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September 3, 2021

BY E-PORTAL

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

**Re: Docket No. 20210001-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 of Florida Public Utilities Company for Approval of Fuel Adjustment and Purchased Power Factors for 2022, along with the Testimony and Exhibit CDY-3 of Mr. Curtis Young, as well as the Testimony of P. Mark Cutshaw, submitted on behalf of the Company.

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. 20210001-EI

DATED: September 3, 2021

**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 2022 through December 2022. 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
208 Wildlight Ave.
Yulee, FL 32097

- 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
208 Wildlight Ave.
Yulee, FL 32097
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-2021-0074-PCO-EI, issued February 9, 2021, in this Docket, the Company is also submitting, contemporaneously with this Petition, the Direct Testimony of Mr. Curtis D. Young, along with Exhibit CDY-3, 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 Company 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. 20190001-EI and 20200001-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 CDY-3 of Witness Young, the Company's total true-up amounts that would be collected or refunded during the period January 2022 through December 2022 is an over-recovery of \$2,257,470 for the Consolidated Electric Division, reflecting an estimated consolidated under-recovery of \$680,436 for 2021. Based on estimated sales for January 2022 through December 2022 of 633,993,072 kwhs, the Company will need to refund .35607 cents per kWh will need to address this over-recovery.

8) The Company notes that the annualized amount of COVID-19 related expenses that it is allowed to recover in accordance with the settlement agreement approved by Order No. PSC-2021-0266-S-PU, as amended, issued in Docket No. 20200194-PU has been included in the calculations in the Company's projected 2022 costs. The amount included is \$677,060. As for the refund of state corporate income tax savings contemplated by the settlement agreement approved by Order No. PSC-2020-0083-PAA-EI, issued in Docket No. 20200033-EI, that adjustment is reflected as an adjustment in the amount of a \$75,358 over-recovery to the Company's 2021 true-up balance.

9) Based upon the Company's projections and the total true-up amounts to be collected for both Divisions, including the adjustments noted above, the appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2022 through December 2022, excluding demand cost recovery and adjusted for line loss multipliers and including taxes, are as follows:

<i>Rate Schedule</i>	<i>Adjustment</i>
RS	\$0.07346
GS	\$0.07389

GSD	\$0.06795
GSLD	\$0.06531
LS	\$0.04957
<u>Step rate for RS</u>	
RS Sales	\$0.07346
RS with less than 1,000 kWh/month	\$0.06989
RS with more than 1,000 kWh/month	\$0.08239

10) For the Consolidated Electric Division, the total fuel adjustment factor is 4.580¢ per kWh for "other classes." Thus, a customer in either Division using 1,000 kWh will pay \$127.91, an increase of \$0.13 from the prior period.

11) The Company has also adjusted the Time of Use (TOU) and Interruptible rates for the 2022 period. The Company submits that the methodology used to compute the rates reflected below is consistent with the methodology previously approved by the Commission.

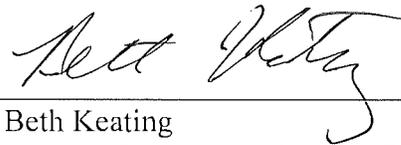
Time of Use/Interruptible

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
RS	\$0.15389	\$0.03089
GS	\$0.11389	\$0.02389
GSD	\$0.10795	\$0.03545
GSLD	\$0.12531	\$0.03531
Interruptible	\$0.05031	\$0.06531

12) 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 2022 through December 2022.

RESPECTFULLY SUBMITTED this 3rd day of September, 2021.



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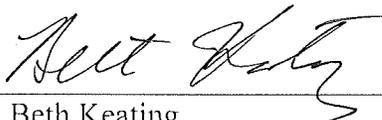
Attorneys for Florida Public Utilities Company

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 CDY-3 of Curtis D. Young, and the Direct Testimony of Mark Cutshaw, have been furnished by Electronic Mail to the following parties of record this 3rd day of September, 2021:

Suzanne Brownless Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 sbrownle@psc.state.fl.us	James D. Beasley/J. Jeffrey Wahlen/Malcolm Means Ausley Law Firm Post Office Box 391 Tallahassee, FL 32302 jbeasley@ausley.com jwahlen@ausley.com mmeans@ausley.com
Richard Gentry/P. Christensen/A. Pirrello/S. Morse/Charles Rehwinkel Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Gentry.Richard@leg.state.fl.us Rehwinkel.Charles@leg.state.fl.us Christensen.patty@leg.state.fl.us Morse.stephanie@leg.state.fl.us Pirrello.Anastacia@leg.state.fl.us	James W. Brew/Laura Baker Stone Matheis Xenopoulos & Brew, PC Eighth Floor, #800 West Tower 1025 Thomas Jefferson Street, NW Washington, DC 20007 jbrew@smxblaw.com lwb@smxblaw.com
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20200001-EI: FUEL AND PURCHASED POWER COST RECOVERY CLAUSE WITH
GENERATING PERFORMANCE INCENTIVE FACTOR

