

Writer's Direct Dial Number: (850) 521-1706  
Writer's E-Mail Address: bkeating@gunster.com

September 3, 2019

**BY E-PORTAL**

Mr. Adam Teitzman, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Docket No. 20190001-EI: Fuel and Purchased Power Cost Recovery Clause with  
Generating Performance Incentive Factor**

Dear Mr. Teitzman:

Attached for filing in the above-referenced docket, please find the Petition for Approval of Fuel Adjustment and Purchase Power Cost Recovery Factors submitted on behalf of Florida Public Utilities Company, along with the Direct Testimony and Exhibit MDN-1 of Ms. Michelle Napier, as well as the Direct Testimony of Mr. Mark Cutshaw in support of the Company's request.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,



Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

MEK  
cc:/(Certificate of Service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.      DOCKET NO. 20190001-EI  
DATED: September 3, 2019

**FLORIDA PUBLIC UTILITIES COMPANY'S PETITION FOR APPROVAL OF FUEL  
ADJUSTMENT AND PURCHASED POWER  
COST RECOVERY FACTORS**

Florida Public Utilities Company (FPUC or Company), by and through its undersigned counsel, hereby files this Petition asking the Florida Public Service Commission (FPSC or Commission) for approval of FPUC's fuel adjustment and purchased power cost recovery factors for the period January 2020 through December 2020. In support of this request, the Company hereby states:

- 1) FPUC is an electric utility subject to the Commission's jurisdiction. Its principal business address is:

Florida Public Utilities Company  
1750 S 14th Street, Suite 200  
Fernandina Beach FL 32034

- 2) The name and mailing address of the persons authorized to receive notices are:

Beth Keating, Esq.  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe Street, Suite 601  
Tallahassee, Florida 32301-1839  
(850) 521-1706

Mike Cassel  
AVP, Regulatory and Governmental Affairs  
Florida Public Utilities Company  
1750 S 14th Street, Suite 200  
Fernandina Beach FL 32034  
mcassel@fpuc.com

- 3) Consistent with the requirements for this proceeding, the Company has pre-filed the fuel adjustment and purchased power cost recovery schedules supplied by the Commission consistent with the requirements for such filings, and have reflected therein the Company's calculated fuel adjustment factors.

4) In accordance with Order PSC-2019-0059-PCO-EI, issued February 13, 2019, in this Docket, the Company is also submitting, contemporaneously with this Petition, the Direct Testimony Ms. Michelle Napier, along with Exhibit MDN-1, as well as the Direct Testimony of Mr. Mark Cutshaw, in support of the Company's request for approval of the requested factors.

5) The testimonies of the Company's witnesses also address the status of the Company's ongoing initiatives to mitigate fuel costs through arrangements with alternative energy providers, as well as possible new projects. Notably, the interconnection with FPL in the Company's Northeast Division, which had been a priority for the Company for some time, is now on-line and providing service to FPUC, as noted by witness Cutshaw, pursuant to an amended power purchase agreement that runs through 2026. In addition, on August 12, 2019, the "Native Load Firm All Requirements Power and Energy Agreement" ("Agreement") for the Northwest Florida Division was executed by FPUC and FPL with an effective date of January 1, 2020, which will likewise remain in effect through December 31, 2026. The Company also continues to pursue CHP and solar projects that demonstrate the greatest potential for success and to produce savings for FPUC's customers.

6) In addition, consistent with past requests of the Company, the Company seeks to recover certain legal and consulting costs associated with fuel and purchased power projects designed to reduce fuel and purchased costs for FPUC's customers, which have not otherwise been included for recovery in base rates. These costs are consistent with Commission policy set forth in Order No. 14546, as well as Commission decisions allowing the Company to recover such costs in Order No. PSC-2005-1252-FOF-EI, issued in Docket No. 20050001-EI, as well as similar such decisions by the Commission to allow similar costs to be recovered by the Company through the Fuel and Purchased Power Cost Recovery Clause, including, most recently, in

Docket No. 20170001-EI and 20180001-EI. Again, the subject legal and consulting costs are not being recovered through the Company's base rates. Moreover, without the legal and consulting assistance associated with these costs, the Company would be unable to identify, analyze, and implement the cost-saving projects that it has implemented thus far, nor similar such projects that it continues to pursue with the objective of obtaining reduced fuel and purchased power costs for the benefit of its customers.

7) As set forth in the Testimony and Exhibit MDN-1 of Witness Napier, the Company's total true-up amounts that would be collected or refunded during the period January 2020 through December 2020 is an under-recovery of \$1,934,452 for the Consolidated Electric Division, reflecting an estimated consolidated under-recovery of \$ \$4,409,893 for 2019. Based on estimated sales for January 2020 through December 2020 of 583,866,196 kwhs, an additional .33132¢ per kWh will need to be collected to address this under-recovery.

8) Based upon the Company's projections and the total true-up amounts to be collected for both Divisions, the appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2020 through December 2020, excluding demand cost recovery and adjusted for line loss multipliers and including taxes, are as follows:

<i>Rate Schedule</i>	<i>Adjustment</i>
RS	\$0.07766
GS	\$0.07535
GSD	\$0.07228
GSLD	\$0.07009
LS	\$0.05621

Step rate for RS	
RS Sales	\$0.07766
RS with less than 1,000 kWh/month	\$0.07459
RS with more than 1,000 kWh/month	\$0.08709

9) For the Consolidated Electric Division, the total fuel adjustment factor is 5.109¢ per kWh for "other classes." Thus, a customer in either Division using 1,000 kWh will pay \$131.46, an increase of \$5.17 from the prior period.

10) The Company has also adjusted the Time of Use (TOU) and Interruptible rates for the 2020 period. The Company submits that the methodology used to compute the rates reflected below is consistent with the methodology previously approved by the Commission.

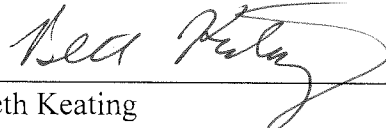
*Time of Use/Interruptible*

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
RS	\$0.15859	\$0.03559
GS	\$0.11535	\$0.02535
GSD	\$0.11228	\$0.03978
GSLD	\$0.13009	\$0.04009
Interruptible	\$0.05509	\$0.07009

11) The Company attests that these factors have been calculated correctly and consistent with Commission requirements. Thus, the Company asks that the Commission approve the proposed factors as set forth herein.

WHEREFORE, FPUC respectfully requests that the Commission approve the Company's proposed fuel adjustment and purchased power cost recovery factors for January 2020 through December 2020.

