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July 27, 2020

E-PORTAL

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

Re: Undocketed: Proposed Amendment of Rule 25-6.0143 and Proposed Adoption of Rule 25-7.0143

Dear Mr. Teitzman:

Attached for filing, please find a true and correct electronic copy of the Post Workshop Comments of Florida Public Utilities Company (Electric and Gas Divisions) regarding the above-noted proposed rules.

As always, thank you for your assistance with this filing. Please do not hesitate to let me know if you have any questions whatsoever.

Sincerely,

A handwritten signature in black ink, appearing to read 'Beth Keating', with a large, sweeping flourish extending to the right.

Beth Keating
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MEK

Enclosures

cc:// Adria Harper, Senior Counsel, Office of the General Counsel

Florida Public Utilities Company's Post Workshop Comments

Proposed Amendment of Rule 25-6.0143 and Proposed Adoption of Rule 25-7.0143 (Undocketed)

Having had the opportunity to participate in the June 29, 2020, rulemaking workshop, Florida Public Utilities Company ("FPUC") appreciates the opportunity to offer the following additional comments as it relates to the proposed amendments to Rule 25-6.0143, Florida Administrative Code, and the proposed adoption of Rule 25-7.0143, Florida Administrative Code.

1. Both of the draft rules address the different types of storm-related costs that can be charged to the accounts in section 1(e) of each of the respective rules. For each of the identified accounts, a calculation is made to identify the excess in relation to the average of the previous three years. First, one of the categories of costs identified would not typically be incurred by the Company in the absence of a named storm; therefore, use of a three-year average would prove challenging, if not impossible. Specifically, the Company would not typically incur separate logistics cost. Thus, development of a three-year average could be challenging.
2. FPUC does not believe that how "incremental" is determined should hinge on the prior three years' spending. As FPUC interprets the ICCA methodology as it currently exists in the rule, incremental costs should be those costs in excess of those approved in the last rate case of the Company, as those are the costs that are truly incremental and are the costs the Company normally charges to non-cost recovery clause operating expenses. As such, FPUC suggests the incorporation of any language referring to a different baseline upon which incremental costs are determined unnecessarily complicates the rule and is beyond the intent of the ICCA methodology. If the Commission decides that use of an average, as opposed to a prior rate case basis, is more appropriate, FPUC would urge that the language be modified to refer to a yearly average, instead of a monthly average, because on a monthly basis, a project or contractor's "make-up" work in another month could skew the average; whereas, if considered on a yearly basis, the monthly changes, including make-up work, would normalize.
3. The draft Rules remove the phrase "but are not limited to" from various sections in Rule 25-6.0143, including from subsections (1)(e) and (g). The absence of this phrase from these two subsections of the Rule suggests that the lists identified are intended to be exhaustive. This does not take into account the possibility of storm-related costs that may be new to storms in the future (maybe because of technology) or unidentified costs that could be specific to individual utilities. Particularly as it relates to subsection 1(e), this would limit the categories the Company can include and the types of costs included

under these categories. As such, FPUC recommends that this language be reinstated. If it is not reinstated, the Company highly recommends that, at a minimum, the costs for leased or rented facilities during the storm recovery phase, as well as any costs for law enforcement and safety and security for unsecured facilities, be included among the identified, recoverable costs. Likewise, FPUC would ask that the language “but are not limited to” be inserted in subsections 1(e) and (g) of proposed Rule 25-7.0143.

4. More specifically, the Company recommends that the percent of revenues referenced in Section 1(h) of both 25-6.0143 and 25-7.0143, be changed to 1.5% of jurisdictional revenues in order to be consistent with Section 1(d). Otherwise, it isn't clear why there is a different notification level for charging to the reserve as compared to charging costs to O&M.
5. In Section 1(m) of 25-6.0143, the Company asks that the Commission staff consider changing the date for the filing of the required report from February 15 to April 30th to coincide more closely with the Annual Report filing.
6. In Section 1(a) of 25-7.0143, FPUC recommends that all references to nuclear accidents and nuclear power plants could and should be removed.
7. FPUC also suggests that consideration be given to including storm related vegetation management for the natural gas facilities among the types of costs that can be recorded to the storm account. Typically, vegetation management for gas systems only occurs as a result of a storm. It is not a typical annual cost. As such, it should be considered an extraordinary, incremental, storm-related cost that is chargeable to the storm account.

FPUC again appreciates the opportunity to offer its comments regarding these draft rule changes and welcomes the opportunity to discuss these changes further.