79

FPUC's Responses to Staff's Sixth Set of Interrogatories Nos. 32-51

(Including Attachments)

Interrogatory No. 32

INTERROGATORIES

32. Please refer to MFR Schedule I-2. Please describe the current status of Notice Number CFGPA GS-1480.

Company Response:

As communicated by Robert Graves, Chief, Bureau of Safety for the Florida Public Service Commission on August 12, 2022, the violation listed on Commission Notice CFGPA GS-1480 has been brought into compliance, and the violation notice has been closed. Please refer to the attached file "STAFF ROG 32 CFGPA GS-1480 Resolution".

Respondent: Jason Bennett

Interrogatory No. 33

33. Please refer to MFR Schedule I-3, pages 2 through 3. Please identify whether the identified meters with a rated capacity of 251 CFH through 2500 CFH and over 2500 CFH have been tested for accuracy since the end of the test year.

a. If not, please identified when FCG anticipates that these meters will be tested for accuracy.

Company Response:

All the meters identified in MFR Schedule I-3, pages 2 through 3, have been tested. Below are the dates they were tested.

Company Identification Number	Manufacturer	Type/Size	Completion date
24643H	American	425	12/28/2021
32805H	American	425	12/28/2021
32776H	American	425	11/23/2021
30001H	American	425	01/10/2022
24659H	American	425	11/23/2021
32782H	American	425	11/23/2021
32790H	American	425	11/23/2021
32785H	American	425	11/23/2021
5937H	American	425	12/28/2021
32976H	American	425	12/28/2021
32975H	American	425	11/23/2021
107614H	Roots/Dresser	16M Rotary	1/20/2022

Respondent: Jason Bennett

Interrogatory No. 34

Please refer to the direct testimony of witness Parmer, page 13, lines 9-14, for the following questions.

34. Please provide a summary of the 23 complaints received since 2013, including the year, division, and complaint type (i.e., billing, service, etc.).

Company Response:

The Company objects to this interrogatory as vague, specifically that that the term "summary" is vague as requiring omission of certain information that some may see as immaterial, but others would see as material. FPUC has made a good-faith and reasonable attempt to provide the requested summaries, but FPUC responds without waiving its objection to the vagueness of the request.

According to the testimony from Kelley Parmer, page 13, lines 10 through 12, she states, "*Based on 2013 total complaints of 23 across all of our Florida LDCs, we have shown a consistent annual reduction of 35% or better."* The 23 complaints were in 2013, not since 2013. In addition, this should have been noted as 22, not 23 after electric complaints are subtracted. The company is providing the attached revised file "OPC POD 21 Parmer FPU Complaint Tracker_Pg 12_updated" in lieu of the previously submitted response to the Office of Public Counsel Production of Document request 21, which includes the updated number of 22 for 2013 and identifies the requested breakdown of year, division, and complaint type.

Respondent: Kelley Parmer

Interrogatory No. 35

35. Please explain how FPUC defines a “formal complaint.”

Company Response:

Formal complaints are filed with the Florida Public Service Commission (“FPSC”) and assigned to a utility code, G (Gas) or E (Electric). The formal complaints are listed on the FPSC website in the Complaint Activity Tracking System.

Respondent: Kelley Parmer

Interrogatory No. 36

36. Please identify if FPUC records informal complaints as other categories. If so, please define those complaint categories and identify how many have been received.

Company Response:

The Company objects this interrogatory as vague, specifically that that the term “informal complaints as other categories” is vague and could have different meanings. FPUC has made a good-faith and reasonable attempt to provide the requested answer, but FPUC responds without waiving its objection to the vagueness of the request.

FPUC records natural gas informal complaints in two categories: Better Business Bureau and Department of Agriculture. Below are the complaints received since 2013 along with the complaint type.

NG Informal Complaints				
Year	Better Business Bureau		Dept Of Agriculture	
	Service	Billing	Service	Billing
2013				
2014		1		1
2015				
2016		1		1
2017	1	1		
2018	1	2		
2019	1			
2020	1	1		
2021		2		
Total	4	8		2

Respondent: Kelley Parmer

Interrogatory No. 37

Please refer to the direct testimony of witness Napier for the following questions.

37. Please refer to page 23, lines 3 through 8. Witness Napier testified that the Company is requesting an annual storm accrual expense increase of $4,000 to expand coverage for FPUC-Ft. Meade, FPUC-Indiantown, and Florida Division of CHPK. Please explain how the amount of $4,000 for the annual storm accrual increase was selected.

