

Writer's E-Mail Address: bkeating@gunster.com

September 23, 2019

VIA E-PORTAL

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

Re: Docket No. 20190155-EI – Petition for establishment of regulatory assets for expenses not recovered during restoration for Hurricane Michael, by Florida Public Utilities Company.

Docket No. 20190156-EI - Petition for a limited proceeding to recover incremental storm restoration costs, capital costs, revenue reduction for permanently lost customers, and regulatory assets related to Hurricane Michael, by Florida Public Utilities Company.

Dear Mr. Teitzman:

Enclosed for electronic filing, please find Florida Public Utilities Company's Responses to Commission Staff's First Data Requests in the above-referenced dockets.

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

Sincerely,


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

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FPUC's RESPONSES TO STAFF'S FIRST DATA REQUEST

For Question Nos. 1-9, please refer to the direct testimony of FPUC's witness Cutshaw.

1. Please refer to page 3, lines 21-22. Please describe what effects, if any, that storm hardening had on the restoration efforts.

Company Response:

FPUC has not conducted any detailed study regarding the effects of storm hardening on the restoration efforts. However, in our forensics analysis that covered a sample of our distribution system, the majority of damaged poles were not storm hardened. Storm hardened poles performed very well but the forensics sample did indicate that they are not immune to damage in all cases.

Storm hardening standards within our Northwest Florida Division includes the extreme wind loading standard for 120 mph winds, which were exceeded as Hurricane Michael moved through the service territory. General perception from working on the restoration effort is that the storm hardened poles performed much better than non-storm hardened poles.

Respondent: Mark Cutshaw

2. Please refer to page 3, lines 21-23, and page 4, line 1. Please indicate whether or not FPUC has increased, or plans to increase, the number of hardened poles in its service territory due to their success as compared to non-hardened poles during Hurricane Michael.

a. If not, please explain.

Company Response:

FPUC does not plan to change our efforts as it relates to the installation of storm hardened poles. FPUC will continue to ensure that all new facilities are constructed in accordance with the storm hardening standards and will include certain projects within our storm hardening plan just as has been done in previous years.

Respondent: Mark Cutshaw

3. Please refer to page 4, lines 1-3. Please explain how the underground systems were damaged during the clean-up activities.

Company Response:

Restoration efforts within the community resulted in a tremendous amount of vegetation and building debris. In many cases this debris was moved to the roadways, which resulted in the rights-of-way being full of large mounds of debris. These same rights of way, in areas served by underground electric distribution systems, are also used for the installation of certain types of equipment necessary to provide underground electric service.

In several instances, large mounds of debris covered pad-mounted equipment or concealed electrical conduit that was attached to the distribution pole. As cleanup crews moved through the area using powerful mechanized equipment to pick up the debris, pad-mounted equipment and electrical conduit were caught up as the equipment picked up the debris. Damage occurred when the debris-removal equipment mistakenly pulled at either the pad-mounted equipment or conduit.

Respondent: Mark Cutshaw

4. Please refer to page 5, lines 3-11. Please explain how FPUC handled the “logistics difficulties” during Hurricane Michael.

Company Response:

The level of resources necessary to complete the restoration in accordance with our Estimated Time of Restoration (ETR) goal was significantly more than initially expected. FPUC immediately reached out to all the utility and community resources to identify what types of additional logistical resources were available.

The most pressing logistical need was for housing and meals for the additional contractor resources the Company required. We were able to address this issues through a variety of resources. The majority of the assistance came from staging sites provided by other utilities (which included lodging and meals), national relief agencies and local churches. Additionally, we were able to obtain hotels both inside and outside of the electrical service territory. These rooms were able to cover some of the resources that were better able to travel easily.

Respondent: Mark Cutshaw

5. Please refer to page 5, lines 8-11. Please indicate whether or not FPUC’s inventory was sufficient during the restoration process.

a. If additional resources were required, please explain why, and identify any difficulties experienced in acquiring these resources.

Company Response:

As has been previously mentioned, the level of damage from Hurricane Michael was unexpected and unprecedented. The amount of material necessary to complete the restoration exceeded our initial supply of emergency materials.

As it became apparent that additional materials would be needed as the restoration effort continued, the FPUC warehouse staff reached out to other utilities and suppliers and acquired the additional materials that would be needed to complete the restoration. Although this was a challenge to accomplish, the purchasing networks and supply connections developed by this group were called upon and able to respond to the challenge. There were no delays in restoration based on availability of materials.

