

State of Florida



ORIGINAL

Public Service Commission

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COMMISSION CLERK

DATE: February 26, 2007
TO: All Parties of Record
FROM: Lisa C. Bennett, Attorney, Office of the General Counsel *LCB*
RE: Docket No. 070108-EI - Petition for approval of agreement for generation services and related terms and conditions with Gulf Power Company for Northwest Division (Marianna) beginning 2008, by Florida Public Utilities Company.

VIA ELECTRONIC MAIL

Please note that the Commission Staff will conduct an informal meeting with the parties of record in the above referenced docket at the following time and place:

Friday, March 2, 2007, 10:00 a.m.
Gerald L. Gunter Building, Conference Room 362
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

The purpose of this meeting is to discuss FPUC's request for PSC approval of contract with Gulf Power Company. A list of staff's questions for Mr. Camfield is attached.

Parties wishing to participate by phone should call the number to be provided by email at the start time for the meeting.

If you have questions concerning this meeting, please call me at (850) 413-6230.

LCB/jb

Attachment

cc: Office of the General Counsel (Young)
Division of Economic Regulation (Sickel, Windham)

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

STAFF'S QUESTIONS FOR ROBERT CAMFIELD

1. a. In the definitions provided in Article 1 of the contract, the term "Adjusted Hourly Demand" is defined as the sum of specific components. According to section (c) the "contract interruptible load on such electric system curtailed at Gulf Power's request and any firm load reductions occurring as a result of system emergencies" are to be included as part of "adjusted Hourly Demand", as if such loads and associated losses were served by Gulf Power. Please explain why loads that are curtailed or shed at the request of Gulf Power would be included in the demand for which FPU is to be billed.
 - b. Why would the transmission losses associated with load curtailed be included in the Adjusted Hourly Demand that for which FPU would be billed?
2. On page 23 of his testimony, witness Robert J. Camfield describes higher levels of uncertainty and risks in wholesale energy markets since 1998. Please explain precisely what is anticipated to occur, and why the events would develop, leading to the following risks listed:
 - a. A higher likelihood of power system reliability failures;
 - b. Increased frequency of congestion events across major transmission corridors leading to higher likelihood of transaction curtailments;
 - c. Heightened potential for temporary loss of power supply;
 - d. An increase in the likelihood of force majeure events.
3. On page 25 of his testimony, Witness Camfield compares relative price levels for generation services, and provides an estimated average of \$67/MWh for the standard suite of generation services for the period 2008 through 2012. Is there any comparison available for the latter part of the contract term, that is through 2017? If yes, please provide the comparison or information.
4. On page 26 of his testimony, in lines 14-16, witness Camfield provides projected estimates for wholesale electricity prices for the years 2008-2010. The estimated price for 2009 is almost 10% more than for 2008, and then the 2010 estimate falls back.
 - a. Please explain what is driving the anticipated price increase for year 2009.
 - b. The estimated price for 2010 is an increase over the price for 2008; what part of that increase is due to simple escalation, and what to what mechanism is the remaining increase attributed?
5. On page 27, line 3 of his testimony, witness Camfield speaks of "reserve services".
 - a. Please explain the meaning attached to that phrase.

b. How would "reserve services" differ from, or be similar to, the reserve margin which is included in the projected level of demand that is used in planning for Florida investor owned utilities?

6. In lines 17 and 18 on page 28 of his testimony, witness Camfield mentions "fuel and environmental charges are based upon embedded costs..." . Please explain the mechanism underlying the reference to fuel as an embedded cost; similarly, please explain the reference to environmental charges.