Company Response:

Applying the inflation and growth compound multiplier of 1.7307 from MFR C-37 FPUC increases the Company's annual storm accrual expense from $6,000 to approximately $10,000, which is a conservative approach.

Respondent: Michelle Napier

Interrogatory No. 38

38. Please refer to page 9, lines 15 through 21. Please provide the storm reserve account start and year end balances for the years 2016 through 2021.

Company Response:

Refer to the table below.

Year	Start	Year End
2016	(829,943.36)	(772,529.05)
2017	(772,529.05)	(669,309.69)
2018	(669,309.69)	(675,309.69)
2019	(675,309.69)	(656,950.16)
2020	(656,950.16)	(662,950.16)
2021	(662,950.16)	(655,534.16)

Respondent: Michelle Napier

Interrogatory No. 39

Please refer to the direct testimony of witness Cassel for the following questions.

39. Please refer to page 26, lines 13 through 15, and page 28, lines 11 through 13.

a. On Page 28, witness Cassel testified that the establishment of a surcharge mechanism would "eliminate the environmental clean-up recovery of $3.6 million annually from the rate base." Please verify that the referenced $3.6 million annual costs are anticipated future costs for environmental clean-up.

b. Please identify if any environmental clean-up costs, other than those identified on page 26, are included in rate base.

Company Response:

a. No. The $3.6 million relates to adjustments made to rate base to remove environmental balance sheet accounts from base rates. The adjustment is made up of the 2023 projected 13-month average balances of the asset and liability accounts related to environmental costs. Those balances include balances from 12/31/2021 adjusted for a projected estimate of environmental costs.

b. There are none.

Respondent: Michelle Napier

Interrogatory No. 40

40. Please refer to page 28, lines 17 through 19.

a. Please explain how the initial annual surcharge amount of $627,995 was calculated.

b. Please explain if FPUC anticipates increasing this annual surcharge amount in the future, including when and through what means the surcharge amount would be adjusted.

Company Response:

a. Refer to the file “Staff ROG 40- Environmental Calculation” for the calculation.

b. FPUC does not currently anticipate increasing this annual surcharge. However, if the Company experiences actual costs significantly higher than the projections, the Company would consider filing a request to increase the surcharge in tandem with the proposed annual report on the status of the clean-up efforts and actual costs.

Respondent: Michelle Napier

Interrogatory No. 41

41. Please refer to Staff's Fourth Set of Interrogatories, No. 28, for the questions below:

a. Please identify all the depreciation accounts that are/were used to book the ECIS-related plant, if any.

b. Please identify all the amortizable accounts that are/were used to book the ECIS-related plant, if any.

c. For each of the accounts identified in Question 1.a. above, please specify:

i. the ECIS-related plant amount as of 12/31/2022, if any.

ii. the ECIS-related reserve amount as of 12/31/2022, if any.

d. For each of the accounts identified in Question 1.b. above, please specify:

i. the ECIS-related plant amount as of 12/31/2022, if any.

ii. the ECIS-related reserve amount as of 12/31/2022, if any.

iii. the Projected Reserve as of 1/1/2023 (after taking into consideration the proposed 5-year reserve imbalance amortization), if any.

Company Response:

a. ECIS related plant and accumulated depreciation is recorded in the "Florida Common" and "Corporate Common" account 1010-3914 and 1080-1080, respectively. The associated depreciation expense related to "Florida Common" and "Corporate Common" are booked by the company in account 921. For purposes of the rate of return reports and the rate case filing, these costs are recorded in account 403 depreciation expense and removed from account 921.

b. As discussed in letter "a" of this interrogatory, ECIS related plant and accumulated depreciation reserve are booked under "Florida Common" and "Corporate Common."

