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Writer's E-Mail Address: bkeating@gunster.com

April 11, 2011

BY HAND DELIVERY

Ms. Ann Cole Commission Clerk Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850

Re: Docket No. 110041-EI - Petition for approval of Amendment No. 1 to generation services agreement with Gulf Power Company, by Florida Public Utilities Company.

Dear Ms. Cole:

Enclosed for filing in the referenced Docket, please find the original and three copies of Florida Public Utilities Company's Responses to FPSC Staff's Third Set of Data Requests to FPUC, along with the referenced Attachments on CD. Service has been made in accordance with the attached certificate. In conjunction with this filing, the Company is filing a separate Request for Confidential Classification of portions of referenced Attachment E.

Thank you for your assistance with this filing. If you have any questions whatsoever, please do not hesitate to let me know.

COM	Sincerely,
APA	
ECR	
GCL I RAD /+ Disk containing excel files SSC also had.	Best duty
RAD /+ Disk Containing	Beth Keating
ssc as hud.	Gunster, Yoakley & Stewart, P.A.
ADM	215 South Monroe St., Suite 618
OPC	Tallahassee, FL 32301
CLK TOTAL	(850) 521-1706
MEK	

cc: Interested Persons

FLORIDA PUBLIC UTILITIES COMPANY RESPONSES TO STAFF'S THIRD DATA REQUEST DOCKET NO. 110041-EI

1. Please complete the table below describing the amount of a typical customer's bill that is associated with the capacity purchase assuming the current contract. Please consider the increasing capacity rates contained in the Contract.

Company Response:

	Monthly Bill Impact of Capacity Purchase Current Contract				
	(\$/1,000 kWh)	(\$/1,200 kWh)			
2011	\$36.47	\$43.76			
2012	\$37.73	\$45.28			
2013	\$39.82	\$47.78			
2014	\$42.13	\$50.56			
2015	\$44.22	\$53.06			
2016	\$46.74	\$56.09			
2017	\$49.05	\$58.86			
2018	not available	not available			
2019	not available	not available			

2. Please complete the table below describing the amount of a typical customer's bill that is associated with the capacity purchase assuming the amended contract. Please consider the increasing capacity rates contained in the Contract and the proposed Amendment.

Company Response:

	Monthly Bill Impact of Capacity Purchase Amended Contract				
	(\$/1,000 kWh)	(\$/1,200 kWh)			
2011	\$33.88	\$40.66			
2012	\$35.06	\$42.07			
2013	\$37.00	\$44.40			
2014	\$39.14	\$46.97			
2015	\$41.09	\$49.31			
2016	\$43.42	\$52.10			
2017	\$45.56 \$54.67				
2018	\$47.71 \$57.25				
2019	\$49.86 \$59.83				

1

3. Please explain why a 15 percent reserve margin was used in determining the capacity purchase amount.

Company Response: The provision of 15 percent reserves incorporated in the contract is consistent with generally accepted industry practices, and is commonly used by electric utilities nationwide. Reserves of 15% accommodate uncertainty in the level of peak demands, including weather risks, as well as unexpected generator unit outages. Based upon these standards, reserve capacity is thus incorporated within the purchase quantity (MW), a key provision of the contract.

The 15% reserve level is determined analytically, based on the value of reliability to electricity consumers. Specifically, system planning procedures used by Southern Company provide the means to estimate the optimal least-cost level of planning (installed) reserves. The optimal planning reserve level is approximately 15%.

4. What is the reserve margin required by the SERC?

Company Response: SERC does not require specific reserve margins. Rather, SERC enforces reserve standards, as set by NERC. As briefly discussed above, the 15 percent reserve margin is a generally accepted reserve level, and is used by electric utilities to ensure that generating capacity is sufficient to meet peak demands. This percentage is used by Southern Company, which is within the Southeast Electric Reliability Council, a major region of the North American Electric Reliability Corporation (NERC). Southern Company's reserve levels (15%) fully satisfy reserve reliability standards defined by NERC, which are approved by the Federal Energy Regulatory Commission.

5. In response to question no. 4 of Staff's First Data Request, FPUC states

"The capacity charges are one of many items that were negotiated, with the result being a carefully balanced amendment which provides for significant savings for the Company from 2011-2019, while providing benefits to Gulf Power through the escalation of the capacity charges and the extension period of the Agreement for Generation Services."

Can FPUC quantify or estimate the described benefits to Gulf Power associated with the capacity charge?

Company Response: The Company cannot precisely quantify the benefits associated with the capacity charges to Gulf Power, as the Company does not know the specific costs of the generation resources that Gulf Power used for this contract. However, the Company believes that the benefits to Gulf Power, as derived from the Amendment terms, are approximately equal to the discount the Company received from the lower demand capacity quantity of 91 MW. The Company estimates that the Gulf Power benefits, assuming that the demand capacity quantity does not increase over the remaining life of the contract, are approximately \$8 million, stated on a discounted basis. This result takes a conservative view, and presumes that most non-fuel costs associated with service over the years of the contract extension (2018-

2019) are covered elsewhere. Perhaps more realistically, demand charges for 2018-2019 are somewhat less than a fairly allocated share of projected non-fuel costs of Gulf Power for these years, as estimated.

6. In response to question no. 4 of Staff's First Data Request, FPUC states:

"The minimum capacity amount is one of many items that were negotiated, with the result being a carefully balanced amendment which provides for significant savings for the Company from 2011-2019, while providing benefits to Gulf Power through the escalation of the capacity charges and the extension period of the Agreement for Generation Services."

Please quantify or estimate the described benefits to Gulf Power associated with the capacity amount?

Company Response: See the Company's response to Question 5.

7. Please provide the information from Gulf Power Company's (Gulf) FERC Form 1 filings that FPUC used to respond to question 15 in Staff's First Data Request.

<u>Company Response:</u> See Attachment A (enclosed CD) for the Gulf FERC Form 1 data used by the Company in its response to question 15 in Staff's First Data Request.

