

November 15, 2024

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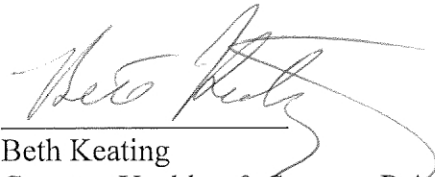
Mr. Adam Teitzman, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: **Docket No. 20240099-EI - Petition for rate increase by Florida Public Utilities Company**

Dear Mr. Teitzman:

Attached, for electronic filing, on behalf of Florida Public Utilities Company, please find the Company's Responses to Staff's Eleventh Set of Data Requests.

Sincerely,



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

Cc: (Service List)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Public Utilities Company. | DOCKET NO. 20240099-EI

FPUC'S RESPONSES TO STAFF'S ELEVENTH SET OF DATA REQUESTS

1. Please refer to Florida Public Utilities Company's (FPUC or Company) Responses to Staff's Fifth Set of Data Requests, response No. 3, for the following request. Please explain how the Company ensures that any work performed by native FPUC staff is separated by retail/jurisdictional work versus rate case work that would be charged to rate case expense.

Company Response:

The Company does not staff at a level to allow for preparation of rate proceedings. Therefore, additional resources are necessary beyond our normal staffing levels in order to prepare rate cases and handle the extra work load. The Company utilized temporary internal staff, 100% dedicated to the Company's rate case cycles in progress, and have charged their time to each rate case appropriately. Expenses for staff working on regular compliance filings and accounting are allocated to O&M based on the MMM Distrigas. The Company has not charged any time related to regular normal work to rate case expense. To be clear, only expenses related to rate cases, which is above and beyond normal payroll levels, have been charged to the rate case, thereby eliminating the possibility of duplicating expense recovery. In addition, if the rate case personnel were not charging to rate case expense, the O&M costs recovered would be an increase over the current level of expense and passed through to our customers in base rates. Because this level is not expected to

continue, it is more appropriate to charge rate case expense and is ultimately an overall benefit for our ratepayers. Also, at the end of the rate case cycles, this staff may either work on another rate case or be reassigned to fill in vacancies on projects and open positions.

2. Please refer to the total of line 9 of Minimum Filing Requirements (MFR) Schedule C-7 (2023), page 1 of 4, and the total of line 9 of MFR Schedule C-7 (2024), page 1 of 6, for the following request. Please explain the factor(s) that lead to the increase in 2024 “Supervision and Engineering operating & maintenance” (O&M) expense over 2023.

Company Response:

As shown on MFR C-7, the amount is calculated as follows:

	Payroll	Non-Payroll	Total
2023 Actual Costs (C-7(2023) p 2)	\$327	\$15,901	\$16,228
Less Depreciation Expense included in Depreciation in MFR (C-7 (2023) p 2)		<u>(45)</u>	<u>(45)</u>
Net Adjusted 2023	\$327	\$15,856	\$16,183
Trend Factors	<u>1.0350</u>	<u>1.0284</u>	
Trended Projection 2024	\$338	\$16,306	\$16,644
Over/Under Adj. from C-7 page 7-8	<u>0</u>	<u>\$12,000</u>	<u>\$12,000</u>
2024 Projected Year End	\$338	\$28,306	\$28,644

Consistent with other rate case filings, the Company uses trend factors for revenue, customer growth, and inflation and combinations of those to forecast expenses for projected years. Those projected amounts are reviewed to determine if there are new costs that will be

occurring in the projected years which are over and above the factored amounts. The over and above adjustments for 2024 and 2025 have been provided on C-7 (2025) page 7 and 8. The trend factors are provided on MFR Schedule C-7 (2024) page 5. The factors used are in columns D & E of the C-7 schedule. The payroll factor represents the projected pay increases for the year and are discussed in company witness Devon Rudloff-Daffinson's testimony.

Support for the customer growth and inflation factors is provided in the attached file DR 11.1 Growth and Inflation budget. The projected inflation factors were provided by company witness Noah Russel and are included in his testimony.

The \$12,000 over/under adjustment for this account is described on MFR C-7 (2024,2025) page 7 and is related to a transmission engineering study taking place in the first quarter of 2024. It is done once every five years and, therefore, not included in the 2023 expenses. Since it is performed every five years only \$12,000 of the \$60,000 cost was included as an increase over and above inflation and growth.