Amortization is calculated according to Commission Order PSC-2019-0433-PAA-GU, however, when adjusted out of 921 expense, the amortization was shown with the "Florida Common" and "Corporate Common" depreciation expense and not segregated as amortization.

c. The ECIS related plant and reserve amounts as of 12/31/2022 are as follows:

	Florida Common	Corporate Common	Total
Plant	$ 932,208	$ 200,000	
% Allocation to FPUC	57.59%	27.08%	
Allocated Plant to FPUC	**$ 536,858**	**$ 54,160**	**$ 591,018**
Accum Depn/Reserve	$ 406,388	$ 200,000	
% Allocation to FPUC	57.59%	27.08%	
Allocated Accum Depn to FPUC	**$ 234,039**	**$ 54,160**	**$ 288,199**

d. Please refer to the response in letter "b" and "c" of this interrogatory for the ECIS-related plant and reserve amounts as of 12/31/2022. The projected reserve as of 1/1/2023 after taking into consideration the proposed 5-year imbalance amortization is $254,875. See calculation below:

	Florida Common	% Allocation to FPUC	Allocated Amount to FPUC
Plant Balance as of 12/31/2022	$ 932,208		
Theoretical %	63%		
Theoretical Reserve	587,291		
Reserve as of 12/31/2022	406,388	57.59%	$ 234,039
Reserve Imbalance	180,903		
Amortization Period	5		
Annual Reserve Imbalance	$ 36,181	57.59%	$ 20,836
Allocated Reserve Imbalance to FPUC			$ 254,875

Respondent: Michael Galtman

Interrogatory No. 42

42. Please refer to MFR Schedule G-1, page 18 of 28, lines 9 and 15, for the questions below:

a. Please explain the difference between Accounts 3913 – Computer Hardware and 397 – Computer Equipment.

b. Please specify the plant amounts booked to Accounts 3913 and 397, respectively.

c. Please explain the difference, if any, between Account 397 – Computer Equipment reported in the MFR schedules and Account 397 – Communication Equipment discussed in FPUC witness Lee's Direct Testimony, Exhibit PSL-2.

Company Response:

a. MFR Schedule G-1 erroneously reported Computer Equipment as the account description for Accounts 397. The proper description for this account is Communication Equipment. All computer hardware/equipment is reported under Accounts 3913 - Computer Hardware.

b. MFR Schedule G-1, page 15 and 18, reports the plant amount booked as of 12/31/2021 and projected through 12/31/23 for Accounts 3913 – Computer Hardware and 397 – Communication Equipment.

c. There are no differences between Account 397 reported on MFR Schedule G-1 and in witness Lee's Direct Testimony, Exhibit PSL-2. As stated above in response 42a, MRF Schedule G-1 contains a description error.

Respondent: Pat Lee

Interrogatory No. 43

43. Please refer to MFR Schedules B-5 and FPUC witness Napier's Direct Testimony, page 5, for the questions below:

a. Referring to Schedule B-5, please define "Florida Common" and "Corporate Common," and explain the differences between these two types of common plants.

b. Referring to witness Napier's Direct Testimony, page 4, lines 3-4, please specify whether the stated "multiple regulated and/or non-regulated utilities" includes FPUC's electric division.

c. Referring to witness Napier's Direct Testimony, page 4, lines 11-12, please specify whether the stated "multiple regulated and/or non-regulated business units" includes FPUC's electric division.

d. Please clarify whether the "CUC Corporate" common plant (Napier's Direct Testimony, page 4, line 13) and "Corporate Common" (MFR Schedules B-5, C-19, G-1, G-2) are the same.

Company Response:

a. "Florida Common" is related to property residing in Florida that is used by gas, electric, non-regulated divisions and regulated divisions in other states. Corporate Common is related to out of state property that has been designated as being used for all divisions.

b. Yes, "Florida Common" is allocated to the electric division.

c. Yes, "Corporate Common" is allocated to the electric division.

d. Yes, “CUC Corporate” referred to in Witness Napier’s testimony is the same as the “Corporate Common” referred to in the MFR’s.

Respondent: Michelle Napier

Interrogatory No. 44

44. Please refer to MFR Schedules G-1, pages 18 and 22 of 28, G-2, page 25 of 31, and Table 1 (see below) for the following questions regarding "Autos and Trucks," Accounts 3921 and 3922:

a. Line 11 on page 18 of Schedule G-18 shows "A/C No. 3921 Autos & Trucks (Up to ½ Ton)." Line 28 on the same page shows "A/C No. 3921 System Software." Please explain the discrepancy.

b. Were the amounts booked in Accounts 3921 and 3922 (included in "Florida Common" plant) shared or will they be shared by both FPUC Gas Division and FPUC Electric Division?

c. If so, please explain how the associated depreciation expense and depreciation reserve amounts were determined or will be determined and allocated, given that each division used or will use different depreciation rates for the same account as shown in Table 1.

