

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

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BY E-PORTAL

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

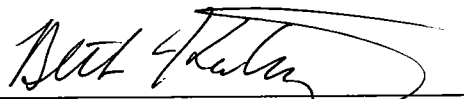
Re: Docket No. 20190131-EU: Proposed adoption of Rule 25-6.030, F.A.C., Storm Protection Plan and Rule 25-6.031, F.A.C., Storm Protection Plan Cost Recovery Clause ("SPP")

Dear Mr. Teitzman:

Attached for filing, please find Florida Public Utilities Company's Responses to Staff's First Data Request in the above-referenced docket.

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

Sincerely,



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

MEK

cc: Adria Harper (Office of General Counsel)
Andrew King (Office of General Counsel)
Sevini Guffey (Division of Economics)

Docket No. 20190131-EU: Proposed adoption of Rule 25-6.030, F.A.C., Storm Protection Plan and Rule 25-6.031, F.A.C., Storm Protection Plan Cost Recovery Clause (“SPP”)

Below, please find FPUC’s Responses to Staff’s Data Request.

1. Commission Rule 25-6.030, Storm Protection Plan, F.A.C., is being proposed to implement newly enacted Section 366.96, Florida Statutes (F.S.). In accordance with the statute and the attached staff draft rule, utilities are required to file an updated Storm Protection Plan at least every three years.

- a) Please explain whether or not you anticipate that the new statutory and Commission rule requirement will result in a need by your company to perform additional analyses, system reprogramming, or to make other business process changes to prepare for submission with the Commission the first Storm Protection Plan.

FPUC’s Response: FPUC does anticipate that the new statutory and Commission rule will result in the need for additional analyses, system reprogramming, and business process changes for submission with the Commission of the Company’s first Storm Protection Plan (“Plan”).

- b) If the answer to 1a is affirmative, please describe the additional work that will be conducted.

FPUC’s Response: Much depends upon the final, implemented version of the Rule. Generally, FPUC would anticipate engaging in tasks similar to those required for other regulatory filings, which would include development of the Plan itself, analysis of program components, identification of project-specific details, including estimated costs, preparation of supporting schedules and testimony, development of project prioritization criteria, and analysis of the benefits to our customers and system. Additionally, the Company anticipates the need to engage outside counsel for assistance in this process. The Company would also anticipate having to design a new business process to support gathering the appropriate level of detail needed, which may also necessitate reprogramming some of its systems to adapt to any new requirements.

- c) Please provide an estimate of the additional (i.e., incremental) costs to your company per year for the next five years of the additional work described in your answer to 1b.

FPUC’s Response: It is difficult to assess a potential incremental cost for the additional work described in response to 1b above because of the variables that remain in this process. However, the Company anticipates that incremental costs associated with the submission of the first Plan could approach \$155,000. This estimated amount could be more or less depending on the outcome of this process. Initial costs to develop the Plan would be higher than ongoing costs as some of the activities would be completed one time and not each successive year of the program, particularly if the Commission repeals the existing Storm Hardening Rule. Therefore, the Company anticipates that costs associated with ongoing Plan updates would be minimal.

2. Commission Rule 25-6.031, Storm Protection Plan Cost Recovery Clause, F.A.C., is being proposed to implement newly enacted Section 366.96, Florida Statutes (F.S.). In accordance with the statute and the staff draft rule, utilities may petition for recovery of Commission-approved

transmission and distribution storm protection plan costs through the Storm Protection Plan Cost Recovery Clause.

- a) Please explain whether or not you anticipate participating in the annual Storm Protection Plan Cost Recovery Clause hearings.

FPUC's Response: At this point in the process, FPUC would anticipate participation in the Storm Protection Plan Cost Recovery Clause hearings.

- b) If the answer to 2a is affirmative, please describe the additional work that will be conducted to file annual petitions for recovery of storm protection plan costs and associated cost recovery factors.

FPUC's Response: FPUC would anticipate additional, incremental work for the Storm Protection Plan consistent with effort and workload associated with the existing annual clauses.

- c) Please provide an estimate of the additional (i.e., incremental) costs to your company per year for the next five years of the additional work described in your answer to 2b.

FPUC's Response: FPUC would estimate that the incremental costs to the company annually for the next five years would total approximately \$88,000, this would include an additional Full Time Equivalent effort. As stated in 1c, these costs are estimated, and the actual costs could be more or less than this estimate, depending upon the outcome of this process.

3. Please explain whether or not you anticipate that the billing of new storm protection cost recovery factors will result in the need by your company to perform any system reprogramming and provide an estimate of the additional cost to your company to bill a new factor per year for the next five years if the storm protection cost recovery clause is incorporated on customers' bills in the non-fuel energy charge.

FPUC's Response: Yes, the Company anticipates the need for system reprogramming to accommodate the billing of new storm protection cost recovery factors. At this point in the process, the Company would estimate the incremental cost associated with the system reprogramming to be approximately \$40,000 in aggregate. FPUC anticipates that most of these costs would be initial, up-front cost associated with making changes and would not continue annually. However, depending on the outcome of this process there may be some annual system costs associated with the billing system reprogramming, but at this point the Company cannot accurately assign this level of discrete costs on an annual basis.

4. Please discuss any economic impacts to the utility and its customers that may occur as a result of Section 366.96, F.S. and attached draft rules 25-6.030 and 25-6.031, F.A.C.

FPUC's Response: FPUC expects that the economic impacts arising from the implementation of Section 366.96, F.S., and Commission Rules 25-6.030 and 26-6.031, Florida Administrative Code, will include costs associated with analyzing how best to implement the final rule requirements, as well as the development and

implementation of the various programs and projects resulting from that analysis. Other than the estimated costs that the Company discusses above, FPUC is unable to estimate the economic impact on FPUC's customers with any level of accuracy, at least at this point in the process. The Company does plan to pursue recovery of appropriate costs through the Storm Protection Plan Cost Recovery Clause; thus, there will likely be an economic impact of some degree on FPUC's customers. FPUC nonetheless anticipates that the long-term benefits of a more reliable and resilient electric system will mitigate the dollar impact for its customers.