3. Please refer to the total of line 14 of MFR Schedule C-7 (2023), page 1 of 4, and the total of line 14 of MFR Schedule C-7 (2024), page 1 of 6, for the following request. Please explain the factor(s) that lead to the increase in 2024 “Operation Supervision & Eng” O&M expense over 2023.

Company Response:

As shown on MFR C-7, the amount is calculated as follows:

	Payroll	Non-Payroll	Total
2023 Actual Costs (C-7 (2023) p 2)	\$162,253	\$83,637	\$245,890
Less Depreciation Expense included in Depreciation in (MFR (C-7(2023) p 2)		<u>(2,211)</u>	<u>(2,211)</u>
Net Adjusted 2023	\$162,253	\$81,426	\$243,679
Trend Factors	<u>1.0350</u>	<u>1.0315</u>	
Trended Projection 2024	\$167,932	\$83,989	\$251,921
Over/Under Adj. from C-7 page 7-8	<u>\$81,843</u>	<u>\$11,430</u>	<u>\$93,273</u>
2024 Projected Year End	\$249,775	\$95,419	\$345,194

Please refer to the response to Staff’s Data Request 11 number 2 for support for the forecasting methodology and trend factors. For this account the payroll factor was used for payroll and the customer growth factor times inflation for the non-payroll amount.

The over/under adjustments for this 580 account are described on MFR C-7 (2024,2025) page 7 and are related to increased costs in the Supervisor of Engineering allocations due to an increase in operation vs. capital duties related to additional substation management, vegetation management, transmission/distribution relay modifications and monitoring feed

loading. Please refer to the attached file DR 11.3a GM450 allocation changes for additional support.

An additional adjustment was related to the increase in the Damage Prevention department costs due to an increase in damaged underground services and the need for the customers to be more aware about calling 811 before digging. Please refer to DR 11.3b MG119 allocation change.

4. Please refer to the total of line 15 of MFR Schedule C-7 (2023), page 1 of 4, and the total of line 15 of MFR Schedule C-7 (2024), page 1 of 6, for the following request. Please explain the factor(s) that lead to the increase in 2024 “Load dispatching” O&M expense over 2023.

Company Response:

As shown on MFR C-7, the amount is calculated as follows:

	Payroll	Non-Payroll	Total
2023 Actual Costs (C-7 (2023) p 2)	\$15,499	\$7,624	\$23,123
Trend Factors	<u>1.0381</u>	<u>1.0315</u>	
Trended Projection 2024	\$16,090	\$7,864	\$23,954
Over/Under Adj. from C-7 page 7-8	<u>0</u>	<u>\$26,280</u>	<u>\$26,280</u>
2024 Projected Year End	\$16,090	\$34,144	\$50,234

The trend factors are provided on MFR Schedule C-7 (2024) page 5. The factors used are in columns D & E of the C-7 schedule. Please refer to the response to Staff’s Data Request 11 number 2 for forecasting methodology and support for the trend factors. The factors used for this account were payroll times customer growth for payroll accounts and inflation times customer growth for non-payroll accounts.

As discussed in the response to Staff’s Data Request 5.1, the \$26,280 over/under adjustment for this account is described on MFR C-7 (2024,2025) page 7 and is related to an allocation of a subscription for S & P Global Platts, which is a subscription used to review and forecast costs in our purchase power agreements.

5. Please refer to the total of line 16 of MFR Schedule C-7 (2023), page 1 of 4, and the total of line 16 of MFR schedule C-7 (2024), page 1 of 6, for the following request. Please explain the factor(s) that lead to the increase in 2024 “Station Expenses” O&M expense over 2023.

Company Response:

As shown on MFR C-7, the amount is calculated as follows:

	Payroll	Non-Payroll	Total
2023 Actual Costs (C-7 (2023) p 2)	\$66,733	\$18,878	\$85,611
Less Depreciation Expense included in Depreciation in MFR (C-7 (2023) p 2)		<u>(3,237)</u>	<u>(3,237)</u>
Net Adjusted 2023	\$66,733	\$15,641	\$82,374
Trend Factors	<u>1.0381</u>	<u>1.0315</u>	
Trended Projection 2024	\$69,276	\$16,134	\$85,410
Over/Under Adj. from C-7 page 7-8	<u>\$76,960</u>	<u>\$0</u>	<u>\$76,960</u>
2024 Projected Year End	\$146,236	\$16,134	\$162,370

The trend factors are provided on MFR Schedule C-7 (2024) page 5. The factors used are in columns D & E of the C-7 schedule. Please refer to the response to Staff’s Data Request 11 number 2 for forecasting methodology and support for the trend factors. The factors used for this account were payroll times customer growth for payroll accounts and inflation times customer growth for non-payroll accounts.