Table 1: Depreciation Rate Comparison ("Florida Common")

		FPUC Gas		FPUC Electric
		Remaining Life Depreciation Rate (%)		
Acct. No.	Acct. Description	Current*	Proposed*	Current **
3921	Transportation - Cars	17.4	4.6	7.7
3922	Transportation - Light Trucks & Vans	8.4	5.8	8.0
Source of data: *FPUC witness Lee's Direct Testimony, Exhibit PSL-2. **PSC-2020-0347-AS-EI, Attachment B.				

d. MFR Schedule G-2 "Florida Common," page 25, shows that each month of 2023 was allocated no depreciation reserve for Accounts 3921 and 3922. However, MFR Schedule G-1 "Florida Common," page 22, shows that each month of 2023 was allocated a certain amount of depreciation reserve, resulting in a respective 13 Month Average in the amount of negative $223,194 for Account 3921 and negative $348,561 for Account 3922. Please explain this reporting discrepancy, and provide reconciliation, if necessary.

Company Response:

a. MFR Schedules (a) G-1 pages 15 and 15a, line 28, (b) G-1 pages 15b and 15c, line 30, (c) G-1 pages 18 and 18a, line 28, (d) G-1 pages 18b and 18c, line 30, (e) G-2 page 22, line 27, and (f) G-2 page 25, line 27 had a description error of system software. The description should be Autos & Trucks (up to ½ ton). In addition, (a) G-1 pages 15 and 15a, lines 15 and 32, (b) G-1 pages 15b and 15c, lines 16 and 34, (c) G-1 pages 18 and 18a, lines 15 and 32, (d) G-1 pages 18b and 18c, lines 16 and 34, (e) G-22 page 22 lines 15 and 31, (f) G-22 page 22a, lines 16 and 34, (g) G-2 page 25, lines 15 and 31 and (h) G-2 page 25a, line 16 and 34 should be Communication Equipment instead of Computer Equipment. Also, (a) G-1 pages 15 and 15a, lines 10 and 27, (b) G-1 pages 18 and 18a, lines 10 and 27, (c) G-2 page 22, lines 10 and 26, and (d) G-22 page 25 lines 10 and 26 should be Computer Software instead of Furniture & Fixtures.

b. The amounts in Account 391 and 392 on the "Florida Common" allocation and the "Corporate Common" allocation are made to various divisions including the FPUC Gas and Electric divisions.

c. "Florida Common" plant has traditionally been included in the Florida natural gas depreciation study and "Florida Common" depreciation calculations have always used the rates from the gas depreciation order. The depreciation expense allocated to the electric division for the "Florida Common" plant is calculated using the gas rates, which is consistent with our prior cases.

d. The depreciation expense for Accounts 3921 and 3922 was mistakenly excluded in MFR Schedule G-2 "Florida Common," page 25. The projected depreciation expense for accounts 3921 and 3922 is $109,069, of which $31,303 is allocated to FPUC, using the current approved depreciation rates that should have been included in MFR Schedule G-2 "Florida Common" page 25. Our projection of 2023 NOI is therefore overstated by $23,369, causing our requested revenue requirement to be understated by $31,534. We also show the calculation of understatement of depreciation expense using the proposed depreciation rates presented in the Revised 2023 depreciation study. See calculations below:

Using Old Depreciation Rates

	Acct. 3921	Acct. 3922	Total
Plant Balance	$ 258,117	$ 763,766	$ 1,021,883
Depreciation Rate	17.40%	8.40%	
2023 Depreciation Exp	$ 44,912	$ 64,156	$ 109,069
% Alloc to FPUC			28.70%
2023 Understated Dep Exp Alloc to FPUC			$ 31,303
Tax Rate			25.345%
Tax effect			$ 7,934
Overstatement of NOI			$ 23,369
Expansion Factor			1.3494
Revenue Requirement Understated			**$ 31,534**

Using Revised Proposed Depreciation Rates

	Acct. 3921	Acct. 3922	Total
Plant Balance	$ 258,117	$ 763,766	$ 1,021,883
Depreciation Rate	5.70%	5.60%	
2023 Depreciation Exp	$ 14,713	$ 42,771	$ 57,484
% Alloc to FPUC			28.70%
2023 Understated Dep Exp Alloc to FPUC			$ 16,498
Tax Rate			25.35%
			$ 4,181
Overstatement of NOI			$ 12,316
Expansion Factor			1.3494
Revenue Requirement Understated			**$ 16,620**

Respondent: Michelle Napier

Interrogatory No. 45

45. Please refer to MFR Schedules C-19, G-1, G-2, and Table 2 (see below) for the following questions:

a. Was the amount booked in Account 390 (included in both "Florida Common" and "Corporate Common" plant) shared or will it be shared by both FPUC Gas Division and FPUC Electric Division?

b. If so, please explain how the associated depreciation expense and depreciation reserve amounts were determined or will be determined and allocated, given that each division used or will use different depreciation rates for the same account as shown in Table 2.

