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August 7, 2023

BY E-PORTAL

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

Re: Docket No. 20230010-EI: Storm Protection Plan Cost Recovery Clause.

Dear Mr. Teitzman:

Attached for filing, please find Florida Public Utilities Company's Prehearing Statement.

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,



Beth Keating
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(850) 521-1706

MEK
cc:/(Service List)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Storm Protection Plan Cost Recovery Clause

DOCKET NO. 20230010-EI

DATED: August 7, 2023

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

In accordance with the Order Establishing Procedure for this Docket, Order No. PSC-2023-0090-PCO-EI, issued February 15, 2023, as amended by Order No. PSC-2023-0105-PCO-EI, issued March 20, 2023, and Order No. PSC-2023-0178-PCO-EI, issued June 12, 2023, Florida Public Utilities Company ("FPUC," or "Company") hereby files its Prehearing Statement.

A. APPEARANCES

Beth Keating
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215 South Monroe St., Suite 601
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(850) 521-1706
On behalf of Florida Public Utilities Company

B. WITNESSES AND EXHIBITS

i. All Known Witnesses

<u>Witness - Direct</u>	<u>Subject</u>	<u>Issue</u>
Robert C. Waruszewski	2022 Final True Up	1
Mark Cutshaw	SPP work performed in May – December 2022 Final True Up Period	3
Robert C. Waruszewski	2023 Estimated and 2024 Projection; Calculation of Factors	2-9
Mark Cutshaw	SPP work to be performed in projection period	3

ii. All Known Exhibits

<u>Witness</u>	<u>Exhibit</u>	<u>Title</u>	<u>Issue</u>
Waruszewski	RCW-1	SPPCRC Schedules 1A-9A ¹	1
Waruszewski	RCW-2	SPPCRC Schedules E and P	2-9

C. STATEMENT OF BASIC POSITION

FPUC's Statement of Basic Position

FPUC: The factors proposed by the Company have been developed through projections and calculations made in accordance with Rule 25-6.031, F.A.C., and the associated depreciation expense has been calculated in accordance with the rates approved in the Company's last approved depreciation study. The factors are based upon actual, prudently incurred costs associated with the implementation of those aspects of FPUC's Storm Protection Plan ("SPP") approved by Order No. PSC-2022-0387-FOF-EI, issued November 10, 2022, as well as reasonable estimates of costs to be incurred in the remainder of 2023 and in 2024. In addition, the Company has applied an allocation methodology consistent with the stipulation between FPUC and Walmart approved by Order No. PSC-2022-0418-FOF-EI, issued in last year's SPPCRC proceeding. As such, the Company asks that it be allowed to implement its proposed SPPCRC Factors for the January – December, 2024 period.

D. FPUC's POSITION ON THE ISSUES

ISSUE 1: What amounts should the Commission approve as the Utilities' final 2022 prudently incurred costs and final jurisdictional revenue requirement true-up amount for the Storm Protection Plan Cost Recovery Clause?

¹ Schedule 8A jointly sponsored by Witness Cutshaw.

FPUC: The final, end of period true up amount to be included in the calculation of the 2024 cost recovery factors is an under-recovery of \$157,305, which reflects the difference between the actual, end of period revenue requirement of \$490,460 based on actual expenditures, and the \$333,155 included in the calculation of the 2023 SPPCRC factors. (Waruszewski, Cutshaw)

ISSUE 2: What amounts should the Commission approve as the Utilities' reasonably estimated 2023 costs and estimated jurisdictional revenue requirement true-up amount for the Storm Protection Plan Cost Recovery Clause?

FPUC: FPUC projects an end of period 2023 over-recovery of \$142,094, based on a revised 2023 revenue requirement of \$923,527, which is net of \$975,504 already recovered through base rates. (Waruszewski)

ISSUE 3: What amounts should the Commission approve as the Utilities' reasonably projected 2024 costs and projected jurisdictional revenue requirement amount for the Storm Protection Plan Cost Recovery Clause?

