GUNSTER
FLORIDA'S LAW FIRM FOR BUSINESS

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 20th 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)

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 TWENTIETH SET OF DATA REQUESTS

1. Please refer to MFR Schedule B-13, page 3, line numbers 15, and 21 through 28 for the following questions.

   a) For purposes of clarity, please list the total estimated cost for each project. If this amount differs from the amount provided in column (4) of this schedule, please explain why for each.

   b) For each project, please indicate if an economic analysis, such as a cumulative present value revenue requirement analysis or other cost-effectiveness analysis, was completed. If so, please provide the results of the analysis. If not, please explain why.

Company Response:

a. The total amount on line 15 should have been $2,700,000. The CWIP balance as of November 2025, which was $1,500,000, was inadvertently recorded in MFR B-13 instead of the estimated amount projected to be closed in December 2025 of $2,700,000.

The total amount on line 21 was correctly recorded at $720,000 for 5 replacements.

The total amount on line 28 of $500,000 was the amount budgeted and included in the filing. The estimate provided in Data Request 6 item 12 for this item of $750,000 is a more recent estimate.

b. These projects are being performed for system reliability purposes in order to provide for safe and reliable electric service as the existing equipment is nearing the end of life expectancy. Given that reliability is a major priority for the Company and likewise important to our customers, a cost-effectiveness analysis was deemed irrelevant in this context.

2. Please refer to MFR Schedule C-7(2025), page 1, lines 8 through 27, page 3, lines 68 through 71, and page 5, lines 72 through 84. Please provide a general explanation of how FPUC typically estimates projected transmission and distribution O&M expenses.

Company Response:

Interviews are conducted on a department by department basis with each department manager, typically between the May – July time frame, to assess and evaluate the future cost projections and to establish the budget for the upcoming year. We typically use the actuals for the preceding 12-months ending in May as the starting point, apply a grossed up factor, and then the respective department managers make additional adjustments based on any known changes, historical outliers, etc.

3. Please refer to MFR Schedule C-7(2025), page 3, lines 68 through 71, and page 5, lines 72 through 84. Please provide a brief description of what is included in the costs for each of the transmission and distribution maintenance categories.

Company Response:

Please refer to the attached file "DR 20.3 Summary of Maintenance Expenses".

4. Please refer to FPUC's response to Staff's Sixth Set of Data Requests, No. 1 for the following questions.

a) Regarding the blanket projects, please indicate if the Commission has previously approved similar projects for FPUC. If so, please identify the Commission order(s) approving those projects.

b) Regarding the replacements of NW Florida substations, please identify the typical service life and the current age of the assets to be replaced.

Company Response:

a. **Blanket projects were included in the forecast of plant additions in the Company's last natural gas rate case, Docket No. 20220067-GU. Also, please note that the response to DR 6.4 and DR 6.14 net rate base amount of $8,373,855.39 included net plant for blankets in 2024 of $5,883,947. As of November 2024, actual costs of $6,270,123 have already been charged to these work orders. Blanket work orders are a normal rate base cost incurred by the Company.**

b. **Given that these are not currently FPUC assets, a visual inspection was done to evaluate the age of the transformers. Base on that inspection, it appear that there are four transformers that are 58 years old, and one transformer that is 17 years old. The average service life of distribution substation equipment based on information from FPUC and other IOUs in Florida indicates a range of useful life of 45 to 60 years. The exact age of the other equipment can't be determined visually and will require additional information to accurately determine the age of the equipment. Other information such as previous and current equipment test results are needed to verify the actual condition of the equipment. This information, along with the age, will feed into the final determination on when it is best to replace the equipment. Since actual age and testing information has not been made available at this time, it**

was necessary to make some assumptions based on visual information and substation design on what upgrades and redesign may be necessary going forward. Based on these assumptions, we developed some preliminary construction designs to address the upgrades and redesign of the substations, which will be confirmed when additional information becomes available.

5. Please refer to FPUC's response to Staff's Sixth Set of Data Requests, No. 2. For each project listed below, please explain why the total cost provided in the associated Excel file response differs from the value provided for the test year on MFR Schedule B-11.

   a) AIP Substation.

   b) JL Terry Substation.

Company Response:

The higher costs provided in the response to Staff's Sixth Set of Data Requests, No. 2 for both AIP Substation and JL Terry substation, are based on the most recent estimate updates and, are therefore, more accurate than the original projection. Both files provided in the data request show the total amount of costs that are projected to be closed to plant in 2025.

6. Please refer to FPUC's responses to Staff's Sixth Set of Data Requests, Nos. 2 and 12. For each of the projects that include contingency costs, please explain how these amounts were determined. As part of this response, please identify the percentage of the overall project cost that the contingency cost amounts to for each project.

Company Response:

Below are listed the projects in which contingency cost was included in the project cost

estimate. Contingency costs are an estimate that is based on the confidence level of the overall cost estimate.