2022 Projection Testimony of Curtis D. Young

On Behalf of

Florida Public Utilities Company

Q. Please state your name and business address.

A. My name is Curtis D. Young. My business address is 1635 Meathe Drive,
West Palm Beach, FL 33411.

Q. By whom are you employed?

A. I am employed by Florida Public Utilities Company ("FPUC" or "Company")
as Senior Regulatory Analyst.

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

A. I have a Bachelor of Business Administration Degree in Accounting from
Pace University in New York City, New York. I am the Senior Regulatory
Analyst for Florida Public Utilities Company. I have performed various
accounting and analytical functions including regulatory filings, revenue
reporting, account analysis, recovery rate reconciliations and earnings
surveillance. I'm also involved in the preparation of special reports and
schedules used internally by division managers for decision making projects.
Additionally, I coordinate the gathering of data for the FPSC audits.

Q. Have you previously testified in this Docket?

A. Yes, I have.

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

2 A. My testimony will establish the “true-up” collection amount, based on
3 actual January 2020 through June 2021 data and projected July 2021
4 through December 2022 data to be collected or refunded during January
5 2022 – December 2022. My testimony will also summarize the
6 computations that are contained in composite exhibit CDY-3 supporting the
7 January through December 2022 projected levelized fuel adjustment factors
8 for its consolidated electric divisions. Additionally, these factors include a
9 refund to customers per the settlement agreement for the corporate state
10 income tax savings approved in Docket No. 20200033-EI by Order No. PSC-
11 2020-0083-PAA-EI, issued on March 20, 2020, as well as additional costs
12 incurred as a result of the COVID-19 pandemic and deemed recoverable in
13 terms of the settlement approved by Order No. PC-2021-0266-S-PU, as
14 amended, issued in Docket No. 20200194-PU.

15 **Q. What is the monetary impact of the state tax savings refund adjustment to
16 your 2021 true-up balance?**

17 A. The adjustment is a \$75,358 over-recovery to the true-up balance.

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

20 A. Yes, they were completed by me.

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

22 A. Yes. Included with this filing are the Consolidated Electric Schedules E1,
23 E1A, E2, E7, E8, and E10. These schedules are included in my Exhibit CDY-3,
24 which is appended to my testimony.

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

3 A. Yes, included with our fuel and purchased power costs are charges for
4 contracted consultants and legal services that are directly fuel-related and
5 appropriate for recovery in the fuel and purchased power clause.

6 FPUC engaged Sterling Energy Services, LLC. (“Sterling”) Christensen Associates
7 Energy, LLC (“Christensen”), and Pierpont and McClelland (“Pierpont”) for
8 assistance in the development and enactment of projects/programs designed to
9 reduce their purchased power rates to its customers. The associated legal and
10 consulting costs, included in the rate calculation of the Company’s 2022
11 Projection factors, were not included in expenses during the last FPUC
12 consolidated electric base rate proceeding and are not being recovered through
13 base rates.

14 Mr. Cutshaw addresses these project assignments more specifically in his
15 testimony.

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

18 A. Consistent with the Commission’s policy set forth in Order No. 14546, issued in
19 Docket No. 850001-EI-B, on July 8, 1985, the other fuel related costs included in
20 the fuel clause are directly related to purchased power, have not been
21 recovered through base rates.

22 Specifically, consistent with item 10 of Order 14546, the costs the Company has
23 included are fuel-related costs that were not anticipated or included in the cost
24 levels used to establish the current base rates. Similar expenses paid to

1 Christensen and Associates associated with the design for a Request for
2 Proposals of purchased power costs, and the evaluation of those responses,
3 were deemed appropriate for recovery by FPUC through the fuel and purchased
4 power clause in Order No. PSC-05-1252-FOF-EI, Item II E, issued in Docket No.
5 050001-EI. Additionally, in more recent Docket Nos. 20160001-EI, 20170001-EI,
6 20180001-EI, 20190001-EI, 20200001-EI and 20210001-EI the Commission
7 determined that many of the costs associated with the legal and consulting
8 work incurred by the Company as fuel related, particularly those costs related to
9 the purchase power agreement review and analysis, were recoverable under
10 the fuel clause. As the Commission has recognized time and again, the Company
11 simply does not have the internal resources to pursue projects and initiatives
12 designed to produce purchased power savings without engaging outside
13 assistance for project analytics and due diligence, as well as negotiation and
14 contract development expertise. Likewise, the Company believes that the costs
15 addressed herein are appropriate for recovery through the fuel clause.

16 **Q. In addition to the fuel-related endeavors mentioned above, has the Company**
17 **included any other costs in your projected amounts?**

18 **A.** Yes, the Company has also included costs related to the settlement agreement
19 regarding COVID-19 regulatory asset in Docket No. 20200194 and approved in
20 Order No. PSC-2021-0266-S-PU.

