

Eric Fryson

From: Keating, Beth [BKeating@gunster.com]
Sent: Tuesday, November 27, 2012 4:46 PM
To: Filings@psc.state.fl.us
Cc: Caroline Klancke
Subject: Docket No. 120263-EI
Attachments: 20121127163035625.pdf.pdf

Attached for electronic filing, please find Florida Public Utilities Company's Responses to Commission Staff's First Data Requests in the referenced docket.

a. Person responsible for this electronic filing:

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b. Docket No. 120263-EI - Petition for Approval to Modify Approved Demonstration Project Consisting of Proposed Time of Use and Interruptible Rate Schedules and Corresponding Fuel Rates by Florida Public Utilities Company

c. On behalf of: Florida Public Utilities Company

d. There are a total pages: 4

e. Description: Responses to Commission Staff's First Data Requests



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FPSC-COMMISSION CLERK



November 27, 2012

VIA ELECTRONIC FILING - *FILINGS@PSC.STATE.FL.US*

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

Re: Docket No. 120263-EI - Petition for Approval to Modify Approved Demonstration Project
Consisting of Proposed Time of Use and Interruptible Rate Schedules and Corresponding
Fuel Rates by Florida Public Utilities Company

Dear Ms. Cole:

Attached for electronic filing, please find Florida Public Utilities Company's responses to
Commission Staff's First Data Requests in the referenced docket.

Thank you for kind assistance with this filing. As always, please do not hesitate to
contact me if you have any questions or concerns whatsoever.

Sincerely,



Beth Keating
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MEK

CC: Staff Counsel (Klancke)

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STAFF'S FIRST DATA REQUEST

Re: Docket No. 120263-EI - Petition for Approval to Modify Approved Demonstration Project Consisting of Proposed Time of Use and Interruptible Rate Schedules and Corresponding Fuel Rates by Florida Public Utilities Company

1. Since the filing of the Annual Status Report in Docket No. 100459-EI by FPUC on August 31, 2012, has the number of program participants by customer class changed in a material or substantial way? If so, please explain.

Company Response: No. However, as stated in the Company's petition, the basis for this filing is to improve on the program and respond to local community input. Specifically, the local Chamber of Commerce has indicated to the Company that it would like to see the participation limitations increased in the GSLD and Interruptible rate classifications. The Chamber believes that this will be beneficial to its efforts to attract new large commercial businesses and industrial facilities into the area, thus encouraging local economic development efforts.

2. Please provide the date or time period in which the parties reverted to operating under the former terms of the Generation Services Agreement?

Company Response: The Company reverted back to operating under the former terms of the Generations Services Agreement with Gulf Power in January 2012. Upon doing so, however, the terms were retro-active to January 2011, consistent with the letter submitted by FPUC in Docket No. 110041-EI on January 5, 2012. As such, a payment adjustment for the 2011 calendar year reflecting the true-up of payments for 2011 to the former terms was included with the May 2012 bill from Gulf Power to FPUC.

3. Given that the City of Marianna has filed an appeal of the order approving the implementation of FPUC's experimental Time of Use (TOU) and interruptible pilot program in Docket No. 100459-EI with the Florida Supreme Court, please explain why it is appropriate to make the proposed changes to TOU and interruptible rate schedules prior to the resolution of the appeal.

Company Response: The Company's proposed modifications to the program involve the participation levels for rate classifications GSLD-TOU and IS only. Specifically, the Company proposes to increase the participation levels for GSLD-TOU from 1 customer to a maximum of 3 customers and IS from 1 customer to a maximum of 4 customers. These changes do not mean that the number of customers actually participating will increase, but as explained above and in the petition, are beneficial for the local Chamber of Commerce efforts to attract new business into the area. The process to attract large businesses into an area is a long-term process and the Company believes that the appeal filed with the Florida Supreme Court will be finalized before any new customers become active on the Company's system. As such, the Company does not believe that there is any harm in approving the Company's request for participation level changes, as proposed. If the City of Marianna prevails in the appeal of the Commission's Order, then the Company understands that it will likely be

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required revisit and revise its TOU and Interruptible rate program as the Commission may require consistent with any Court rulings.

4. The following questions pertain to "Attachment B" of the petition:
 - a. Please state the basis (actual or projected) for the energy consumption levels by rate class shown in the top table.
 - b. Please explain and show the calculations of the confidential number shown in the line labeled "Projected Total Savings in 2013."
 - c. The appellate proceeding regarding Amendment No. 1 to the contract between FPUC and Gulf Power is pending. Does the estimate of Projected Total Savings in 2013 include savings that would accrue from the implementation of the terms of Amendment No. 1 in addition to savings resulting from reductions in market rates for purchased fuel? If so, please explain why it is appropriate to include the Amendment No. 1 savings since the implementation of Amendment No. 1 is currently pending the outcome of the appellate proceeding.

Company Response:

Attachment B was provided by the Company solely to demonstrate that the proposed changes in participation levels for rate classifications GSLD-TOU and IS are supported by the same methodology used in the original filing (Docket No. 100459-EI) for TOU and IS rates. Thus, if all rate classifications are at the maximum participation levels, the expected result is that approximately half of the Amendment No. 1 savings would be enjoyed by the customers participating in the TOU and IS rate classifications. If less than the maximum participation levels are achieved, then lower levels of the Amendment No. 1 savings would be enjoyed by participating customers.

- a. The energy consumption levels by rate class shown in the top table are projected average monthly consumption levels for each rate class.
- b. The line labeled "Projected Total Savings in 2013" is calculated by taking the difference between the original contract demand ratchet level of 97,944 KW and the Amendment No. 1 floor demand level of 91,000 multiplied by the 2013 demand rate per KW (per the original contract – this was not affected by Amendment No. 1 – this rate is confidential) multiplied by the number of months in the year (12).
- c. No, the Projected Total Savings in 2013 is only the result of the changes from implementing the terms of Amendment No. 1. This amount does not include any savings resulting from reductions in market rates for purchased fuel. The Company has used, for the instant filing, the same methodology approved in the original filing (Docket No. 100459-EI) to establish the relationship between the TOU and Interruptible rates and the base electric fuel rates. The Commission has approved the Company's TOU and Interruptible rates and customers are participating in the experimental program. The Company believes that it is appropriate to evaluate the effectiveness of the experimental program and propose certain modifications that are intended to increase participation and support local efforts to attract new commercial and industrial activity. The Company does not believe that the appellate proceeding

will result in any negative effects to the Commission-approved experimental program. As noted above, if the City of Marianna prevails in the appeal of the Commission's Order, then the Company understands that it will likely be required revisit and revise its TOU and Interruptible rate program as the Commission may require consistent with any Court rulings. The Company would likely investigate and pursue other avenues to develop and support TOU and Interruptible rates that would benefit its customers and also be consistent with any direction from the Commission or the Court arising from the City's appeal.