8. Why did FPUC elect not to issue an RFP for power in years 2018 and 2019?

Company Response: The Company's primary objective since the merger was to immediately address the high electricity prices that consumers were incurring in the Northwest Division. There were several reasons that consumers' bills had increased significantly: extreme weather conditions which increase customer usage, increased PPA costs relating to capacity demand levels, environmental charges and fuel prices (see response to Question 9 below). The Company looked at several ways to immediately reduce electricity prices including: reduction of O&M costs to avoid base rate increases, implementing TOU and Interruptible rates, filing a 2011 mid-course fuel rate reduction and engaging Gulf Power for potential modifications to the existing PPA. In addition, the Company believed that changes to the PPA would provide the cost-based rationale needed to support the Company's request to implement TOU and Interruptible rates. The Company engaged Southern Services Company, Gulf Powers agent, in many discussions attempting to achieve immediate PPA savings to support the Company's objectives to lower rates as soon as possible while also providing for the cost basis necessary for approval of TOU and Interruptible rates. There was little, if any, incentive for Gulf Power to agree to any changes that would result in lower their revenues (earnings) from the PPA. The Companies discussed numerous options, but ultimately, FPUC was only able to achieve its objectives through an extension of the existing PPA. There were no other mutually acceptable alternatives. Therefore, the Company could not issue an RFP for 2018 and 2019 (where Gulf would have participated) and still achieve the necessary savings to support its objectives to lower rate immediately and to implement, and gain Commission approval of, TOU and Interruptible rates. Conversely, if the Company had

issued an RFP, Gulf would have had no incentive to agree to any savings in the current PPA, whether Gulf was awarded the bid or not.

9. If no RFP was issued for power in years 2018 and 2019 how can FPUC assure the Commission that FPUC's rate-payers are getting the best deal for those years?

<u>Company Response:</u> It is not possible for the Company, the Commission, or other interested parties to know whether the proposed contract extension is the absolute best result, as 2018-2019 are 7-8 years forward. However, the Company can assure the Commission that the proposed contract extension to the current PPA is reasonable in view of current information and market expectations regarding future years, 2018-2019.

The reasonableness of the proposed PPA amendment can be gauged in several ways, and it is useful to take account of and consider known developments, as follows: First, Gulf Power's generation portfolio is predominantly a coal-based system. While coal prices have risen in recent years, coal costs are likely to remain competitive over the foreseeable future. Second, Gulf Power is in the process of diversifying its generation mix with modern combined cycle units which appear to be the choice technology for new generation. Third, as the Company understands the current situation, a major reason why the Gulf Power's fuel costs have been inordinately high beginning in mid-2008 was due to several high-cost contract purchases. However, these high-cost contract purchases are set to expire soon. Fourth, our consultant, Christensen Associates Energy Consulting has assessed the outlook for electricity markets and estimates that the cost of new generation during the 2017 – 2019 timeframe will approximate the expected costs of Gulf Power generation. Several factors lead to this conclusion: 1) economic recovery at the national level is progressing, and will tend to exhaust excess generation capacity that currently exists; 2) the EPA's proposed MCAT (maximum achievable control technology) and Transport Rules, if implemented, will likely remove 40,000 to 50,000 MW of coal-based generation nationwide; and 3) the cost of new generation, in view of much higher prices for primary materials and equipment, will remain at current, elevated levels. See Attachment B (enclosed CD).

10. What does FPUC believe is an appropriate comparison for the capacity charges paid to Gulf (i.e. the rates paid by the Northeast Division, Gulf's Standard Offer Contract, etc.)? Please explain the answer.

<u>Company Response</u>: The Capacity Charge included within a purchased power agreement is only one part of any overall agreement that comprises the total cost and should not be used solely for comparison purposes. Included in the overall agreement in addition to the capacity charges are customer charges, non-fuel energy charges, fuel charges and environmental charges that are further impacted by customer requirements such as total kWh used, demand levels, coincident peak demands, load factors, etc. All of these factors can be used to develop an overall cost per megawatt hour for use in comparisons.

Based upon comparison to the Northeast Division contract, the capacity \$/KW is acceptable. However, when converting the cost to \$/MWH, the cost associated with the original agreement was approximately 10% higher than the Northeast Division contract. This new

agreement reduces the difference to less than 3%. However, as previously stated, the new agreement was negotiated on several factors and not solely on the capacity charge.

Comparison to the Gulf Power Company Standard Offer Contract does not appear to be possible without additional detailed information on the calculation of these amounts. The "avoided unit" capacity cost is significantly less that cost included within the Generation Services agreement.

a. What does FPUC think is not an appropriate comparison for the capacity charges paid to Gulf?

<u>Company Response:</u> Comparison of specific billing factors without an overall comprehensive analysis of the bill is not an appropriate comparison.

11. Please provide all responses to FPUC's RFP that resulted in the current contract with Gulf.

Company Response: Because of binding confidentiality requirements between the Company and Bidders, the Company will make available the Offer Packages of Bidders and related information to the Commission and Commission Staff on an "in camera" basis consistent the Company's understanding of the procedure used in Docket No. 070108-EI for staff's review of this information. This information is currently being compiled and should be available by April 13th.

12. Please provide a copy of a monthly invoice FPUC receives from Gulf pursuant to the agreement for generation services.

Company Response: See Attachment C.

13. How is FPUC billed for transmission services? Please explain and provide a copy of the invoice.

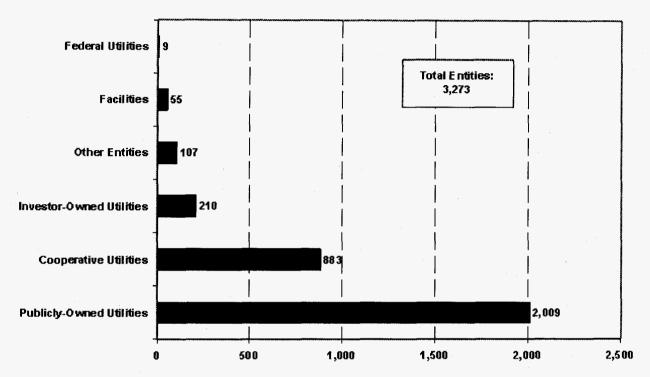
Company Response: See Attachment D.