- **AIP Substation – $629,000 contingency cost for approximately 10% of total cost.**
- **Step Down Substation Upgrades - $100,000 contingency cost for approximately 3.1% of total cost.**
- **Transformer at JLT - $100,000 contingency cost for approximately 4.3% of total cost.**
- **Refurbish NW FL Substations - $310,000 contingency cost for approximately 4.8% of total cost.**
- **Install 69 KV UG Cable and 69 KV Switches - $50,000 contingency cost for approximately 6.6% of total cost.**
- **The total contingency cost percentage included in all projects is approximately 3.1%.**

7. Please refer to FPUC's responses to Staff's Sixth Set of Data Requests, Nos. 2 and 22(b). Regarding the purchase of NW Florida substations project, please indicate if the final purchase contract has been completed. If so, please provide the contracted purchase price for each of the listed substation assets.

Company Response:

We are currently finalizing the final purchase contract with FPL for the NW Florida substations.

8. Please refer to FPUC's response to Staff's Sixth Set of Data Requests, No. 5. Please describe FPUC's established purchasing guidelines for purchases or services below the O&M and capital amounts in Chesapeake Utilities Corporation's purchase policy.

Company Response:

Please refer to the attached file "DR 20.8 CHPK_Approved Purchasing Methods.docx".

9. Please refer to FPUC's response to Staff's Sixth Set of Data Requests, No. 7. Regarding the purchase of NW Florida Substations project, please provide the results of the analyses conducted for the alternatives listed. As part of this response, please provide a cost comparison between the total cost of purchasing the NW Florida substation assets and the total cost associated with each identified alternative.

Company Response:

The primary alternative considered was to construct five new substations as opposed to purchasing the substation assets from FPL. Although there was no detailed cost analysis completed, we did have the cost to rebuild the AIP Substation, which is included in this rate proceeding in the amount of $6,300,000. Not included in this estimate was the cost of two substation transformers which are being reused and no land cost since the land is currently owned by FPUC. These additions could have pushed the cost closer to $7,500,000 for one new substation. With the need for five substations the total cost could have been $30,000,000 compared to the initial estimate for purchasing FPL assets and upgrades, which are around $11,400,000. Please refer to the attached file "DR 20.9" for the cost/benefit analysis.

10. Please refer to FPUC's response to Staff's Sixth Set of Data Requests, No. 11 for the following questions.

    a) Regarding the Self Healing project, please indicate how often FPUC typically experiences energy supply interruptions. As part of this response, please provide examples of instances when this project would be utilized.

    b) Regarding the SD Substation 69 KV Loop and Switch project, please explain why

backup transmission service to the substations on Amelia Island is necessary, and detail the modifications to the Step Down Substation that would occur. As part of this response, please indicate whether or not other backup transmission service is currently available to the substations on Amelia Island.

Company Response:

a. **A review of the reliability indicators shows that the SAIDI, CAIDI and SAIFI results have been extremely variable through the years. When comparing 2022 to 2023, you will notice a slight improvement. However, when compared to the other large IOU's, the FPUC reliability indicators do not compare favorably, which to some degree may be related to the significant size difference of the companies. The indices are impacted the most dramatically when large sections, such as an entire distribution feeder, are tripped off line due to an issue such as a tree on the line, car hitting pole, etc. With the self-healing technology projects, the approximate location of the issue can be determined and then line switches can be automatically opened or closed to restore power to a portion of the customers. This allows the bulk of the customers to have service restored with only the impacted section to remain off line until personnel are dispatched to restore power. Currently, the entire feeder would remain out of service until personnel can be contacted, travel to the location, determine the issue, and perform switching operations in an effort to get most of the customers back in service.**

b. **It is good utility practice to have back up transmission service to most substations in order to keep substations energized when one of the transmission lines is out of service or when maintenance work is necessary on the line. Unlike distribution lines**

that can be worked while still energized, FPUC does not have the ability to work on transmission lines while still energized. If there are not at least two transmission lines feeding a substation, maintenance activities would require the substation to be deenergized which would impact all customers served from that substation. Having the back up transmission line allows more reliability, allows maintenance to be performed without impact to customers, and provides for an improvement to the reliability indicators. The backup lines must also have connections to the substations on each end of the line to be the most effective. Work at the Step-Down substation would involve the installation of additional busses and switches that are necessary to connect the additional backup transmission line into the substation.

11. Please refer to FPUC's response to Staff's Sixth Set of Data Requests, No. 12 for the following questions.

a) Multiple projects include "Labor – ES&I" in the sheet titled "COST" and under the "Breakdown of Job Costs" category. Please define "ES&I".

b) For the SD Substation 69 KV Loop and Switch and Substation Upgrades projects, please explain why the total cost provided in the associated Excel file response for each project differs from the value provided on MFR Schedule B-13, column (4).

c) Regarding the Substation Upgrades project, please identify what percentage of the costs provided in the DR 6.12 Stepdown Cost and DR 6.12 Bypass Loop Excel files are included in MFR Schedule B-13, column (4), for each.

d) For purposes of clarity, please provide the total estimated cost for the manhole project.

