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

December 31, 2024

BY E-FILING

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 21st Set of Data Requests. Please note that certain referenced attachments that are available only in Excel format are not included for filing but will be provided to the service list separately.

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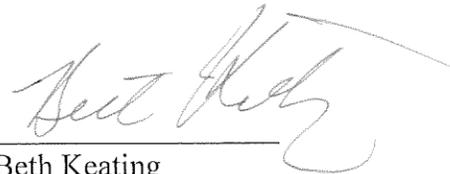
Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Cc: (Service List)

215 South Monroe Street, Suite 601   Tallahassee, FL 32301 **p** 850-521-1980 **f** 850-576-0902 GUNSTER.COM

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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 TWENTY FIRST SET OF DATA REQUESTS

1. Please refer to FPUC's response to Staff's Fourth Set of Data Requests, Question No. 10, Excel file titled, "DR 4.1 Weather Normalization Forecasts(35111451.1)," tab "NE Hist Data – MFR." Please state whether the Company agrees that staff's calculations shown in the table, listed on the following page, accurately depict FPUC's average annual residential customers and resulting growth rates for the Northeast service territory. If not, please explain why not.

	NE Residential Customers (12 mo. Avg.)	Percent Growth (Y/O/Y)	Average Historical Growth (2016-2023)
2015	13,910	-	
2016	14,091	1.31%	
2017	14,322	1.64%	
2018	14,518	1.37%	
2019	14,806	1.99%	
2020	15,188	2.58%	
2021	15,343	1.02%	
2022	15,440	0.63%	
2023	15,599	1.03%	1.44%
2024*	15,645	0.30%	
2025**	15,690	0.29%	

*Includes 4 months of actual data and 8 months of forecasted data
**Test Year

Company Response:

The Company agrees with the mathematics of the calculation based on the monthly data.

2. If the Company's answer to Question No. 1 is affirmative, please reference the table

above and explain why FPUC's 2024 and 2025 residential customer growth projections for the NE service area are lower than any other year in the historical period as well as substantially lower than the average growth rate experienced from 2016-2023.

Company Response:

The Company's NE service area is on Amelia Island which is substantially built out. While developers are still finding some land to develop, the size and frequency are far less than the historical norm. This has translated into lower-than-average growth projections for FPUC's NE service area. This is supported by a review of the number of recently completed Residential building permits for the City of Fernandina Beach, which is the primary municipality on Amelia Island. The number of completed building permits has been steadily declining since 2019.

Residential Building Permits[1]

Year Permit Issued	Completed
2019	159
2020	120
2021	128
2022	123
2023	55
2024	11

3.   Please refer to FPUC's response to Staff's Fourth Set of Data Requests, Question No. 2(c). FPUC states that customer growth for the Northeast Residential class was

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[1] City of Fernandina Beach, FL, *Citizen Self Service – Online Portal for Permits, Plans, Municipal Code Complaints and Inspections* (https://egselfservice.fbfl.us/EnerGovProd/SelfService#/search).

estimated to be 0.1 percent per month, which would equate to approximately 1.2 percent growth annually. Since FPUC's forecasted annual growth rate for the Northeast Residential class was 0.29 percent, please explain the apparent contradiction between these growth figures.

Company Response:

The Company's response to Staff's Fourth Set of Data Requests, Question No. 2(c) did not intend to imply that the growth rate for the NE Residential class is estimated to be 0.10 percent <u>per month</u>. Months May through December 2024 are forecast to be 0.10 percent higher than the average monthly Residential customers in 2023 and then adjusted by a seasonality factor, as customer numbers are seasonal. The calculation would have produced an annual average growth rate of 0.10 percent, not 1.2 percent, for 2024, had January through April not been actual. Because January through April 2024 were actuals, the calculated 2024 average annual growth rate was 0.30 percent. The underlying growth rate for 2025 is approximately 0.30 percent over 2024, and then adjusted by a seasonality factor.

4. Please refer to FPUC's response to Staff's Fourth Set of Data Requests, Question No. 10, Excel file titled, "DR 4.1 Weather Normalization Forecasts(35111451.1), tabs "Northeast Forecast Detail" and "Northwest Forecast Detail." Please explain the cause(s) for the relatively high error rates between actuals and forecasts for the following:

- NE Residential UPC – June 2024 (11.7%)
- NE Commercial Small UPC – June 2024 (14.1%)
- NE Commercial UPC – June 2024 (13.3%)
- NW Residential UPC – August 2024 (11.7%)

Company Response:

The likely primary cause of NE Residential, Commercial Small and Commercial UPC being above normal (forecast) in June 2024 is that May and June 2024 in Jacksonville were warmer (higher Cooling Degree Days) than normal. For example, the warmer weather in May and June 2024 implied that NE Residential UPC should have been 18.2% above normal. The difference between 18.2% and the observed 14.7% is due to regression error (i.e.; the NE Residential UPC for June 2024 was 14.7% above normal, not 11.7% as indicated in the question). July and August 2024 in Tallahassee were also warmer than normal, likely contributing to August 2024 NW Residential UPC being above normal. Regression analysis is a statistical exercise and contains a level of error. Even if actual weather is exactly normal, the actual UPC is unlikely to be exactly the normal value of UPC indicated by the regressions.

