

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 22, 2013
TO: Ann Cole, Commission Clerk, Office of Commission Clerk
FROM: Rosanne Gervasi, Senior Attorney, Office of the General Counsel *RG*
RE: Docket No. 130235-EQ - Petition for declaratory statement regarding co-ownership of electrical cogeneration facilities in Hendry County by Southeast Renewable Fuels, LLC.

Please enter the enclosed staff data request into the above mentioned docket.

Thank you.

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STATE OF FLORIDA



GENERAL COUNSEL
S. CURTIS KISER
(850) 413-6199

Public Service Commission

October 22, 2013

Robert Scheffel Wright, Esq.
Gardner, Bist, Wiener, Wadsworth, Bowden,
Bush, Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, Florida 32308

STAFF DATA REQUEST

Re: Docket No. 130235-EQ Petition for declaratory statement regarding co-ownership of electrical cogeneration facilities in Hendry County by Southeast Renewable Fuels, LLC

Dear Mr. Wright:

In Paragraph 13 of the above-referenced Petition, Southeast states that it and the Confidential Partner will jointly own the electrical generation equipment via undivided ownership interests, and that each party's interest (ownership share) will be at least as great as its maximum power requirements. Please clarify this ownership arrangement by providing responses to the following staff data requests:

1. If Southeast and the Confidential Partner's ownership interests in the electrical generation equipment are undivided, how can they own specific shares in that equipment?
2. What percentages of the total generation will be allocated to Southeast and to the Confidential Partner?
 - a. What will happen if the electric demand of one of the owners exceeds its allocated portion of the output of the generating unit?
 - b. Will the ownership of the generating unit be allocated on a "sliding scale?"
 - c. Will Southeast and the Confidential Partner be able to change their ownership shares over time?
 - d. Are there any limits on the frequency of those changes?
 - e. Will there be terms fixed at the outset, or will any change in ownership require new negotiation?
 - f. Will this allocation be based on capacity or total energy production?
 - g. How is this percentage expected to be determined? Is it expected to vary on an instantaneous, daily, weekly, monthly, or yearly basis?

3. In Paragraph 11 of the Petition, Southeast states that the electrical generation capacity of the project is initially expected to be 25 megawatts (MW), that the Ethanol Plant will have a maximum electric demand of approximately 10 MW, and that the Carbon Dioxide Plant will have a maximum electric demand of approximately 1.5 MW. Since the total output of the generating unit will be more than twice the total of the maximum demand of both owners, how will the ownership of the portion of the generating unit representing the remaining 13.5 MW be divided?

4. What will happen if the demand of one of the owners is consistently less than the stated maximum? For example, after twelve months of operation, the Carbon Dioxide Plant never reached 1.5 MW of demand, but instead peaked at 1.1 MW. What impact would this situation have on the ownership of the generating unit?

5. If either Southeast or the Confidential Partner's need for energy exceeds its allocation from the generator, how will it serve this extra load?

6. How will the company operating the generating equipment be compensated by Southeast and the Confidential Partner?

a. Will compensation be a fixed sum or tied to energy production?

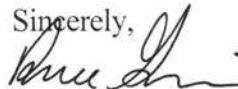
b. Will compensation be evenly split between the two parties, divided according to their ownership shares, or by some other percentage?

7. Will Southeast and the Confidential Partner separately negotiate the sale of any energy produced beyond their needs, or will the company operating the generating equipment make such decisions unilaterally?

8. In Paragraph 11 of the Petition, Southeast states that the electrical generation capacity will be capable of expansion to 50 MW. Will the anticipated expansion of the generating unit change the facts set forth in the Petition?

9. If the generating unit's output is increased to 50 MWs, what will be Southeast and the Confidential Partner's respective ownership percentages?

Please file the requested information by Tuesday, October 29, 2013, with the Office of Commission Clerk. Please feel free to contact me at (850) 413-6224 if you have any questions regarding this request.

Sincerely,

Rosanne Gervasi
Senior Attorney

cc: Office of Commission Clerk