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June 13, 2018

E-PORTAL FILING

Ms. Carlotta Stauffer, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 20180061-EI – In Re: Petition for Limited Proceeding to Recovery Incremental Storm Restoration Costs by Florida Public Utilities Company.

Attached for filing, please find the Responses of Florida Public Utilities Company to the Third Set of Data Requests from Commission Staff.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Kind regards,



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MEK

Docket No. 20180061-EU – Petition for limited proceeding to recover incremental storm restoration costs, by Florida Public Utilities Company.

- 1) Please refer to page 5, paragraph 14, of FPUC's petition which states that neither the 2014 nor the 2017 agreements have an impact on the petition.
 - a. Please explain why FPUC is proposing to recover costs for the Blountstown/Bristol Storm, which occurred in 2015. It appears this storm happened under the 2014 agreement, which included recovery of named storms.
 - b. Please explain why FPUC is proposing to recover costs for the Marianna Storm, which occurred in 2016. It appears this storm happened under the 2014 agreement, which included recovery of named storms.

Company Response:

With regard to storm costs, the 2014 Rate Case settlement only speaks in terms of the circumstances under which the Company could petition the Commission for additional relief while the Settlement was in effect. While the Settlement was in effect, the Company would have been allowed to petition the Commission for additional recovery of storm-related costs, but only if the costs were associated with named, tropical storms. As such, FPUC would not have been able to file a petition to establish a cost recovery surcharge for recovery of storm-related costs associated with unnamed storms while the Settlement was in effect. The Settlement terms did not, however, preclude the Company from recovering costs associated with unnamed storms after the Settlement had expired, which it has. Nor did the Settlement preclude the Company from charging appropriate costs associated with unnamed storms to the Company's Storm Reserve. As such, the Company has included these costs in the instant petition.

- 2) For each storm, and for both the NE and NW divisions, please provide total replacement costs (capital and O&M) for the items identified in a-c below:
 - a. Average pole replacement costs
 - b. Average conductor replacement costs per foot
 - c. Average transformer replacement costs.
 - d. If the replacement cost of the items identified above varies by more than 10 percent, from one division to the next, please explain why.

Company Response:

a.

Cost Per Pole:	Cost Per Pole
Blountstown NW	\$ 300.43
Hermine NW	
Julia NE	
Marianna Storm NW	\$ 292.11
NW Storm 2/7/17	\$ 475.49
NW Storm 1/22/17	\$ 1,640.18
Matthew NE	\$ 2,364.16
Irma NE	\$ 1,904.73
Irma NW	\$ 896.00
Average All	\$ 1,422.88

b.

Cost Per foot of conductor:	Cost Per Foot
Blountstown NW	\$ 1.16
Hermine NW	
Julia NE	
Marianna Storm NW	\$ -
NW Storm 2/7/17	\$ -
NW Storm 1/22/17	\$ 1.95
Matthew NE	\$ 12.86
Irma NE	\$ 0.55
Irma NW	\$ 9.64
Average All	\$ 5.51

c.

Cost per Transformer:	Cost Per Transformer
Blountstown NW	\$ 1,017.12
Hermine NW	\$ 607.00
Julia NE	\$ 1,200.00
Marianna Storm NW	\$ 628.10
NW Storm 2/7/17	\$ 604.17
NW Storm 1/22/17	\$ 875.47
Matthew NE	\$ 981.79
Irma NE	\$ 2,246.74
Irma NW	\$ 644.38
Average All	\$ 1,342.46

- d. For Poles, both the material and labor costs vary depending on the size of the pole being replaced. The cost of the poles themselves for the small storms were never capitalized. Capital costs for the poles cost would increase capital costs by \$423.71 for the Blountstown storm, \$2,479.59 for the Marianna Storm, \$1,749.63 for the NW Storm 2/7/17, and \$365.50 for the NW Storm 1/22/17.

In addition, in estimating the "normal costs" to transfer to capital, for Hurricane Irma and Hurricane Matthew, an average for engineering and inspection was removed from the storm reserve in order to reduce storm costs charged to the reserve to the most conservative estimate possible. For the smaller storms, engineering and inspection was not included in costs charged to the storm reserve and these costs would not have been material.