RESPECTFULLY SUBMITTED this 3rd day of September, 2019.



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Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

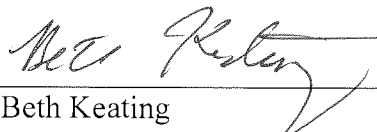
*Attorneys for Florida Public Utilities Company*

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing Petition for Approval of Fuel Adjustment and Purchased Power Cost Recovery Factors, as well as the Direct Testimony and Exhibit MDN-1 of Michelle Napier, and the Direct Testimony of Mark Cutshaw, have been furnished by Electronic Mail to the following parties of record this 3rd day of September, 2019:

Suzanne Brownless Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 <a href="mailto:sbrownle@psc.state.fl.us">sbrownle@psc.state.fl.us</a>	James D. Beasley/J. Jeffry Wahlen/Malcolm Means Ausley Law Firm Post Office Box 391 Tallahassee, FL 32302 <a href="mailto:jbeasley@ausley.com">jbeasley@ausley.com</a> <a href="mailto:jwahlen@ausley.com">jwahlen@ausley.com</a> <a href="mailto:mmeans@ausley.com">mmeans@ausley.com</a>
Steven Griffin Beggs & Lane P.O. Box 12950 Pensacola, FL 32591-2950 <a href="mailto:srg@beggslane.com">srg@beggslane.com</a>	James W. Brew/Laura Wynn Stone Matheis Xenopoulos & Brew, PC Eighth Floor, West Tower 1025 Thomas Jefferson Street, NW Washington, DC 20007 <a href="mailto:jbrew@smxblaw.com">jbrew@smxblaw.com</a>
Maria Moncada Joel Baker Florida Power & Light Company 700 Universe Boulevard Juno Beach, FL 33408-0420 <a href="mailto:Maria.Moncada@fpl.com">Maria.Moncada@fpl.com</a> <a href="mailto:Joel.Baker@fpl.com">Joel.Baker@fpl.com</a>	Kenneth Hoffman Florida Power & Light Company 215 South Monroe Street, Suite 810 Tallahassee, FL 32301 <a href="mailto:Ken.Hoffman@fpl.com">Ken.Hoffman@fpl.com</a>
Ms. Paula K. Brown Tampa Electric Company Regulatory Affairs P.O. Box 111 Tampa, FL 33601-0111 <a href="mailto:Regdept@tecoenergy.com">Regdept@tecoenergy.com</a>	Florida Industrial Users Power Group Jon C. Moyle, Jr. Moyle Law Firm 118 North Gadsden Street Tallahassee, FL 32301 <a href="mailto:jmoyle@moylelaw.com">jmoyle@moylelaw.com</a>

Mike Cassel Florida Public Utilities Company 1750 SW 14th Street, Suite 200 Fernandina Beach, FL 32034 <a href="mailto:mcassel@fpuc.com">mcassel@fpuc.com</a>	Florida Retail Federation Robert Scheffel Wright/John T. LaVia Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308 <a href="mailto:schef@gbwlegal.com">schef@gbwlegal.com</a>
Russell A. Badders Shane Boyett Gulf Power Company One Energy Place Pensacola, FL 32520-0780 <a href="mailto:Russell.Badders@nexteraenergy.com">Russell.Badders@nexteraenergy.com</a> <a href="mailto:Charles.Boyett@nexteraenergy.com">Charles.Boyett@nexteraenergy.com</a>	J.R. Kelly/P. Christensen/S. Morse/T. David Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 <a href="mailto:Kelly.JR@leg.state.fl.us">Kelly.JR@leg.state.fl.us</a> <a href="mailto:Christensen.patty@leg.state.fl.us">Christensen.patty@leg.state.fl.us</a> <a href="mailto:Morse.stephanie@leg.state.fl.us">Morse.stephanie@leg.state.fl.us</a> <a href="mailto:David.Tad@leg.state.fl.us">David.Tad@leg.state.fl.us</a>
Matthew Bernier Duke Energy 106 East College Avenue, Suite 800 Tallahassee, FL 32301 <a href="mailto:Matthew.Bernier@duke-energy.com">Matthew.Bernier@duke-energy.com</a>	Dianne M. Triplett Duke Energy 299 First Avenue North St. Petersburg, FL 33701 <a href="mailto:Dianne.Triplett@duke-energy.com">Dianne.Triplett@duke-energy.com</a>
Holly Henderson/Lisa Roddy Gulf Power Company 215 South Monroe Street, Suite 618 Tallahassee FL 32301 <a href="mailto:holly.henderson@nexteraenergy.com">holly.henderson@nexteraenergy.com</a> <a href="mailto:Lisa.Roddy@nexteraenergy.com">Lisa.Roddy@nexteraenergy.com</a>	Michael Barrett Division of Accounting and Finance Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, Florida 32399-0850 <a href="mailto:mbarrett@psc.state.fl.us">mbarrett@psc.state.fl.us</a>

By:   
Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706



1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
2   DOCKET NO. 20190001-EI: FUEL AND PURCHASED POWER COST RECOVERY  
3                   **CLAUSE WITH GENERATING PERFORMANCE INCENTIVE FACTOR**

4                   2020 Projection Testimony of Michelle D. Napier

5                   On Behalf of

6                   Florida Public Utilities Company

7  
8           **Q.           Please state your name and business address.**

9           A.           My name is Michelle D. Napier. My business address is 1635 Meathe  
10                   Drive, West Palm Beach, FL 33411.

11          **Q.           By whom are you employed?**

12          A.           I am employed by Florida Public Utilities Company (“FPUC” or  
13                   “Company”) as Manager of Regulatory Affairs.

14          **Q.           Could you give a brief description of your background and business  
15                   experience?**

16          A.           I received a Bachelor of Science degree in Finance from the University of  
17                   South Florida in 1986. I have been employed with FPUC since 1987.  
18                   During my employment at FPUC, I have performed various roles and  
19                   functions in accounting, including General Accounting Manager before  
20                   moving to the Regulatory department in 2011. I am currently the  
21                   Manager of Regulatory Affairs. In this role, my responsibilities include  
22                   directing the regulatory activities for FPUC. This includes regulatory  
23                   analysis and filings before the Florida Public Service Commission  
24                   (FPSC) for FPUC, FPUC-Indiantown, FPUC-Fort Meade, Florida

1 Division of Chesapeake Utilities (CFG) and Peninsula Pipeline  
2 Company.

3 **Q. Have you previously testified in this Docket?**

4 A. No.

5 **Q. What is the purpose of your testimony at this time?**

6 A. My testimony will establish the “true-up” collection amount, based on  
7 actual January 2018 through June 2019 data and projected July 2019  
8 through December 2020 data to be collected or refunded during January  
9 2020 – December 2020. My testimony will also summarize the  
10 computations that are contained in composite exhibit MDN-1 supporting  
11 the January through December 2020 projected levelized fuel adjustment  
12 factors for its consolidated electric divisions.