21 The settlement agreement, which was approved by the Commission on July 8,
22 2021, allows Florida Public Utilities Company to recover \$2,085,759 of
23 pandemic-related incremental expenses. Beginning with the factors established
24 for the calendar year 2022, FPUC is allowed to amortize over two years and

1 recover the allocated regulatory asset of approximately \$1,354,120 for the
2 electric division, through the Fuel and Purchased Power Cost Recovery Clause
3 mechanism. The annualized amount, \$677,060, is included among the
4 Company's 2022 projected costs.

5 **Q. What are the final remaining true-up amounts for the period January –**
6 **December 2020?**

7 A. The final remaining consolidated true-up amount was an over-recovery of
8 \$2,937,906.

9 **Q. What are the estimated true-up amounts for the period of January –**
10 **December 2021?**

11 A. There is an estimated consolidated under-recovery of \$680,436.

12 **Q. Please address the calculation of the total true-up amount to be collected or**
13 **refunded during the January - December 2022 year?**

14 A. The Company has determined that at the end of December 2021, based on six
15 months actual and six months estimated, we will have a consolidated electric
16 **over-recovery of \$2,257,470.**

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

19 A. The total fuel adjustment factor as shown on line 43, Schedule E-1 is **4.580¢** per
20 KWH.

21 **Q. Please advise what a residential customer using 1,000 KWH will pay for the**
22 **period January - December 2022 including base rates, conservation cost**
23 **recovery factors, gross receipts tax and fuel adjustment factor and after**
24 **application of a line loss multiplier.**

1 A. As shown on consolidated Schedule E-10 in Composite Exhibit Number CDY-3, a
2 residential customer using 1,000 KWH will pay **\$127.91**. This is an increase of
3 **\$0.13** above the previous period.

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

5 A. Yes.

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

ESTIMATED FOR THE PERIOD: JANUARY 2022 THROUGH DECEMBER 2022

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)	14,112,170	509,609	2.76922
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)	18,006,207	509,609	3.53334
10a Demand Costs of Purchased Power	15,949,684 *		
10b Non-fuel Energy & Customer Costs of Purchased Power	2,056,523 *		
11 Energy Payments to Qualifying Facilities (E8a)	16,588,818	180,913	9.16950
12 TOTAL COST OF PURCHASED POWER (LINE 6 THRU 11)	48,707,195	690,522	7.05368
13 TOTAL AVAILABLE KWH (LINE 5 + LINE 12)	48,707,195	690,522	7.05368
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)	48,707,195	690,522	7.05368
21 Net Unbilled Sales	0 *	0	0.00000
22 Company Use	35,833 *	508	0.00545
23 T & D Losses	2,283,518 *	32,373	0.34723
24 SYSTEM MWH SALES	48,707,195	657,641	7.40635
25 Wholesale MWH Sales			
26 Jurisdictional MWH Sales	48,707,195	657,641	7.40635
26a Jurisdictional Loss Multiplier	1.00000	1.00000	
27 Jurisdictional MWH Sales Adjusted for Line Losses	48,707,195	657,641	7.40635
27a GSLD1 MWH Sales		23,648	
27b Other Classes MWH Sales		633,993	
27c GSLD1 CP KW		51,500 *	
28 Projected Unbilled Revenues	0	633,993	0.00000
29 GPIF **			
30 TRUE-UP (OVER) UNDER RECOVERY **	(2,257,470)	633,993	-0.35607
31 TOTAL JURISDICTIONAL FUEL COST	46,449,725	633,993	7.32654
31a Demand Purchased Power Costs (Line 10a)	15,949,684 *		
31b Non-demand Purchased Power Costs (Lines 6 + 10b + 11)	32,757,511 *		
31c True up Over/Under Recovery (Line 29)	(2,257,470) *		
31d Unbilled Revenues	0		