The \$76,960 over/under adjustment for this account is described on MFR C-7 (2024,2025) page 7 and is related to the annualization of the IMC Technician’s salary in the NE region

who was hired in September 2023 and, therefore not included for most of 2023. Support for this position was included in the file attached to Staff’s Data Request 6, number 6 titled DR 6.6 IMC Technician NE.

6. Please refer to the total of line 16 of MFR Schedule C-7 (2024), page 1 of 4, and the total of line 16 of MFR Schedule C-7 (2025), page 1 of 8, for the following request. Please explain the factor(s) that lead to the increase in 2025 “Station Expenses” O&M expense over 2024.

Company Response:

As shown on MFR C-7, the amount is calculated as follows:

	Payroll	Non-Payroll	Total
2023 Actual Costs (C-7 (2023) p 2)	\$66,733	\$18,878	\$85,611
Less Depreciation Expense included in Depreciation in MFR (C-7 (2023) p 2)		<u>(3,237)</u>	<u>(3,237)</u>
Net Adjusted 2023	\$66,733	\$15,641	\$82,374
Trend Factors for 2 years 2024 and 2025	<u>1.0778</u>	<u>1.0586</u>	
Trended Projection 2025	\$71,923	\$16,558	\$88,481
Over/Under Adj. from C-7 page 7-8	<u>\$200,545</u>	<u>\$73,582</u>	<u>\$274,127</u>
2025 Projected Year End	\$272,468	\$90,140	\$362,608

The trend factors are provided on MFR Schedule C-7 (2024) page 5. The factors used are in columns D & E of the C-7 schedule. Please refer to the response to Staff’s Data Request 11 number 2 for forecasting methodology and support for the trend factors. The factors used for this account were payroll times customer growth for payroll accounts and inflation times

customer growth for non-payroll accounts.

The over/under adjustments for this account are described on MFR C-7 (2024,2025) page 7.

The first is related to the annualization of the IMC Technician's salary in the NE region who was hired in September 2023 and, therefore not included for most of 2023. Support for this position was included in the file attached to Staff's Data Request 6, number 6 titled DR 6.6 IMC Technician NE.

The second relates to the salary for an IMC Technician in the NW FI division in 2025 and additional equipment, supplies and annual maintenance costs. Support for these costs was included in the file attached to Staff's Data Request 6, number 6 titled DR 6.6 IMC Technician NW.

7. Please refer to the total of line 17 of MFR Schedule C-7 (2023), page 1 of 4, and the total of line 17 of MFR Schedule C-7 (2024), page 1 of 6, for the following request. Please explain the factor(s) that lead to the increase in 2024 “Operation of Overhead Lines” O&M expense over 2023.

Company Response:

As shown on MFR C-7, the amount is calculated as follows:

	Payroll	Non-Payroll	Total
2023 Actual Costs (C-7 (2023) p 2)	\$32,009	\$10,850	\$42,859
Less Depreciation Expense included in Depreciation in MFR (C-7 (2023) p 2)		<u>(1,069)</u>	<u>(1,069)</u>
Net Adjusted 2023	\$32,009	\$9,782	\$41,790
Trend Factors	<u>1.0381</u>	<u>1.0315</u>	
Trended Projection 2024	\$33,228	\$10,090	\$43,318
Over/Under Adj. from C-7 page 7-8	<u>0</u>	<u>\$70,000</u>	<u>\$70,000</u>
2024 Projected Year End	\$33,228	\$80,090	\$113,318

The trend factors are provided on MFR Schedule C-7 (2024) page 5. The factors used are in columns D & E of the C-7 schedule. Please refer to the response to Staff’s Data Request 11 number 2 for forecasting methodology and support for the trend factors. The factors used for this account were payroll times customer growth for payroll accounts and inflation times customer growth for non-payroll accounts.

The \$70,000 over/under adjustment for this account is described on MFR C-7 (2024,2025) page 7 and is related to joint use pole inspections that will begin in the 4th quarter of 2024 and occur annually and are not in Storm Protection Plan cost recovery.