13 **Q. Were the schedules filed by the Company completed by you or under  
14 your direct supervision?**

15 A. Yes, they were completed under my direct supervision and review.

16 **Q. Is FPUC providing the required schedules with this filing?**

17 A. Yes. Included with this filing are Consolidated Electric Schedules E1,  
18 E1A, E2, E7, E8, and E10. These schedules are included in my Exhibit  
19 MDN-1, which is appended to my testimony.

20 **Q. Did you include costs in addition to the costs specific to purchased  
21 fuel in the calculations of your true-up and projected amounts?**

1 A. Yes, included with our fuel and purchased power costs are charges for  
2 contracted consultants and legal services that are directly fuel-related and  
3 appropriate for recovery in the fuel and purchased power clause. Mr.  
4 Cutshaw addresses these projects more specifically in his testimony.

5 **Q. Please explain how these costs were determined to be recoverable**  
6 **under the fuel and purchased power clause?**

7 A. Consistent with the Commission's policy set forth in Order No. 14546,  
8 issued in Docket No. 850001-EI-B, on July 8, 1985, the other fuel related  
9 costs included in the fuel clause are directly related to purchased power,  
10 have not been recovered through base rates.  
11 Specifically, consistent with item 10 of Order 14546, the costs the  
12 Company has included are fuel-related costs that were not anticipated or  
13 included in the cost levels used to establish the current base rates.  
14 Similar expenses paid to Christensen and Associates associated with the  
15 design for a Request for Proposals of purchased power costs, and the  
16 evaluation of those responses, were deemed appropriate for recovery by  
17 FPUC through the fuel and purchased power clause in Order No. PSC-  
18 05-1252-FOF-EI, Item II E, issued in Docket No. 050001-EI.  
19 Additionally, in more recent Docket Nos. 20140001-EI, 20150001-EI,  
20 20160001-EI, 20170001-EI, 20180001-EI and 20190001-EI, the  
21 Commission determined that many of the costs associated with the legal  
22 and consulting work incurred by the Company as fuel related,  
23 particularly those costs related to the purchase power agreement review  
24 and analysis, were recoverable under the fuel clause. As the Commission

1 has recognized time and again, the Company simply does not have the  
2 internal resources to pursue projects and initiatives designed to produce  
3 purchased power savings without engaging outside assistance for project  
4 analytics and due diligence, as well as negotiation and contract  
5 development expertise. Likewise, the Company believes that the costs  
6 addressed herein are appropriate for recovery through the fuel clause.

7 **Q. Please explain what are the costs outside of purchased power costs**  
8 **included in the 2019 true-up for Florida Public Utilities Company?**

9 A. Florida Public Utilities engaged Sterling Energy Services, LLC.  
10 (“Sterling”) Christensen Associates Energy, LLC (“Christensen”), Locke  
11 Lord, LLP (“Lord”), and Pierpont and McClelland (“Pierpont”) for  
12 assistance in the development and enactment of projects/programs  
13 designed to reduce their purchased power rates to its customers. The  
14 associated legal and consulting costs, included in the rate calculation of  
15 the Company’s 2020 Projection factors, were not included in expenses  
16 during the last FPUC consolidated electric base rate proceeding and are  
17 not being recovered through base rates.

18 More specifically, Pierpont has been engaged to perform analysis and  
19 provide consulting services for FPUC as it relates to the structuring of,  
20 and operation under, the Company’s power purchase agreements with the  
21 purpose of identifying measures that will minimize cost increases and/or  
22 provide opportunities for cost reductions. Lord is a law firm with  
23 particular expertise in the regulatory requirements of the Federal Energy  
24 Regulatory Commission. Attorneys with the firm have provided legal

1 guidance and oversight regarding the contracts and regulatory  
2 requirements for generation and transmission-related issues for the  
3 Northeast Florida Division. The Company's in-house experience in these  
4 areas is limited; thus, without this outside assistance, the Company's  
5 ability to pursue potential purchased power savings opportunities would  
6 be limited, as would its ability properly evaluate proposals to meet our  
7 generation and transmission needs and ensure compliance with federal  
8 regulatory requirements.

9 Sterling and Christensen have been hired to assist the Company in the  
10 most cost-effective means of incorporating additional energy sources,  
11 such as power available from certain industrial customers, including  
12 customers with Combined Heat and Power (CHP) capability, to further  
13 reduce the overall purchased power impact to all FPUC customers.  
14 Christensen also assisted the Company with analysis regarding the  
15 purchase power agreements.

16 **Q. What are the final remaining true-up amounts for the period**  
17 **January – December 2018 for both Divisions?**

18 A. The final remaining consolidated true-up amount was an over-recovery  
19 of \$2,475,441.

20 **Q. What are the estimated true-up amounts for the period of January –**  
21 **December 2019?**

22 A. There is an estimated consolidated under-recovery of \$4,409,893.

23 **Q. Please address the calculation of the total true-up amount to be**  
24 **collected or refunded during the January - December 2020 year?**

1 A. The Company has determined that at the end of December 2019, based  
2 on six months actual and six months estimated, we will have a  
3 consolidated electric under-recovery of \$1,934,452.

4 **Q. What will the total consolidated fuel adjustment factor, excluding**  
5 **demand cost recovery, be for the consolidated electric division for**  
6 **the period?**

7 A. The total fuel adjustment factor as shown on line 43, Schedule E-1 is  
8 5.109¢ per KWH.

9 **Q. Please advise what a residential customer using 1,000 KWH will pay**  
10 **for the period January - December 2020 including base rates,**  
11 **conservation cost recovery factors, gross receipts tax and fuel**  
12 **adjustment factor and after application of a line loss multiplier.**

13 A. As shown on consolidated Schedule E-10 in Composite Exhibit Number  
14 MDN-1, a residential customer using 1,000 KWH will pay \$131.46. This  
15 is a decrease of \$5.17 below the previous period.

