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OFFICE OF THE GENERAL COUNSEL
KEITH C. HETRICK
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

September 4, 2020

Beth Keating
Gregory Munson
GUNSTER, YOAKLEY & STEWART, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301-1839
bkeating@gunster.com
gmunson@gunster.com

STAFF'S THIRD DATA REQUEST *via e-mail*

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;
Docket No. 20190174-EI – Petition for approval of 2019 depreciation study by Florida Public Utilities Company.

Dear Ms. Keating:

By this letter, the Commission staff requests that Florida Public Utilities Company (FPUC) provide responses to the following data requests:

1. Please refer to the Stipulation and Settlement Agreement, Attachments A and B. Please confirm if the Hurricane Michael Surcharge will be in effect for the period November 2020 through December 2025.
2. Please provide the cost support to show the calculation of the revised base rates for all rate schedules in Attachment B of the Stipulation and Settlement Agreement.
3. Please refer to the page 13 of the Stipulation and Settlement Agreement, Exhibit A, Section II, subsection B "Initial Audit Required," which states that FPUC will engage an independent outside audit of FPUC's presentation of recoverable costs of the first named storm for which claimed damages exceed at least 50% of its full authorized storm reserve amount, or \$40 million, whichever is greater. Given that

the target storm reserve for FPUC is \$1.5 million, and that Hurricane Michael “necessitated repairs to nearly 100% on the [Northwest Division] system,” which resulted in approximately \$37 million of claimed damages, please explain why the Parties believe that this is a reasonable threshold to utilize as a triggering event for the initial audit.

4. Please refer to page 4 of the Stipulation and Settlement Agreement, Section I “Cost Recovery,” paragraph 1. Please explain how the proposed annual recovery of \$1,189,374, associated with the “Accumulated Depreciation cost of removal and undepreciated plant” (A/D Regulatory Asset) regulatory asset was calculated. Please specifically identify all cost components and show all calculations.
 - a. If currently known, does FPUC intend to petition the Commission to reduce its base rates by the proposed annual recovery amount of \$1,189,374 associated with the A/D Regulatory Asset when full amortization of the asset is achieved, presumably ten years after inception of the associated rate increase?
 - b. For clarity, is the language: “[t]his asset would be amortized over 10 years” referring to the A/D Regulatory Asset (\$6,842,378), only?
5. Please refer to the Stipulation and Settlement Agreement, page 4, Section I “Cost Recovery,” paragraph 4. Quoting from the Storm Settlement:

“ . . . the Parties acknowledge that it is anticipated FPUC will over-collect interim revenues. The Parties agree that a true-up will be timely conducted following the Interim Rate termination date of October 31, 2020. The identified over-collected amount shall be refunded to FPUC's customers as a reduction to FPUC's Fuel Clause beginning January 1, 2021.”

Please discuss how FPUC intends to effectuate the stipulations contained in this section of the Settlement Agreement. Given the cessation of interim rates on October 31, 2020, and the procedural dates ordered in Docket 20200001-EI, please focus the response/explanation on how the true-up amount will first be determined, and then how it will be incorporated into fuel rates that would become effective on or about January 1, 2021.¹

Please file all responses electronically no later than **September 11, 2020**, from the Commission’s website at www.floridapsc.com, by selecting the Clerk’s Office tab and Electronic Filing Web Form.

¹Order No. PSC-2020-0123-PCO-PU, issued April 23, 2020, in Docket No. 20200001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*, Docket No. 20200002-EG, *In re: Energy conservation cost recovery clause*, Docket No. 20200003-GU, *In re: Purchased gas adjustment (PGA) true-up*, Docket No. 20200004-GU, *In re: Natural gas conservation cost recovery*, and Docket No. 20200007-EI, *In re: Environmental cost recovery clause*.

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Please feel free to call me at (850) 413-6212 if you have any questions.

Sincerely,

/s/ Rachael Dziechciarz

Rachael Dziechciarz
Senior Attorney

RAD/cf

cc: Office of Commission Clerk
Office of Public Counsel