



January 31, 2025

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**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 filing on behalf of Florida Public Utilities Company, please find the Company's responses to Staff's 33<sup>rd</sup> set of data requests.

Sincerely,

A handwritten signature in cursive script that reads 'Beth Keating'.

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

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FPUC'S RESPONSES TO STAFF'S THIRTY THIRD SET OF DATA REQUESTS

1. Please refer to witness Russell's direct testimony. On page 11, line 15, witness Russell explained that Florida Public Utilities Company's (FPUC) calculation of the interest rate of 4.51 percent only includes 21 percent of the six debt issuances totaling \$550 million used to finance the purchase of Florida City Gas (FCG).

a) Please explain how the Company determined 21 percent relates to funding overall FPUC operations and is appropriate for calculating the embedded cost of debt for FPUC.

b) How much of the \$550 million debt was used to purchase FCG?

**Company Response:**

**a) FPUC utilizes the capital structure of Chesapeake Utilities Corporation (the parent) when calculating the capital structure of its regulated businesses or subsidiaries. This methodology is used because CUC is the entity that issues the debt and equity capital necessary to support the funding needs to its regulated businesses including FPUC. FPUC does not issue third party equity nor is it a party to any third-party debt agreement. Using the equity/debt ratios for the entire company is consistent with a prior City Gas order PSC-1996-1404-FOF-GU, page 17: "We find that the appropriate capital structure for City Gas should be based on NUI's capital structure for investor sources. Amounts for customer deposits, deferred taxes, and investment tax credits should be**

specifically identified at the City Gas level...NUI Corporation is the source of investor capital for City Gas. The Company does not raise capital on its own. Therefore, the Company filed a divisional capital structure using the ratios of investor sources of capital adjusted to reflect NUI's capital structure." The final order in Docket No. 20220067-GU was consistent with this methodology.

Before the FCG acquisition, our equity to total capital structure was 53%. As discussed in Witness Russell's testimony, the board approved range is 50% to 60% equity to total capitalization. From time to time, the Company may fluctuate above or below this target range, given the economic markets and the Company's capital investment plans. Strategically, the board authorized the company to temporarily operate below the target range immediately following the FCG acquisition, with the expectation to get back within target range within twelve to twenty-four months.

The amount of the \$550 million of debt issued that related to the Florida City Gas (FCG) acquisition was determined by multiplying the acquisition cost times Chesapeake's estimated long-term debt ratio at 12/31/23 (long-term debt divided by the total capitalization). The difference between the long-term debt to purchase City Gas and the \$550 million resulted in 21 percent of the debt related to Chesapeake's estimated long-term debt financing plan.


All our filings have maintained Chesapeake's equity/debt ratios consistently with the methodology that has been utilized, and approved, since the FPU merger.

- b) The portion of the \$550 million debt issued that was used to purchase FCG was \$432M since the Company used debt, newly issued equity and existing equity to purchase FCG.**

**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 31<sup>st</sup> day of January, 2025:

<p>Suzanne Brownless Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 <a href="mailto:sbrownle@psc.state.fl.us">sbrownle@psc.state.fl.us</a> <a href="mailto:discovery-gcl@psc.state.fl.us">discovery-gcl@psc.state.fl.us</a></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 <a href="mailto:Trierweiler.Walt@leg.state.fl.us">Trierweiler.Walt@leg.state.fl.us</a> <a href="mailto:Wessling.Mary@leg.state.fl.us">Wessling.Mary@leg.state.fl.us</a> <a href="mailto:Rehwinkel.Charles@leg.state.fl.us">Rehwinkel.Charles@leg.state.fl.us</a> <a href="mailto:Christensen.patty@leg.state.fl.us">Christensen.patty@leg.state.fl.us</a> <a href="mailto:Ponce.octavio@leg.state.fl.us">Ponce.octavio@leg.state.fl.us</a> <a href="mailto:Watrous.austin@leg.state.fl.us">Watrous.austin@leg.state.fl.us</a></p>
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By:   
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