14. Staff is interested in understanding any efforts FPUC has made to evaluate and compare the terms and rates in the Agreement for Generation Services with Gulf and Amendment No. 1. Please explain and provide documentation.

<u>Company Response:</u> The changes negotiated in Amendment No. 1 differ from the Agreement for Generation Services in only two instances: 1) reduction of the capacity purchase quantity and establishment of the capacity rate for 2018 and 2019; and 2) extension of the term through 2019. See Attachment E for the analysis performed by the Company. (Redacted copy provided; separate highlighted copy filed under Request for confidentiality)

15. How many other small (less than 1,000 GWh annual sales) investor-owned distribution-only electric utilities exist in the U.S.?

Company Response: The Company has been unable to find information specifically addressing the size limitation included in staff's data request. The Company has, however, gleaned the following pertinent information from the Energy Information Administration website. According to the U.S. Energy Information Administration (EIA), about 27 percent of the Nation's 3,273 utilities actually generate electric power.¹



Note: "Facilities" consist of cogenerators, other industrial generators and qualifying facilities that are selling energy to industrial or residential customers under a regulated rate schedule. "Other Entities" consist of retail power marketers or energy service providers that sell either the energy or the delivery services, but not both, to end use consumers. Source: Energy Information Administration, State Electricity Profiles 2007, Table 9, page 416.²

Many electric utilities (67 percent) are exclusively distribution utilities, purchasing wholesale power from others to distribute it, over their own distribution lines, to the ultimate consumer. These are primarily the utilities owned by State and local governments and cooperatives.³ According to the chart below, only 34 investor-owned utilities are considered to be

¹ Source: Energy Information Administration, State Electricity Profiles 2007, Table 9, page 416.

² http://www.eia.doe.gov/cneaf/electricity/page/prim2/figure2.html

³ The Changing Structure of the Electric Power Industry 2000: An Update -

http://www.eia.gov/cneaf/electricity/chg_stru_update/update2000.pdf (This information is somewhat dated, in that the report was based upon data through 1998.)

distribution-only providers.

Table 4. Energy Supply Par	ticipants and Their Ope	erations, 1998
Participants/Operations	Number of	Percent of All
Vertically Integrated (Generate, a Trans	smit, ^b and Distribute ^c)
Utilities Only		
Investor Owned	140	4.4
Federal	3	0.1
Publicly Owned	132	4.2
Cooperatives	20	0.6
Total	295	9.3
Generate and Transmit Only		
Utilities Only		
Investor Owned	10	0.3
Federal	3	0.1
Publicly Owned	36	1.1
Cooperatives	40	1.3
Total	89	2.8
Transmit and Distribute Only		
Utilities Only		
Investor Owned	6	0.2
Federal	1	0.0
Publicly Owned	58	1.8
Cooperatives	74	2.3
Total	139	4.4
Generate and Distribute Only		
Utilities Only		
Investor Owned	25	0.8
Federal	2	0.1
Publicly Owned	403	12.7
Cooperatives	23	0.7
Total	453	14.3
Generate Only		
Utilities		
Investor Owned	11	0.3
Federal	0	·
Publicly Owned	12	0.4
Cooperatives	1	0.0
Total	24	0.8

Nonutilities	1,930	^a 100.0
Transmit Only	L	
Utilities Only		
Investor Owned	7	0.2
Federal	0	
Publicly Owned	8	0.3
Cooperatives	19	0.6
Total	34	1.1
Distribute Only	/ <u></u>	
Utilities Only		
Investor Owned	34	1.1
Federal	1	0.0
Publicly Owned	1,358	42.8
Cooperatives	735	23.2
Total	2,128	67.1
Other ⁶		
Utilities Only		
Investor Owned	6	0.2
Publicly Owned	2	0.1
Total	8	0.2
Power Marketers [†]	⁹ 400	
^d This figure represents the percentage ^e "Other" includes maintenance service comp functions as guard services, equipment main owned utilities in this category acts as an act parent ^f An electricity power marketer buys and sell	s electric energy or een points of supply is delivered to ot nergy is transformed electric energy to of nonutilities is anies for parent utilintenance, etc. Also gent to buy and so selectricity but does or distribut directed trails sales. Currente tariffs Not Not Form EIA-861, "Also seen point to buy and so selectricity but does the distribution of the sales of the	ver an interconnected and points at which it her electric systems. It for distribution to the control and end user. The control and end user at the state perform such the end of the publicly hedule power for the utility. The sent own or operate in facilities. The control and the end of the public sent own or operate in facilities. The control and the control applicable. The control and the contr

As noted at the outset, the Company has been unable to locate data that reflects how many of these 34 utilities would qualify as "small" under the criteria identified by PSC Staff.

16. How many other small (less than 1,000 GWh annual sales) investor-owned distribution-only electric utilities exist in the southeast United States?

<u>Company Response:</u> The Company has been unable to find information pertinent to this request to the extent that it seeks information specific to the southeastern U.S.

17. Given FPUC's response to questions 15 and 16, has FPUC compared its cost for wholesale power to the cost paid by other small investor-owned, distribution-only electric utilities? Please explain and provide documentation if possible.

Company Response: See Company responses to Questions 15 and 16.

18. Please explain all efforts made by FPUC to analyze the charges and terms in the AGS and Amendment No. 1 in comparison to charges and terms associated with full requirements contracts for other small investor-owned distribution-only electric utilities.

Company Response: See Company responses to Questions 15 and 16.

19. How has FPUC evaluated and tested Amendment No. 1 for reasonableness? Please provide documentation if possible.

Company Response: See Company response to Question 9.

