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DIVISION OF ECONOMICS
JUDY HARLOW
DIRECTOR
(850) 413-6410

Public Service Commission

March 20, 2023

Beth Keating, Esquire
Gunster, Yoakley & Stewart, P.A.
215 South Monroe Street, Suite601
Tallahassee, FL 32301
bkeating@gunster.com

STAFF'S FIRST DATA REQUEST VIA EMAIL

Jason Bennett
Florida Public Utilities Company
208 Wildlight Avenue
Yulee, FL 32097
jbennett@chpk.com

Re: Docket No. 20230029-GU: Petition for approval of gas utility access and replacement directive, by Florida Public Utilities Company

Dear Ms. Keating and Mr. Bennett:

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

General

1. Please refer to Florida Public Utilities Company's (FPUC or Utility) petition for approval of gas utility access and replacement directive (GUARD). Please indicate whether or not each of the improvements proposed under FPUC's GUARD program are the result of an official regulatory requirement (such as a requirement from the Pipeline and Hazardous Materials Safety Administration (PHMSA) or other regulatory authority). If so, please identify each requirement and the regulatory authorities that issued each requirement for each proposed improvement. If not, please provide FPUC's perceived justification for each requested improvement.
2. Please identify and provide any studies conducted supporting the need for the proposed GUARD improvements and its benefits to the general body of ratepayers.
3. Please refer to FPUC's petition, paragraph 3, on pages 2 through 3, for the following questions.

- a) Please explain how the 10-year term was determined for the GUARD program. For each alternative term considered, please explain why it was not selected.
 - b) Please explain how the estimated total GUARD program cost shown in Exhibit 2 of the petition was developed.
 - c) Please provide a table identifying the estimated annual GUARD program costs by each proposed improvement for each year of the 10-year program term.
4. Please provide a construction timeline detailing anticipated construction activities throughout the 10-year term of the GUARD program
5. Please refer to FPUC's petition, paragraph 7, on page 4, for the following questions.
 - a) Please identify all remaining activities under the Utility's current Gas Reliability Infrastructure Program (GRIP). As part of this response, please identify the current status and the estimated completion date for each remaining activity.
 - b) Please identify which components of the GUARD program are currently included under the GRIP.
 - c) Provide the total GRIP investment to date (2012-2023).
6. Please refer to FPUC's petition, paragraph 8, on pages 4 through 5, for the following questions.
 - a) Please identify the outside contractor utilized, and detail how this contractor was selected. As part of this response, please identify the contractor cost and all alternative contractors considered, if any, along with the associated cost and reason they were not selected for each.
 - b) Please detail the results of the data analysis and risk assessment conducted by the outside contractor.
 - c) Please provide a copy of the outside contractor's recommendation and prioritization of facilities that need to be replaced.
 - d) Please state if FPUC will seek recovery of the contractor fees. If yes, please explain in which proceeding.
7. Please provide a general description of the locations of proposed GUARD projects to be completed from April 2023 to December 2024.
8. Please provide Exhibit 4 in Excel format.
9. Referring to Exhibit 4, page 2 of 3, of the petition, please explain the beginning balance of \$5.84 M. Does this amount include the remaining balance of GRIP investments that was not rolled into rate base in Docket No. 20220067-GU (rate case docket)?

10. Paragraph 31 of the petition states “A full assessment of the system for projects and facilities that could fall under this project is still in progress.” However, paragraph 8 states that the company will utilize the contractor’s recommendation and prioritization of facilities. Please explain the process of how the company prioritizes facilities.
11. Please refer to FPUC’s petition, paragraph 30, on page 13, for the following questions.
- a) Please identify the estimated construction-related savings and all associated benefits FPUC anticipates by implementing the GUARD program now as opposed to later.
 - b) Please explain the process the Utility intends to use to select construction contractors for the GUARD program.