8. Please refer to the total of line 25 of MFR Schedule C-7 (2023), page 1 of 4, and the total of line 25 of MFR Schedule C-7 (2024), page 1 of 6, for the following request. Please explain the factor(s) that lead to the increase in 2024 “Distribution Expenses” O&M expense over 2023.

Company Response:

As shown on MFR C-7, the amount is calculated as follows:

	Payroll	Non-Payroll	Total
2023 Actual Costs (C-7 (2023) p 2)	\$192,138	\$33,770	\$225,908
Less Depreciation Expense included in Depreciation in MFR (C-7 (2023) p 2)		<u>(1,805)</u>	<u>(1,805)</u>
Net Adjusted 2023	\$192,138	\$31,965	\$224,103
Trend Factors	<u>1.0381</u>	<u>1.0315</u>	
Trended Projection 2024	\$199,459	\$32,971	\$232,431
Over/Under Adj. from C-7 page 7-8	<u>\$9,473</u>	<u>0</u>	<u>\$9,473</u>
2024 Projected Year End	\$208,932	\$32,971	\$241,903

The trend factors are provided on MFR Schedule C-7 (2024) page 5. The factors used are in columns D & E of the C-7 schedule. Please refer to the response to Staff’s Data Request 11 number 2 for forecasting methodology and support for the trend factors. The factors used for this account were payroll times customer growth for payroll accounts and inflation times customer growth for non-payroll accounts.

The \$9,473 over/under adjustment for this account is described on MFR C-7 (2024,2025) page 7 and is related to a portion of a person’s salary that was capitalized in 2023 to assist

with implementation of the new customer information system but is now performing operation and maintenance duties using the new field service management system within the new CIS system. Because the salary was not in 2023, the costs are over and above 2023 inflated for growth and inflation. Please refer to the file DR 11.8 EN403 change in duties for additional support.

9. Please refer to the total of line 25 of MFR Schedule C-7 (2024), page 1 of 4, and the total of line 25 of MFR Schedule C-7 (2025), page 1 of 8, for the following request. Please explain the factor(s) that lead to the increase in 2025 “Distribution Expenses” O&M expense over 2024.

Company Response:

As shown on MFR C-7, the amount is calculated as follows:

	Payroll	Non-Payroll	Total
2023 Actual Costs (C-7 (2023) p 2)	\$192,138	\$33,770	\$225,908
Less Depreciation Expense included in Depreciation in MFR (C-7 (2023) p 2)		<u>(1,805)</u>	<u>(1,805)</u>
Net Adjusted 2023	\$192,138	\$31,965	\$224,103
Trend Factors for 2 years 2024 and 2025	<u>1.0778</u>	<u>1.0586</u>	
Trended Projection 2025 (rounding involved)	\$207,081	\$33,838	\$240,918
Over/Under Adj. from C-7 page 7-8	<u>\$29,412</u>	<u>0</u>	<u>\$29,412</u>
2025 Projected Year End (rounding)	\$236,493	\$33,838	\$270,330

The trend factors are provided on MFR Schedule C-7 (2024) page 5. The factors used are in

columns D & E of the C-7 schedule. Please refer to the response to Staff's Data Request 11 number 2 for forecasting methodology and support for the trend factors. The factors used for this account were payroll times customer growth for payroll accounts and inflation times customer growth for non-payroll accounts.

The \$29,412 over/under adjustment for this account is described on MFR C-7 (2024, 2025) page 7 and is related to a portion of a person's salary that was capitalized in 2023 to assist with implementation of the new customer information system but is now performing operation and maintenance duties using the new field service management system. Because the salary was not in 2023, the costs are over and above 2023 inflated for growth and inflation. Please refer to the file DR 11.8 EN403 change in duties for additional support.

10. Please refer to the total of line 24 of MFR Schedule C-7 (2023), page 1 of 4, and the total of line 24 of MFR Schedule C-7 (2024), page 1 of 6, for the following request. Please explain the factor(s) that lead to the increase in 2024 “Misc Distribution O&M” expense over 2023.

Company Response:

There were no costs included on line 24 in either C-7 (2023) or C-7 (2024).

11. Please refer to the total of line 24 of MFR Schedule C-7 (2024), page 1 of 4, and the total of line 24 of MFR Schedule C-7 (2025), page 1 of 8, for the following request. Please explain the factor(s) that lead to the increase in 2025 “Misc Distribution” O&M expense over 2024.

Company Response:

There were no costs included on line 24 in either C-7 (2024) or C-7 (2025).