* For Informational Purposes Only

** Calculation Based on Jurisdictional KWH Sales

EXHIBIT NO. _____
DOCKET NO. 20210001-EI
FLORIDA PUBLIC UTILITIES COMPANY
(CDY-3)
PAGE 1 OF 8

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

ESTIMATED FOR THE PERIOD: JANUARY 2022 THROUGH DECEMBER 2022

<u>FLORIDA DIVISION-CONSOLIDATED</u>		(a)	(b)	(c)
		DOLLARS	MWH	CENTS/KWH
APPORTIONMENT OF DEMAND COSTS				
31	Total Demand Costs (Line 31a)	15,949,684		
32	GSLD1 Portion of Demand Costs (Line 31a) Including Line Losses(Line 27c x \$5.85)	210,326	335,500 (KW)	\$0.63 /KW
33	Balance to Other Classes	15,739,358	633,993	2.48258
APPORTIONMENT OF NON-DEMAND COSTS				
34	Total Non-demand Costs(Line 31b)	32,757,511		
35	Total KWH Purchased (Line 12)		690,522 KWH	
36	Average Cost per KWH Purchased			4.74388
37	Average Cost Adjusted for Line Losses (Line 36 x 1.03)			4.88620
38	GSLD1 Non-demand Costs (Line 27a x Line 37)	1,481,682	23,648	6.26570
39	Balance to Other Classes	31,275,829	633,993	4.93315
GSLD1 PURCHASED POWER COST RECOVERY FACTORS				
40a	Total GSLD1 Demand Costs (Line 32)	210,326	335,500 (KW)	\$0.63 /KW
40b	Revenue Tax Factor			1.00072
40c	GSLD1 Demand Purchased Power Factor Adjusted for Taxes & Rounded			\$0.63 /KW
40d	Total Current GSLD1 Non-demand Costs(Line 38)	1,481,682	23,648	6.26570
40e	Total Non-demand Costs Including True-up	1,481,682	23,648	6.26570
40f	Revenue Tax Factor			1.00072
40g	GSLD1 Non-demand Costs Adjusted for Taxes & Rounded			6.27021
OTHER CLASSES PURCHASED POWER COST RECOVERY FACTORS				
41a	Total Demand & Non-demand Purchased Power Costs of Other Classes(Line 33 + 39)	47,015,187	633,993	7.41573
41b	Less: Total Demand Cost Recovery	15,739,358 ***		
41c	Total Other Costs to be Recovered	31,275,829	633,993	4.93315
41d	Unbilled Revenue	0	633,993	0.00000
41e	Other Classes' Portion of True-up (Line 30c)	(2,257,470)	633,993	-0.35607
41f	Total Demand & Non-demand Costs Including True-up	29,018,359	633,993	4.57708
42	Revenue Tax Factor			1.00072
43	Other Classes Purchased Power Factor Adjusted for Taxes & Rounded	29,039,252		4.580

* For Informational Purposes Only

** Calculation Based on Jurisdictional KWH Sales

*** Calculation on Schedule E1 Page 3

EXHIBIT NO. _____
DOCKET NO. 20210001-EI
FLORIDA PUBLIC UTILITIES COMPANY
(CDY-3)
PAGE 2 OF 8

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

ESTIMATED FOR THE PERIOD: JANUARY 2022 THROUGH DECEMBER 2022

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	316,043,494	58.270%	61,914.9	1.089	1.030	67,425.3	325,524,799	55.95%	49.85%
45 GS	54,618,537	57.224%	10,895.7	1.089	1.030	11,865.4	56,257,094	9.84%	8.62%
46 GSD	172,626,003	74.102%	26,593.2	1.089	1.030	28,960.0	177,804,783	24.03%	27.23%
47 GSLD	83,195,511	85.094%	11,160.8	1.089	1.030	12,154.1	85,691,377	10.08%	13.12%
48 LS	7,509,526	767.743%	111.7	1.089	1.030	121.6	7,734,811	0.10%	1.18%
49	0	767.743%	0.0	1.089	1.030	0.0	0	0.00%	0.00%
TOTAL	633,993,072		110,676.3			120,526.4	653,012,864	100.00%	100.00%

	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	12/13 * (8)	1/13 * (9)	(10) + (11) Demand Allocation Percentage	Tot. Col. 13 * (9) Demand Dollars	(13)/(1) Demand Cost Recovery	(14) * 1.00072 Demand Cost Recovery Adj for Taxes	Other Charges	(15) + (16) Levelized Adjustment
Rate Schedule	12/13 Of 12 CP	1/13 Of Energy						
50 RS	51.66%	3.84%	55.50%	\$8,735,344	0.02764	0.02766	0.04580	\$ 0.07346
51 GS	9.08%	0.66%	9.74%	1,533,013	0.02807	0.02809	0.04580	\$ 0.07389
52 GSD	22.18%	2.09%	24.27%	3,819,942	0.02213	0.02215	0.04580	\$ 0.06795
53 GSLD	9.30%	1.01%	10.31%	1,622,728	0.01950	0.01951	0.04580	\$ 0.06531
54 LS	0.09%	0.09%	0.18%	28,331	0.00377	0.00377	0.04580	\$ 0.04957
TOTAL	92.31%	7.69%	100.00%	\$15,739,358				

Step Rate Allocation for Residential Customers

	(18)	(19)	(20)	(21)
				(19) * (20)
Rate Schedule	Allocation	Annual kWh	Levelized Adj.	Revenues
56 RS	Sales	316,043,494	\$0.07346	\$23,216,555
57 RS	<= 1,000kWh/mo.	225,842,812	\$0.06989	\$15,784,702
58 RS	> 1,000 kWh/mo.	90,200,683	\$0.08239	\$7,431,853
59 RS	Total Sales	316,043,494		\$23,216,555

(2) From Gulf Power 2018 Load Research results.