Company Response:

a. **"Labor – ES&I" is the support from contractors for Engineering, Supervision and Inspection.**

b. **The $750,000 estimate for the 69KV cable and switches was projected to be done over two years, with $250,000 being closed in December 2024 and $500,000 being closed in May 2025. Since MFR B-13 only related to the 2025 projected test year, only the 2025 portion of the project was included as the total project balance.**

c. **The two files provided in Staff's Data Request 6, number 12, represent the total for both the 2024 and 2025 projected costs. Estimated costs for 2025 were $1 million. Since these costs were estimated closing quarterly, MFR B-13 column (4) should have shown the $250,000 projected cost for the last quarter.**

d. **The total estimated cost for manholes for 2025 was $400,000.**

12. Please refer to FPUC's response to Staff's Sixth Set of Data Requests, No. 18. For each of the projects listed below, please explain in detail how denial of each project will have a direct negative impact on the reliability of FPUC's electric system.

a) Self Healing Project.

b) SD Substation 69 KV Loop and Switch.

c) Substation Upgrades.

d) Minor Projects.

Company Response:

a. **Please refer to the response to 10a above.**

b. **Please refer to the response to 10b above.**

c. **As with any equipment, workload and aging eventually result in the reduction of**

reliability, which is the same for substation equipment. Within the substation's design, there is some level of redundancy which allows short term emergencies, that are caused by equipment failure, to be manageable. However, most substation equipment has long lead times when purchasing the equipment, which creates the possibility of a second failure causing a significant event that may result in a large, extended outage. With continued maintenance and testing, the life of the equipment can be extended but it is still necessary to make a determination of when it is time to replace the equipment rather than be forced into the replacement.

d. The Endeavor project is needed to upgrade facilities, at a location that has extremely antiquated equipment, in order to support the load requirements in that area. The substation voltage regulators, electronic reclosers and removal of manholes is also similar to what is mentioned in 12(c) above. This equipment has been in service for a number of years handling the workload and needs to be replaced prior to failure while still in service. Getting this replacement equipment takes time and should not wait until it is too late.

13. Please refer to FPUC's response to Staff's Sixth Set of Data Requests, No. 22(b). Regarding the purchase of NW Florida Substations project, please explain why the estimated cost of $4.2 million differs from the estimated cost of $4.9 million as provided in MFR Schedule B-11 for the test year, and MFR Schedule B-13, column (4), for this project.

Company Response:

The $4,900,000 shown in MFR B-11 and B-13 consisted of both the purchase price of $4,200,000 and $700,000 for additional work to connect the substations to our system.

14. Please refer to FPUC's response to Staff's Sixth Set of Data Requests, No. 23(i). Please explain why the total cost provided in the Excel file response for the NW Florida IMC Technician differs from the value provided for this position on MFR Schedule C-7 (2024, 2025), page 7.

Company Response:

The total costs in the file support for Staff's Sixth Set of Data Requests No. 23 for NW Florida with the account number 582 in column C total $194,500. Since this amount was based on 2024 costs, the costs were increased by $582 or 3% to get to the amount shown in MFR C-7 page 7 for account 582 for 2025. The 3% was estimated at a composite between payroll times growth and inflation times growth.

15. Please refer to FPUC's response to Staff's Sixth Set of Data Requests, No. 23(m). Please list the procedures FPUC is attempting to comply with as it relates to the replacement of aging equipment and rebuilds of the AIP and JL Terry substations.

Company Response:

FPUC is registered with NERC and SERC/FRCC as a Transmission Owner and Distribution Provider, which places certain responsibilities on FPUC related to electric substations. NERC standard PRC-005-6 – Protection System, Automatic Reclosing and Sudden Pressure Relaying Maintenance is applicable to Transmission Owners and Distribution Providers. Within this standard, the Company must identify "Requirements and Measures" that will be followed to ensure "Compliance" with this standard. As the substation equipment ages, it becomes much more difficult to have the equipment meet all the testing requirements within the standard and must be replaced. This standard must

be complied with in order to avoid financial penalties enforced by NERC and to ensure reliable electric service to customers.

16. Please refer to FPUC's response to Staff's Sixth Set of Data Requests, No. 24(a). For purposes of clarity, please identify the substation to be rebuilt referenced in the direct testimony of witness Haffecke, page 16, lines 14 through 17.

Company Response:

The statement "the rebuild of an existing substation" on line 16 is in reference to the rebuild of the AIP substation and work at both the Step Down and JL Terry substations.

17. Please refer to FPUC's response to Staff's Sixth Set of Data Requests, No. 27(c). Please provide a salary breakdown for each line supervisor position similar to the format provided in the Microsoft Excel file titled "DR 6.6 GM450 engineering increase".

Company Response:

Please refer to the attached file "DR 20.17 Line Operation Supervisors".

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