Respondent: Mark Cutshaw

6. Please refer to page 5, lines 13-17.
 - a. Please identify and describe the “special equipment and boats” discussed on line 16.
 - b. How were the “special equipment and boats” acquired? (i.e. rented, purchased, already in inventory, etc.)
 - c. What were the costs associated with the “special equipment and boats”? (i.e. rental, price, fuel, etc.)
 - d. Are the costs for the “special equipment and boats” listed under the “Equipment Rental” on FPUC witness Napier’s exhibit MDN-4?

Company Response:

- a. The primary special equipment used during the restoration allowed crews to perform work in extremely wet or muddy conditions (tracked equipment). These machines were outfitted with tracks (similar to a bulldozer) and fitted with either an aerial bucket or a digger derrick so that poles could be moved to inaccessible areas. This same equipment could then be used to set poles using the digger derrick and then worked using the aerial bucket. A boat was also used to transport crew personnel to pole locations that were only accessible by water.
- b. These special equipment items were provided by the resources assisting in the restoration. Both Chain Electric and ARC America used tracked machines during the

restoration effort. The cost for this was included within the contractor cost billed during restoration. Chain Electric also provided the boat that was used. The costs were included under contractor costs on FPUC-Witness Napier's Exhibit MDN-4. The costs would have been included in Equipment Rental on FPUC witness Napier's exhibit MDN-4 if FPUC rented the equipment from a separate vendor instead of a contractor.

c. Below are listed the costs considered "special equipment and boats" in Mark Cutshaw's testimony which were included in the contractor costs. The total rental cost for both providers is as follows:

Chain Electric (Tracked Equipment)	\$124,350
ARC America (Tracked Equipment)	\$ 68,320
Chain Electric (Boat)	\$ 3,840

d. No, these are included in the Contractor Cost of Exhibit MDN-4.

Respondent: Mark Cutshaw and Kathy Welch

7. Please refer to page 7, lines 2-5. What resources did FPUC receive from SEE?

Company Response:

FPUC acquired the following resources through the SEE:

Line Construction Resources

Chain Electric

Florida Power & Light

Pike Electric

Irby Construction

Tampa Electric Company

Vegetation Management Resources

Davey Tree Service

Respondent: Mark Cutshaw

8. Please refer to page 8, lines 2-4. Did FPUC reject any resources from SEE?
- a. If so, please explain why.

Company Response:

FPUC did not reject any resources provided through the SEE.

Respondent: Mark Cutshaw

9. Please refer to page 10, lines 9-11. What resources did FPUC need outside of those provided by SEE?

Company Response:

FPUC acquired the following resources outside of the SEE process.

Line Construction Resources

MDR Powerline Construction

ARC American

Henkel's & McCoy

Mastec

Vegetation Management and Debris Cleanup

ABC Professional Tree Service

Asplundh Tree Experts

Wolf Tree Inc.

Debris Clean Up

Blue Lake

Assessment Crews

Enercon

Respondent: Mark Cutshaw

For Question Nos. 10-13, please refer to the direct testimony of FPUC's witness Cassel.

10. Please refer to page 6, lines 5-8. Please detail the vehicle fuel supply disruptions FPUC experienced during its restoration process. As part of this response, please explain how these issues were rectified.

Company Response:

The local fuel supplier we had contracted with for fuel in our emergency storm plan had significant damage to their facilities and were unable to provide fuel immediately after the storm. After external communications were established, FPU was able to contract with Sun Coast Resources, Inc. to furnish Fuel Trucks at 3 staging locations that then were used to fill line trucks at night and meet our other fuel needs as necessary.

Respondent: Drane Shelley

11. Please refer to page 8, lines 13-15.

- a. How much equipment needed to be replaced due to the storm?
- b. Has the new equipment resulted in any increases in efficiency?

Company Response:

a. Approximately 10 to 12% of the Northwest Division's Distribution System needed to be replaced due to Hurricane Michael.

b. FPUC has not been able to assess any increase in efficiencies since Hurricane Michael primarily as a result of continued damages to its facilities from overloaded (height wise) debris trucks snagging wires, as well as routine severe thunderstorms which continue to down trees and limbs that were compromised by the storm and affecting our overhead lines.

Respondent: Drane Shelley

12. Please refer to page 8, lines 20-23, and page 9, lines 1-4. For the equipment that was affected by Hurricane Michael, but did not require replacement, please indicate whether or not FPUC has inspected the equipment to prevent future failure or issues. If not, please explain why not.

Company Response:

FPUC has not been able to perform a thorough inspection of the entire distribution system post Hurricane Michael. Since the hurricane, FPUC has focused its limited internal crew's priority on the restoration of services to individual customer homes and businesses that are being rebuilt since the storm, repairing and replacing damaged street and residential lighting. Additionally, the Company has focused on newly identified priorities such as installation of underground services to irrigation pivots that previously were served by diesel generators, revisions of existing services to the City of Marianna's Photovoltaic Systems, installations of new services to the High School in Bristol and a K-8 School in Marianna, and a rebuild of services to the Endeavor Marianna area buildings. For purposes of clarity, the "Endeavor" property consists of the former Dozier School site, which, combined with the McCallum Sweeney Industrial Site, is a location targeted by the County for the development of logistics operations and light manufacturing.