TOU Rates

	(22)	(23)	(24)	(25)
	On Peak Rate Differential	Off Peak Rate Differential	Levelized Adj. On Peak	Levelized Adj. Off Peak
Rate Schedule				
60 RS	0.0840	(0.0390)	\$0.15389	\$0.03089
61 GS	0.0400	(0.0500)	\$0.11389	\$0.02389
62 GSD	0.0400	(0.0325)	\$0.10795	\$0.03545
63 GSLD	0.0600	(0.0300)	\$0.12531	\$0.03531
64 Interruptible	(0.0150)	-	\$0.05031	\$0.06531

FLORIDA PUBLIC UTILITIES COMPANY
CALCULATION OF TRUE-UP SURCHARGE
APPLICABLE TO LEVELIZED FUEL ADJUSTMENT PERIOD
JANUARY 2021 - DECEMBER 2021
BASED ON SIX MONTHS ACTUAL AND SIX MONTHS ESTIMATED OPERATIONS

FLORIDA DIVISION-CONSOLIDATED

Over-recovery of purchased power costs for the period January 2021 - December 2021. (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 2021.)(Estimated)	\$ (2,257,470)
Portion of 2021 Over-recovery to be refunded for the period January 2022 - December 2022	\$ (2,257,470)
Estimated kilowatt hour sales for the months of January 2022 - December 2022 as per estimate filed with the Commission. (Excludes GSLD1 customers)	633,993,072
Cents per kilowatt hour necessary to refund over-recovered purchased power costs over the period January 2022- December 2022	-0.35607

FLORIDA PUBLIC UTILITIES COMPANY
FLORIDA DIVISION-CONSOLIDATED
FUEL & PURCHASED POWER COST RECOVERY CLAUSE CALCULATION
 ESTIMATED FOR THE PERIOD: JANUARY 2022 THROUGH DECEMBER 2022

LINE NO.	(a)	(b)	(c)	(d)	(e)	(f)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	LINE NO.	
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	ESTIMATED JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL PERIOD		
1														0	1
1a														0	1a
2														0	2
3															
3a	1,003,052	1,076,664	733,970	880,144	944,147	1,424,467	1,478,397	1,561,923	1,532,263	1,362,746	1,074,662	1,039,736	14,112,170	3	
3b	1,502,291	1,309,131	1,319,107	1,222,300	1,353,049	1,561,973	1,584,286	1,607,733	1,564,267	1,368,853	1,227,903	1,487,249	17,108,143	3a	
3b	1,479,065	1,322,954	1,482,059	1,410,391	1,402,252	1,261,228	1,368,046	1,258,804	1,421,212	1,412,500	1,351,900	1,418,407	16,588,818	3b	
4	74,272	74,272	75,722	74,272	74,272	75,722	74,272	74,272	75,722	74,272	74,272	76,722	898,064	4	
5	4,058,681	3,783,021	3,610,858	3,587,107	3,773,720	4,323,389	4,505,001	4,502,732	4,593,464	4,218,371	3,728,737	4,022,114	48,707,195	5	
5a	1,394,431	1,186,919	1,222,451	1,119,128	1,238,680	1,425,622	1,469,404	1,466,207	1,448,221	1,263,500	1,130,956	1,373,840	15,739,358	5a	
5b	2,664,250	2,596,101	2,388,407	2,467,978	2,535,040	2,897,768	3,035,597	3,036,525	3,145,243	2,954,871	2,597,781	2,648,274	32,967,837	5b	
6	138,100	221,553	156,195	106,245	64,063	110,067	94,273	145,928	122,255	163,876	239,239	130,214	1,692,008	6	
6a	2,526,151	2,374,548	2,232,212	2,361,733	2,470,978	2,787,701	2,941,324	2,890,597	3,022,988	2,790,995	2,358,542	2,518,060	31,275,829	6a	
6b	51,373	50,445	42,494	45,717	49,071	60,734	63,545	64,753	65,261	60,414	51,313	52,520	657,641	6b	
7	1,826	2,906	1,806	1,165	606	1,476	1,630	2,181	2,044	2,676	3,634	1,696	23,548	7	
7a	49,546	47,539	40,688	44,552	48,465	59,257	61,915	62,572	63,217	57,738	47,680	50,824	633,993	7a	
7b	5.09856	4.99493	5.48618	5.30109	5.09849	4.70439	4.75057	4.61966	4.78191	4.8339	4.94664	4.95449	4.93315	7b	
8	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	5.09856	4.99493	5.48618	5.30109	5.09849	4.70439	4.75057	4.61966	4.78191	4.83390	4.94664	4.95449	4.93315	9	
10	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														11	
12	(2,257,470)	(0.35607)	(0.35607)	(0.35607)	(0.35607)	(0.35607)	(0.35607)	(0.35607)	(0.35607)	(0.35607)	(0.35607)	(0.35607)	(0.35607)	12	
13	4,74249	4,63886	5,13011	4,94502	4,74242	4,34832	4,39450	4,26359	4,42584	4,47783	4,59057	4,59842	4,57708	13	
14	0.00072	0.00341	0.00334	0.00369	0.00356	0.00341	0.00313	0.00316	0.00307	0.00319	0.00322	0.00331	0.00330	14	
15	4.74590	4.64220	5.13380	4.94858	4.74583	4.35145	4.39766	4.26666	4.42903	4.48105	4.59388	4.60173	4.58038	15	
16	4.746	4.642	5.134	4.949	4.746	4.351	4.398	4.267	4.429	4.481	4.594	4.602	4.580	16	