16 **Q. Does this conclude your testimony?**

17 A. Yes.

**FLORIDA PUBLIC UTILITIES COMPANY**  
FUEL AND PURCHASED POWER  
COST RECOVERY CLAUSE CALCULATION

ESTIMATED FOR THE PERIOD: JANUARY 2020 THROUGH DECEMBER 2020

**FLORIDA DIVISION-CONSOLIDATED**

	(a) DOLLARS	(b) MWH	(c) CENTS/KWH
1 Fuel Cost of System Net Generation (E3)			
2 Nuclear Fuel Disposal Costs (E2)			
3 Coal Car Investment			
4 Adjustments to Fuel Cost			
5 TOTAL COST OF GENERATED POWER (LINE 1 THRU 4)	0	0	0.00000
6 Fuel Cost of Purchased Power (Exclusive of Economy) (E7)	12,007,308	429,024	2.79875
7 Energy Cost of Sched C & X Econ Purch (Broker) (E9)			
8 Energy Cost of Other Econ Purch (Non-Broker) (E9)			
9 Energy Cost of Sched E Economy Purch (E9)			
10 Demand & Non Fuel Cost of Purch Power (E2)	15,241,005	429,024	3.55248
10a Demand Costs of Purchased Power	14,065,448 *		
10b Non-fuel Energy & Customer Costs of Purchased Power	1,175,558 *		
11 Energy Payments to Qualifying Facilities (E8a)	15,601,107	193,850	8.04803
12 TOTAL COST OF PURCHASED POWER (LINE 6 THRU 11)	42,849,420	622,874	6.87931
13 TOTAL AVAILABLE KWH (LINE 5 + LINE 12)	42,849,420	622,874	6.87931
14 Fuel Cost of Economy Sales (E6)			
15 Gain on Economy Sales (E6)			
16 Fuel Cost of Unit Power Sales (SL2 Partpts) (E6)			
17 Fuel Cost of Other Power Sales			
18 TOTAL FUEL COST AND GAINS OF POWER SALES	0	0	0.00000
19 Net Inadvertent Interchange			
20 TOTAL FUEL & NET POWER TRANSACTIONS (LINE 5 + 12 + 18 + 19)	42,849,420	622,874	6.87931
21 Net Unbilled Sales	0 *	0	0.00000
22 Company Use	45,679 *	664	0.00763
23 T & D Losses	1,615,524 *	23,484	0.26983
24 SYSTEM MWH SALES	42,849,420	598,726	7.15676
25 Wholesale MWH Sales			
26 Jurisdictional MWH Sales	42,849,420	598,726	7.15676
26a Jurisdictional Loss Multiplier	1.00000	1.00000	
27 Jurisdictional MWH Sales Adjusted for Line Losses	42,849,420	598,726	7.15677
27a GSLD1 MWH Sales		14,860	
27b Other Classes MWH Sales		583,866	
27c GSLD1 CP KW		90,000 *	
28 Projected Unbilled Revenues	0	583,866	0.00000
29 GPIF **			
30 TRUE-UP (OVER) UNDER RECOVERY **	1,934,452	583,866	0.33132
31 TOTAL JURISDICTIONAL FUEL COST	44,783,872	583,866	7.67023
31a Demand Purchased Power Costs (Line 10a)	14,065,448 *		
31b Non-demand Purchased Power Costs (Lines 6 + 10b + 11)	28,783,973 *		
31c True up Over/Under Recovery (Line 29)	1,934,452 *		
31d Unbilled Revenues	0		

\* For Informational Purposes Only

\*\* Calculation Based on Jurisdictional KWH Sales

EXHIBIT NO. \_\_\_\_\_  
DOCKET NO. 20190001-EI  
FLORIDA PUBLIC UTILITIES COMPANY  
(MDN-1)  
PAGE 1 OF 8

**FLORIDA PUBLIC UTILITIES COMPANY**  
FUEL AND PURCHASED POWER  
COST RECOVERY CLAUSE CALCULATION

ESTIMATED FOR THE PERIOD: JANUARY 2020 THROUGH DECEMBER 2020

**FLORIDA DIVISION-CONSOLIDATED**

	(a)	(b)	(c)
	DOLLARS	MWH	CENTS/KWH
<b>APPORTIONMENT OF DEMAND COSTS</b>			
31	Total Demand Costs (Line 31a)	14,065,448	
32	GSLD1 Portion of Demand Costs (Line 31a) Including Line Losses(Line 27c x \$5.85)	364,884	370,900 (KW) \$0.98 /KW
33	Balance to Other Classes	13,700,564	583,866 2.34652
<b>APPORTIONMENT OF NON-DEMAND COSTS</b>			
34	Total Non-demand Costs(Line 31b)	28,783,973	
35	Total KWH Purchased (Line 12)		622,874 KWH
36	Average Cost per KWH Purchased		4.62115
37	Average Cost Adjusted for Line Losses (Line 36 x 1.03)		4.75978
38	GSLD1 Non-demand Costs (Line 27a x Line 37)	910,941	14,860 6.13015
39	Balance to Other Classes	27,873,032	583,866 4.77387
<b>GSLD1 PURCHASED POWER COST RECOVERY FACTORS</b>			
40a	Total GSLD1 Demand Costs (Line 32)	364,884	370,900 (KW) \$0.98 /KW
40b	Revenue Tax Factor		1.00072
40c	GSLD1 Demand Purchased Power Factor Adjusted for Taxes & Rounded		\$0.98 /KW
40d	Total Current GSLD1 Non-demand Costs(Line 38)	910,941	14,860 6.13015
40e	Total Non-demand Costs Including True-up	910,941	14,860 6.13015
40f	Revenue Tax Factor		1.00072
40g	GSLD1 Non-demand Costs Adjusted for Taxes & Rounded		6.13456
<b>OTHER CLASSES PURCHASED POWER COST RECOVERY FACTORS</b>			
41a	Total Demand & Non-demand Purchased Power Costs of Other Classes(Line 33 + 39)	41,573,596	583,866 7.12040
41b	Less: Total Demand Cost Recovery	13,700,564 ***	
41c	Total Other Costs to be Recovered	27,873,032	583,866 4.77387
41d	Unbilled Revenue	0	583,866 0.00000
41e	Other Classes' Portion of True-up (Line 30c)	1,934,452	583,866 0.33132
41f	Total Demand & Non-demand Costs Including True-up	29,807,484	583,866 5.10519
42	Revenue Tax Factor		1.00072
43	Other Classes Purchased Power Factor Adjusted for Taxes & Rounded	29,828,945	5.109