20. What efforts has FPUC made to purchase electric power for its Northwest Division by joining with another utility? If FPUC has not done this, please explain.

<u>Company Response</u>: The Company has not made any efforts to date to purchase electric power for its Northwest Division by joining with another utility. All of the other nongenerating electric utilities in the area are either municipally owned or rural electric cooperatives. The fact that these entities are not investor-owned and are not subject to Commission rate regulation makes it very difficult to justify a joint power purchase with these entities. The Company believes that it would be very difficult, if not impossible, to work out liability, indemnification, insurance requirements, and other contract terms for this scenario with such entities.

21. For Amendment No. 1, Section B, Paragraph 2, what has FPUC done to keep Gulf informed regarding the requested approval?

<u>Company Response:</u> FPU has continued to have email correspondence and telephone conversations with the Southern Company Wholesale Energy organization who serves as the Gulf Power Company contact point for the Generation Service Agreement. The communication has included both status updates and information request.

22. According to Amendment No. 1, Section B, Paragraph 2, "FPUC shall keep Gulf reasonably informed as to the progress of its efforts to obtain the Requested Approval." Please provide complete copies of all documents that relate to FPUC keeping Gulf so informed. Include any e-mails, other electronic communication, and notes of phone conversations and meetings.

<u>Company Response:</u> See Attachment F. All available information is included within the email correspondence.

The next three questions refer to FPUC's responses to Staff's Second Data Request No. 3:

23. Assumption No. 7 states that all annual savings, after the allocation to TOU and interruptible, is allocated to residential customers. Please explain why for purposes of responding to this data request FPUC allocated savings to the residential class only as opposed to all customer classes.

<u>Company Response:</u> The Company response reflects the maximum benefit that non-participating TOU residential customers could achieve through the amendment to the contract. The Company regrets any confusion that its original response may have caused.

24. Assumption No. 9 states that all other factors and rates are held constant through 2019. Given that the capacity charges escalate over the term of the agreement, please explain FPUC's assumption.

<u>Company Response:</u> Assumption No. 9 intended to state that "except for the capacity charge escalation, all other factors and rates were held constant through 2019." The Company regrets any confusion that its original response may have caused.

25. Please revise FPUC's response to question 3 of Staff's Second Data Request to consider that any savings (after savings are allocated to the TOU and interruptible rates) are allocated to all rate classes and consider the increasing capacity rates contained in the Contract and the proposed Amendment. Please do not adjust any other assumptions.

Company Response: The following assumptions are used to complete the charts for Questions 25 and 26: 1) the impacts are for Residential bills; 2) the Time-of-Use (TOU) rates and Interruptible rates are as approved and the maximum participation level is assumed; 3) TOU and Interruptible participants achieve the projected savings levels for their respective rate classes; 4) the TOU and Interruptible participants were in the programs for the full year, respectively; 5) Capacity Demand Purchases remain at 91 MW over the remaining term of the amendment; 6) Capacity Demand Purchases would have been at the 97.944 MW level over the remaining term if no amendment had occurred; 7) all annual savings, after the allocation to TOU and interruptible is allocated to all customer classes; and 8) except for the capacity

charge escalation, all other factors and rates were held constant through 2019. See Attachment G (enclosed CD).

	Monthly Bill Impact				
	(\$/1,000 kWh)	(\$/1,200 kWh)			
2011	\$147.10	\$176.12			
2012	\$148.31	\$177.58			
2013	\$150.34	\$180.01			
2014	\$152.57	\$182.69			
2015	\$154.61	\$185.14			
2016	\$157.04	\$188.05			
2017	\$159.27	\$190.73			
2018	\$161.50	\$193.40			
2019	\$163.73	\$196.08			

26. Please revise FPUC's responses to question 4 of Staff's Second Data Request to consider the increasing capacity rates contained in the Contract. Please do not adjust any other assumptions.

Company Response:

	Monthly Bill Impact				
	(\$/1,000 kWh)	(\$/1,200 kWh)			
2011	\$148.26	\$177.52			
2012	\$149.52	\$179.03			
2013	\$151.61	\$181.54			
2014	\$153.92	\$184.31			
2015	\$156.02	\$186.83			
2016	\$158.53	\$189.84			
2017	\$160.84	\$192.61			
2018	N/A	N/A			
2019	N/A	N/A			

27. Please complete the table below describing the projected energy consumption by sector in FPUC's Northwest division.

Company Response:

		Residential		Commercial		Industrial			Street &		
YEAR	MWH	AVERAGE No. of Customers	Avg. kWh consumption per customer	MWH	Average no. Of customers	Avg. kWh consumption per customer	MWH	Average no. Of customers	Avg. kWh consumption per customer	Highway Lighting (MWH)	Net Energy For Load
2010	145,399	10,147	11,813	182,033	2,531	71,921	-	-	-	5,069	332,501
2011	141,977	10,101	11,583	178,092	2,551	69,813	-			5,097	325,166
2012	142,687	10,152	11,592	178,982	2,564	69,806	-	-	-	5,103	326,772
2013	143,400	10,202	11,603	179,877	2,577	69,801	-	-	<u>-</u>	5,108	328,385
2014	144,117	10,253	11,613	180,777	2,589	69,825	-	-	-	5,114	330,008
2015	144,838	10,305	11,622	181,681	2,602	69,824	-	-	-	5,120	331,639
2016	145,562	10,356	11,632	182,589	2,615	69,824	-	-	-	5,126	333,277
2017	146,290	10,408	11,642	183,502	2,628	69,826	-	-	-	5,132	334,924
2018	147,021	10,460	11,651	184,419	2,642	69,803	-	-	<u>-</u>	5,137	336,577
2019	147,756	10,512	11,661	185,342	2,655	69,809	-	-	-	5,143	338,241
2010-2019											
% AAGR	.500%	.500%		.500%	.500%					.112%	.494%

ATTACHMENT C COMPANY'S RESPONSE TO STAFF'S THIRD DATA REQUEST QUESTION 12



One Energy Place Pensacola, FL 32520-0037 Please return this portion with payment.