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

ESTIMATED FOR THE PERIOD: JANUARY 2022 THROUGH DECEMBER 2022

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(9)
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 2022		FPL / GULF POWER	MS	37,376,278			37,376,278	2.683660	6.853989	1,003,052
FEBRUARY 2022		FPL / GULF POWER	MS	38,055,687			38,055,687	2.829180	6.417482	1,076,664
MARCH 2022		FPL / GULF POWER	MS	28,592,000			28,592,000	2.567048	7.377934	733,970
APRIL 2022		FPL / GULF POWER	MS	32,867,279			32,867,279	2.677873	6.568435	880,144
MAY 2022		FPL / GULF POWER	MS	36,418,144			36,418,144	2.592518	6.462762	944,147
JUNE 2022		FPL / GULF POWER	MS	50,099,607			50,099,607	2.843269	6.073623	1,424,467
JULY 2022		FPL / GULF POWER	MS	52,129,781			52,129,781	2.835993	5.983346	1,478,397
AUGUST 2022		FPL / GULF POWER	MS	54,410,518			54,410,518	2.870627	5.929145	1,561,923
SEPTEMBER 2022		FPL / GULF POWER	MS	52,974,315			52,974,315	2.892463	5.951850	1,532,263
OCTOBER 2022		FPL / GULF POWER	MS	48,027,911			48,027,911	2.837404	5.805003	1,362,746
NOVEMBER 2022		FPL / GULF POWER	MS	38,939,399			38,939,399	2.759831	6.058098	1,074,662
DECEMBER 2022		FPL / GULF POWER	MS	39,718,469			39,718,469	2.617764	6.504296	1,039,736
TOTAL				509,609,388	0	0	509,609,388	2.769213	6.259182	14,112,170

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

ESTIMATED FOR THE PERIOD: JANUARY 2022 THROUGH DECEMBER 2022

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)	(B)	
							FUEL COST	TOTAL COST	
JANUARY 2022	WEST-ROCK / RAYONIER / EIGHT FLAGS		16,565,000			16,565,000	8.928856	8.928856	1,479,065
FEBRUARY 2022	WEST-ROCK / RAYONIER / EIGHT FLAGS		14,912,000			14,912,000	8.871741	8.871741	1,322,954
MARCH 2022	WEST-ROCK / RAYONIER / EIGHT FLAGS		16,026,900			16,026,900	9.247322	9.247322	1,482,059
APRIL 2022	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,135,400			15,135,400	9.318492	9.318492	1,410,391
MAY 2022	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,106,600			15,106,600	9.282380	9.282380	1,402,252
JUNE 2022	WEST-ROCK / RAYONIER / EIGHT FLAGS		13,670,700			13,670,700	9.225775	9.225775	1,261,228
JULY 2022	WEST-ROCK / RAYONIER / EIGHT FLAGS		14,592,700			14,592,700	9.374866	9.374866	1,368,046
AUGUST 2022	WEST-ROCK / RAYONIER / EIGHT FLAGS		13,580,000			13,580,000	9.269543	9.269543	1,258,804
SEPTEMBER 2022	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,549,600			15,549,600	9.139862	9.139862	1,421,212
OCTOBER 2022	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,407,000			15,407,000	9.167911	9.167911	1,412,500
NOVEMBER 2022	WEST-ROCK / RAYONIER / EIGHT FLAGS		14,939,700			14,939,700	9.049044	9.049044	1,351,900
DECEMBER 2022	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,427,600			15,427,600	9.193958	9.193958	1,418,407
TOTAL			180,913,200	0	0	180,913,200	9.169490	9.169490	16,588,818

EXHIBIT NO. _____
 DOCKET NO. 20210001-EI
 FLORIDA PUBLIC UTILITIES COMPANY
 (CDY-3)
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FLORIDA PUBLIC UTILITIES COMPANY
FLORIDA DIVISION-CONSOLIDATED
RESIDENTIAL BILL COMPARISON