\* For Informational Purposes Only

\*\* Calculation Based on Jurisdictional KWH Sales

\*\*\* Calculation on Schedule E1 Page 3

EXHIBIT NO. \_\_\_\_\_  
DOCKET NO. 20190001-EI  
FLORIDA PUBLIC UTILITIES COMPANY  
(MDN-1)  
PAGE 2 OF 8



**FLORIDA PUBLIC UTILITIES COMPANY**  
FUEL AND PURCHASED POWER  
COST RECOVERY CLAUSE CALCULATION

ESTIMATED FOR THE PERIOD: JANUARY 2020 THROUGH DECEMBER 2020

**FLORIDA DIVISION-CONSOLIDATED**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(1)/(2)*8,760			(3)*(4)	(1)*(5)	(6)/Total Col. (6)	(7)/Total Col. (7)
Rate Schedule	KWH Sales	12 CP Load Factor	CP KW At Meter	Demand Loss Factor	Energy Loss Factor	CP KW At GEN.	KWH At GEN.	12 CP Demand Percentage	Energy Percentage
44 RS	274,540,960	57.542%	54,464.7	1.089	1.030	59,312.1	282,777,189	53.71%	47.03%
45 GS	53,476,045	63.463%	9,619.1	1.089	1.030	10,475.2	55,080,326	9.49%	9.16%
46 GSD	164,607,934	73.488%	25,569.9	1.089	1.030	27,845.6	169,546,172	25.21%	28.19%
47 GSLD	83,743,267	82.761%	11,551.1	1.089	1.030	12,579.1	86,255,565	11.39%	14.34%
48 LS	7,497,990	416.653%	205.4	1.089	1.030	223.7	7,722,930	0.20%	1.28%
49	0	416.653%	0.0	1.089	1.030	0.0	0	0.00%	0.00%
<b>TOTAL</b>	<b>583,866,196</b>		<b>101,410.2</b>			<b>110,435.7</b>	<b>601,382,182</b>	<b>100.00%</b>	<b>100.00%</b>

	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	12/13 * (8)	1/13 * (9)	(10) + (11)	Tot. Col. 13 * (9)	(13)/(1)	(14) * 1.00072		(15) + (16)
Rate Schedule	12/13 Of 12 CP	1/13 Of Energy	Demand Allocation Percentage	Demand Dollars	Demand Cost Recovery	Demand Cost Recovery Adj for Taxes	Other Charges	Levelized Adjustment
50 RS	49.59%	3.62%	53.21%	\$7,290,070	0.02655	0.02657	0.05109	\$ 0.07766
51 GS	8.76%	0.70%	9.46%	1,296,073	0.02424	0.02426	0.05109	\$ 0.07535
52 GSD	23.27%	2.17%	25.44%	3,485,423	0.02117	0.02119	0.05109	\$ 0.07228
53 GSLD	10.51%	1.10%	11.61%	1,590,635	0.01899	0.01900	0.05109	\$ 0.07009
54 LS	0.18%	0.10%	0.28%	38,362	0.00512	0.00512	0.05109	\$ 0.05621
<b>TOTAL</b>	<b>92.31%</b>	<b>7.69%</b>	<b>100.00%</b>	<b>\$13,700,564</b>				

Step Rate Allocation for Residential Customers

	(18)	(19)	(20)	(21)
				(19) * (20)
Rate Schedule	Allocation	Annual kWh	Levelized Adj.	Revenues
56 RS	Sales	274,540,960	\$0.07766	\$21,320,851
57 RS	<= 1,000kWh/mo.	207,213,211	\$0.07459	\$15,456,972
58 RS	> 1,000 kWh/mo.	67,327,749	\$0.08709	\$5,863,879
59 RS	<b>Total Sales</b>	<b>274,540,960</b>		<b>\$21,320,851</b>

(2) From Gulf Power 2015 Load Research results.

TOU Rates

	(22)	(23)	(24)	(25)
	On Peak Rate	Off Peak Rate	Levelized Adj. On Peak	Levelized Adj. Off Peak
Rate Schedule	Differential	Differential		
60 RS	0.0840	(0.0390)	\$0.15859	\$0.03559
61 GS	0.0400	(0.0500)	\$0.11535	\$0.02535
62 GSD	0.0400	(0.0325)	\$0.11228	\$0.03978
63 GSLD	0.0600	(0.0300)	\$0.13009	\$0.04009
64 Interruptible	(0.0150)	-	\$0.05509	\$0.07009

**FLORIDA PUBLIC UTILITIES COMPANY**  
**CALCULATION OF TRUE-UP SURCHARGE**  
**APPLICABLE TO LEVELIZED FUEL ADJUSTMENT PERIOD**  
**JANUARY 2019 - DECEMBER 2019**  
**BASED ON SIX MONTHS ACTUAL AND SIX MONTHS ESTIMATED OPERATIONS**

**FLORIDA DIVISION-CONSOLIDATED**

Under-recovery of purchased power costs for the period January 2019 - December 2019. (See Schedule E1-B, Calculation of Estimated Purchased Power Costs and Calculation of True- Up and Interest Provision for the Twelve Month Period ended December 2019.)(Estimated)	\$	1,934,452
Portion of 2019 Under-recovery to be collected for the period January 2020 - December 2020	\$	1,934,452
Estimated kilowatt hour sales for the months of January 2020 - December 2020 as per estimate filed with the Commission. (Excludes GSLD1 customers)		583,866,196
Cents per kilowatt hour necessary to collect under-recovered purchased power costs over the period January 2020- December 2020		0.33132

**FLORIDA PUBLIC UTILITIES COMPANY**  
**FLORIDA DIVISION-CONSOLIDATED**  
**FUEL & PURCHASED POWER COST RECOVERY CLAUSE CALCULATION**  
 ESTIMATED FOR THE PERIOD: JANUARY 2020 THROUGH DECEMBER 2020