5. Please refer to Page 7, Line 23 of witness Taylor's Direct Testimony, where it appears there is a word or phase omitted after the word "during." Please amend.

Company Response:

The text omitted after "during" on Page 7, Line 23 of witness Taylor's Direct Testimony is "2025".

6. Please refer to FPUC's response to Staff's Fourth Set of Data Requests, Question No. 2(e). Please identify and provide the data that the utility relied upon in its determination that electricity demand is relatively price inelastic in the short term.

Company Response:

It is generally accepted that electricity demand is relatively price inelastic in the short term, and numerous research studies support this conclusion. Data was not used or

evaluated in developing this conclusion. Two research studies that support the conclusion that electricity demand in inelastic in price in the short term are:

Price Elasticity for Energy Use in Buildings in the United States, U.S. Energy Information Administration, January 2021.

The price elasticity of electricity demand in the United States: A three-dimensional analysis, Paul J. Burke and Ashani Abayasekara, Center for Applied Macroeconomic Analysis, Australia National University, August 2017.

7.   Please provide the company's monthly residential price (at 1000 kwh or average usage - please specify) for the period January 2015 to December 2025 – historic and forecasted, with forecasted prices based on FPUC's proposed base rates, beginning April 2025 and approved clause rates beginning Jan 2025.

Company Response:

Please refer to the attached file "DR 21.7 Jan 2015 to Dec 2025 Monthly Res Price" which shows the typical bill in 2025 to be lower than in 2023 and 2024. In 2026, this bill will be lowered by an additional $12.80 since the Hurricane Michael costs will be fully amortized.

8.   Please refer to FPUC's response to Staff's Fourth Set of Data Requests, Question No. 12, Excel file titled, "DR 4.1 Weather Normalization Forecasts (35111451.1)."

   a)   Referring to the tabs titled "NW - Residential," "NW – Commercial Small," and "NW – Commercial," please explain why the fit lines and error rates were omitted for the time period January 2015 to December 2018 for these UPC models, reducing each model to 64 observations.

b) Referring to the tab titled "NE – Commercial Small," please explain why this UPC model omits January 2015 – December 2019, reducing the model to 52 observations.

c) Referring to the tab titled "NW – Residential," please explain the (963) kwh UPC data point entry for November 2018.

d) Referring to the tab titled "NW Hist Data – MFR," under the Residential billed column, the data point entry for November 2018 is a negative (9,593,612) kwh. Please explain how this negative data point entry is possible. Please also explain how the data point entry for December 2018 is 23,464,792 kwh which is significantly higher than any other month, historical and forecasted. Please also explain in detail how the data points for these two successive months vastly differ.

For the Northwest service territory, if the historical data for the months of October 2018, November 2018, and December 2018 were influenced or distorted greatly by the effects of Hurricane Michael, please explain whether FPUC considered other modelling options to represent those three months in the UPC models (e.g. binary variables, data adjustments, etc), as an alternative to omitting all data point entries for the months prior to and surrounding Hurricane Michael (January 2015 – December 2018).
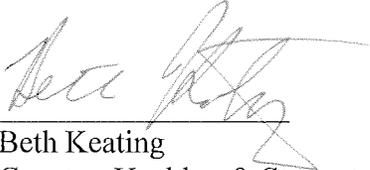
Company Response:

a) **The fit lines and errors in the regression analysis in tabs "NW - Residential," "NW – Commercial Small," and "NW – Commercial," for the time period January 2015 to December 2018 were not omitted; they were simply not calculated because the regression analysis started in January 2019.**

b) Only data starting in January 2020 was used in the regression analysis, as this period more accurately reflects current Use Per Customer (UPC) behavior than data prior to January 2020. The 52 monthly observations from January 2020 to April 2024 is sufficient to perform a statistically valid and significant regression analysis.

c) The (963) kWh UPC data point entry for November 2018 on the "NW _Residential" tab is due to billing disruptions caused by Hurricane Michael. This data point was not used in the analysis.

d) The data for October, November and December 2018 in the "MW Hist Data – MFR" tab, including the Residential (9,593,612) data point in November 2018 and the Residential 23,464,792 data point in December 2018 is due to the disruptions caused by Hurricane Michael and adjustments/corrections in the FPUC billing system. This data was not used in the analysis.

e) The "distorted" data for the Months of October, November and December 2018 in the Northwest service area is due to Hurricane Michael. FPUC considered, but chose not to use, other modeling options for dealing with the distorted data. There was sufficient data after Hurricane Michael starting in January 2019, through April 2024, to perform a statistically valid and significant regression analysis.

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 31st day of December, 2024:

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	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
Michelle Napier Florida Public Utilities Company 1635 Meathe Drive West Palm Beach FL 33411 mnapier@fpuc.com	

By: _____

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