



DOCKET NO. 20240099-EI

Synopsis of Rate Request

I. Company Overview

Florida Public Utilities Company (“FPUC” or “Company”) was originally incorporated in 1924. Its official name became Florida Public Utilities Company in 1927. On October 28, 2009, FPUC was acquired by Chesapeake Utilities Corporation (“CUC”), a Delaware corporation located at 909 Silver Lake Boulevard, Dover, Delaware 19904. FPUC is headquartered at 208 Wildlight Avenue in Yulee, FL 32097.

FPUC provides electric service to approximately 33,100 customers in two distinct service areas. The Company’s Northeast Division serves approximately 18,100 located on Amelia Island. The Northwest Division of the Company is based in Marianna, Florida, and serves approximately 15,000 customers located in the surrounding counties of Jackson, Calhoun, and Liberty.

II. Request for Rate Increase/ Summary

On August 22, 2024, Florida Public Utilities Company (“FPUC” or “Company”) filed a Petition with the Florida Public Service Commission (“Commission”) seeking approval to increase rates and charges to produce an additional \$12,593,450 in revenues. The proposed increase, if approved, would increase the total bill in January 2025 for an average 1,000 kWh/month customer by up to \$17.91/month or 10.66% over the current average bill. The Company has taken steps in other areas that may reduce other charges on customers’ bills, which will potentially lessen or partially offset the impact of any approved base rate increase. The Company also requested interim rate relief to temporarily increase its revenues by \$1,812,869, pending the Commission’s decision on the Company’s request for a permanent increase. The

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Commission is the agency, under Florida law¹, charged with setting and regulating the rates, fees, and services of Florida utilities and will review the Company's request.

The Florida Public Service Commission Docket number assigned to this request is Docket No. 20240099-EI.

FPUC's last rate case was conducted in 2014. Since then, FPUC has made significant capital expenditures, particularly associated with reliability improvements. The Company has, over the same period, faced increased operating and maintenance costs associated, to a significant degree, with customer service improvements, increased regulatory requirements, and system improvements to enhance reliability. Inflation over the past ten years has also had a significant impact on costs. The Company has taken steps over the years to try to control its costs in order to delay this filing and has continued its efforts to address other costs that impact our customers' bills. One benefit of the Company's ability to delay its current rate case until now is that, shortly after any rate increase associated with this request is implemented, the Company will also be removing the surcharge associated with cost recovery associated with Hurricane Michael, which should mitigate the total bill impact for our customers.

III. Interim Request

FPUC is also seeking Commission approval to allow the Company to increase its retail rates and charges in an amount necessary to generate additional revenues in the amount of \$1,812,869, for the interim period before permanent rates and charges go into effect in accordance with the Commission's final determinations in this proceeding. Based upon the historic test year ended December 31, 2023, the Company's annual revenue deficiency is \$1,812,869, which is based on a historic test year rate base of \$116,666,956. The amount of the requested interim increase constitutes a 7.39 percent increase to the base charges during the interim period. The Company has for several years earned at or below its authorized return range. Immediate relief pending the Commission's final determinations in this proceeding will enable the Company to continue to provide safe, reasonably priced, and reliable service to its customers. The Commission considered the Company's request for interim rate relief at its October 1, 2024, Agenda Conference, at which the interim rate request was granted. The increase will be placed into effect on November 1, 2024, subject to refund, with interest, if at the

¹ Chapter 366, Florida Statutes.

conclusion of this proceeding, the Commission determines that some or all of the increase was not justified.

IV. Reasons for Request - Key Factors

The Company is requesting this rate increase because it continues to experience rising costs to provide electric service, while its revenues have declined. The Company therefore finds it necessary to seek a rate increase to allow it to continue to provide safe, reliable electric service to its customers, while earning a fair and reasonable return on its investment.

In spite of its efforts to control costs, the Company has experienced notable cost increases associated with insurance, as well as costs associated with the implementation of newer technology, including enhanced cyber security. The Company has also invested in its electric transmission and distribution system to ensure that it is able to continue providing safe and reliable service to its customers. Most notably, the Company is purchasing the northwest Florida substations and will be refurbishing and rebuilding certain existing substations. It is also implementing a new CIS system that is based on the SAP platform. While the Company has experienced cost increases and made necessary investments in its system, the Company's projected net operating income in 2025 is projected to be \$991,558. The projected rate of return is, consequently, projected to be 0.66 percent, while the return on common equity is projected to be negative 3 percent in the test year. As such, without the requested revenue increase, FPUC's ability to continue to provide the safe, reliable service its customers expect and deserve will suffer. Rate relief will also ensure that capital-intensive reliability projects will not be delayed or abandoned.

