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Public Service Commission

March 17, 2011

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

STAFF'S THIRD 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. Please complete the table below describing the amount of a typical customer's bill that is associated with the capacity purchase assuming the current contract. Please consider the increasing capacity rates contained in the Contract.

	Monthly Bill Impact of Capacity Purchase	
	Current Contract	
	(\$/1,000 kWh)	(\$/1,200 kWh)
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		

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2. Please complete the table below describing the amount of a typical customer's bill that is associated with the capacity purchase assuming the amended contract. Please consider the increasing capacity rates contained in the Contract and the proposed Amendment.

	Monthly Bill Impact of Capacity Purchase <i>Amended Contract</i>	
	(\$/1,000 kWh)	(\$/1,200 kWh)
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		

3. Please explain why a 15 percent reserve margin was used in determining the capacity purchase amount.
4. What is the reserve margin required by the SERC?
5. In response to question no. 4 of Staff's First Data Request, FPUC states

"The capacity charges are one of many items that were negotiated, with the result being a carefully balanced amendment which provides for significant savings for the Company from 2011-2019, while providing benefits to Gulf Power through the escalation of the capacity charges and the extension period of the Agreement for Generation Services."

Can FPUC quantify or estimate the described benefits to Gulf Power associated with the capacity charge?

6. In response to question no. 4 of Staff's First Data Request, FPUC states:

"The minimum capacity amount is one of many items that were negotiated, with the result being a carefully balanced amendment which provides for significant savings for the Company from 2011-2019, while providing benefits to Gulf Power through the escalation of the capacity charges and the extension period of the Agreement for Generation Services."

Please quantify or estimate the described benefits to Gulf Power associated with the capacity amount?

7. Please provide the information from Gulf Power Company's (Gulf) FERC Form 1 filings that FPUC used to respond to question 15 in Staff's First Data Request.
8. Why did FPUC elect not to issue an RFP for power in years 2018 and 2019?

9. If no RFP was issued for power in years 2018 and 2019 how can FPUC assure the Commission that FPUC's rate-payers are getting the best deal for those years?
10. What does FPUC believe is an appropriate comparison for the capacity charges paid to Gulf (i.e. the rates paid by the Northeast Division, Gulf's Standard Offer Contract, etc.)? Please explain the answer.
  - a. What does FPUC think is not an appropriate comparison for the capacity charges paid to Gulf?
11. Please provide all responses to FPUC's RFP that resulted in the current contract with Gulf.
12. Please provide a copy of a monthly invoice FPUC receives from Gulf pursuant to the agreement for generation services.
13. How is FPUC billed for transmission services? Please explain and provide a copy of the invoice.
14. Staff is interested in understanding any efforts FPUC has made to evaluate and compare the terms and rates in the Agreement for Generation Services with Gulf and Amendment No. 1. Please explain and provide documentation.
15. How many other small (less than 1,000 GWh annual sales) investor-owned distribution-only electric utilities exist in the U.S.?
16. How many other small (less than 1,000 GWh annual sales) investor-owned distribution-only electric utilities exist in the southeast United States?
17. Given FPUC's response to questions 15 and 16, has FPUC compared its cost for wholesale power to the cost paid by other small investor-owned, distribution-only electric utilities? Please explain and provide documentation if possible.
18. Please explain all efforts made by FPUC to analyze the charges and terms in the AGS and Amendment No. 1 in comparison to charges and terms associated with full requirements contracts for other small investor-owned distribution-only electric utilities.
19. How has FPUC evaluated and tested Amendment No. 1 for reasonableness? Please provide documentation if possible.
20. What efforts has FPUC made to purchase electric power for its Northwest Division by joining with another utility? If FPUC has not done this, please explain.
21. For Amendment No. 1, Section B, Paragraph 2, what has FPUC done to keep Gulf informed regarding the requested approval?

22. According to Amendment No. 1, Section B, Paragraph 2, "FPUC shall keep Gulf reasonably informed as to the progress of its efforts to obtain the Requested Approval." Please provide complete copies of all documents that relate to FPUC keeping Gulf so informed. Include any e-mails, other electronic communication, and notes of phone conversations and meetings.

The next three questions refer to FPUC's responses to Staff's Second Data Request No. 3:

23. Assumption No. 7 states that all annual savings, after the allocation to TOU and interruptible, is allocated to residential customers. Please explain why for purposes of responding to this data request FPUC allocated savings to the residential class only as opposed to all customer classes.
24. Assumption No. 9 states that all other factors and rates are held constant through 2019. Given that the capacity charges escalate over the term of the agreement, please explain FPUC's assumption.
25. Please revise FPUC's response to question 3 of Staff's Second Data Request to consider that any savings (after savings are allocated to the TOU and interruptible rates) are allocated to all rate classes and consider the increasing capacity rates contained in the Contract and the proposed Amendment. Please do not adjust any other assumptions.
26. Please revise FPUC's responses to question 4 of Staff's Second Data Request to consider the increasing capacity rates contained in the Contract. Please do not adjust any other assumptions.



Beth Keating, Esq.

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Please file the original and five copies of the requested information by March 31, 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 black ink, appearing to be 'PE', followed by a horizontal line extending to the right.

Pauline E. Evans  
Attorney  
Office of the General Counsel

PE/gdr

cc: Robert Scheffel Wright, Esq.  
Office of Commission Clerk