FPUC: FPUC projects total expenditures of \$13,620,916, with a revenue requirement of \$2,448,891, which is net of \$975,504 already recovered through base rates. (Cutshaw, Waruszewski)

ISSUE 4: What are the Storm Protection Plan Cost Recovery Clause total jurisdictional revenue requirements, including true-ups, to be included in the Storm Protection Plan Cost Recovery factors for 2024?

FPUC: The total amount upon which FPUC's proposed factors are calculated is \$2,464,102, which when adjusted for taxes is \$2,465,876. (Waruszewski)

ISSUE 5: What depreciation rates should be used to develop the depreciation expense included in the total Storm Protection Plan Cost Recovery Clause amounts for 2024?

FPUC: The appropriate depreciation rates are those approved as part of the Commission's approval of the Settlement Agreement, Order No. PSC-2020-0347-AS-EI, issued October 8, 2020, in Docket Nos. 20190155, 20190156, and 20190174-EI. (Waruszewski)

ISSUE 6: What are the appropriate jurisdictional separation factors for 2024?

FPUC: There is no jurisdictional separation applicable to FPUC.

ISSUE 7: What are the appropriate Storm Protection Plan Cost Recovery Clause factors for 2024 for each rate class?

FPUC:

Rate Schedule	SPP FACTORS PER KWH
Residential	\$0.00432
General Service	\$0.00498
General Service Demand	\$0.00273
General Service Large Demand	\$0.00174
Industrial/Standby	\$0.00293
Lighting Service	\$0.02652

(Waruszewski)

ISSUE 8: What should be the effective date of the new Storm Protection Plan Cost Recovery Clause factors for billing purposes?

FPUC: The effective date for FPUC's cost recovery factors should be the first billing cycle for January 1, 2024, which could include some consumption from the prior month. Thereafter, customers should be billed the approved factors for a full 12 months, unless the factors are otherwise modified by the Commission. (Waruszewski)

ISSUE 9: Should the Commission approve revised tariffs reflecting the new Storm Protection Plan Cost Recovery Clause factors determined to be appropriate in this proceeding?

FPUC: Yes. The Commission should approve revised tariffs reflecting the SPPCRC factors determined to be appropriate in this proceeding. The Commission should direct staff to verify that the revised tariffs are consistent with the Commission's decision. (Waruszewski)

ISSUE 10: Should this docket be closed?

FPUC: This is a continuing docket and should remain open.

V. DISPUTED ISSUES

FPL

OPC Proposed Issue 1A: Has FPL demonstrated that the programs and projects contained in its current SPP plan and on which it is basing cost recovery, are prudent to undertake and prudent in amount?

FPUC: No position.

OPC Proposed Issue 1B: Has the Commission properly determined, pursuant to Section 366.06(1), Fla. Stat., that the projected expenditures proposed for cost recovery by FPL are prudent?

FPUC: No position.

DEF

OPC Proposed Issue 2A: Has DEF demonstrated that the programs and projects contained in its current SPP plan and on which it is basing cost recovery, are prudent to undertake and prudent in amount?

FPUC: No position.

OPC Proposed Issue 2B: Has the Commission properly determined, pursuant to Section 366.06(1), Fla. Stat., that the projected expenditures proposed for cost recovery by DEF are prudent?

FPUC: No position.

TECO

OPC Proposed Issue 3A: Has Tampa Electric demonstrated that the programs and projects contained in its current SPP plan and on which it is basing cost recovery, are prudent to undertake and prudent in amount?

FPUC: No position.

OPC Proposed Issue 3B: Has the Commission properly determined, pursuant to Section 366.06(1), Fla. Stat., that the projected expenditures proposed for cost recovery by Tampa Electric are prudent?

FPUC: No position.

FPUC

The following issues have been proposed for consideration in this proceeding by OPC and are specific to FPUC. FPUC contests the inclusion of the issues in this proceeding as set forth below.

OPC Proposed Issue 4A: Has FPUC demonstrated that the programs and projects contained in its current SPP plan and on which it is basing cost recovery, are prudent to undertake and prudent in amount?

