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From: Keating, Beth [BKeating@gunster.com]
Sent: Thursday, May 05, 2011 10:50 AM
To: Filings@psc.state.fl.us
Cc: Lee Eng Tan; Traci Matthews; Connie Kummer
Subject: Docket No. 110089-EQ
Attachments: 20110505103344846.pdf

Attached for electronic filing, please find FPUC's Responses to Staff's First Set of Data Requests to the Company in the above-reference Docket. Please do not hesitate to contact me if you have any questions.

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a. Person responsible for this electronic filing:

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b. **Docket No. 110089-EQ** - Petition for approval of revisions to renewable energy tariff by Florida Public Utilities Company

c. On behalf of: Florida Public Utilities Company

d. There are a total of 9 pages.

e. Description: FPUC's Responses to Staff's First Set of Data Requests (Nos. 1 – 3)

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

May 5, 2011

BY ELECTRONIC FILING

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

Re: **Docket No. 110089-EQ** - Petition for approval of revisions to renewable energy tariff by Florida Public Utilities Company

Dear Ms. Cole:

Enclosed for electronic filing in the referenced Docket, please find Florida Public Utilities Company's Responses to FPSC Staff's First Set of Data Requests to FPUC. Service has been made in accordance with the attached certificate.

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

Sincerely,

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**FLORIDA PUBLIC UTILITIES COMPANY
RESPONSES TO
STAFF'S FIRST DATA REQUEST (Nos. 1 – 3)**

DOCKET NO. 110089-EQ

1. In its petition in the instant docket, FPUC makes reference to the original purchased power agreement, approved by the Commission in Docket No. 070108_EI, between itself and Gulf Power Company. At paragraph 5, the petition states that “the current electric power purchase agreement....contains a ‘ratchet’ provision based upon prior demand levels” which affects the capacity payments under the tariff for the Northwest Division in the instant docket. Please provide the specific location or quote of the provision in the original agreement being referred to, and describe or explain how that provision will affect the terms of this tariff.

Response: The original “Agreement for Generation Services Between Gulf Power Company and Florida Public Utilities Company” dated December 28, 2006 with an effective date of January 1, 2008 includes Appendix A which defines the methodology used for the “Capacity Purchase”. Although the term “ratchet” is not included in the language, when reading and understanding the methodology used in Appendix A it is clear that the concepts are similar. The language included in the Agreement which describes the methodology is shown below.

The agreement was effective January 2008 and the “Capacity Purchase” demand was determined in accordance with Appendix A using the years 2004 – 2007. This calculation set the initial demand of 97, 944 KW for the year 2008. For each subsequent year (2009 through 2011), calculations were made using the four preceding years which yielded results less than the 97,944 KW. Due to the methodology used, the 97, 944 KW remained as the “Capacity Purchase” demand. This concept is very similar to what we described in our petition at a “ratchet” provision.

As discussed, under the original agreement, the “Capacity Purchase” demand will not decrease based on a decrease in the overall demand or the addition of generation resources. Since the “Capacity Purchase” demand will not decrease and capacity costs will continue

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each month, there can be no associated capacity payments to firm capacity customers within our Northwest Florida Division.

For ease of reference, the following is the text of Appendix A:

APPENDIX A

CAPACITY PURCHASE

Commencing in 2007 and in each subsequent Year through 2016 (each a "Calculation Year"), prior to November 1, Gulf Power (or its designated agent) shall calculate the Northwest Annual Peak Demand, the Growth Rate, the Forecasted Northwest Annual Peak Demand, and the Capacity Purchase for the following Year, all in accordance with this Appendix A. Prior to October 15 of each Calculation Year, FPUC shall provide Gulf Power (or its designated agent) with all information FPUC possesses (with supporting documentation) that is necessary for these calculations.

A. Northwest Annual Peak Demand.

Gulf Power or its agent shall calculate the Northwest Annual Peak Demand for each of the four previous Peak Seasons, including the Peak Season of the Calculation Year (each a "Previous Season").