Respondent: Drane Shelley

13. Please refer to page 8, lines 21-23 and page 9, lines 1-4. Please describe any anticipated future maintenance, and the estimated cost associated with it, that will be needed as a result of Hurricane Michael.

Company Response:

FPUC does anticipate future maintenance costs associated with straightening leaning poles, re-sagging lines and trimming vegetation that were not as urgent a priority during the initial restoration of power to our customers. We do not have an estimate for future costs at this time and none have been included in this filing.

Respondent: Drane Shelley

14. Please refer to Attachment A, Schedule A-1, Please identify the total bill impact for a typical residential customer for the estimated revenue requirement.

a. Please refer to page 11, paragraph 21 of FPUC's petition (Docket No. 20190156-EI). Please explain why FPUC believes it is proper to include uncollectable amounts which were due prior to the storm event, but which were not charged to the storm reserve.

Company Response:

The typical bill impact for a residential customer is anticipated to be an increase of \$15.46.

a. The uncollectible amounts were included and charged in Attachment D to the petition as part of the regulatory asset for costs that would normally be included in the storm reserve. They were included because the amounts could not be collected after the storm occurred. FPUC assumes this was due to either the customer's lack of ability to pay after the storm or due to abandonment of their property.

Respondent: Kathy Welch

15. Please refer to Section C, paragraphs 16 and 17, of FPUC's petition (Docket No. 20190155-EI). Paragraph 17 reads:

"FPUC is requesting this approach, because it avoids a more long-term impact on its depreciation expense. If these costs are not included in a regulatory asset, they would be recovered in future years through the Company's next depreciation study. Consequently, annual depreciation expense would significantly increase over the amount of the currently requested annual amortization."

a. If FPUC's petition is approved, will the annual amortization expense "be recovered in future years"?

b. Please detail the calculations and results using cost amounts being sought for recovery in this proceeding that support or prove the statement that "annual depreciation expense would significantly increase over the amount of the currently requested annual amortization."

Company Response:

a. **It is FPUC's proposal that the regulatory asset consisting of the unrecovered costs be amortized over 30 years. Whether the unrecovered costs are treated as a regulatory asset or considered in the depreciation study, recovery will take place over future years; it is a matter of the number of years.**

b. **The statement that "annual depreciation expense would significantly increase over the amount of the currently requested annual amortization" assumes that the depreciation study would seek amortization of the net unrecovered costs over a 4-year period as the time period between depreciation studies. Amortization over 4 years results in annual amortization expense of \$1,967,657. Amortization over 30 years results in annual amortization expense of \$262,354.**

Respondent: Pat Lee

16. Please refer to Exhibit A of FPUC's petition (Docket No. 20190155-EI), page 3.

a. Please describe the process FPUC employed to determine the values shown in the "Undepreciated Retirement" column, including how FPUC determined the reserve position of the retired assets associated with its request.

b. Please confirm that the costs associated with asset removal, and credits associated with gross salvage, are actuals (i.e. per book amounts).

Company Response:

a. The investments subject to retirement associated with Hurricane Michael were multiplied by the estimated 12/31/19 reserve percent for that account using the preliminary depreciation study worksheets prepared for the 2019 depreciation study at the time the Hurricane Michael filing was prepared. The difference between the investment and the calculated estimated reserve was shown as the "undepreciated retirement" for the regulatory asset. Using the account percent is permitted by Rule 25-6.0436(2)(c)2, Florida Administrative Code.

Pat Lee

b. Yes, the costs associated with the asset removal and gross salvage are actual booked amounts but include some reclassifications made after June due to allocation changes during preparation of the filing.

Respondent: Kathy Welch

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing has been served by Electronic Mail this 23rd day of September, 2019, upon the following:

<p>Florida Public Utilities Company Mike Cassel 1750 S 14th Street, Suite 200 Fernandina Beach, FL 32034 mcassel@fpuc.com</p>	<p>Ashley Weisenfeld Rachael Dziechciarz Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399 aweisenf@psc.state.fl.us rdziehc@psc.state.fl.us</p>
	<p>Office of Public Counsel J.R. Kelly/Patricia Christensen/Mireille Fall-Fry c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399-1400 Kelly.jr@leg.state.fl.us christensen.patty@leg.state.fl.us fall-fry.mireille@leg.state.fl.us</p>

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