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March 22, 2023

BY E-PORTAL

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

Re: Undocked: 2023000-OT - Florida Public Utilities Company's Annual Depreciation Status Report for the Year Ended December 31, 2021 (Natural Gas Division) - Company Data Responses

Dear Mr. Teitzman:

Attached for filing, please find Florida Public Utilities Company's Responses to Staff's data requests regarding the Company's 2021 Depreciation Status Report.

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

Sincerely,

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FLORIDA PUBLIC UTILITIES COMPANY'S RESPONSES TO STAFF'S FIRST DATA REQUESTS REGARDING ADSR REPORT FOR 2021

For Questions 1-2, please refer to FPUC's Excel spreadsheet, filed 4/27/22, titled "Florida Public Utilities Consolidated Natural Gas Rollforward," and the tab titled "Consolidated," Plant in Service – December 31, 2021.

1. Please explain the discrepancies between the Plant in Service beginning balance for 2021 and the ending balance for 2020 (see FPUC Consolidated Natural Gas Rollforward 2020 Plant in Service sheet filed with FPUC's 2020 Annual Report) for the following accounts:

Account	Line	2020 Ending Balance, Plant in Service	2021 Beginning Balance, Plant in Service	Difference (D-C)
A	B	C	D	E
301 – Organization	7	23,328	29,294	5,966
303 – Miscellaneous Intangible Plant	8	678,890	1,923,399	1,244,509
390 – Structures and Improvements	35	10,610,343	16,236,280	5,625,937
3910 – Office Furniture	37	626,633	756,075	129,392
391.2 Computer Hardware	39	1,865,985	2,986,418	1,120,433
391.3 – Office Furniture	40	427,717	4,654,108	4,226,391
391.4 – Software	41	6,636,948	8,279,821	1,642,872
397 – Communication Equipment	51	2,683,981	3,553,563	869,582
Total Gas Plant In Service	59	498,620,554	513,485,635	14,865,081

Company Response:
Attachment C provides a reconciliation with explanation of each variance stated above. Variances are mainly a result of reflecting Chesapeake Corporate allocations in 2021 that are consistent with that reflected in Docket No. 20220067-GU. The remaining variances are due to a reporting error on the Florida Common (FC) schedule of the 2020 Consolidated ADSR.

Specifically, Office Equipment additions of $4,577 were inadvertently reported under Account 3910 - Office Furniture. The balances reported on the 2021 ADSR are correct. Attachment B, the Revised 2020 ADSR, has been restated to properly report these additions under Account 3912- Office Equipment.

2. Please explain why Account 390 is labeled as "Structures and Improvements" on the Plant side, but labeled as "Capital Leases" on the Accumulated Depreciation side.

Company Response:
The Company unintentionally labeled Account 390 as "Capital Leases" on the Reserve side. The account description for Account 390 has been updated to "Structure and Improvement" on Attachment A, the 2021 ADSR.

For Questions 3-8, please refer to FPUC's Excel spreadsheet, filed 4/27/22, titled "Florida Public Utilities Consolidated Natural Gas Rollforward," and the tab titled "Consolidated," Accumulated Depreciation– December 31, 2021.

3. Please explain the discrepancies between the Accumulated Depreciation beginning balance for 2021 and the ending balance for 2020 (see FPUC Consolidated Natural Gas Rollforward 2020 Accumulated Depreciation sheet filed with FPUC's 2020 Annual Report) for the following accounts:

Account	Line	2020 Ending Balance, Reserve	2021 Beginning Balance, Reserve	Difference (D-C)
A	B	C	D	E
301 - Organization	7	(23,328)	(29,294)	(5,966)
303 – Miscellaneous Intangible Plant	8	(274,829)	(750,257)	(475,428)
376.2 – Mains-Other	18	(29,586,264)	(29,563,846)	22,419
380.2 – Services-Other	22	(2,375,519)	(2,361,743)	13,776
390 – Capital Leases	35	(732,146)	(1,926,133)	(1,193,987)
3910 - Office Furniture	37	170,112	107,962	(62,150)

391.2 - Computer Hardware	39	(1,234,647)	(1,603,695)	(369,048)
391.3 – Office Furniture	40	643,737	(866,752)	(1,510,489)
391.4 - Software	41	(1,841,837)	(2,309,810)	(467,973)
397 – Communication Equipment	51	(920,494)	(1,302,963)	(382,469)
376G – Mains Plastic-GRIP	55	(11,603,251)	(11,625,669)	(22,418)
380G – Services Plastic-GRIP	56	(1,317,089)	(1,330,867)	(13,777)
Total Gas Plant In Service	59	(120,551,906)	(125,019,416)	(4,467,510)

Company Response:
Attachment C provides a reconciliation with explanation of each variance stated above. Variances are mainly a result of reflecting Chesapeake Corporate allocations in 2021 that are consistent with that reflected in Docket No. 20220067-GU. The remaining variances are due to a reporting error on the Chesapeake Utilities – Central Florida Gas (CFG) schedule of the 2020 ADSR. The balances reported on the 2021 ADSR are correct. See Attachment B for revisions to the Revised 2020 ADSR.