B. Growth Rate.

Gulf Power or its agent shall calculate the growth rate of the Northwest Annual Peak Demand from the average annual growth rate of the Northwest Annual Peak Demand ("Growth Rate"). The Growth Rate shall be rounded to four (4) decimal places, and shall be the quotient of:

- (1) the sum of:

- (a) the Northwest Annual Peak Demand for the third prior Previous Season divided by the Northwest Annual Peak Demand for the fourth prior Previous Season, minus one (1); plus
- (b) the Northwest Annual Peak Demand for the second prior Previous Season divided by the Northwest Annual Peak Demand for the third prior Previous Season Year, minus one (1); plus
- (c) the Northwest Annual Peak Demand for the first prior Previous Season divided by the Northwest Annual Peak Demand for the second prior Previous Season, minus one (1).
- (2) divided by three (3).

C. Forecasted Northwest Annual Peak Demand.

The Forecasted Northwest Annual Peak Demand shall be rounded to the nearest kilowatt (kW), and shall be the higher result of either:

- (1) the Northwest Annual Peak Demand for the third prior Previous Season, plus the Northwest Annual Peak Demand for the second prior Previous Season, plus the Northwest Annual Peak Demand for the first prior Previous Season; divided by
- (2) three (3); multiplied by
- (3) the square of the sum of one (1) plus the Growth Rate,
- or
- (1) the Northwest Annual Peak Demand for the second prior Previous Season plus the Northwest Annual Peak Demand for the first prior Previous Season; divided by
- (2) two (2).

D. Capacity Purchase.

The Capacity Purchase for the Year following the Calculation Year shall be rounded to the nearest kilowatt (kW), and shall be the greater of:

(1) the lesser of :

(a) the product of:

(i) the Reserve Requirement plus one (1); multiplied by the

(ii) Forecasted Northwest Annual Peak Demand.

Or

(b) the product of:

(i) one and one-hundredth (1.01) plus the Growth Rate; multiplied by
the

(ii) Capacity Purchase for the Calculation Year.

Or

(2) the Capacity Purchase for the Calculation Year.

Notwithstanding the foregoing, the Capacity Purchase for Year 2008 shall be equal to the product of: (i) the Reserve Requirement plus one (1); multiplied by (ii) the Forecasted Northwest Annual Peak Demand.

E. Reductions in Capacity Purchase.

If in any Year of the Service Term FPUC is required to purchase capacity from a third party under applicable Law pursuant to Section 3.4(ii) or (iii) and the Parties cannot agree upon feasible actions (if any) to be taken by either or both Parties such that FPUC can satisfy and/or comply with such Law for such Year while simultaneously leaving this Agreement in full force and effect as originally executed, then the Capacity Purchase calculated for such Year (or

applicable portion thereof) pursuant to the provisions of this Appendix A shall be reduced by such amount necessary for FPUC to comply with applicable Law. In addition, if during the Service Term, (i) FPUC's franchise agreement with the City of Marianna, Florida expires and is not renewed, extended or replaced, and (ii) Gulf Power and/or any of its Affiliates sells electric capacity to the City of Marianna, then for the period of time that Gulf Power and/or its Affiliates sells capacity to the City of Marianna, the Capacity Purchase to FPUC shall be reduced by the amount of capacity sold to the City of Marianna by Gulf Power and/or its Affiliates.

F. Example Calculation.

An example calculation of the Capacity Purchase is set forth in Exhibit 1 to this Appendix A. Such calculation is for example purposes only and is not intended to, and shall not, modify any of the terms of this Agreement (including the above terms of this Appendix A). To the extent that there is a conflict between this example and such terms of this Agreement, such terms of this Agreement shall govern. Moreover, such example shall be given no weight in interpreting or construing the provisions of this Agreement (including the methodology set forth above in this Appendix A).

For Questions 2 and 3, please use the table and scenario provided below.

Please assume the renewable generator is a 50 MW facility providing firm capacity at the minimum capacity factor required for full capacity payments. Additionally, please assume an in-service date of January 1, 2012 and contract duration of 20 years. Please provide this information for the following scenarios:

- Normal Payments
- Levelized Payments
- Early Payments
- Early Levelized Payments

Response: Normal Payments have been determined and are shown below. In addition, there are certain future costs that have not been provided from our purchased power providers and cannot be determined or provided at this time.

