find a corrected version, which now reflects the appropriate AFUDC rate 5.12.

Apologies for any inconvenience.

Best,
Beth

From: Keating, Beth
Sent: Friday, March 3, 2023 1:19 PM
To: Dale Buys <DBuys@PSC.STATE.FL.US>; Jennifer Crawford <jcrawfor@psc.state.fl.us>; Mark Cicchetti <MCICCHET@PSC.STATE.FL.US>; Daniel Dose <ddose@psc.state.fl.us>; Rehwinkel, Charles <rehwinkel.charles@leg.state.fl.us>; Patty Christensen (christensen.patty@leg.state.fl.us) <christensen.patty@leg.state.fl.us>; Willis, Marshall <Willis.Marshall@leg.state.fl.us>
Subject: Docket No. 20220210

Good afternoon. Attached, please find FPUC's data responses, which have been filed in the referenced docket. As always, don't hesitate to reach out if you have any questions.

All the best,
Beth



Beth Keating | Shareholder
Governmental Affairs
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"It takes less time to do things right than to explain why you did it wrong." – Henry Wadsworth Longfellow

FLORIDA PUBLIC UTILITIES COMPANY
 ELECTRIC DIVISION
 BASIS FOR THE REQUESTED AFUDC RATE
 FPSC ADJUSTED BASIS
 SEPTEMBER 2022

SCHEDULE A:

- * Based on the midpoint approved equity return in Docket No. 20140025-EI
- ** Based on year end long term debt rate per the September 2022 rate of return report.
- *** Based on 13-month average cost rates per the September 2022 rate of return report.

<u>CAPITAL COMPONENTS</u>	<u>JURISDICTIONAL 13- MONTH AVERAGE</u>	<u>CAPITAL RATIO</u>	<u>COST OF CAPITAL</u>	<u>AFUDC WEIGHTED COMPONENTS</u>
COMMON EQUITY	\$ 42,066,879	38.73%	10.25% *	3.97%
LONG TERM DEBT	30,217,101	27.82%	3.34% **	0.93%
SHORT TERM DEBT	9,456,215	8.71%	1.66% ***	0.14%
CUSTOMER DEPOSITS	3,922,366	3.61%	2.29% ***	0.08%
DEFERRED INCOME TAX	22,962,105	21.14%	0.00%	0.00%
INVESTMENT TAX CREDITS	-	0.00%	0.00%	0.00%
TOTAL	<u>\$ 108,624,666</u>	<u>100.00%</u>		<u>5.12%</u>

FLORIDA PUBLIC UTILITIES COMPANY
 ELECTRIC DIVISION
 BASIS FOR THE REQUESTED AFUDC RATE
 FPSC ADJUSTED BASIS
 SEPTEMBER 2022

SCHEDULE B

<u>CAPITAL COMPONENTS</u>	<u>PER BOOKS</u>	<u>COMMISSION ADJUSTMENTS</u>	<u>ADJUSTED AVERAGE BALANCE</u>
COMMON EQUITY	\$ 60,874,986	\$ (18,808,107)	\$ 42,066,879
LONG TERM DEBT	43,727,170	(13,510,069)	30,217,101
SHORT TERM DEBT	13,684,090	(4,227,875)	9,456,215
CUSTOMER DEPOSITS	3,922,366		3,922,366
DEFERRED INCOME TAX	22,962,105		22,962,105
INVESTMENT TAX CREDITS	-		-
TOTAL	<u>\$ 145,170,717</u>	<u>\$ (36,546,051)</u>	<u>\$ 108,624,666</u>

FLORIDA PUBLIC UTILITIES COMPANY
 ELECTRIC DIVISION
 METHODOLOGY FOR MONTHLY COMPOUNDING OF THE AFUDC RATE
 SEPTEMBER 2022

SCHEDULE C

AFUDC COMPOUNDING

$((1+R/12)^{**12})-1=$	APPROVED RATE
$((1+R/12)^{**12})-1=$	5.12%
$((1+R/12)^{**12})=$	1.05120000
$((1+R/12)=$	1.00416970
$(R/12)=$	0.00416970

<http://www.basic-mathematics.com/nth-root-calculator.html>

MONTHS	AFUDC BASE	MONTHLY AFUDC	CUMULATIVE AFUDC
JAN	1.00000000	0.00416970	0.00416970
FEB	1.00416970	0.00418709	0.00835679
MAR	1.00835679	0.00420455	0.01256133
APR	1.01256133	0.00422208	0.01678341
MAY	1.01678341	0.00423968	0.02102309
JUN	1.02102309	0.00425736	0.02528045
JUL	1.02528045	0.00427511	0.02955556
AUG	1.02955556	0.00429294	0.03384850
SEP	1.03384850	0.00431084	0.03815934
OCT	1.03815934	0.00432881	0.04248815
NOV	1.04248815	0.00434686	0.04683501
DEC	1.04683501	0.00436499	0.05120000

Annual Rate (R)=.0681

Monthly Rate = $((1 + R)^{(1/12)} - 1 = .0041697$