LINE NO.		(a)	(b)	(c)	(d)	(e)	(f)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	LINE NO.
		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL PERIOD	
1	FUEL COST OF SYSTEM GENERATION													0	1
1a	NUCLEAR FUEL DISPOSAL													0	1a
2	FUEL COST OF POWER SOLD													0	2
3	FUEL COST OF PURCHASED POWER	678,819	855,163	748,610	850,467	865,282	1,245,385	1,261,864	1,246,956	1,267,035	1,225,982	983,474	778,272	12,007,308	3
3a	DEMAND & NON FUEL COST OF PUR POWER	1,485,147	1,138,209	1,098,553	953,772	1,160,739	1,399,731	1,433,295	1,453,992	1,327,704	1,232,886	1,121,001	1,214,977	15,020,005	3a
3b	QUALIFYING FACILITIES	1,392,584	1,263,018	1,422,181	1,315,033	1,440,951	1,263,018	1,122,625	1,137,100	1,114,152	1,384,111	1,344,100	1,402,234	15,601,107	3b
4	OTHER FUEL RELATED COSTS	17,850	17,850	19,300	17,850	17,850	19,300	17,850	17,850	19,300	17,850	17,850	20,300	221,000	4
5	TOTAL FUEL & NET POWER TRANSACTIONS (SUM OF LINES A-1 THRU A-4)	3,574,400	3,274,239	3,288,644	3,137,123	3,484,821	3,927,434	3,835,634	3,855,898	3,728,191	3,860,829	3,466,424	3,415,784	42,849,420	5
5a	LESS: TOTAL DEMAND COST RECOVERY	1,382,940	1,041,376	1,005,781	860,312	1,054,380	1,273,636	1,303,282	1,324,484	1,200,878	1,121,736	1,023,045	1,108,713	13,700,564	5a
5b	TOTAL OTHER COST TO BE RECOVERED	2,191,460	2,232,863	2,282,863	2,276,810	2,430,441	2,653,798	2,532,351	2,531,414	2,527,313	2,739,092	2,443,380	2,307,070	29,148,857	5b
6	APPORTIONMENT TO GSLED1 CLASS	121,924	125,385	143,590	101,701	83,750	153,991	98,607	81,593	81,383	85,508	90,943	107,450	1,275,825	6
6a	BALANCE TO OTHER CLASSES	2,069,535	2,107,478	2,139,274	2,175,110	2,346,691	2,499,807	2,433,744	2,449,821	2,445,930	2,653,584	2,352,437	2,199,621	27,873,032	6a
6b	SYSTEM KWH SOLD (MWH)	43,220	44,027	42,893	43,751	48,090	57,445	57,013	56,620	56,396	55,663	47,634	45,974	598,726	6b
7	GSLED1 MWH SOLD	1,370	1,500	1,650	1,090	800	2,220	1,280	950	950	920	940	1,190	14,860	7
7a	BALANCE MWH SOLD OTHER CLASSES	41,850	42,527	41,243	42,661	47,290	55,225	55,733	55,670	55,446	54,743	46,694	44,784	583,866	7a
7b	COST PER KWH SOLD (CENTS/KWH) APPLICABLE TO OTHER CLASSES	4.94518	4.95566	5.18698	5.09864	4.96239	4.52655	4.36679	4.40058	4.41134	4.84733	5.03801	4.91158	4.77387	7b
8	JURISDICTIONAL LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	8
9	JURISDICTIONAL COST (CENTS/KWH)	4.94518	4.95566	5.18698	5.09864	4.96239	4.52655	4.36679	4.40058	4.41134	4.84733	5.03801	4.91158	4.77387	9
10	PROJECTED UNBILLED REVENUES(CENT/KWH)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	10
11	GPIF (CENTS/KWH)														11
12	TRUE-UP (CENTS/KWH)	1,934,452	0.33132	0.33132	0.33132	0.33132	0.33132	0.33132	0.33132	0.33132	0.33132	0.33132	0.33132	0.33132	12
13	TOTAL	5.27650	5.28698	5.51830	5.42996	5.29371	4.85787	4.69811	4.73190	4.74266	5.17865	5.36933	5.24290	5.10519	13
14	REVENUE TAX FACTOR	0.00072	0.00380	0.00381	0.00397	0.00391	0.00350	0.00338	0.00341	0.00341	0.00373	0.00387	0.00377	0.00368	14
15	RECOVERY FACTOR ADJUSTED FOR TAXES	5.28030	5.29079	5.52227	5.43387	5.29752	4.86137	4.70149	4.73531	4.74607	5.18238	5.37320	5.24667	5.10887	15
16	RECOVERY FACTOR ROUNDED TO NEAREST .001 CENT/KWH	5.28	5.291	5.522	5.434	5.298	4.861	4.701	4.735	4.746	5.182	5.373	5.247	5.109	16

**FLORIDA PUBLIC UTILITIES COMPANY**  
**FLORIDA DIVISION-CONSOLIDATED**  
**PURCHASED POWER**  
**(EXCLUSIVE OF ECONOMY ENERGY PURCHASES)**

ESTIMATED FOR THE PERIOD: JANUARY 2020 THROUGH DECEMBER 2020

(1) MONTH	(2) PURCHASED FROM	(3) TYPE & SCHEDULE	(4) TOTAL KWH PURCHASED	(5) KWH FOR OTHER UTILITIES	(6) KWH FOR INTERRUPTIBLE	(7) KWH FOR FIRM	(8) CENTS/KWH		(9) TOTAL \$ FOR FUEL ADJ. (7) x (8) (A)
							(A) FUEL COST	(B) TOTAL COST	
JANUARY 2020	FPL / GULF POWER	MS	27,980,520			27,980,520	2.426042	7.733829	678,819
FEBRUARY 2020	FPL / GULF POWER	MS	30,527,976			30,527,976	2.801242	6.529654	855,163
MARCH 2020	FPL / GULF POWER	MS	27,487,800			27,487,800	2.723427	6.719938	748,610
APRIL 2020	FPL / GULF POWER	MS	29,738,072			29,738,072	2.859860	6.067104	850,467
MAY 2020	FPL / GULF POWER	MS	32,694,024			32,694,024	2.646605	6.196914	865,282
JUNE 2020	FPL / GULF POWER	MS	44,617,739			44,617,739	2.791234	5.928396	1,245,385
JULY 2020	FPL / GULF POWER	MS	45,763,680			45,763,680	2.757348	5.889296	1,261,864
AUGUST 2020	FPL / GULF POWER	MS	45,351,500			45,351,500	2.749535	5.955587	1,246,956
SEPTEMBER 2020	FPL / GULF POWER	MS	39,427,982			39,427,982	3.213542	6.580958	1,267,035
OCTOBER 2020	FPL / GULF POWER	MS	41,146,357			41,146,357	2.979564	5.975907	1,225,982
NOVEMBER 2020	FPL / GULF POWER	MS	33,415,419			33,415,419	2.943173	6.297914	983,474
DECEMBER 2020	FPL / GULF POWER	MS	30,873,118			30,873,118	2.520873	6.456263	778,272
<b>TOTAL</b>			429,024,186	0	0	429,024,186	2.798749	6.299718	12,007,308