Conductors costs vary based on whether only wire is being replaced or whether cutouts, switches, or arrestors are also replaced. Different types of wire also have different costs and different installation hours. In addition a higher voltage class is used in the NE division due to the location on an island and the salt spray involved. This results in higher material costs. Material costs for the small storms were never capitalized. Capital costs for the conductor material would increase capital costs by \$904.29 for the Blountstown storm, \$195.12 for Hurricane Hermine, \$130.08 for Tropical Storm Julia, \$1,459.39 for the Marianna Storm, \$1,138 for the NW Storm 2/7/17, and \$1,246.77 for the NW Storm 1/22/17.

As discussed in the response to OPC's Interrogatory No. 12, transformer costs for Irma were overstated by \$32,800 which caused the cost per transformer to be high. The average cost without this error is \$707 for NW and \$942 for NE. The costs vary per storm due to the different sizes of the transformers being replaced. Costs of the inventory can vary between \$400 and \$1,400 per item and labor to install differs based on the size of the unit.

3. Please refer to FPUC's responses to Office of Public Counsel (OPC) Interrogatory Nos. 4 and 10. FPUC's response to OPC Interrogatory No. 4 indicates that conductors were replaced for the Marianna Storm and the NW Storm 2/7/17; however, the costs of conductor replacements for these storms were not included in FPUC's response to OPC Interrogatory No. 10. Please explain this discrepancy.

Company Response:

The inventory costs related to the conductor for the Marianna Storm of \$1,459 and the NW Storm 2/7/17 of \$1,138 were not capitalized.

- e. FPUC's response to OPC Interrogatory No. 4 indicates that for Hurricane Irma, 24 transformers were replaced in the NE division and 8 were replaced in the NW division. However, FPUC's response to OPC Interrogatory No. 12 indicates that 28 transformers were replaced in the NE division. Please reconcile the difference in FPUC's responses. Also, please provide the cost to replace the transformers in the NW division for Hurricane Irma.

Company Response:

The number of transformers for Hurricane Irma identified in the Company's response to OPC Interrogatory No. 12 was incorrect, however, the amount capitalized in the response was correct. The corrected response follows:

In October 2017, 24 Transformers were replaced in the NE Division, 8 by contractors and 16 by company crews. 8 Transformers were replaced in the

NW Division, all replaced by company crews. The total cost capitalized was \$59,077.

- f. Please refer to FPUC's response to OPC Interrogatory No. 14. This response did not provide cost information for the conductors that were replaced during Hurricane Irma, Hurricane Matthew, the Marianna storm, and the NW Storm 2/7/17, as indicated in FPUC's response to OPC Interrogatory No. 4. Please provide the costs, or an explanation as to why these costs were not included in this response.

Company Response:

The attachment included with the Company's response to OPC Interrogatory No. 14 did include all the information related to items included in the conductor accounts. In accordance with the FERC CFR, Conductors include arrestors, cutouts, switches, and wire which are shown on the attachment.

- g. For each storm referenced in Attachment A to FPUC's Petition, please provide costs associated with the categories listed below. Also, if applicable, please explain any differences in the costs provided in this response, when compared to FPUC's responses to OPC Interrogatories identified below.
- a. Regular Payroll – OPC Interrogatory No. 17
 - b. Overtime Payroll – OPC Interrogatory No. 17
 - c. Contractors – OPC Interrogatory No. 34
 - d. Line Clearing – OPC Interrogatory No. 32
 - e. Vehicles & Fuels – OPC Interrogatory No. 39
 - f. Materials & Supplies – OPC Interrogatory No. 38
 - g. Logistics – OPC Interrogatory No. 40
 - h. Other – OPC Interrogatory No. 40

Company Response:

Please refer to the Company's attached file labeled "Question 6". The difference between the response to the OPC interrogatories and the attached file are that the OPC interrogatory inadvertently left out the Blountstown Bristol Storm from Interrogatory Nos. 17 and 39. In addition, since the Company's response was made, two adjustments were processed to the storm reserve. The first removes the regular payroll identified in OPC's Interrogatory 17 from the storm reserve. The second removes certain contractor costs which the Company determined were related to capital additions. This interrogatory also asks for comparison of contractor costs to OPC Interrogatory No. 34. However, OPC Interrogatory No. 34 only discussed lineclearing contractors and the Company's response to this question includes all contractor costs.