A comparison of the present and proposed rates is attached to this Synopsis as Appendix A, along with a copy of the Executive Summary submitted with the Company's filing at the Commission.

V. Additional Requests

In addition to the requested rate increase, the Company is also seeking Commission approval to take several additional actions, including:

- 1) the Company is planning the implementation of a new general ledger system as part of a project called Enterprise Resource Planning (ERP), which

will not be completed until just beyond the test year. The Company is, therefore, proposing a rider to address this much needed, but costly, technology acquisition. Implementation of a rider to address the costs associated with the ledger system would reduce the need for the Company to initiate a subsequent rate case or limited proceeding solely for purposes of this technology, which avoids the additional costs associated with such proceedings;

- 2) the Company proposes to consolidate the GSLD1 and Standby tariffs;
- 3) the Company is also seeking a variance to its traditional calculation of the consolidated cost of debt due to the acquisition of certain debt at the end of 2023 at elevated levels; and
- 4) the Company is asking that the Commission approve a 4-year amortization period for the Company's rate case expense.

VI. Rate Making Process

The Company has filed detailed accounting and financial schedules, based upon the projected and historic test years, which are called Minimum Filing Requirements or "MFRs". The Company has also filed a formal Petition making its request to the Commission, along with written, pre-filed testimony and exhibits of its witnesses, who explain and support the Company's analysis of rate base, capital structure, achieved and required net operating income, adjustments to expenses and rate base, tariff changes, including the economic development plan, quality of service, and other pertinent issues.

The Company has also asked that the Commission handle the Company's request using its Proposed Agency Action Process. This process will include a customer meeting to receive information from the Company's customers regarding the Company's quality of service and other matters pertinent to the Company's requested rate increase.

Upon completion of the customer meeting, the Commission's professional staff will prepare a recommendation based upon its review of the information presented addressing what rate relief, if any, is appropriate for the Company. The Commission's staff is composed of attorneys, engineers, accountants, rate and finance analysts, and consumer affairs specialists. Key issues in the case are likely to include:

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1. What is the appropriate test year for setting base rates?
2. What is FPUC’s test year rate base?
3. What is FPUC’s cost of capital?
4. What is FPUC’s test year net operating income?
5. Is FPUC’s cost of service methodology appropriate?
6. What are the appropriate rate levels for each customer class?

The Commission will review and take action on their staff’s recommendation and thereafter, an Order addressing the Company’s request will be issued. The Order will be a Proposed Agency Action Order. As such, any party whose substantial interests are impacted will have 21 days in which to protest the Commission’s decision. If no such person files a protest in a timely manner, the Commission’s decision will become final. If the decision is, however, timely protested by a person whose substantial interests are affected, the matter will be set for a formal hearing process.

In addition to the Commission’s professional staff, the Office of Public Counsel has intervened in this docket and will be analyzing the documents and testimony submitted by the Company, as well as any additional information produced as a result of the audit that will be conducted by Commission audit staff. The Office of Public Counsel may be contacted at: Office of Public Counsel, c/o The Florida Legislature, 111 West Madison Street, Room 812, Tallahassee, FL 32399-1400.

In-person customer service hearings have been scheduled in Fernandina Beach and Marianna, as follows:

Date: December 4, 2024 Time: 1:00 p.m. (EST) Location: City Hall, City of Fernandina Beach 204 Ash Street Fernandina Beach, Florida 32034 Office: (904) 310-3115	Date: January 8, 2025 Time: 1:00 p.m. (CST) Location: Jackson County Agriculture Complex and Conference Center 2741 Penn Ave, Suite 3 Marianna, FL 32448 Office: (850) 482-9620
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Customers are urged to be present at the beginning of the hearing, since customer service hearings may be adjourned once all customers that are present have been allowed to speak. One

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or more Commissioners will be present at the customer meetings. Customers who wish to speak at the in-person service hearings may register upon arrival at the venue. For questions, please call (850) 413-7080.

Currently, the schedule for this proceeding is as follows:

Recommendation on Interim Rates	09/19/2024
Agenda (Interim Rates)	10/1/2024
Order on Interim Rate Request	10/21/2024
Staff Audit Due	11/13/2024
Staff Recommendation (Revenue Requirement)	TBD
Agenda (Revenue Requirement)	TBD
Staff Recommendation (Rates)	TBD
Agenda (Rates)	TBD
PAA Order on Proposed Final Rates	TBD

Any customer comments regarding the Company’s service or the proposed rate increase should include the docket number assigned to this case, Docket No. 20240099-EI, and should be addressed to:

Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

You may also contact the Commission at their toll-free number: **1-800-342-3552**.