**FLORIDA PUBLIC UTILITIES COMPANY**  
**FLORIDA DIVISION-CONSOLIDATED**  
**PURCHASED POWER**  
**ENERGY PAYMENT TO QUALIFYING FACILITIES**

ESTIMATED FOR THE PERIOD: JANUARY 2020 THROUGH DECEMBER 2020

MONTH	PURCHASED FROM	TYPE & SCHEDULE	TOTAL KWH PURCHASED	KWH FOR OTHER UTILITIES	KWH FOR INTERRUPTIBLE	KWH FOR FIRM	CENTS/KWH		TOTAL \$ FOR FUEL ADJ. (7) x (8) (A)
							(A) FUEL COST	(B) TOTAL COST	
JANUARY 2020	WEST-ROCK / RAYONIER / EIGHT FLAGS		17,400,000			17,400,000	8.003356	8.003356	1,392,584
FEBRUARY 2020	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,700,000			15,700,000	8.044701	8.044701	1,263,018
MARCH 2020	WEST-ROCK / RAYONIER / EIGHT FLAGS		17,550,000			17,550,000	8.103595	8.103595	1,422,181
APRIL 2020	WEST-ROCK / RAYONIER / EIGHT FLAGS		16,200,000			16,200,000	8.117488	8.117488	1,315,033
MAY 2020	WEST-ROCK / RAYONIER / EIGHT FLAGS		17,800,000			17,800,000	8.095230	8.095230	1,440,951
JUNE 2020	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,700,000			15,700,000	8.044701	8.044701	1,263,018
JULY 2020	WEST-ROCK / RAYONIER / EIGHT FLAGS		14,100,000			14,100,000	7.961879	7.961879	1,122,625
AUGUST 2020	WEST-ROCK / RAYONIER / EIGHT FLAGS		14,100,000			14,100,000	8.064539	8.064539	1,137,100
SEPTEMBER 2020	WEST-ROCK / RAYONIER / EIGHT FLAGS		14,000,000			14,000,000	7.958229	7.958229	1,114,152
OCTOBER 2020	WEST-ROCK / RAYONIER / EIGHT FLAGS		17,300,000			17,300,000	8.000642	8.000642	1,384,111
NOVEMBER 2020	WEST-ROCK / RAYONIER / EIGHT FLAGS		16,600,000			16,600,000	8.096988	8.096988	1,344,100
DECEMBER 2020	WEST-ROCK / RAYONIER / EIGHT FLAGS		17,400,000			17,400,000	8.058816	8.058816	1,402,234
<b>TOTAL</b>			193,850,000	0	0	193,850,000	8.048030	8.048030	15,601,107

EXHIBIT NO. \_\_\_\_\_  
 DOCKET NO. 20190001-EI  
 FLORIDA PUBLIC UTILITIES COMPANY  
 (MDN-1)  
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**FLORIDA PUBLIC UTILITIES COMPANY**  
**FLORIDA DIVISION-CONSOLIDATED**  
**RESIDENTIAL BILL COMPARISON**

ESTIMATED FOR THE PERIOD: JANUARY 2020 THROUGH DECEMBER 2020

JANUARY 2020	FEBRUARY 2020	MARCH 2020	APRIL 2020	MAY 2020	JUNE 2020	JULY 2020
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BASE RATE REVENUES ** \$	53.58	53.58	53.58	53.58	53.58	53.58	53.58
FUEL RECOVERY FACTOR CENTS/KWH	7.46	7.46	7.46	7.46	7.46	7.46	7.46
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
FUEL RECOVERY REVENUES \$	74.59	74.59	74.59	74.59	74.59	74.59	74.59
GROSS RECEIPTS TAX	3.29	3.29	3.29	3.29	3.29	3.29	3.29
TOTAL REVENUES *** \$	131.46	131.46	131.46	131.46	131.46	131.46	131.46

AUGUST 2020	SEPTEMBER 2020	OCTOBER 2020	NOVEMBER 2020	DECEMBER 2020
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PERIOD TOTAL
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BASE RATE REVENUES ** \$	53.58	53.58	53.58	53.58	53.58	642.96
FUEL RECOVERY FACTOR CENTS/KWH	7.46	7.46	7.46	7.46	7.46	
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	
FUEL RECOVERY REVENUES \$	74.59	74.59	74.59	74.59	74.59	895.08
GROSS RECEIPTS TAX	3.29	3.29	3.29	3.29	3.29	39.48
TOTAL REVENUES *** \$	131.46	131.46	131.46	131.46	131.46	1,577.52

\* MONTHLY AND CUMULATIVE TWELVE MONTH ESTIMATED DATA

\*\* BASE RATE REVENUES PER 1000 KWH:

CUSTOMER CHARGE	21.13
CENTS/KWH	29.59
CONSERVATION FACTOR	1.32
STORM SURCHARGE	1.54

53.58

EXHIBIT NO. \_\_\_\_\_

DOCKET NO. 20190001-EI

FLORIDA PUBLIC UTILITIES COMPANY  
(MDN-1)

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\*\*\* EXCLUDES FRANCHISE TAXES

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 20190001-EI  
FUEL AND PURCHASED POWER COST RECOVERY CLAUSE WITH GENERATING  
PERFORMANCE INCENTIVE FACTOR

2020 Projection Testimony of P. Mark Cutshaw  
On Behalf of  
Florida Public Utilities Company

1       **Q.     Please state your name and business address.**

2       A.     My name is P. Mark Cutshaw, 1750 South 14<sup>th</sup> Street, Fernandina Beach, Florida  
3             32034.

4       **Q.     By whom are you employed?**

5       A.     I am employed by Florida Public Utilities Company (“FPUC” or “Company”).

6       **Q.     Could you give a brief description of your background and business  
7             experience?**

8       A.     I graduated from Auburn University in 1982 with a B.S. in Electrical Engineering  
9             and began my career with Mississippi Power Company in June 1982. I spent 9  
10            years with Mississippi Power Company and held positions of increasing  
11            responsibility that involved budgeting, as well as operations and maintenance  
12            activities at various Company locations. I joined FPUC in 1991 as Division  
13            Manager in our Northwest Florida Division and have since worked extensively in  
14            both the Northwest Florida and Northeast Florida Divisions. Since joining FPUC,  
15            my responsibilities have included all aspects of budgeting, customer service,  
16            operations and maintenance in both the Northeast and Northwest Florida  
17            Divisions. My responsibilities also included involvement with Cost of Service

1 Studies and Rate Design in other rate proceedings before the Commission as well  
2 as other regulatory issues. During 2015 I moved into my current role as Director,  
3 Business Development and Generation.