Table 2: Depreciation Rate Comparison ("Florida Common" & "Corporate Common")

		FPUC Gas		FPUC Electric
		Remaining Life Depreciation Rate (%)		
Acct. No.	Acct. Description	Current*	Proposed*	Current **
390	Structures & Improvements	2.3	2.3	2.0

Source of data: *FPUC witness Lee's Direct Testimony, Exhibit PSL-2. **PSC-2020-0347-AS-EI, Attachment B.

Company Response:

a. The amounts in Account 390 on the "Florida Common" allocation and the "Corporate Common" allocation are made to various divisions including the FPUC Gas and Electric divisions.

b. Please refer to the response to Staff Interrogatory 44c for the response related to the "Florida Common" allocations. Depreciation rates used for the "Corporate Common" were based on the estimated useful life used by Corporate.

Respondent: Michelle Napier

Interrogatory No. 46

46. Please refer to MFR Schedules C-19, G-1, G-2, and Table 3 (see below) for following the questions:

a. Were the amounts booked in the Amortizable Accounts 3910, 3912, 3913, 3914, and 397 (included in both "Florida Common" and "Corporate Common" plant) shared or will they be shared by both FPUC Gas Division and FPUC Electric Division?

b. If so, please explain how the associated depreciation expense and depreciation reserve amounts were determined or will be determined and allocated, given that each division used or will use different amortization periods for the same account as shown in Table 3.

Table 3: Amortization Period Comparison ("Florida Common" & "Corporate Common")

		FPUC Gas	FPUC Electric
		Amortization Period	
Acct. No.	Acct. Description	Current and Proposed*	Current **
3910	Office Equipment	14 Year Amortization	7 Year Amortization
3912	Computer Hardware	10 Year Amortization	5 Year Amortization
3913	Office Furniture	20 Year Amortization	7 Year Amortization
3914	Computer Software	10 Year Amortization	5 Year Amortization
397	Communication Equipment	13 Year Amortization	5 Year Amortization

Sources: *FPUC witness Lee's Direct Testimony, Exhibit PSL-2, filed in the current proceeding. **FPUC 2019 Electric Depreciation Study, Schedule J, filed in Docket No. 20190174-EI.

Company Response:

a. The amounts in Accounts 391, 3912, 3913, 3914 and 397 on the "Florida Common" allocation and the "Corporate Common" allocation are made to various divisions including the FPUC Gas and Electric divisions.

b. Please refer to the response to Staff Interrogatory 44c for the response related to the "Florida Common" allocations and Staff Interrogatory 45b for the response related to the "Florida Corporate" allocations.

Respondent: Michelle Napier

Interrogatory No. 47

47. Please refer to MFR Schedules C-19, G-1, G-2, and Table 4 (see below) for the following questions:

a. Was the amount booked in Amortizable Account 398 (included in both "Florida Common" and "Corporate Common" plant) shared or will it be shared by both FPUC Gas Division and FPUC Electric Division?

b. If so, please explain how the associated depreciation expense and depreciation reserve amounts were determined or will be determined and allocated, given that each division used or will use different amortization periods for the same account as shown in Table 4.

Table 3: Amortization Period Comparison ("Florida Common")

		FPUC Gas	FPUC Electric
		Amortization Period	
Acct. No.	Acct. Description	Current and Proposed*	Current **
398	Miscellaneous Equipment	14 Year Amortization	7 Year Amortization

Company Response:

a. The amounts in Account 398 on the "Florida Common" allocation and the "Corporate Common" allocation are made to various divisions including the FPUC Gas and Electric divisions.

b. Please refer to the response to Staff Interrogatory 44c for the response related to the "Florida Common" allocations and Staff Interrogatory 45b for the response related to the "Florida Corporate" allocations.

Respondent: Michelle Napier

Interrogatory No. 48

48. Referring to MFR Schedules B-5, page 1 of 7, "Florida Common," please explain the meaning, as well as the cause, of the negative 0.27 allocation percentage to Indiantown.

