Gunster

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September 8, 2025

VIA E-PORTAL

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

Re: Docket No. 20250057-GU – Petition for approval of tariff modification for equipment financing, by Florida Public Utilities Company.

Dear Mr. Teitzman:

Attached for filing, please find Florida Public Utilities Company's Responses to Staff's Fourth Set of Data Requests.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

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Cc:// Office of the General Counsel (Thompson)
Division of Economics (Pope)

Florida Public Utilities Company's Responses to Staff's Fourth Set of Data Requests

1. **Refer to FPUC's Petition in Docket No. 20250057 and subsequent responses regarding the proposed tariff provision for equipment financing.**

    a. **Provide a detailed response describe how Florida City Gas (FCG) has historically applied its conversion tariff authorized by Commission Order No. PSC-1996-14 04-FOF-GU in Docket No. 19960502-GU. Specifically, address whether the utility's interpretation of "natural gas conversion equipment" for purposes of regulated cost recovery under Tariff Original Sheet Nos. 70, 73, and 77 was limited to (1) piping, other equipment related to connecting, safety, and other functions, but exclusive of the appliance itself), (2) piping, other equipment related to connecting, safety, and other function etc, and customer appliances, or (3) something else (please provide a specific description). If the interpretation included appliances, state which types of appliances were included. Provide any documents which support the utility's response to this request.**

    b. **State whether FCG has ever altered its interpretation of "natural gas conversion equipment" to something other than what is stated in response to question 1.a. above. If applicable, detail the timing of such altered interpretation, and provide the specific justification or circumstances to support the altered interpretation. Provide any documents which support the utility's altered interpretation.**

Company Response:

a. Florida City Gas has, historically, considered the appliance to be a component of the "conversion" costs. When a customer is converting their home to enable the use of natural gas equipment, there are typically 3 key costs involved:

   1. installation of service meter and line to the service line at the street; 2. Installation of piping in the customer's residence; and 3. Installation of the appliance for which the customer is making the conversion.

   The cost of the line from the meter to the street is a utility cost usually addressed by the MACC and a CIAC if appropriate. The other two costs are third party costs, with one being for a plumber's services and costs, and the other being that of an appliance dealer. FCG has typically interpreted "conversion" to be inclusive of all of the third-party costs to convert and has assisted customers by financing both the plumber and appliance dealer costs, if requested.

b. To the best of our knowledge, recognizing that FCG has had multiple owners since 1996, FCG has not changed its interpretation of its "conversion" language.

2. **Refer to FPUC's existing tariff provisions. Explain how the utility has historically interpreted and applied the term "conversion" in its tariff (exclusive of the proposed equipment financing language). State whether "conversion" has been limited to piping and related facilities, or has also included appliances, and provide supporting documents.**

<u>Company Response:</u>

FPUC has, to the best of current knowledge within the Company, interpreted the "conversion" language in much the same way as FCG. The motivating factor was an effort to further align the FCG and FPUC tariffs, and this provision had been overlooked in the prior tariff alignment docket, Docket No. 20240159.

That said, FPUC has interpreted "conversion costs" the same way that FCG has and provided customers with the opportunity to finance both the plumbing costs and the appliance dealer invoice together. Like FCG, FPUC does not own or sell appliances on the regulated side of the business; thus, the financing is solely associated with third party costs incurred by the customer to accomplish the conversion, which, again, FPUC has understood to include, if desired by the customer, the costs of the appliance that is the reason for the conversion.

3. **Refer to FPUC's Response to Staff's First Data Request No. 1.h and to the accounting example in Attachment A to Staff's Second Data Request. FPUC indicates that repayment will be secured with a UCC-1 lien and a bad debt reserve of approximately $42.**

    a. **Please explain how these measures (UCC-1 lien and a bad debt reserve) adequately protect the utility's non-participating customers from financial risk associated with default on financed appliances with costs (1) up to a maximum value of $2,500, or (2) for amounts of $2,501 or more. Specifically, describe how the hypothetical reserve amount was calculated and the assumptions underlying that calculation.**

    b. **Explain how carrying costs are treated in the event of default prior to recovery under the lien.**

Company Response:

a. The utility's non-participating customers are protected in several ways, first, participants accounts need to be in good standing over the course of the last twelve months second, the value of the UCC-1 lien to the property will be the total amount that is being financed and third the finance payment include a provision of bad debt. The bad debt provision will be based on the current Company's uncollectable rate based on historical write-off data.

b. Any uncollected balance will be applied to the equipment financing bad debt reserve. The reserve will be credited once the balance is recovered under the lien.

   It may be helpful to note here that, more often than not, the more significant third-party cost recovered through the financing is that of the plumber to do the internal piping.

4. **a. Does FPUC agree that the market for gas appliances in its service territory is competitive? Why or why not?**

   b. Does FPUC agree that rates paid by the general body of ratepayers are subject to impacts from potential profit and loss outcomes of *any amount*, resulting from the proposed equipment financing tariff as a regulated service? Why or why not?

   c. If FPUC answers affirmatively to 4.a and 4.b, what is the compelling basis for approving FPUC's petition to allow financing of appliances (specifically, tankless gas water heaters), if such financing is unrelated to the production, transmission, delivery or furnishing of heat, light, and power?

Company Response: While FPUC appreciates staff's interest in FPUC's perspective on the market for appliances and potential risks, FPUC respectfully suggests that whether or not the market is competitive is irrelevant to FPUC's request to adopt tariff language that has already been approved for FCG. It is also not clear to FPUC what staff means by a "compelling basis." FPUC would, however, state the following as support:

1. The conversion tariff has been in place for a number of years and has been interpreted by both FCG and FPUC in essentially identical ways. When a customer wants to convert to natural gas, the Companies have both given customers the option of financing either the plumbing contractor work, the appliance costs for the purchase of the appliance from a third party dealer, or both. In other words, the reason for the customer's desire to make the conversion in the first place has been considered part of the conversion. (i.e., converting

from an electric range to a gas range). This has been the practice for years and has not proven to be problematic or to have a detrimental impact on the rate payers.

2. Certainly, every potential risk cannot be eliminated, but the methods utilized have been successful in fully protecting the general body of ratepayers. With regard to FPUC's conversion tariff, customers utilize the option to include financing of an appliance relatively infrequently. And, again, it should be noted that the larger cost is typically the plumbing cost, which does not appear to carry the same concern for staff.

3. Furthermore, the primary purpose of the tariff was to include the new language regarding compression and RNG equipment, which was approved for FCG in Docket NO. 20200216-GU. In that docket, the Commission agreed that the new language was acceptable, because: "We approve of the petition based, in part, on FCG's assertion that it will implement a thorough and reasonable process to evaluate the credit worthiness of a potential customer to be served under the RNGS tariff, and the utility's own internal risk assessment policies." Order No. PSC-2021-0040-TRF-GU, at page 4.