SAFE

12. Please refer to FPUC’s petition, paragraph 10, on pages 5 through 6, for the following questions.
- a) Please detail what criteria FPUC used to determine that approximately 237 miles of mains require replacement of the 446 miles of mains identified as being located in rear easements/difficult to access areas.
 - b) Please explain how the Utility intends to refine its estimate of the miles of mains that will be replaced under the GUARD program. As part of this response, please indicate what additional data the Utility requires to refine this estimate, and identify how long the refinement process is expected to take.
 - c) Please identify any plans for the remainder of mains located in rear easements/difficult to access areas that are not planned for replacement under the GUARD program.
13. Considering some pipelines are on private property and/or have rear access, would the property owner need to be onsite at the time of the work being done?
14. Please refer to FPUC’s petition, paragraph 20, on page 10. Please explain how the estimate of 20 percent more mains to be installed than retired was determined.

Reliability

15. Please list the municipalities and communities that have a single source of gas. Have those communities experienced any gas emergency situations and hence the need to have an additional backup natural gas supply pipeline? Please discuss.

16. If work on a gas pipeline is expected to cause outages, how long should a customer or business be expected to be without natural gas as the petition, on paragraph 18 states that some communities have a single gas pipeline?
17. Paragraph 20 of the petition states that “polyethylene pipe will be used for most replacement and relocation of pipe as well as installation of new pipe.” Please state the estimated lifespan of the polyethylene pipe.
18. Please refer to FPUC’s petition, paragraph 16, on page 8, for the following questions.
 - a) Please detail any reliability issues experienced at each of the proposed locations for the reliability improvements under the GUARD program by year for the past 10 years. As part of this response, please indicate whether or not FPUC’s system reliability would be affected if these improvements are not made. If so, please explain how.
 - b) Please identify a Commission Order where a similar project has been approved outside of a base rate proceeding.
19. Please refer to FPUC’s petition, paragraph 17, on pages 8 through 9. Please identify all instances where cold weather has caused volumetric pressure to fall to dangerously low levels by year for the past 10 years. As part of this response, please identify the number of customer outages experienced during each occurrence as a result.
20. Please refer to FPUC’s petition, paragraph 18, on page 9. Please identify the number of “uncontrollable outages” that have occurred in communities served by a single gas pipeline by year for the past 10 years.

Problematic Distribution Mains and Service Pipelines

21. Page 1 of the petition refers to “distribution lines and services that are made of suspect material identified since GRIP was implemented.” Please identify the pipe materials that are considered “suspect material.”
22. Please refer to FPUC’s petition, paragraph 12, on pages 6 through 7. For each type of distribution mains and service lines in need of expedited replacement, please explain how each was determined to need expedited replacement, and identify any issues the Utility has encountered with each type by year for the past 10 years.
23. Please refer to FPUC’s petition, paragraph 14, on page 7, for the following questions.
 - a) Please provide a preliminary estimate of the amount of shallow/exposed pipe that would need expedited replacement, and identify the estimated total replacement cost.

If unknown, please explain how FPUC intends to investigate this issue, and identify when the Utility intends to provide an estimate of the associated costs to the Commission.

- b) Please indicate whether or not it is standard practice for FPUC to replace shallow/exposed pipe as it is discovered. If so, please explain why expedited replacement of shallow/exposed pipe is necessary for inclusion in the GUARD program.

Rates and Tariffs

24. Exhibit 5 of the petition contains FPUC's proposed tariff revisions related to the GUARD program for which the Utility is seeking implementation in January 2024. Paragraph 29 of the petition states that the first true up filing for a combined remaining GRIP and proposed GUARD will be made in September 2023. Please discuss what the differences would be of the tariffs filed in this docket and what the company plans to file in September 2023. Will the September filing include tariffs?
25. FPUC is requesting the proposed GUARD factors be effective in January 2024. However, First Revised Sheet No. 7.403 indicates year 2023. Please explain.
26. Referring to First Revised Sheet No. 7.405, please explain why FPUC is proposing to delete "grossed up for federal and state income taxes" language from the Ad valorem taxes.
27. Assuming FPUC does not petition the Commission for a rate case in the next 10 years, what is FPUC's estimated average annual customer rate impact of the proposed GUARD for each customer class for 2024 through 2034?

Please file all responses electronically no later than April 10, 2023 via the Commission's website at www.floridapsc.com by selecting the Clerk's Office tab and Electronic Filing Web Form. Please contact me at sguffey@psc.state.fl.us or at 850.413.6204 if you have any questions.

Thank you.

/s/Sevini Guffey

Sevini Guffey

Public Utility Analyst III

cc: Office of Commission Clerk