ESTIMATED FOR THE PERIOD: JANUARY 2022 THROUGH DECEMBER 2022

JANUARY 2022	FEBRUARY 2022	MARCH 2022	APRIL 2022	MAY 2022	JUNE 2022	JULY 2022
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BASE RATE REVENUES ** \$	54.82	54.82	54.82	54.82	54.82	54.82	54.82
FUEL RECOVERY FACTOR CENTS/KWH	6.99	6.99	6.99	6.99	6.99	6.99	6.99
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
FUEL RECOVERY REVENUES \$	69.89	69.89	69.89	69.89	69.89	69.89	69.89
GROSS RECEIPTS TAX	3.20	3.20	3.20	3.20	3.20	3.20	3.20
TOTAL REVENUES *** \$	127.91	127.91	127.91	127.91	127.91	127.91	127.91

AUGUST 2022	SEPTEMBER 2022	OCTOBER 2022	NOVEMBER 2022	DECEMBER 2022
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PERIOD TOTAL

BASE RATE REVENUES ** \$	54.82	54.82	54.82	54.82	54.82	657.84
FUEL RECOVERY FACTOR CENTS/KWH	6.99	6.99	6.99	6.99	6.99	
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	
FUEL RECOVERY REVENUES \$	69.89	69.89	69.89	69.89	69.89	838.68
GROSS RECEIPTS TAX	3.20	3.20	3.20	3.20	3.20	38.40
TOTAL REVENUES *** \$	127.91	127.91	127.91	127.91	127.91	1,534.92

* MONTHLY AND CUMULATIVE TWELVE MONTH ESTIMATED DATA

** BASE RATE REVENUES PER 1000 KWH:

CUSTOMER CHARGE	16.95
CENTS/KWH	23.73
CONSERVATION FACTOR	1.34
STORM SURCHARGE	
(Michael/Dorian)	12.80
	<u>54.82</u>

EXHIBIT NO. _____

DOCKET NO. 20210001-EI
 FLORIDA PUBLIC UTILITIES COMPANY
 (CDY-3)
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*** EXCLUDES FRANCHISE TAXES

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 20210001-EI
FUEL AND PURCHASED POWER COST RECOVERY CLAUSE WITH GENERATING
PERFORMANCE INCENTIVE FACTOR

2022 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, 208 Wildlight Avenue, Yulee, Florida 32097.

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

4 A. I am employed by Florida Public Utilities Company ("FPUC" or "Company").

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

6 A. I graduated from Auburn University in 1982 with a B.S. in Electrical Engineering and
7 began my career with Mississippi Power Company in June 1982. I spent 9 years
8 with Mississippi Power Company and held positions of increasing responsibility
9 that involved budgeting, as well as operations and maintenance activities at various
10 Company locations. I joined FPUC in 1991 as Division Manager in our Northwest
11 Florida Division and have since worked extensively in both the Northwest Florida
12 and Northeast Florida Divisions. Since joining FPUC, my responsibilities have
13 included all aspects of budgeting, customer service, operations and maintenance
14 in both the Northeast and Northwest Florida Divisions. My responsibilities also
15 included involvement with Cost of Service Studies and Rate Design in other rate
16 proceedings before the Commission as well as other regulatory issues. During 2019
17 I moved into my current role as Director, Generation and Pipeline Development.

1 **Q. Have you previously testified before the Florida Public Service Commission**
2 **("Commission")?**

3 A. Yes, I've provided testimony in a variety of Commission proceedings, including the
4 Company's 2014 rate case, addressed in Docket No. 20140025-EI. Most recently, I
5 provided written, pre-filed testimony in Docket No. 20210001-EI, the Commission's
6 regular fuel cost recovery proceeding, and also provided pre-filed testimony the
7 prior year, in Docket No. 20200001-EI, the Commissions' regular fuel cost recovery.
8 I have also been involved in and filed testimony in Docket No. 20191056 for the
9 Limited Proceeding to Recover Incremental Storm Restoration Costs.

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

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

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

21 A. The Company regularly pursues opportunities to achieve energy resiliency and
22 reduced purchased power costs for the benefit of our customers. During 2018,
23 FPUC began by executing a transmission interconnection agreement and a new
24 purchased power agreement with Florida Power & Light (FPL) for our Northeast

1 Florida Division. During 2019, a purchased power agreement with Gulf/FPL for our
2 Northwest Florida Division was executed along with an amendment of the existing
3 FPL purchased power agreement for our Northeast Florida Division.

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

6 A. The existing agreement for our Northwest Florida Division with Gulf/FPL became
7 effective January 1, 2020 and will continue in effect through December 31, 2026,
8 unless extended by FPUC. The existing agreement for our Northeast Florida
9 Division with FPL, which became effective January 1, 2018, was amended in 2019
10 to continue in effect through the December 31, 2026, unless extended by FPUC.

