

Writer's Direct Dial Number: (850) 521-1706
Writer's E-Mail Address: bkeating@gunster.com

May 24, 2024

E-Portal

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


Re: Docket No. 20240060 -GU - Petition for approval to establish new regulatory subaccounts, amortization rates, and reclassification of associated investment and reserve balances, by Florida Public Utilities Company.

Dear Mr. Teitzman:

Attached for filing in the above-referenced docket, please find the responses of Florida Public Utilities Company to Staff's First Data Requests to the Company.

Thank you for your assistance with this filing.

Kind regards,


Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Enclosure

Docket No. 20240060 -GU - Petition for approval to establish new regulatory subaccounts, amortization rates, and reclassification of associated investment and reserve balances, by Florida Public Utilities Company.

Florida Public Utilities Company’s Responses to Staff’s First Data Request

1. Please refer to the “Petition for Approval to Establish New Regulatory Subaccounts, Amortization Rates, and Reclassification of Associated Investment and Reserve Balances by Florida Public Utilities Company” (Petition) (FPUC) filed in the instant docket, Paragraph (5), for the questions below:
 - a. Please explain the entity (entities) who design each of these “highly customized software systems” that are the focus of FPUC’s Petition.
 - b. For each of the software systems that are discussed in paragraph (5), please specify its in-service date.
 - c. For each of the software systems that are discussed in paragraph (5), please identify its service life and explain how the service life was determined.

Company Responses:

- a. Below are the following entities who assisted or will assist with design and implementation of the customized software solutions utilized by the Company:
 - a. SAP and IBM to implement the CIS system.
 - b. SAP to implement the ERP system
 - c. Esri to implement the GIS application
 - d. Convergence Solutions LLC to implement the Gas Tracking System (GTS)
 - e. PowerPlan to implement the PowerPlan fixed asset system
 - f. UI Solutions Group to implement the UI budgeting and allocation application.
- b. The in-service years for each software application are stated below. The CIS software application is no longer scheduled for 2025, as stated in the petition. CIS is now scheduled to go live in 2024.

Software Application	In-Service Year
GIS	2013
UI	2016
GTS	2020
PowerPlan	2020
CIS	2024
ERP	2026

- c. The service lives for the assets to be transferred/recorded in account 3031 and 3032 are estimated to be 15 and 20 years, respectively. The company generally relied upon

the age of current and/or prior software for the basis of these estimates, with the exception of the GTS application. GASTAR was in service for 7 years prior to being replaced by the Convergence GTS application in 2020. GASTAR was retired due to a lack of functionality. The new GTS system provides functionality to streamline business practices and enhance communication. The Company has no plans of replacing its new GTS application within the next 10 years. In fact, CUC plans to implement this application across all natural gas business units.

2. Please refer to the Petition, Paragraph (6), for the questions below:
 - a. Please specify all of the software systems that FPUC proposed to be recorded in its petitioned amortizable Account 3031.
 - b. Please explain in detail why FPUC believes a 15 year amortization period is appropriate for Account 3031, and list all the Commission orders in which the same amortization period was approved for a similar plant account and/or plant asset, if known.
 - c. Please elaborate on the phrase “any other system implementations having an estimated useful life of 20 years,” and specify the “other system” implementations that are referenced.

Company Responses:

- a. As stated in the petition, the Company proposed the GIS, GTS, PowerPlan and UI software applications be transferred to Account 3031 – Misc. Intangible Assets – 15 Yrs.
- b. The amortization period proposed is based on the Company's existing software's age and/or legacy software's years in service. As explained in the petition, the life span of the investments has normally exceeded the current amortization period established for Account 3914 - Software. A longer amortization period would benefit rate payers by aligning the costs of the software with the expected asset service life and reduce the Company's revenue requirements when base rates are next set.

The Company is aware of the following Commission orders authorizing the same amortization period:

- FPUC Electric Divisions – Order No. PSC-2023-0384-PAA-EI, issued December 21, 2023, page 4, established Account 3031 Miscellaneous Intangible Plant for customized software and approved an amortization period of 15 years.
- Duke Energy Florida – Order PSC-2021-0202A-AS-EI, page 221, Amortization periods of 5 years, 10 years, and 15 years for Miscellaneous Intangible Plant.
- Tampa Electric Company (TECO)– Order No. PSC-2021-0423-S-EI, issued November 10, 2021, page 79, Miscellaneous Intangible Non-Solar Software amortized over 15 years.

- c. There are no current system implementations planned for the near future, other than those delineated in the petition.
3. Please refer to the Petition, Paragraphs (5), (6), (8) and (11). Is it correct that the software systems GIS, GTS, PowerPlan and UI will be recorded in the proposed amortization account 3031, and software systems CIS and ERP will be recorded in the proposed amortization account 3032? Please explain your response.

Company Responses:

Yes. The Company has proposed the transfer of the GIS, GTS, PowerPlan and UI software applications from Account 391X to Account 3031 and the recording of the new CIS and ERP software applications in Account 3032 based on the expected years of service of the investments.

4. Referring to the Petition, Paragraph (11), please elaborate on the phrase “traditional out-of-box” software, and explain why a 10-year amortization period is appropriate for this type of software.

Company Responses:

Traditional out of the box software is generic software used by the company that has not been customized. Any software functionality is standard and built-into the software. It is designed with a broad range of users in mind and has not been customized for the sole purpose of any particular Company's needs. A 10-year software amortization period was established by Order No. PSC-2019-0433-PAA-GU in Docket No. 20190056 for Account 3914 – Software and the Company believes this amortization period remains appropriate for the remaining software investments.

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