Filings in the case are accessible at:

<https://www.psc.state.fl.us/clerks-office-dockets-level2?DocketNo=20240099> .

Information regarding the Company’s request is also available at <https://www.fpuc.com/electric-rates/> or by calling the Company at 1-800-427-7712. You may also obtain information by calling the Florida Public Service Commission at the following, toll-free number: 1-800-342-3552.

While not yet defined by the Commission, the amount of any such approved increase will not exceed the amounts identified in the chart attached as Appendix A in the column “Proposed Rates.” The chart also reflects certain proposed increases in the Company’s charges for certain services. The amount in the “Interim Rates” column is the amount the Commission approved at

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its October 1, 2024, Agenda Conference, and those rates will become effective on November 1, 2024.

APPENDIX A
FLORIDA PUBLIC UTILITIES COMPANY
COMPARISON OF CURRENT AND PROPOSED RATES

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	<u>Present Rates</u>	<u>Interim Rates</u>	<u>Proposed Rates</u>
	-----	Customer Charge(s)	-----
Residential (RS)	\$16.95	\$18.20	\$24.40
General Service (GS)	\$27.85	\$29.91	\$40.00
General Service Demand (GSD)	\$82.35	\$88.44	\$138.99
General Service Large Demand (GSLD)	\$157.42	\$169.06	\$265.69
General Service Large Demand (GSLD1)	\$974.80	\$1,046.86	\$1,242.99
Standby (SB)	\$974.80	\$1,046.86	N/A
	-----	Energy Charge \$/kwh	-----
Residential (RS)	\$.02373	\$.02548	≤1,000 - \$.03419
	\$.03887	\$.04174	>1,000 - \$.05600
General Service (GS)	\$.02903	\$.03118	\$.05433
General Service Demand (GSD)	\$.00547	\$.00587	\$.00923
General Service Large Demand (GSLD)	\$.00254	\$.00273	\$.00429
General Service Large Demand (GSLD1)	\$.00000	\$.00000	\$.00000
Standby (SB) <500 kw	\$.00000	\$.00000	N/A
Standby (SB) ≥500 kw	\$.00000	\$.00000	NA
	-----	Demand Charge \$/kw	-----
Residential (RS)	\$ 0.00	\$ 0.00	\$ 0.00
General Service (GS)	\$ 0.00	\$ 0.00	\$ 0.00
General Service Demand (GSD)	\$ 4.49	\$ 4.82	\$ 7.58
General Service Large Demand (GSLD)	\$ 6.42	\$ 6.89	\$ 10.84
General Service Large Demand (GSLD1)	\$ 1.82	\$ 1.95	\$ 2.88
General Service Large Demand (GSLD1)	\$ 0.44 kVAR	\$ 0.47 kVAR	\$ 0.56 kVAR
Standby (SB)	\$.79	\$ 0.85	N/A
Outdoor/Street Lighting	various	various	various

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	<u>Present Rates</u>	<u>Interim Rates</u>	<u>Proposed Rates</u>
	-----	Service Charge(s)	-----
Initial Entitlement of Service	\$61.00	\$61.00	\$ 125.00
Re-establish Service or Account Changes	\$26.00	\$26.00	\$ 45.00
Customer Request Temp Disconnect/Reconn	\$65.00	\$65.00	\$ 81.00
Reconnect After Disconnect (Normal Hrs)	\$52.00	\$52.00	\$ 70.00
Reconnect After Disconnect (After Hours)	\$178.00	\$178.00	\$325.00
Temporary Service	\$85.00	\$85.00	\$ 135.00
Collection Charge	\$16.00	\$16.00	\$ 50.00
Returned Check Charge	Per Statute	Per Statute	Per Statute

