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March 1, 2024

**E-PORTAL FILING**

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

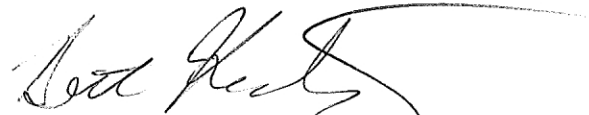
**Re: Docket No. 20230124-GU - Petition for approval of limited variance from area extension program (AEP) tariff, by Florida Public Utilities Company.**

Dear Mr. Teitzman:

Attached for filing in the referenced docket, please find Florida Public Utilities Company's Responses to Staff's Third Set of Data Requests.

Thank you for your assistance with this filing.

Kind regards,



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Enclosure

**Docket No. 20230124-GU - Petition for approval of limited variance from area extension program (AEP) tariff, by Florida Public Utilities Company.**

**Florida Public Utilities Company's Responses to Staff's First Data Requests**

**1. Please refer to Exhibit C of FPUC's responses to staff's first data request for the following questions:**

**a. Please provide a detailed breakdown and explanation of the costs related to Line 1, Additional Construction (\$240,000).**

**b. Please show how the utility calculated Line 8, Estimated Allowed Cost of Capital (\$174,089).**

**Company Response:**

- a) The \$240,000 consists of an approach main needed to reach a CGS community. This approach main is approximately 3,800ft of 6-inch plastic pipe, and 3,000ft of 4-inch plastic pipe.
- b) An exhibit showing the calculation has been provided as Exhibit A.

**2. Paragraph 16 of the petition states that 56% of customers will see an immediate savings if a volumetric charge is adopted versus a fixed charge. Please provide a detailed explanation on when and how the other 44% of customers will benefit from a volumetric charge versus a fixed charge.**

**Company Response:**

A volumetric AEP was chosen for this project because it provides a better method to balance the benefit of converting to natural gas to all customers, both those with low usage and high usage. Under a fixed AEP, customers that had the highest gas usage would experience significant savings because they would pay the same fixed charge as those using very little commodity. Thus, the highest usage customers would quickly realize enough commodity savings to recover the cost of the flat fixed AEP and would achieve large savings on top of that with the more gas that they used. On the opposite end, the lowest use customers would receive a lower amount of commodity savings simply because there would be fewer volumes received by the customer to which the savings would apply. This makes it harder for a lower usage customer to experience savings with a fixed charge AEP. Thus, a fixed AEP may deter customers with lower volume usage from switching to natural gas and ultimately, realizing savings in both the short and long term. Using a volumetric AEP helps bring savings to a wider range of customers, and encourage more customers to convert, providing the most savings to the largest group in the long run.

The other 44% of customers will benefit from a volumetric charge at the end of the AEP period. These customers could also benefit if their gas usage were to increase. This is due to natural gas being historically being a more consumer price friendly fuel when compared to propane. At the end of the AEP period, the Company projects that, at their current gas usage, almost all customers would experience savings, with an average annual savings of \$467 per customer when compared to their current average propane bill. This calculation of post AEP savings was provided in Exhibit E of the first data request.

**3. In the excel spreadsheets provided in response to staff's first data request Nos. 10 and 11, FPUC shows each customers' propane bills. Please confirm that FPUC has received actual propane bills from Crescent Propane. If not, explain how FPUC calculated the propane bills.**

Company Response:

FPUC received and used actual customer billing data used to calculate the savings to actual customers.

**4. In response to staff's first data request No. 17 FPUC states that customers who wish to remain on propane will need to contact a local propane company for supply. Please provide a general discussion on the costs for a customer who wants to remain on propane instead of converting to natural gas.**

Company Response:

To remain using propane fuel there are several paths a customer could pursue when it comes to different providers and owning vs renting equipment. Depending on the path the customer chooses, these costs may include tank rental or purchase costs, tank installation costs, and tank maintenance costs. These costs must then be weighed by the customer against the benefits they provide. In order to sign-up new customers, propane companies often provide significantly discounted commodity for a period of time or waive/reduce the tank costs noted above, both of which can reduce or eliminate the overall cost for a customer to take service from a new propane provider. These costs may also vary based on a customer's gas consumption as tank costs vary depending on size, and propane companies may alter their rates depending on customer volume usage.

Exhibit A - Calculation Support

AEP Collection:

AEP Collection:				Weighted Average Cost of Capital:		5.97%
Year	AEP Recovery Amount	Receivable Beg Balance	AEPS Surcharge	Principal Payment	Interest Revenue	Receivable End Balance
1	\$904,630	\$730,541	\$109,111	\$65,498	\$43,613	\$665,043
2	\$795,519	\$665,043	\$150,771	\$111,068	\$39,703	\$553,975
3	\$644,747	\$553,975	\$150,771	\$117,699	\$33,072	\$436,276
4	\$493,976	\$436,276	\$150,771	\$124,726	\$26,046	\$311,550
5	\$343,205	\$311,550	\$150,771	\$132,172	\$18,600	\$179,378
6	\$192,433	\$179,378	\$150,771	\$140,063	\$10,709	\$39,316
7	\$41,662	\$39,316	\$41,661	\$39,313	\$2,347	\$2
					<b>\$174,089.85</b>	

Total Estimated Construction Costs	\$1,663,055
Estimated Annual Revenue	\$155,419
6 Years of Estimated Annual Revenue	\$932,514
Interest Revenue	\$174,089

AEP Surcharge	Year	AEP Billing Months	AEP Surcharge	Total AEP Charges
	1	3300	\$ 33.06 \$	109,110.87
	2	4560	\$ 33.06 \$	150,771.38
	3	4560	\$ 33.06 \$	150,771.38
	4	4560	\$ 33.06 \$	150,771.38
	5	4560	\$ 33.06 \$	150,771.38
	6	4560	\$ 33.06 \$	150,771.38
	7	1260	\$ 33.06 \$	41,660.51