12. Please refer to MFR Schedule C-35, page 1 of 1, for the following requests.
 - a) Please refer to line 9. Please explain the factor(s) that lead to the increase in 2023 “Medical Insurance” benefit amount.
 - b) Please refer to line 14. Please explain the factor(s) that lead to the increase in 2024 “Worker’s Compensation” benefit amount.
 - c) Please refer to line 16. Please explain the factor(s) that lead to the increase in 2025 “401K” benefit amount.
 - d) Please refer to line 18. Please explain the factor(s) that lead to the decrease in 2023 “Relocation Expenses”.
 - e) Please refer to line 19. Please explain the factor(s) that lead to the decrease in 2023 “Retiree Benefits”.
 - f) Please refer to line 20. Please explain the factor(s) that lead to the increase in 2023 “Other health-related benefits”.
 - g) Please refer to line 20. Please explain the factor(s) that lead to the decrease in 2024 and 2025 “Other health-related benefits”.
 - h) Please refer to line 21. Please explain the factor(s) that lead to the increase in 2023 “Other benefits” over 2022 and the decrease in 2024 “Other benefits” over 2023.
 - i) Please refer to line 21. Please detail and explain what costs are being recorded to “other benefits” for the 2023, 2024, and 2025 test years.

Company Response:

MFR Schedule C-35 is based on total Chesapeake costs and budgets, consistent with our last filing. Costs included in MFR C-7, which are used for the revenue requirement are based on trending for payroll increases, customer growth, and/or inflation. In addition, known

changes were included in the over/under adjustments detailed on MFR C-7 (2024, 2025) page 7 and 8. An additional schedule providing information related to only the electric division is also attached as DR 1.12 C-35 Electric.

However, the following responses relate to your questions on MFR Schedule C-35:


- a. Chesapeake is self-insured. Overall claims for employees and their dependents participating in Chesapeake's health care plans increased in 2023.
- b. Workers' compensation expense reflect exposure for all claims for that given moment. The total claim volume fluctuates monthly as does the exposure based on medical bills, property damage and bodily injury settlements. The workmen's comp insurance amount in 2023 includes a reduction to adjust for prior years' claims dating back to 2021. The 2024 and 2025 budgeted amounts were forecasted for projected claims and does not include any forecasted reductions related to prior year claims.
- c. The 2025 total corporate costs on this MFR were based on \$7,180.68 per employee times the 1,335 employees. The 2024 amount was calculated based on \$6,641.80 per employee.
- d. Relocation expense is based on the number of new employees hired that qualify and meet the criteria to receive a relocation reimbursement as well as their salary level. In 2022, four employees received relocation reimbursement and in 2023, six employees received reimbursement. 2022 relocation expense is higher with slightly fewer employees because one of the employees was an executive which qualified for a higher amount of reimbursement.
- e. Retiree benefits decreased from 2022 to 2023 as a person passed away and that person's benefit ended.

- f. Factors contributing to the increase in other health-related benefits are health care savings contributions, accidental death & dismemberment insurance, and long-term and short-term disability insurance.**
- g. The amounts that increased 2023's expenses discussed in question 12f, were not all forecast forward for 2024 and 2025.**
- h. Other benefits for 2023 increased due to a new employee recognition platform named "Gratitude" which allows employees to express appreciation for each other which creates a positive work culture. The recipient of the gratitude gets to choose a reward. There was also a slight increase in car allowances and retirement gifts. The projections for 2024 did not include a forecast for all of these costs. For the amounts included, please refer to the response to question 12i.**
- i. Service awards, gratitude awards, safety awards, retirement gifts, and car allowances are included in other benefits.**

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 15th day of November, 2024:

<p>Suzanne Brownless Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 sbrownle@psc.state.fl.us discovery-gcl@psc.state.fl.us</p>	<p>Walt Trierweiler/P. Christensen / Charles Rehwinkel/Mary Wessling/Octavio Ponce/Austin Watrous Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Trierweiler.Walt@leg.state.fl.us Wessling.Mary@leg.state.fl.us Rehwinkel.Charles@leg.state.fl.us Christensen.patty@leg.state.fl.us Ponce.octavio@leg.state.fl.us Watrous.austin@leg.state.fl.us</p>
<p>Michelle Napier Florida Public Utilities Company 1635 Meathe Drive West Palm Beach FL 33411 mnapier@fpuc.com</p>	

By: 
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