4 **Q. Have you previously testified before the Florida Public Service Commission**  
5 **(“Commission”)?**

6 A. Yes, I’ve provided testimony in a variety of Commission proceedings, including  
7 the Company’s 2014 rate case, addressed in Docket No. 20140025-EI. Most  
8 recently, I provided written, pre-filed testimony in Docket No. 20180001-EI, the  
9 Commission’s regular fuel cost recovery proceeding, and also provided both pre-  
10 filed and live testimony the prior year, in Docket No. 20170001-EI, the  
11 Commissions’ regular fuel cost recovery.

12 **Q. What is the purpose of your direct testimony in this Docket?**

13 A. My direct testimony addresses several aspects of the purchased power cost for our  
14 FPUC electric customers. This includes activities to investigate the potential for  
15 reduced purchase power costs, execution of new purchased power agreements with  
16 Florida Power & Light (“FPL”), generation supply located on Amelia Island and  
17 investigation into the opportunities of energy provided from solar and battery  
18 installations.

19 **Q. What new opportunities has the Company implemented with the intent of**  
20 **achieving energy resiliency and reducing costs for its customers in its**  
21 **consolidated electric divisions?**

22 A. The Company regularly pursues opportunities to achieve energy resiliency and  
23 reduced purchased power costs for the benefit of our customers. During 2018, we



1 began by executing a transmission interconnection agreement and a new purchased  
2 power agreement with Florida Power & Light (FPL) in our Northeast Florida  
3 Division. The most recent significant opportunity in 2019 came to fruition with the  
4 completion of a new purchased power agreement with FPL for our Northwest  
5 Florida Division and the amendment of the existing FPL purchased power  
6 agreement for our Northeast Florida Division. .

7 **Q. What is the status of the existing purchase power agreements in place with**  
8 **Gulf Power and FPL?**

9 A. The existing agreement for our Northwest Florida Division with Gulf Power is  
10 effective through December 31, 2019. The existing agreement for our Northeast  
11 Florida Division with FPL is effective through the December 31, 2024 expiration  
12 date.

13 **Q. Can you provide background on the new purchased power agreement with**  
14 **FPL for the Northwest Florida Division and the amendment of the purchased**  
15 **power agreement for the Northeast Florida Division that will become effective**  
16 **January 1, 2020?**

17 A. Yes. Informal solicitations occurred with four providers that were capable of  
18 providing wholesale power to the Northwest Florida Division delivery points  
19 located in Jackson and Calhoun Counties. Additional consideration was given to  
20 the ability to combine agreements for the Northeast and Northwest Florida  
21 Divisions in order to provide additional flexibility, reduced cost and energy  
22 resiliency between divisions. Proposals were received from four parties and the  
23 evaluation and discussions began immediately thereafter. Based on the differences

1 in the bids submitted, the evaluation required additional time for soliciting  
2 additional information to allow for further evaluation. After the evaluation was  
3 completed, FPL was determined to be the most appropriate selection and  
4 additional negotiations were conducted in order to develop a comprehensive  
5 purchased power agreement that impacted both the Northwest and Northeast  
6 Florida Divisions. On August 12, 2019 the “Native Load Firm All Requirements  
7 Power and Energy Agreement” (“Agreement”) for the Northwest Florida Division  
8 was executed by both parties with an effective date of January 1, 2020 and  
9 continuing in effect through December 31, 2026. Additionally, on August 12,  
10 2019, the “First Amendment To The Native Load Firm All Requirements Power  
11 and Energy Agreement” (“Amendment”) for the Northeast Florida Division was  
12 executed by both parties. The “Amendment” will have the effect of extending the  
13 existing agreement for the Northeast Florida Division through December 31, 2026.  
14 Both the “Agreement” and “Amendment” include a provision that will allow  
15 FPUC the sole right to extend the agreements through December 31, 2030.

16 **Q. Are there other efforts underway to identify projects that will lead to lower**  
17 **cost energy for FPUC customers?**

18 A. Yes. FPUC continues to work with consultants, as well as project developers, to  
19 identify new projects and opportunities that can lead to increased energy resiliency  
20 and reduced fuel costs for our customers. We also continue to analyze the  
21 feasibility of energy production and supply opportunities that have been on our  
22 planning horizon for some time and noted in prior fuel clause proceedings, namely

1 additional Combined Heat and Power (CHP) projects and potential Solar  
2 Photovoltaic (“PV”) projects.

3 **Q. Can you provide additional information on these CHP projects?**

4 A. Yes. The success of the Eight Flags project has sparked interest in other CHP  
5 opportunities on Amelia Island. When coupled with industrial expansion in the  
6 area and the ability to do so within the context of the “Agreement” and  
7 “Amendment” with FPL, the already quantifiable benefits of the existing project  
8 has piqued the interest of others to contemplate partnering with a new CHP-based  
9 project. Given that FPUC would again be the recipient of any power generated by  
10 such project, FPUC has been actively involved in the initial development and  
11 engineering of a new project located on Amelia Island. Although this project is  
12 still in the early stages, early indications are that the project would be feasible and  
13 would provide benefits to all parties involved.

14 **Q. Can you provide additional information on the PV projects you referenced**  
15 **above?**

16 A. Yes. FPUC has completed the analysis related to smaller PV systems within the  
17 FPUC electric service territory. Based on the results from the analysis, the  
18 economic feasibility of smaller PV installations has been difficult to achieve due to  
19 many different factors. At this time, FPUC is investigating opportunities involving  
20 larger PV installations which should prove to be more economically feasible. Not  
21 only will this increase the renewable energy available to FPUC, the cost is  
22 expected to complement the overall purchased power portfolio which will provide  
23 additional benefits to FPUC customers. The “Agreement” and the “Amendment”

1 have provisions that allow for the development of PV installations by FPUC and  
2 provides for the possibility of a partnership between the parties that would allow  
3 for the development of a PV project.

4 Additionally, exploration into the inclusion of battery storage capacity in  
5 conjunction with the PV installation is being considered. These projects are still in  
6 the early stages of analysis and development. Nonetheless, even in these early  
7 analysis and planning stages, the potential benefits of the PV projects under  
8 consideration have been very encouraging.

9 **Q. Does this include your testimony?**

10 **A. Yes.**