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	----- PRESENT RATES ----					----- INTERIM RATES -----					----- PROPOSED RATES -----			
	Facility	Energy	Maint	Total		Facility	Energy	Maint	Total		Facility	Energy	Maint	Total
	Charge	Charge	Charge	Charge		Charge	Charge	Charge	Charge		Charge	Charge	Charge	Charge
150w HPS Acorn	\$19.69	\$3.19	\$2.49	\$25.37		21.15	3.43	2.67	27.25		\$25.18	\$4.08	\$3.18	\$32.44
150w HPS ALN 440	\$28.07	\$3.19	\$3.32	\$34.58		30.14	3.43	3.57	37.14		\$35.90	\$4.08	\$4.25	\$44.23
100w HPS Amer Rev	\$9.66	\$2.15	\$3.29	\$15.10		10.37	2.31	3.53	16.22		\$12.36	\$2.75	\$4.21	\$19.32
150w HPS Am Rev	\$9.05	\$3.19	\$3.33	\$15.57		9.72	3.43	3.58	16.72		\$11.57	\$4.08	\$4.26	\$19.91
100w HPS Cobra Head	\$7.25	\$2.15	\$2.11	\$11.51		7.79	2.31	2.27	12.36		\$9.27	\$2.75	\$2.70	\$14.72
200w HPS Cobra Head	\$9.78	\$4.26	\$2.53	\$16.57		10.50	4.57	2.72	17.79		\$12.51	\$5.45	\$3.24	\$21.20
250w HPS Cobra Head	\$11.63	\$5.30	\$3.33	\$20.26		12.49	5.69	3.58	21.76		\$14.87	\$6.78	\$4.26	\$25.91
400w HPS Cobra Head	\$10.86	\$8.54	\$2.77	\$22.17		11.66	9.17	2.97	23.81		\$13.89	\$10.92	\$3.54	\$28.35
250w HPS Flood	\$11.37	\$5.30	\$2.42	\$19.09		12.21	5.69	2.60	20.50		\$14.54	\$6.78	\$3.10	\$24.42
400w HPS Flood	\$17.85	\$8.54	\$2.27	\$28.66		19.17	9.17	2.44	30.78		\$22.83	\$10.92	\$2.90	\$36.65
1000w HPS Flood	\$22.36	\$21.30	\$3.00	\$46.66		24.01	22.87	3.22	50.11		\$28.60	\$27.24	\$3.84	\$59.68
100w HPS SP2 Spectra	\$24.81	\$2.15	\$3.10	\$30.06		26.64	2.31	3.33	32.28		\$31.73	\$2.75	\$3.96	\$38.44
175w MH ALN 440	\$26.86	\$3.77	\$2.61	\$33.24		28.85	4.05	2.80	35.70		\$34.35	\$4.82	\$3.34	\$42.51
400w MH Flood	\$12.12	\$8.54	\$2.21	\$22.87		13.02	9.17	2.37	24.56		\$15.50	\$10.92	\$2.83	\$29.25
1000w MH Flood	\$20.61	\$21.30	\$2.92	\$44.83		22.13	22.87	3.14	48.14		\$26.36	\$27.24	\$3.73	\$57.33
175w MH Shoebox	\$22.68	\$3.77	\$2.93	\$29.38		24.36	4.05	3.15	31.55		\$29.01	\$4.82	\$3.75	\$37.58
250w MH Shoebox	\$24.14	\$5.30	\$3.28	\$32.72		25.92	5.69	3.52	35.14		\$30.88	\$6.78	\$4.20	\$41.86
100w MH SP2 Spectra	\$24.62	\$2.15	\$3.00	\$29.77		26.44	2.31	3.22	31.97		\$31.49	\$2.75	\$3.84	\$38.08
1000w MH Vert Shoebox	\$25.45	\$21.30	\$3.32	\$50.07		27.33	22.87	3.57	53.77		\$32.55	\$27.24	\$4.25	\$64.04
175w MV Cobra Head -OL	\$1.39	\$3.70	\$1.24	\$6.33		1.49	3.97	1.33	6.80		\$1.78	\$4.73	\$1.59	\$8.10
400w MV Cobra Head-OL	\$1.53	\$7.95	\$1.32	\$10.80		1.64	8.54	1.42	11.60		\$1.96	\$10.17	\$1.69	\$13.82
50W Outdoor Light (100W Equivalent)	\$6.58	\$0.89	\$2.08	\$9.55		7.07	0.96	2.23	10.26		\$8.42	\$1.14	\$2.66	\$12.22
50W Cobra Head (100W Equivalent)	\$8.31	\$0.89	\$2.59	\$11.79		8.92	0.96	2.78	12.66		\$10.63	\$1.14	\$3.31	\$15.08
82W Cobra Head (200W Equivalent)	\$7.78	\$1.47	\$2.43	\$11.68		8.36	1.58	2.61	12.54		\$9.95	\$1.88	\$3.11	\$14.94
130W Cobra Head (250W Equivalent)	\$7.75	\$2.36	\$2.42	\$12.53		8.32	2.53	2.60	13.46		\$9.91	\$3.02	\$3.10	\$16.03
210W Cobra Head (400W Equivalent)	\$13.55	\$3.78	\$3.95	\$21.28		14.55	4.06	4.24	22.85		\$17.33	\$4.83	\$5.05	\$27.21
26W American Revolution Decorative (100W Equivalent)	\$7.78	\$0.47	\$2.72	\$10.97		8.36	0.50	2.92	11.78		\$9.95	\$0.60	\$3.48	\$14.03
44W American Revolution Decorative (150W Equivalent)	\$7.71	\$0.79	\$2.69	\$11.19		8.28	0.85	2.89	12.02		\$9.86	\$1.01	\$3.44	\$14.31
90W Acorn Decorative (150W Equivalent)	\$11.14	\$1.63	\$3.71	\$16.48		11.96	1.75	3.98	17.70		\$14.25	\$2.08	\$4.75	\$21.08