CURRENT AMOUNT DELINQUENT AFTER 03/14/11

Mail To:

2.365,419.24 Electric Service

FL PUBLIC UTILITIES P O BOX 610 MARIANNA FL 32447

PO BOX 830660 BIRMINGHAM AL 35283-0660

00039-00105

TOTAL DUE

\$2,365,419.24

GULF POWER COMPANY

ACCOUNT ACCESS CODE:

ACCOUNT NUMBER

ACCOUNT NUMBER

FI. PUBLIC UTILITIES

CUSTOMER NAME SERVICE ADDRESS

0 MARIANNA FL

1195 Jackson Ave Chipley, FL 32428

For Customer Service, Please Call:

(850) 444-6755

RATE NAME	SERVICE F	ERIOD TO	METER NUMBER	READING TYPE	METER READING PREVIOUS PRESENT	METER CONSTANT	USAGE
MKT	2/1/2011	2/28/2011	452800	Tot-Kwh		1	24,032,652
BASED				Pk-kw		1	60,129

REVENUE MONTH February-11

EXPLANATION OF CHARGES MKT BASED-FL PUBLIC UTILITIES DETAILS

Tot kWh

24.032.652

Capacity Charge 91000 kW * 8.70

Energy Charge (24032652 kWh / .974) * 0.06378

02/01-02/28 791,700.00

1,573,719.24

Total Electric Svc Costs

2,365,419.24

HISTORICAL DATA

, <u></u>	Days	KWH	KWH/DAY
This Mth	28	24,032,652	858,309
Last Mth	31	31,851,354	1,027,463
I Yr Ago	28	28,384,679	1,013,739

CURRENT AMOUNT DELINQUENT AFTER 3/14/2011

TOTAL DUE \$2,365,419.24

Staff's Third Data Request Docket No. 110041-E1 Response to Item No 12.

ATTACHMENT D COMPANY'S RESPONSE TO STAFF'S THIRD DATA REQUEST QUESTION 13

Invoice

Southern Company Services, Inc. Financial & Contract Services

500 North 18th Street Bin 2S-8810 Corp Hootrs Birmingham, AL 35203



Date: Feb 01, 2011

FLORIDA PUBLIC UTILITIES COMPANY ATTN: Buddy Shelley / Chris Snyder 401 South Dixie Highway P O Box 3395 West Palm Beach, FL 33402-3395

csnyder@fpuc.com; dshelley@fpuc.com FAX: (561) 833-0151 PHONE: (850) 526-6811

Southern Company Services, Inc., acting solely as agent for Alabama Power Company, Georgia Power Company, Gulf Power Company and Mississippi Power Company and in accordance with the agreement for Network Integration Transmission Service for FLORIDA PUBLIC UTILITIES COMPANY under the Southern Companies Open Access Transmission Tariff:

We charge your account with transmission service for January, 2011 as follows:

Transmission Service Charges	12-CP kW		<u>Charges</u>
Bulk Transmission (115kV)	61,869		\$148,257.30
(Based on the 12 month rolling AVG transmission peak as of November, 2010)			
Attachment K Costs for December, 2010 33,366,375 kWh			\$764.09
FERC Annual Charge for December, 2010 33,366,375 kWh			\$2,052.03
Ancillary Services	12-CP kW	Rate \$/kW-mo	Charges
Scheduling, System Control and Dispatch		0.080600	\$4,986.64
Reactive Supply and Voltage Control from Generation Sources		-0.110000	(\$6,805.59)
Reactive Supply and Voltage Control from Generation Sources		0.110000	\$6,805.59
Other Charges			Charges
Distribution Facilities Charges			\$79,472.26
Meter Reading & Processing Charge (Altha)			\$155.00
Meter Reading & Processing Charge (Blountstown)			\$155.00
Meter Reading & Processing Charge (Caverns Road)			\$155.00
Meter Reading & Processing Charge (Chipola)			\$155.00
Meter Reading & Processing Charge (Marlanna 1 & 2)			\$155.00

NET DUE SOUTHERN TRANSMISSION \$236,307.32

Transmission payment due 20 days after receipt of invoice. Invoice date starts upon date faxed/e-mailed. Interest on late payments will be included on subsequent invoice.

Please remit via wire or ACH transfer (including Invoice #TPO0111-FPUC)

To: Bank of America, Dallas, TX

ABA Number:

For Credit To: TPO - Transmission Account Number:

If remittance is made by check, payments should be mailed to: Southern Company Services, Inc.; Attention: Genie Brown; Bin 2S-8810; 600 North 18th Street; Birmingham, Alabama 35203.

For questions regarding this invoice, please contact Genie Brown at 205-257-6828.

SCS Federal Tax ID No. ~ 63-0274273

Staff's Third Data Request Docket No. 110041-El Response to Item No.13

ATTACHMENT F COMPANY'S RESPONSE TO STAFF'S THIRD DATA REQUEST QUESTION 22

From:

Cutshaw, Mark

Sent:

Tuesday, December 21, 2010 1:26 PM Crisler, Robert W.

To: Subject:

RE: Amendment

No news from Jeff at this time. Hopefully I will know something soon. You have a Merry Christmas also.

P. Mark Cutshaw Florida Public Utilities Company 911 South 8th Street Fernandina Beach, Florida 32034 (904)277-1957 office (904)753-1272 cell

----Original Message----

From: Crisler, Robert W. [mailto:RWCRISLE@southernco.com]

Sent: Tuesday, December 21, 2010 1:17 PM

To: Cutshaw, Mark Subject: Amendment

Just checking in to see what the status was. Merry Christmas.

Sent from my iPhone

From:

Cutshaw, Mark

Sent:

Tuesday, December 28, 2010 5:28 PM

To:

Crisler, Robert W.

Subject:

RE: Status

Jeff is meeting with the City Manager of Marianna tomorrow morning. Hopefully we will know more after that.