2. Please complete the table describing payments to a renewable provider based on the parameters included in FPUC's revised renewable energy tariff for the Northeast Division.

Response: Table shown below. Amounts shown are annual amounts for the scenario described above.

Northeast Florida Division (JEA Purchased Power Provider)

Committed Capacity (MW)	50
Capacity Factor (%)	70%
Payment Type:	Normal

	Energy (MWH)	Capacity Rates (\$/kw-mo)	Total Capacity Payments (\$000)	Energy Rates (\$/MWh)	Total Energy Payments (\$000)	Total Payments to Renewable Provider (\$000)
2012	306,600	\$11.38	\$6,828,000.00	\$51.41	\$15,762,306.00	\$22,590,306.00
2013	306,600	\$11.38	\$6,828,000.00	\$51.41	\$15,762,306.00	\$22,590,306.00
2014	306,600	\$11.38	\$6,828,000.00	\$51.41	\$15,762,306.00	\$22,590,306.00
2015	306,600	\$11.38	\$6,828,000.00	\$51.41	\$15,762,306.00	\$22,590,306.00
2016	306,600	\$11.38	\$6,828,000.00	\$51.41	\$15,762,306.00	\$22,590,306.00
2017	306,600	\$11.38	\$6,828,000.00	\$51.41	\$15,762,306.00	\$22,590,306.00
2018	306,600	*	*	*	*	*
2019	306,600	*	*	*	*	*
2020	306,600	*	*	*	*	*
2021	306,600	*	*	*	*	*
2022	306,600	*	*	*	*	*
2023	306,600	*	*	*	*	*
2024	306,600	*	*	*	*	*
2025	306,600	*	*	*	*	*
2026	306,600	*	*	*	*	*
2027	306,600	*	*	*	*	*
2028	306,600	*	*	*	*	*
2029	306,600	*	*	*	*	*
2030	306,600	*	*	*	*	*
2031	306,600	*	*	*	*	*

* - Data not available for these years

3. Please complete the table describing payments to a renewable provider based on the parameters included in FPUC's revised renewable energy tariff for the Northwest Division.

Response: Table shown below. Amounts shown are annual amounts for the scenario described above. Since there are no avoided capacity cost based on the Gulf Power Agreement, there are no Capacity Payments shown.

Northwest Florida Division (Gulf Power Purchased Power Provider)

Committed Capacity (MW)	50
Capacity Factor (%)	70%
Payment Type:	Normal

	Energy (MWh)	Capacity Rates (\$/kw-mo)	Total Capacity Payments (\$000)	Energy Rates (\$/MWh)	Total Energy Payments (\$000)	Total Payments to Renewable Provider (\$000)
2012	306,600	\$0.00	\$0.00	\$50.56	\$15,501,696.00	\$15,501,696.00
2013	306,600	\$0.00	\$0.00	\$50.56	\$15,501,696.00	\$15,501,696.00
2014	306,600	\$0.00	\$0.00	\$50.56	\$15,501,696.00	\$15,501,696.00
2015	306,600	\$0.00	\$0.00	\$50.56	\$15,501,696.00	\$15,501,696.00
2016	306,600	\$0.00	\$0.00	\$50.56	\$15,501,696.00	\$15,501,696.00
2017	306,600	\$0.00	\$0.00	\$50.56	\$15,501,696.00	\$15,501,696.00
2018	306,600	*	*	*	*	*
2019	306,600	*	*	*	*	*
2020	306,600	*	*	*	*	*
2021	306,600	*	*	*	*	*
2022	306,600	*	*	*	*	*
2023	306,600	*	*	*	*	*
2024	306,600	*	*	*	*	*
2025	306,600	*	*	*	*	*
2026	306,600	*	*	*	*	*
2027	306,600	*	*	*	*	*
2028	306,600	*	*	*	*	*
2029	306,600	*	*	*	*	*
2030	306,600	*	*	*	*	*
2031	306,600	*	*	*	*	*

* - Data not available for these years