4. Please explain the nature and cause for the 2021 accumulated depreciation adjustments to the following accounts. Please also explain why there is no corresponding adjustment on the Plant side for each account.

Account	Line	Adjustment Amount
303 - Miscellaneous Intangible Plant	8	(16,115)
390 – Capital Leases	35	(7,896)
3910 – Office Furniture	37	(34,285)
391.2 – Computer Hardware	39	496,138

391.3 – Office Furniture	40	(614,915)
391.4 – Software	41	2,542
392.2 – Transportation – Light Trucks, Vans	44	73,797
394 – Tools, Shop, and Garage Equipment	48	(13,595)
398 – Miscellaneous Equipment	52	(9,528)

Company Response:
These adjustments are mainly due to: 1) depreciation true-up on assets recorded in the wrong FERC or not retired timely; and/or 2) the amortization of the 2019 depreciation study general plant imbalance. Due to timing differences, there are no corresponding Plant adjustments for the depreciation true-up related adjustments. The associated plant adjustments were recorded in different accounting periods.

5. Please refer to FPUC's (Gas) Response to Staff's Data Request, issued November 19, 2021, regarding FPUC's (Gas) 2020 Annual Depreciation Status Report, specifically Question No. 10. Please explain why the Company is still reporting a depreciation rate of 3.6% for Account 381.1 – Meters (AMR Equipment) on line 24 of the 2021 Annual Depreciation Status Report and not the depreciation rate of 4.3%, as approved in PSC Order No. PSC-2019-0433-PAA-GU, issued on 10/22/19, Page 12.

Company Response:
The Company's failure to report the correct rate on the 2021 ADSR Consolidated tab was an oversight. In Attachment D, the response to No. 8, the depreciation accrual calculation for Account 381.1 supports the use of the correct depreciation rate. Attachment A, the 2021 Revised ADSR, has been updated to reflect the Commission's approved rate of 4.3%.

6. Please explain why there is a cost of removal booked but no corresponding retirement booked to the following accounts:

Account	Line	Cost of Removal Amount	Retirement Amount

378 - Meas. And Reg. Sta. Equipment-General	19	16,565	0
382 - Meter Installations	25	16,304	0

Company Response:
There are no corresponding retirements booked to the following accounts, due to the following:
Account 378: The corresponding retirement of $6,851 was reported in 2022, a different accounting period.
Account 382: COR relating to meters retired in Account 381 were erroneously recorded in Account 382. COR has been reclassified to Account 381 in Attachment A, the revised 2021 ADSR.

Please refer to PSC Order No. PSC-2019-0433-PAA-GU, issued on 10/22/19, Pages 12-13 for the following questions:

7. In the order, Account 391.3 is labeled as "Computer Hardware" with a 10-Year Amortization. Why does FPUC's ADSR represent "Computer Hardware" as Account 391.2 with a 14-Year Amortization?

Company Response:
General plant account descriptions and/or depreciation rates for Accounts 3910, 3912, and 3913 were unintentionally reported incorrectly on the 2021 ADSR. As shown in the calculation support provided in Attachment D, in response to No. 8, the Company is using the correct Commission approved amortization period. Specifically, Office Furniture, Office Equipment, and Computer Hardware are being amortized over 20, 14, and 10 years, respectively. These general plant account description and depreciation rate reporting errors have been corrected in Attachment A, the revised 2021 ADSR.

8. Please provide the depreciation/amortization expense calculation for the following accounts:

Account	**Line**	**Approved Depreciation Rate (in effect in 2021)**	**Depreciation/Amortization Expense**
375 – Structures and Improvements	16	2.5%	(35,631)
381.1 – Meters - AMR Equipment	24	4.3%	(97,412)

385 – Industrial Meas. And Reg. Sta. Equipment	29	2.3%	(42,822)
390 – Structures and Improvements/ Capital Leases	35	2.3%	(551,715)
3910 – Office Furniture	37	20-Year Amortization	(50,003)
391.2 – Computer Hardware	39	14-Year Amortization	(253,268)
391.3 – Office Furniture	40	10-Year Amortization	(907,912)
391.4 - Software	41	10-Year Amortization	(1,345,519)
392.1 – Transportation-Cars	43	17.4%	(53,782)
394 – Tools, Shop, and Garage Equipment	48	15-Year Amortization	(62,040)
396 – Power Operated Equipment	50	5.1%	(54,067)
397 – Communication Equipment	51	13-Year Amortization	(332,241)

Company Response:
The depreciation calculation for each account is provided in Attachment D. The computation includes depreciation adjustments to remove excess depreciation on fully depreciated assets and true-up adjustments for current year accruals related to asset reclassifications/transfers.