Mark Cutshaw Florida Public Utilities Company 911 South 8th Street Fernandina Beach, Florida 32034 (904)277-1957 office (904)753-1272 cell

----Original Message----

From: Crisler, Robert W. [mailto:RWCRISLE@southernco.com]

Sent: Tuesday, December 28, 2010 4:55 PM

To: Cutshaw, Mark Subject: Status

Any update on the Amendment?

Sent from my iPhone

From:

Cutshaw, Mark

Sent:

Monday, January 03, 2011 2:02 PM

To:

Crisler, Robert W.

Subject:

RE: Status

Jeff did meet with the City and there was a lot of discussion about the future and possible purchase of the FPU system. I will get with Jeff and see what other information is available and let you know.

P. Mark Cutshaw Florida Public Utilities Company 911 South 8th Street Fernandina Beach, Florida 32034 (904)277-1957 office (904)753-1272 cell

----Original Message----

From: Crisler, Robert W. [mailto:RWCRISLE@southernco.com]

Sent: Monday, January 03, 2011 9:23 AM

To: Cutshaw, Mark Subject: RE: Status

Good morning Mark. When you get a chance please give me an update on the Amendment. I am getting questions. I will be in and out a lot so please just send me an email if that is possible. Thanks.

Rob Crisler, P.E.
Business Development
Southern Wholesale Energy
(205)257-6508 (direct)
(205)515-5387 (cell phone)
(205)257-1872 (fax)
rwcrisle@southernco.com

----Original Message----

From: Cutshaw, Mark [mailto:mcutshaw@fpuc.com]

Sent: Tuesday, December 28, 2010 4:28 PM

To: Crisler, Robert W. Subject: RE: Status

Jeff is meeting with the City Manager of Marianna tomorrow morning. Hopefully we will know more after that.

----Original Message-----

From: Crisler, Robert W. [mailto:RWCRISLE@southernco.com] Sent: Tuesday, December 28, 2010 4:55 PM

To: Cutshaw, Mark Subject: Status

Any update on the Amendment?

Sent from my iPhone

From:

Cutshaw, Mark

Sent: To: Tuesday, January 11, 2011 8:10 AM Robert W. Crisler; Dennis N. Wilson

Subject:

Meeting Update

Rob/Dennis,

Would it be possible to have a meeting later today to update you with the meeting FPU had with the City of Marianna yesterday? The later in the day the better...especially since Murry will probably be a little worn out from his travels. War Eagle......

From:

Cutshaw, Mark

Sent:

Wednesday, January 12, 2011 9:44 AM

To:

'RWCRISLE@southernco.com'

Cc: Subject: Shelley Buddy (Drane) Re: Meeting Update

Can you do this at 10 AM central time? If so Buddy and I will call your office. I am in a meeting right now.

Mark Cutshaw

From: Crisler, Robert W. < RWCRISLE@southernco.com>

To: Cutshaw, Mark

Sent: Wed Jan 12 09:03:35 2011 Subject: RE: Meeting Update

Are there any times today that we could have our call? Murry is in the office today and Dennis should be here.

Rob Crisler, P.E.

Business Development Southern Wholesale Energy (205)257-6508 (direct) (205)515-5387 (cell phone) (205)257-1872 (fax) rwcrisle@southernco.com

From: Cutshaw, Mark [mailto:mcutshaw@fpuc.com]

Sent: Tuesday, January 11, 2011 7:10 AM To: Crisler, Robert W.; Wilson, Dennis N.

Subject: Meeting Update

Rob/Dennis,

Would it be possible to have a meeting later today to update you with the meeting FPU had with the City of Marianna yesterday? The later in the day the better...especially since Murry will probably be a little worn out from his travels. War Eagle.....

From:

Cutshaw, Mark

Sent:

Monday, January 17, 2011 1:43 PM

To:

Crisler, Robert W.

Subject:

RE: Update

Will do. I will get with you tomorrow.

P. Mark Cutshaw Florida Public Utilities Company 911 South 8th Street Fernandina Beach, Florida 32034 (904)277-1957 office (904)753-1272 cell

----Original Message----

From: Crisler, Robert W. [mailto:RWCRISLE@southernco.com]

Sent: Monday, January 17, 2011 12:21 PM

To: Cutshaw, Mark Subject: Re: Update

It will have to be tomorrow. We are off today.

Sent from my iPhone

On Jan 17, 2011, at 10:21 AM, "Cutshaw, Mark" < mcutshaw@fpuc.com < mailto:mcutshaw@fpuc.com >> wrote:

I left you a voice message but would like to talk when you get a chance. Hopefully we can get a conference call going this afternoon or tomorrow to update you further.

From:

Cutshaw, Mark

Sent: To:

Monday, January 17, 2011 11:22 AM

Robert W. Crisler

Subject:

Update

I left you a voice message but would like to talk when you get a chance. Hopefully we can get a conference call going this afternoon or tomorrow to update you further.

P. Mark Cutshaw Florida Public Utilities Company 911 South 8th Street Fernandina Beach, Florida 32034 (904)277-1957 office (904)753-1272 cell

¥

From:

Cutshaw, Mark

Sent: To: Monday, February 07, 2011 11:22 AM Crisler, Robert W.; Shelley Buddy (Drane)

Subject:

RE: FPSC

We are going the commission meeting tomorrow and hope to get approval at that time. The City will be there to object so we will see how it goes.

P. Mark Cutshaw Florida Public Utilities Company 911 South 8th Street Fernandina Beach, Florida 32034 (904)277-1957 office (904)753-1272 cell

From: Crisler, Robert W. [mailto:RWCRISLE@southernco.com]

Sent: Monday, February 07, 2011 10:51 AM **To:** Cutshaw, Mark; Shelley Buddy (Drane)

Subject: FPSC

What is the latest on the approval of the TOU rates and the Amendment that was filed?

Rob Crisler, P.E.

