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# Public Service Commission

February 11, 2011

Beth Keating, Esq.  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 618  
Tallahassee, FL 32301

## STAFF'S FIRST DATA REQUEST

**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. Keating:

By this letter, the Commission staff requests that Florida Public Utilities Company (FPUC or Company) provide responses to the following data requests:

1. a. Please describe FERC's Market Based Rate Tariff and explain FERC's jurisdiction regarding the Agreement for Generation Services and Amendment No. 1.
- b. Given FERC jurisdiction, please describe FPUC's options to improve its negotiation position with Gulf regarding the Agreement for Generation Services and this amendment.
2. Regarding FERC's jurisdiction and FPUC's options, please explain:
  - a. FERC's standard, policy, or tariff that governed FPUC's power supply agreement with Gulf Power that existed before 2008.
  - b. the comparison between the current FERC standard – the Market Based Rate Tariff – and the standard that governed the negotiation of FPUC's power supply agreement with Gulf Power that existed before 2008.
3. In its petition, FPUC requests that the Commission "Review and approve Amendment No. 1 to the Generation Services Agreement between FPUC and Gulf Power Company as being a reasonable and prudent agreement for purposes of purchased power ..."
  - a. Please define and explain exactly what FPUC means by "Review and approve" and cite applicable Commission jurisdiction and statute.

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- b. Section B of Amendment No. 1 concerns regulatory approval. In negotiating Section B, which party wanted the provisions of Section B?
  - c. Does Section B allow any modifications by the Commission to Amendment No. 1 or to the Agreement for Generation Services? Please explain.
  - d. Was FPUC's power supply agreement with Gulf Power Company that existed before 2008 approved by the Commission?
  - e. Why does FPUC want the Commission to approve Amendment No. 1?
  - f. If the Commission does not approve Amendment No. 1, what will be the result?
4. Amendment No. 1 extends the term of the current Agreement for Generation Services by two years – from the end of 2017 to the end of 2019. Escalation factors for the capacity charges extend for the two additional years.
    - a. What is the basis and reason for the escalation of the capacity charges?
    - b. Please explain the escalation for the capacity charges in 2018 and 2019.
    - c. Provide a copy of any analysis that FPUC did to determine the reasonableness of this escalation.
  5. Please show the effect this amendment would have on the 1000kWh monthly residential bill for 2010 and for 2011. Include all calculations and assumptions. Please show the estimated effect for a residential customer using TOU rates and for a residential customer not using TOU rates. In presenting this response, use the Schedule E-10 format and make the comparison between the bill with the amendment and the bill with the current rates.
  6. Under the current Agreement for Generation Services and under Amendment No. 1, please explain what FPUC will do to lower the cost of power to its Northwest Division customers?
  7. Will FPUC be able to shop for lower cost alternatives that could be implemented before 2019? Please explain.
  8. Will the existence of the current agreement and the amendment preclude FPUC from finding and implementing lower cost alternatives before 2019? Please explain.
  9. Explain FPUC's analysis of its market power for negotiation power supply agreements for its Northwest Division? **Please provide all related documents.**
  10. Please provide FPUC's actual annual system peak demand (non-coincident peaks) from 2004 through 2010 and demonstrate how these values are used to determine the system billing demand for 2007, 2008, 2009, and 2010 based on contract provisions of the Agreement.

11. Please provide the annual billing demand from 2011 through 2017 based on provisions of the Agreement assuming FPUC's annual non-coincident peaks rises steadily from the 2010 level to 85 MW in 2014, then rises 5 percent per year after that.
12. Please provide the annual billing demand from 2011 through 2017 based on provisions of the Amendment assuming FPUC's annual non-coincident peaks rises steadily from the 2010 level to 85 MW in 2014, then rises 5 percent per year after that.
13. What is the difference between the current wholesale market conditions for FPUC, when FPUC was negotiating Amendment No. 1, compared with the time when FPUC was negotiating the Agreement for Generation Services in 2006, if any?
14. Are there any additions to transmission capacity (recent or planned for the next 8 years) implemented or planned by any transmission operators (e.g., Southern Company affiliates, Alabama Electric Cooperative or FPUC) that would be relatively close to FPUC's Northwest Division service area?
  - a. If yes to above, has FPUC analyzed how such additions to transmission capacity could affect its ability to acquire power at a lower cost than its current agreement or the amended agreement?
  - b. If yes to above, what is that analysis?
15. What is FPUC's estimate of Gulf Power's profit margin on the Agreement for Generation Services as amended by Amendment No. 1? Please explain the estimate and assumptions. If FPUC did not estimate Gulf Power's profit margin for the Agreement for Generation Services as amended by Amendment No. 1, please explain why it did not make an estimate.
16. a. Does FPUC have any recourse with FERC regarding its Agreement for Generation Services with Gulf Power and its negotiations?
  - b. Can FPUC request FERC review the Agreement for Generation Services and Amendment No. 1?
  - c. If yes to above, did FPUC consider asking FERC to review the Agreement for Generation Services and Amendment No. 1.
17. Please explain FPUC's understanding of how FERC's Market Based Rate Tariff governs or affects the negotiation of the Agreement for Generation Services and Amendment No. 1.

Beth Keating, Esq.

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Please file the original and five copies of the requested information by February 25, 2011, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6183 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Pauline Evans". The signature is written in black ink and is positioned above the typed name.

Pauline E. Evans

Attorney

Office of the General Counsel

PE/gdr

cc: Office of Commission Clerk