Company Response:

Costs related to "Florida Common" buildings and the furniture and equipment housed in them, including depreciation expense, are allocated to each regulated and non-regulated division by building and the assigned duties and estimated time spent by the employees housed in the building. Because depreciation expense in the historic test year was based on the asset usage, it was determined to be the best allocation basis for allocating "Florida Common" plant and accumulated depreciation. However, in 2021, the "Florida Common" depreciation expense included negative adjustments related to the last depreciation study's reserve imbalances. Those reserve adjustments resulted in a negative depreciation expense for the Indiantown division, and thus a negative allocation percent. The dollar adjustments related to the imbalance in Indiantown were $(2,735). The Company filed the MFR's based on consolidated schedules and the $(2,735) wasn't considered material to the total.

Respondent: Michelle Napier

Interrogatory No. 49

49. Please refer to MFR Schedule G-6, page 1. Line 1.F. reads "[f]inal rates should be adjusted by the updated rates determined and approved in the 2022 depreciation study." For the instant proceeding, FPUC provided "Florida Public Utilities – Consolidated Natural Gas 2023 Depreciation Study" (2023 Depreciation Study) as Exhibit PSL-2 to FPUC's witness Lee's Direct Testimony. Please identify the document number containing FPUC's "2022 depreciation study." If no such study has been filed, please clarify MFR Schedule G-6.

Company Response:

MFR Schedule G-6 line 1.F *"Final rates should be adjusted by the updated rates determined and approved in the 2022 depreciation study"* stated an incorrect year of the depreciation study. It should be 2023 depreciation study instead of 2022 depreciation study.

Respondent: Michelle Napier

Interrogatory No. 50

50. Regarding Account 3911 – Computer And Periphery, please provide responses to the questions below:

a. Referring to MFR Schedule G-1, page 12, Line 26, please explain the difference between Account 3911 – Computer And Periphery and Account 3912 – Computer Hardware.

b. There is no currently approved depreciation rate/amortization period for Account 3911 as the account was not included in FPUC's 2019 Depreciation Study. This account is also not included in FPUC's 2023 Depreciation Study filed in this proceeding. MFR Schedule C-17 shows that a 10 percent depreciation rate was used to calculate monthly depreciation expense for this account for 2021; Schedule G-1, pages 11 and 12, shows that a 10 percent depreciation rate was used to calculate the respective depreciation reserve for this account for 2022 and 2023.

i. Is Account 3911 a depreciation or an amortization account?

ii. How was the 10 percent deprecation rate determined?

c. Please refer to page 14 of FPUC's Electric Division filed 2019 depreciation study (Document No. 08599-2019 in Docket No. 20190174-EI). Is it correct that FPUC Electric Division treats Account 3911 – Computer & Periphery as a regulated amortizable account? If so, please provide responses to the following questions:

i. Please explain why FPUC's Gas Division treats the same account as a non-regulated account.

ii. In terms of the utilization of an account's depreciation/amortization expense and reserve in the rate base determination, please explain the difference between a non-regulated and a regulated depreciation/amortization account.

d. Referring to MFR Schedules C-19, page 2, and G-1, pages 15 and 18, please explain how the amounts of depreciation expense/reserve related to "Corporate Common" were allocated for the years 2021, 2022 and 2023, and adjusted for FPUC's rate base calculation.

Company Response:

FPUC objects that this interrogatory contains multiple requests encapsulated in one interrogatory. FPUC objects to the extent that including multiple requests in one interrogatory exceeds the discovery limitation set for this proceeding.

a. Account 3911 was incorrectly classified in MFR Schedule G-1, page 12, Line 26 and it should be account 3912. Both accounts are using a depreciation rate of 10% presented in the FPUC's 2019 depreciation study.

b. Please refer to the response in letter "a" above of this interrogatory.

c. Yes, FPUC treats Computer and Periphery as a regulated amortizable account.

i. FPUC's Gas Division does not treat account 3911 as non-regulated account. Please refer to the response in letter "a" above of this interrogatory.

ii. Depreciation/amortization account expense is calculated the same regardless of regulated or non-regulated. The only difference is that the non-regulated depreciation/amortization is not included as part of the rate base determination for the regulated entity.

d. Please refer to the response to Staff Interrogatory 45b for the response related to the "Florida Corporate" and "Corporate Common" allocations.