Business Development Southern Wholesale Energy (205)257-6508 (direct) (205)515-5387 (cell phone) (205)257-1872 (fax) rwcrisle@southernco.com

From:

Crisler, Robert W. [RWCRISLE@southernco.com] Monday, February 07, 2011 10:51 AM

Sent: To:

Monday, February 07, 2011 10:51 AM Cutshaw, Mark; Shelley Buddy (Drane)

Subject:

FPSC

What is the latest on the approval of the TOU rates and the Amendment that was filed?

Rob Crisler, P.E.

Business Development Southern Wholesale Energy (205)257-6508 (direct) (205)515-5387 (cell phone) (205)257-1872 (fax) rwcrisle@southernco.com

From:

Cutshaw, Mark

Sent:

Friday, February 11, 2011 4:21 PM Crisler, Robert W. FW: TOU Article

To: Subject: Attachments:

TOU Article.pdf

Rob,

Here is the article I mentioned.

P. Mark Cutshaw Florida Public Utilities Company 911 South 8th Street Fernandina Beach, Florida 32034 (904)277-1957 office (904)753-1272 cell

From: Shelley Buddy (Drane)

Sent: Thursday, February 10, 2011 12:42 PM

To: Householder, Jeff; Geoffroy, Tom; Cutshaw, Mark; Sylvester, Jeff; Webber, Kevin

Cc: Van Hoffman, Jason Subject: TOU Article

FYI

Buddy Shelley General Manager, NW 850-526-6811 Office 850-557-6480 Cell

From:

Sent:

Cutshaw, Mark Sunday, February 20, 2011 1:36 PM Crisler, Robert W.

To:

Subject:

Market Based Rate Tariff

Rob,

Has there been any revised to the MRB tariff issued January 2010? I have a copy of that one that. We are working on answering some Public Service Commission interrogatory questions. Thanks.

From:

Cutshaw, Mark

Sent:

Sunday, February 20, 2011 3:25 PM

To:

Crisler, Robert W.

Subject: Attachments: RE: Market Based Rate Tariff Southern - MBR Tariff.pdf

Rob.

This is the MBR tariff I have now. It is missing some of the pages (pages 4-8). Are these pages intentionally not used at this tim?

P. Mark Cutshaw Florida Public Utilities Company 911 South 8th Street Fernandina Beach, Florida 32034 (904)277-1957 office (904)753-1272 cell

From: Cutshaw, Mark

Sent: Sunday, February 20, 2011 1:36 PM

To: Crisler, Robert W.

Subject: Market Based Rate Tariff

Rob.

Has there been any revised to the MRB tariff issued January 2010? I have a copy of that one that. We are working on answering some Public Service Commission interrogatory questions. Thanks.

From:

Cutshaw, Mark

Sent:

Monday, February 21, 2011 5:07 PM

To:

Crisler, Robert W.

Subject:

RE: Market Based Rate Tariff

Thanks. I was in the FERC files this morning and tried to find it on the Gulf Power search. Did not think to try the Alabama search.

P. Mark Cutshaw Florida Public Utilities Company 911 South 8th Street Fernandina Beach, Florida 32034 (904)277-1957 office (904)753-1272 cell

From: Crisler, Robert W. [mailto:RWCRISLE@southernco.com]

Sent: Monday, February 21, 2011 4:29 PM

To: Cutshaw, Mark

Subject: RE: Market Based Rate Tariff

Mark.

Attached is a link to the FERC website where you can now find the Market Based Tariff. Apparently in the September 2010 time period there was an initiative at FERC to E File all tariffs. This is what was filed and shouldn't be different from what you have (with the exception of the few missing pages).

As part of FERC's e-tariff initiative, the current Market Based Rate Tariff now can be found at http://etariff.ferc.gov/TariffList.aspx.

You will need to enter Alabama Power into the Company name field and then click the Find Tariffs button. From there you will select a link to the Southern Market Based Rate Tariff, which will take you to a page where the tariff can be accessed on a by-section basis (each section is listed as a Record), or in its entirety by clicking the View/Export Tariff link.

I have also attached it as well.

Rob Crisler, P.E.

Business Development Southern Wholesale Energy (205)257-6508 (direct) (205)515-5387 (cell phone) (205)257-1872 (fax) rwcrisle@southernco.com

From: Cutshaw, Mark [mailto:mcutshaw@fpuc.com]

Sent: Sunday, February 20, 2011 2:25 PM

To: Crisler, Robert W.

Subject: RE: Market Based Rate Tariff

Rob.

This is the MBR tariff I have now. It is missing some of the pages (pages 4-8). Are these pages intentionally not used at this tim?

P. Mark Cutshaw Florida Public Utilities Company 911 South 8th Street Fernandina Beach, Florida 32034 (904)277-1957 office (904)753-1272 cell

From: Cutshaw, Mark

Sent: Sunday, February 20, 2011 1:36 PM

To: Crisler, Robert W.

Subject: Market Based Rate Tariff

Rob,

Has there been any revised to the MRB tariff issued January 2010? I have a copy of that one that. We are working on answering some Public Service Commission interrogatory questions. Thanks.

From:

Crisler, Robert W. [RWCRISLE@southernco.com]

Sent:

Monday, February 21, 2011 4:29 PM

Subject:

Cutsnaw, Mark

Attachmants

RE: Market Based Rate Tariff

Attachments: Tariff.doc

Mark.

Attached is a link to the FERC website where you can now find the Market Based Tariff. Apparently in the September 2010 time period there was an initiative at FERC to E File all tariffs. This is what was filed and shouldn't be different from what you have (with the exception of the few missing pages).

As part of FERC's e-tariff initiative, the current Market Based Rate Tariff now can be found at http://etariff.ferc.gov/TariffList.aspx.

You will need to enter Alabama Power into the Company name field and then click the Find Tariffs button. From there you will select a link to the Southern Market Based Rate Tariff, which will take you to a page where the tariff can be accessed on a by-section basis (each section is listed as a Record), or in its entirety by clicking the View/Export Tariff link.

I have also attached it as well.

Rob Crisler, P.E.