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

15 A. Yes. Informal solicitations occurred with four providers that were capable of
16 providing wholesale power to the Northwest Florida Division delivery points
17 located in Jackson, Calhoun and Liberty Counties. Additional consideration was
18 given to the ability to combine agreements for the Northeast and Northwest
19 Florida Divisions in order to provide additional flexibility, reduced cost and energy
20 resiliency between divisions. Proposals were received from four parties and the
21 evaluation and discussions began immediately thereafter. Based on the
22 differences in the bids submitted, the evaluation required additional time for
23 soliciting additional information to allow for further assessment. After the
24 evaluation was completed, FPL was determined to be the most appropriate

1 selection and additional negotiations were conducted in order to develop a
2 comprehensive purchased power agreement that impacted both the Northwest
3 and Northeast Florida Divisions. On August 12, 2019, the "Native Load Firm All
4 Requirements Power and Energy Agreement" ("Agreement") for the Northwest
5 Florida Division was executed by both parties with an effective date of January 1,
6 2020, and will continue in effect through at least December 31, 2026. Additionally,
7 on August 12, 2019, the "First Amendment to the Native Load Firm All
8 Requirements Power and Energy Agreement" ("Amendment") for the Northeast
9 Florida Division was executed by both parties. The "Amendment" will have the
10 effect of extending the existing agreement for the Northeast Florida Division
11 through December 31, 2026. Both the "Agreement" and "Amendment" include a
12 provision that will allow FPUC the sole right to extend the agreements through
13 December 31, 2030.

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

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

1 additional Combined Heat and Power (CHP) projects, potential Solar Photovoltaic
2 (“PV”) projects and associated utility scale battery projects.

3 More specifically, Pierpont & McLelland has been engaged to perform analysis and
4 provide consulting services for FPUC as it relates to the structuring of, and
5 operation under, the Company’s power purchase agreements with the purpose of
6 identifying measures that will minimize cost increases and/or provide
7 opportunities for cost reductions. Locke Lord is a law firm with particular expertise
8 in the regulatory requirements of the Federal Energy Regulatory Commission.
9 Attorneys with the firm have provided legal guidance and oversight regarding the
10 contracts and regulatory requirements for generation and transmission-related
11 issues for the Northeast Florida Division. The Company’s in-house experience in
12 these areas is limited; thus, without this outside assistance, the Company’s ability
13 to pursue potential purchased power savings opportunities would be limited, as
14 would its ability to properly evaluate proposals to meet our generation and
15 transmission needs and ensure compliance with federal regulatory requirements.
16 Sterling Energy and Christensen Associates have been involved to assist the
17 Company in the most cost-effective means of incorporating additional energy
18 sources, such as power available from certain industrial customers, including
19 customers with Combined Heat and Power (“CHP”) capability, to further reduce
20 the overall purchased power impact to all FPUC customers. Christensen Associates
21 also assisted the Company with analysis regarding the purchase power
22 agreements.

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

24 **A.** Yes. The success of the Eight Flags project has sparked interest in other CHP
25 opportunities on Amelia Island. When coupled with industrial expansion in the

1 area and the ability to do so within the context of the “Agreement” and
2 “Amendment” with FPL, the already quantifiable benefits of the existing project
3 has piqued the interest of others to contemplate partnering with a new CHP-based
4 project. Given that FPUC would again be the recipient of any power generated by
5 such project, FPUC has been actively involved in the initial development and
6 engineering of a new project located on Amelia Island. Significant efforts have
7 continued to develop this CHP which, similar to Eight Flags, will be located on
8 Amelia Island and will allow FPUC to provide additional reliability and resilience to
9 its electricity supply for its customers on Amelia Island. This second CHP will
10 provide competitively priced electricity for FPUC’s customers while providing high
11 pressure steam and hot water to a local industrial customer. Preliminary
12 engineering, financial modeling, operating agreements and Florida Department of
13 Environmental Protection permitting have been completed for this CHP unit. FPUC
14 anticipates that construction will begin on this project in 2022 with the projected
15 in service date of second quarter of 2023.

16 **Q. Can you provide additional information on the PV and battery projects you**
17 **referenced above?**

18 A. Yes. FPUC is continuing analysis related to smaller PV systems within the FPUC
19 electric service territory. Based on the results from the analysis, the economic
20 feasibility of smaller PV installations has been difficult to achieve due to many
21 different factors but work continues to investigate alternatives to improve the
22 feasibility. At this time, FPUC is investigating opportunities involving larger PV
23 installations which have proved to be more economically feasible. Not only will
24 this increase the renewable energy available to FPUC, the cost is expected to

1 complement the overall purchased power portfolio which will provide additional
2 benefits to FPUC customers. The "Agreement" and the "Amendment" have
3 provisions that allow for the development of PV installations by FPUC and provides
4 for the possibility of a partnership between the parties that would allow for the
5 development of a PV project.

6 Additionally, exploration into the inclusion of battery storage capacity in
7 conjunction with the PV installation is being considered. These projects have been
8 difficult to justify economically at this point but are still under consideration by
9 FPUC. Nonetheless, the potential benefits of the PV and battery projects under
10 consideration will be continued.

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

12 **A. Yes.**