Respondent: Michelle Napier

Interrogatory No. 51

51. Please refer to FPUC witness Napier's Direct Testimony, pages 21 - 22 for the questions below:

a. Witness Napier indicated that the "detail projected 2023 plant and the applicable depreciation rates approved during the Company's last depreciation study per Order PSC-2019-0433-PAA-GU were used as the basis for the calculation of the 2023 test year depreciation expense." (page 21, lines 20 - 22) Is it correct that the "Company Projected Test Year Adjustments," contained in FPUC's MFRs, do not include the depreciation expenses and reserve adjustments resulting from the implementation of FPUC's proposed depreciation rates presented in FPUC's 2023 Depreciation Study, filed in the instant docket?

b. Witness Napier testified "the depreciation expense should be adjusted after the final depreciation rates have been approved in the study." (page 22, lines 1 - 2)

i. Please explain in detail how FPUC plans to implement the aforementioned adjustment.

ii. Please specify when FPUC intends to conduct the adjustment, i.e., before or after the instant docket is closed.

c. As shown in FPUC 's 2023 Depreciation Study (FPUC witness Lee's Direct Testimony, Exhibit PSL-2, Schedule C), the Company's proposed new depreciation rates will result in a total amount of $1,503,355 decrease in the annual depreciation expenses as of 1/1/2023. Assuming FPUC's proposed depreciation rates (new depreciation rates) are approved by the Commission, please provide the following:

i. What will be the projected 2023 annual depreciation expense when FPUC's new depreciation rates are applied?

ii. What will be the impact on FPUC's 2023 Test Year Net Operating Income (NOI) when FPUC's new depreciation rates are applied to calculate FPUC's 2023 Test Year depreciation expenses? Please explain.

iii. What will be the impact on FPUC's 2023 Test Year Rate Base when FPUC's new depreciation rates are applied to determine FPUC's 2023 Test Year Accumulated Depreciation Reserve - Utility Plant? Please explain.

iv. What will be the impact on FPUC's 2023 Test Year Rate Base when FPUC's new depreciation rates are applied to determine FPUC's 2023 Test Year Accumulated Depreciation Reserve - Common Plant? Please explain.

Company Response:

FPUC objects that this interrogatory contains multiple requests encapsulated in one interrogatory. FPUC objects to the extent that including multiple requests in one interrogatory should not be allowed to exceed the discovery limitation set for this proceeding.

a. Yes, the Company's projected test adjustments contained in FPUC's MFRs do not include the depreciation expense and reserve adjustments using the proposed depreciation rates presented in FPUC's 2023 depreciation study filed in this docket.

b. The Company objects to this interrogatory as vague, specifically that that the term "in detail" is vague. FPUC has made a good-faith and reasonable attempt to provide the requested information, but FPUC responds without waiving its objection to the vagueness of the request. The Company expects the change in depreciation to be adjusted in a similar fashion to other staff and OPC adjustments made by the Commission before the final rates were determined.

c. i. The projected 2023 annual depreciation expense when FPUC's new depreciation rates are applied including amortization of the reserve imbalance of general plant is $12,764,179. Per the Revised 2023 depreciation study, FPUC proposes a true-up of the calculated reserve imbalance as shown on Exhibit PSL-2, Sch E. The net imbalance is proposed to be amortized over 5 years beginning January 1, 2023. Please refer to filename Staff POD 15 For Staff ROG 51 (c) (i) and (ii) Depreciation Expense & NOI for detailed calculation.

ii. FPUC's 2023 test year net operating income (NOI) will increase by $1,227,199 when the new depreciation rates and the new imbalance adjustment are applied. Please refer to filename Staff POD 15 For Staff ROG 51 (c) (i) and (ii) Depreciation Expense & NOI for detailed calculation.

Explanation below:

Revised NOI Increase	
2023 Depreciation Exp per MFG G2-23	14,408,004
Updated Depn Exp using new depn rates	12,764,179
Difference	1,643,825
Tax Rate	25.345%
	416,627
Net Increase in NOI	1,227,198
Updated NOI with updated depn exp	12,644,900
Current NOI per MFR G2-1	11,417,702
Net increase in NOI	1,227,198

Furthermore, there is no effect in the Florida common depreciation expense in MFR G2 page 25 as depreciation rates for FERC accounts 390, 3910, 3912, 3913, 3914, 397 and 398 did not change in the 2023 depreciation study. The depreciation rates for FERC accounts 3921 and 3922 changed in the Revised 2023 depreciation study and would have an effect in the Florida common depreciation expense, however, as discussed in Staff Interrogatory 44d, the depreciation expense for FERC accounts 3921 and 3922 was mistakenly excluded in MFR G2 page 25. See Staff Interrogatory 44d for the calculation.

iii. As of December 31, 2023, accumulated depreciation reserve for utility plant decreased by $1,771,091 when the new depreciation rates are applied including the reserve imbalance of general plant. Using the 13-month average, the accumulated depreciation reserve for utility plant decreased by $876,910 which is also the impact on FPUC's 2023 test year rate base. Please refer to filename Staff POD 15 For Staff ROG 51 (c) (iii) Accumulated Depreciation Utility Plant for detailed calculation.