FPUC: FPUC objects to OPC's proposed issue 4A as an inappropriate attempt to relitigate issues addressed by the Commission in Docket No. 20220049-EI, as well as an attempt to obfuscate the clear distinctions between the review process applicable to FPUC's SPP under Rule 25-6.030, F.A.C. and the review applicable to FPUC's projected and incurred costs associated with implementing its approved SPP under Rule 25-6.031, F.A.C. The Commission has already determined that FPUC's SPP, as modified, is in the public interest, consistent with Section 366.96(5), Florida Statutes, as reflected in Order No. PSC-2022-0387-FOF-EI. Considerations of the prudence of the amounts incurred by FPUC to implement its SPP and the reasonableness of its projected costs are otherwise subsumed in the Issues proposed by Commission staff. As such, proposed Issue 4A should be rejected.

OPC Proposed Issue 4B: Has the Commission properly determined, pursuant to Section 366.06(1), Fla. Stat., that the projected expenditures proposed for cost recovery by FPUC are prudent?

FPUC: FPUC objects to this issue as unnecessary, improper, and, as worded, presupposing a requirement not contemplated by the statute or Rule 25-6.031, F.A.C. As specifically set forth in Rule 25-6.031(3), F.A.C., this proceeding is designed to address the “reasonableness” of projected SPP costs. The prudence standard, per the Rule, is applied only to actual, incurred costs. Issues 1-9 as proposed by Commission staff and addressed herein provide the appropriate considerations to be undertaken by the Commission, in accordance with Rule 25-6.031, F.A.C., in determining whether FPUC’s proposed cost recovery amounts and SPPCRC factors should be approved.

OPC Proposed Issue 4C: Due to the proposed change in the cost allocation, did the Commission have adequate notice of the rate impacts caused by the capital expenditures under FPUC’s current SPP so that the Commission could determine whether FPUC’s projects and programs were prudent?

FPUC: FPUC objects to this issue as beyond the scope of this proceeding. Moreover, as worded, this proposed issue appears to be another attempt to insert a prudence standard in the SPP review process where none exists. FPUC’s SPP was reviewed and approved, with modifications, by the Commission consistent with the “public interest” standard set forth in Section 366.96(5), Florida Statutes. The allocation methodology is not a component of that review process under Section 366.96, F.S. or under Rule 25-6.030, F.A.C.

In contrast, this proceeding is designed to determine the amounts prudently incurred and reasonably projected by FPUC in implementing its approved SPP for purposes of calculating the appropriate SPPCRC cost recovery factors. The allocation utilized by FPUC is consistent with Section 366.96(8) and has not been contested by any party in this proceeding.

The Commission should reject OPC’s proposed Issue 4C as an attempt to insert another requirement in the SPP review process that does not exist under the statute or the applicable rule, as well as another attempt to “back door” the prudence standard into the SPP review process.

VI. OTHER

e. Stipulated Issues

While not a party to 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.

f. Pending Motions

FPUC has no pending motions at this time.

g. Pending Confidentiality Claims or Requests

FPUC has no pending motions at this time.

h. Objections to Witness Qualifications as an Expert

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

i. Request for Sequestration of Witnesses

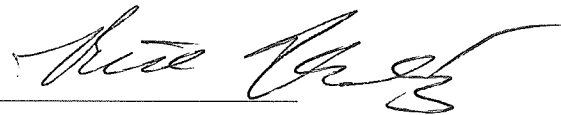
FPUC has no pending request.

j. Compliance with Order No. PSC-2023-0090-PCO-EI, Order No. PSC-2023-0105-PCO-EI, and Order No. PSC-2023-0178-PCO-EI

FPUC has complied with all requirements of the Order Establishing Procedure entered in this docket, as well as the subsequent orders issued modifying that Order.

RESPECTFULLY SUBMITTED this 7th day of August, 2023.

BY: _____



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(850) 521-1706


Attorneys for Florida Public Utilities Company

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 7th day of August, 2023:

<p>Daniel Dose Shaw Stiller Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 Ddose@psc.state.fl.us sstiller@psc.state.fl.us</p>	<p>J. Jeffry Wahlen/Malcolm Means/Virginia Ponder Ausley Law Firm Post Office Box 391 Tallahassee, FL 32302 jwahlen@ausley.com mmeans@ausley.com yponder@ausley.com</p>
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