Business Development Southern Wholesale Energy (205)257-6508 (direct) (205)515-5387 (cell phone) (205)257-1872 (fax) rwcrisle@southernco.com

From: Cutshaw, Mark [mailto:mcutshaw@fpuc.com]

Sent: Sunday, February 20, 2011 2:25 PM

To: Crisler, Robert W.

Subject: RE: Market Based Rate Tariff

Rob,

This is the MBR tariff I have now. It is missing some of the pages (pages 4-8). Are these pages intentionally not used at this tim?

P. Mark Cutshaw Florida Public Utilities Company 911 South 8th Street Fernandina Beach, Florida 32034 (904)277-1957 office (904)753-1272 cell

From: Cutshaw, Mark

Sent: Sunday, February 20, 2011 1:36 PM

To: Crisler, Robert W. **Subject:** Market Based Rate Tariff

Rob,

Has there been any revised to the MRB tariff issued January 2010? I have a copy of that one that. We are working on answering some Public Service Commission interrogatory questions. Thanks.

From:

Crisier, Robert W. [RWCRISLE@southernco.com]

Sent:

Monday, February 21, 2011 11:37 AM

To:

Cutshaw, Mark

Subject:

RE: Market Based Rate Tariff

I have left our attorney a message regarding your questions. I will let you know when I hear from him.

Rob Crisler, P.E.

Business Development Southern Wholesale Energy (205)257-6508 (direct) (205)515-5387 (cell phone) (205)257-1872 (fax) rwcrisle@southernco.com

From: Cutshaw, Mark [mailto:mcutshaw@fpuc.com]

Sent: Sunday, February 20, 2011 2:25 PM

To: Crisler, Robert W.

Subject: RE: Market Based Rate Tariff

Rob,

This is the MBR tariff I have now. It is missing some of the pages (pages 4-8). Are these pages intentionally not used at this tim?

P. Mark Cutshaw
Florida Public Utilities Company
911 South 8th Street
Fernandina Beach, Florida 32034
(904)277-1957 office
(904)753-1272 cell

From: Cutshaw, Mark

Sent: Sunday, February 20, 2011 1:36 PM

To: Crisier, Robert W.

Subject: Market Based Rate Tariff

Rob,

Has there been any revised to the MRB tariff issued January 2010? I have a copy of that one that. We are working on answering some Public Service Commission interrogatory questions. Thanks.

From:

Cutshaw, Mark

Sent: To: Thursday, March 03, 2011 9:12 AM

To: Subject: Crisler, Robert W. FW: City sues FPU

More in the saga....

P. Mark Cutshaw Florida Public Utilities Company 911 South 8th Street Fernandina Beach, Florida 32034 (904)277-1957 office (904)753-1272 cell

From: Shelley, Buddy (Drane)

Sent: Thursday, March 03, 2011 9:01 AM

To: Cutshaw, Mark; Geoffroy, Tom

Subject: City sues FPU

Hi Mark, Tom:

For your reading enjoyment

http://www.panhandleparade.com/index.php/mbb/article/news13 exclusive city of marianna su es power company/mbb7728673/

Buddy Shelley

From:

Cutshaw, Mark

Sent:

Thursday, March 03, 2011 8:47 AM

To: Subject: Crisler, Robert W. RE: Amendment

I don't think they will act on this until either April or May. We did find out that the City of Marianna protested the TOU/Interruptible rate approval and will also protest the amendment. Just more fun in getting all this settled. We don't see any issue with the final approval of either item and we can deal with the City as we move through the process.

P. Mark Cutshaw Florida Public Utilities Company 911 South 8th Street Fernandina Beach, Florida 32034 (904)277-1957 office (904)753-1272 cell

From: Crisler, Robert W. [mailto:RWCRISLE@southernco.com]

Sent: Thursday, March 03, 2011 8:31 AM

To: Cutshaw, Mark Subject: Amendment

Mark,

Did the FPSC act on the Amendment yesterday? Someone at Gulf said that they heard that (may not be true). Just checking.

Rob Crisler, P.E.

Business Development Southern Wholesale Energy (205)257-6508 (direct) (205)515-5387 (cell phone) (205)257-1872 (fax) rwcrisle@southernco.com

From:

Crisler, Robert W. [RWCRISLE@southernco.com]

Sent:

Thursday, March 03, 2011 8:31 AM

To: Subject: Cutshaw, Mark Amendment

Mark,

Did the FPSC act on the Amendment yesterday? Someone at Gulf said that they heard that (may not be true). Just checking.

Rob Crisler, P.E.

Business Development Southern Wholesale Energy (205)257-6508 (direct) (205)515-5387 (cell phone) (205)257-1872 (fax) rwcrisle@southernco.com

From:

Cutshaw, Mark

Sent:

Friday, March 18, 2011 4:46 PM Crisler, Robert W.

To:

Subject:

FPSC Commission Data Request

Rob,

Please review the link below and let's discuss. Thanks.

http://www.psc.state.fl.us/library/FILINGS/11/01788-11/01788-11.pdf

CERTIFICATE OF SERVICE

I HEREBY ATTEST that a true and correct copy of the foregoing has been served upon the following by U.S. Mail this 11th Day of April, 2011:

Pauline Evans, Staff Counsel	Robert Scheffel Wright
Office of the General Counsel	John T. LaVia
Florida Public Service Commission	c/o Young Law Firm
2540 Shumard Oak Boulevard	225 South Adams Street, Suite 200
Tallahassee, FL 32399-0850	Tallahassee, FL 32301
Frank E. Bondurant, City Attorney	Office of the Public Counsel
Bondurant and Fuqua, P.A.	c/o The Florida Legislature
4450 Lafayette St.	111 West Madison St., Rm. 812
P.O. Box 1508	Tallahassee, FL 32399-1400
Marianna, FL 32447	

Beth Keating

Gunster, Yoakley & Stewart, P.A. 215 South Monroe St., Suite 618

Tallahassee, FL 32301

(850) 521-1706