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	----- PRESENT RATES ----					----- INTERIM RATES -----					----- PROPOSED RATES -----			
	Facility	Energy	Maint	Total		Facility	Energy	Maint	Total		Facility	Energy	Maint	Total
	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>		<u>Charge</u>	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>		<u>Charge</u>	<u>Charge</u>	<u>Charge</u>	<u>Charge</u>
60W Post Top Decorative (150W Equivalent)	\$19.74	\$1.10	\$6.25	\$27.09		21.20	1.18	6.71	29.09		\$25.25	\$1.41	\$7.99	\$34.65
80W Flood (250W Equivalent)	\$10.80	\$1.42	\$3.40	\$15.62		11.60	1.52	3.65	16.77		\$13.81	\$1.82	\$4.35	\$19.98
170W Flood (400W Equivalent)	\$10.80	\$3.05	\$3.40	\$17.25		11.60	3.28	3.65	18.53		\$13.81	\$3.90	\$4.35	\$22.06
150W Flood (350W Equivalent)	\$10.80	\$2.73	\$3.40	\$16.93		11.60	2.93	3.65	18.18		\$13.81	\$3.49	\$4.35	\$21.65
290W Flood (1,000W Equivalent)	\$10.80	\$5.25	\$3.40	\$19.45		11.60	5.64	3.65	20.89		13.81	\$6.71	\$4.35	\$24.87
82W Shoe Box (175W Equivalent)	N/A	N/A	N/A	\$0.00		N/A	N/A	N/A	N/A		\$12.14	\$1.87	\$4.34	\$18.35
131W Shoe Box (250W Equivalent)	\$10.72	\$2.36	\$3.59	\$16.67		11.51	2.53	3.86	17.90		\$13.71	\$3.02	\$4.59	\$21.32
150W Shoe Box	\$9.52	\$2.73	\$3.23	\$15.48		10.22	2.93	3.47	16.62		N/A	N/A	N/A	N/A
10' Alum Deco Base	\$18.56	\$-	\$-	\$18.56		19.93	-	-	19.93		\$23.74	\$0.00	\$0.00	\$23.74
13' Decorative Concrete	\$14.14	\$-	\$-	\$14.14		15.19	-	-	15.19		\$18.09	\$0.00	\$0.00	\$18.09
18' Fiberglass Round	\$9.98	\$-	\$-	\$9.98		10.72	-	-	10.72		\$12.76	\$0.00	\$0.00	\$12.76
20' Decorative Concrete	\$16.41	\$-	\$-	\$16.41		17.62	-	-	17.62		\$20.99	\$0.00	\$0.00	\$20.99
30' Wood Pole Std	\$5.36	\$-	\$-	\$5.36		5.76	-	-	5.76		\$6.86	\$0.00	\$0.00	\$6.86
35' Concrete Square	\$15.83	\$-	\$-	\$15.83		17.00	-	-	17.00		\$20.25	\$0.00	\$0.00	\$20.25
40' Wood Pole Std	\$10.72	\$-	\$-	\$10.72		11.51	-	-	11.51		\$13.71	\$0.00	\$0.00	\$13.71
30' Wood pole	\$4.82	\$-	\$-	\$4.82		5.18	-	-	5.18		\$6.16	\$0.00	\$0.00	\$6.16

APPENDIX B
FLORIDA PUBLIC UTILITIES COMPANY
Schedule A – Executive Summary Schedules