See calculation below:

Revised 13-Mon Avg Utility Plant Accum Reserve	
2023 13-Mon Avg Accum Depn Reserve - Utility Plant per MFR G1-22a	145,582,097
Updated 13-Mon Avg Accum Depn Res - Utility Plant using new depn rates	144,705,187
	876,910

iv. The only change in the accumulated depreciation reserve for common plant are FERC accounts 3921 and 3922 as the depreciation rates on the other common plant accounts did not change in the Revised 2023 depreciation study. The total accumulated depreciation reserve for common plant for the 2023 13-month average decreased by $94,860 when the new depreciation rates are applied. Using FPUC's allocation from common plant of 28.70%, the impact on

FPUC's accumulated depreciation is an increase of $27,224 which is also the impact on FPUC's 2023 test year rate base. Please refer to filename Staff POD 15 For Staff ROG 51 (c) (iv) Accumulated Depreciation Common Plant for detailed calculation.

See calculation below:

Revised 13-Mon Avg Common Plant Accum Reserve	
2023 13-Mon Avg Accum Depn Reserve - Common Plant per MFR G1-22a	307,654
Updated 13-Mon Avg Accum Depn Res - Common Plant using new depn rates	334,878
	(27,224)

Respondent: Michelle Napier

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities – Fort Meade and Florida Public Utilities – Indiantown Division	) Docket No. 20220067-GU)))) Filed: September 12, 2022)

DECLARATION

I hereby certify and affirm that I sponsored the Company's responses to STAFF'S SIXTH SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Nos. 32 and 33 in Docket No. 20220067-GU. The responses are true and correct to the best of my knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory responses identified above, and that the facts stated therein are true.

JB

Jason Bennett, Declarant

Dated: 8/29/22

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities – Fort Meade and Florida Public Utilities – Indiantown Division	Docket No. 20220067-GU Filed: September 12, 2022

DECLARATION

I hereby certify and affirm that I sponsored the Company's responses to STAFF'S SIXTH SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Nos. 34-36 in Docket No. 20220067-GU. The responses are true and correct to the best of my knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory responses identified above, and that the facts stated therein are true.

Kelley A Parmer

Kelley Parmer, Declarant

Dated: 09/08/2022

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities – Fort Meade and Florida Public Utilities – Indiantown Division	) Docket No. 20220067-GU)))) Filed: September 12, 2022)

DECLARATION

I hereby certify and affirm that I sponsored the Company's responses to STAFF'S SIXTH SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Nos. 37-40 and 43-51 in Docket No. 20220067-GU. The responses are true and correct to the best of my knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory responses identified above, and that the facts stated therein are true.

Michelle Napier

Michelle Napier, Declarant

Dated: 9/8/2022

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities – Fort Meade and Florida Public Utilities – Indiantown Division	) Docket No. 20220067-GU)))) Filed: September 12, 2022)

DECLARATION

I hereby certify and affirm that I sponsored the Company's responses to STAFF'S SIXTH SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Nos. 41 in Docket No. 20220067-GU. The responses are true and correct to the best of my knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory responses identified above, and that the facts stated therein are true.

____

Michael Galtman, Declarant

Dated: 9/12/22

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities – Fort Meade and Florida Public Utilities – Indiantown Division	) Docket No. 20220067-GU)))) Filed: September 12, 2022)

DECLARATION

I hereby certify and affirm that I sponsored the Company's responses to STAFF'S SIXTH SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY, Nos. 42 in Docket No. 20220067-GU. The responses are true and correct to the best of my knowledge.

Under penalty of perjury, I declare that I have read the foregoing declaration and the interrogatory responses identified above, and that the facts stated therein are true.

Pat Lee

Pat Lee, Declarant

Dated: 9/8/2022