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Public Service Commission

August 13, 2025

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe Street
Suite 601
Tallahassee, Florida 32301
bkeating@gunster.com

STAFF'S THIRD DATA REQUEST
via email

Re: 20250057-GU - Petition for approval of tariff modification for equipment financing by Florida Public Utilities Company.

Dear Ms. Keating:

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

1. Section 366.05(2), Florida Statutes, states, in part, "Every public utility…which in addition to the production, transmission, delivery or furnishing of heat, light, or power also sells appliances or other merchandise shall keep separate and individual accounts for the sale and profit deriving from such sales. No profit or loss shall be taken into consideration by the commission from the sale of such items in arriving at any rate to be charged for service by any public utility." The purpose of Section 366.05(2) is to ensure that ratepayers are not exposed to financial risk or subsidization related to non-utility merchandise or appliance transactions.

    a. Does FPUC's proposed tariff revision satisfy both the letter and intent of the statute? Why or why not?

    b. Under this program as it relates to tankless water heaters, who is the seller and who is the buyer? If FPUC believes it does not constitute a sale, describe the nature of the transaction.

2. For the following questions, please refer to FPUC response to Staff's Second Data Request, Attachment "A":

    a. Does the accounts payable and accounts receivable entry for $2,500 constitute a sale? Please explain.

b. Does the tariff proposal fully prevent profits or losses to the utility related to appliance financing? If so, how — particularly in cases of customer nonpayment or delayed recovery through UCC-1 liens?

c. Is the recording of the payments to the contractor for equipment and installation included in plant in service or working capital on the company's records, which in turn is part of rate base? Please explain.

d. If the "miscellaneous A/R" shown in the response is part of rate base, please explain in detail how the proposed financing options could potentially impact rate base, utility profit and loss, at least in the short term (i.e., potentially impacting rates for non-participating customers in the early years of the program, after a rate setting proceeding)?

e. Will FPUC establish and maintain ***separate and individual accounts*** for all appliance financing activities pursuant to the proposed tariff to allow the Commission to review in future rate case proceedings payments to contractors and financing payments received from participating customers?

3. Refer to Staff's First Data Request, No. 3.b. Describe the procedure and conditions under which some participants in equipment financing under the proposed tariff will do so via one of FPUC's Natural Gas Energy Conservation Cost Recovery clause program (e.g. Residential Appliance Replacement Program 3) while others will not participate in such programs.

4. In Paragraph 5 of the Petition, FPUC states that Florida City Gas (FCG) offers a similar tariff. In Order No. PSC-04-0218-PAA-GU, pages 20-21, it states that FCG removed common plant costs allocated to the leased appliance business, indicating the costs were put below the line. Please respond to the following:

a. Confirm whether FCG recorded appliance-related revenues, profits, and losses as above-the-line or below-the-line from 2004 through 2025.

b. Identify the FERC accounts used by FCG to record (1) customer loan payments, (2) loan receivables, (3) plant-in-service entries, and (4) any related offsets.

c. Confirm whether FPUC intends to record financing-related revenues and expenses in the same manner as FCG. If not, describe any differences.

d. How does the "leased appliance business" differ from FPUC's proposed conversion tariff?

5. The FCG equipment financing tariff was originally approved in rate case docket No. 19960502-GU. Witness Demoine testified in that docket that the Company has added language that allows "the cost of natural gas conversion equipment to

be recovered…" Please explain why FCG and FPUC believe that the term "conversion equipment" includes appliance sales through a third party vendor, as opposed to just redoing interior piping for instance.

6. Refer to Staff's First Data Request, No. 2.d. According to the utility, there would be Trade Allies (third-party vendors) involved in equipment sales or financing.

   a. Identify the third-party vendors that would be involved in equipment sales or financing at this time or as expected to be relied upon for this equipment financing program.

   b. Confirm whether any of these vendors are non-regulated affiliates of FPUC or Chesapeake Utilities Corporation.

   c. Describe the nature of any affiliation these vendors have with FPUC (e.g., ownership, personnel, financial interests).

   d. Provide a sample agreement between FPUC and the Trade Ally that corresponds with the financing structure provided in Attachment B of the petition.

7. Refer to the Company's Equipment Financing Tariff, filed on April 4, 2025.

   a. Why is FPUC proposing to offer direct financing to customers instead of conducting appliance sales and financing through an unregulated affiliate?

   b. Has appliance financing historically been limited to the unregulated side of the utility industry?

   c. Does this proposed tariff revision reflect a departure from current and past business models?

   d. Aside from the gas conversion, compression, and RNG equipment included in the proposed tariff, does FPUC currently sell or finance any other merchandise (e.g., branded items, tools, or appliances) either directly or through non-regulated affiliates or third-party arrangements? If so, describe how those transactions are accounted for and explain whether the treatment differs from the proposed tariff. If so, how?

8. Refer to the Company's Equipment Financing Tariff, filed on April 4, 2025, in which the Company requests approval to include renewable natural gas (RNG). In June 2025, the Governor vetoed funding for a state-supported RNG pilot program.

   a. Explain how this veto affects FPUC's proposed RNG activities under the proposed tariff revision.

b. If so, identify any modifications to the proposed tariff that FPUC is considering in response.

9. On May 27, 2025, via email, FPUC provided revised tariff language to clarify that the Company provides financing only. Please respond to the following potential additional tariff revisions:

a. State whether FPUC considered including within the tariff language (Sheet Nos. 6.153 and 6.154) that recovery of financing costs will appear as a **separate monthly charge** on the customer's bill? A separate conversion costs charge on the customer's bill has been approved for St. Joe in Order No. PSC-08-0436-PAA-GU and is shown on the sample bill provided in response to staff's first data request No.5. If not, explain why.

b. State whether FPUC considered specifying that the Company would provide financing only for the installation of residential water heaters and exclude compression and RNG equipment from the proposed tariff revision. If not, explain why.

c. Based on the above questions, please provide a revised tariff that also includes the revisions provided on May 27, 2025.

Please file all responses electronically no later than August 20, 2025, through the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. *In addition, please email the filed response to discovery-gcl@psc.state.fl.us*.

Please feel free to call me at (850) 413- 6076 if you have any questions.

Sincerely,

/s/ Major R. Thompson
Major R. Thompson
Senior Attorney

MRT/crv

cc: Office of Commission Clerk