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100024-EI

From: Rogers, Mallory [MAROGER@SOUTHERNCO.COM]
 Sent: Monday, February 22, 2010 2:23 PM
 To: Filings@psc.state.fl.us
 Subject: E-filing

Attachments: 100024-EI Gulf's Response to Staff's First Data Request.pdf



100024-EI
 f's Response to

A. Susan D. Ritenour

Gulf Power Company
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- B. Docket No. 100024-EI.
- C. Gulf Power Company
- D. Document consists of 22 pages.
- E. The attached document is Gulf's Responses to Staff's First Data Request.

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February 22, 2010

Mrs. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee FL 32399-0850

Dear Mrs. Cole:

RE: Docket No: 100024-EI

Enclosed is Gulf Power Company's Responses to Staff's First Data Request in the above referenced docket.

Sincerely,

Susan D. Ritenour

mr

Enclosures

Cc: Beggs & Lane
Jeffrey A. Stone

DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

1. What criteria will the Company use in determining whether to approve a customer's request to self insure?

ANSWER:

Gulf will determine whether to approve a customer's request to self insure on a case-by-case basis. Generally, Gulf will want to ensure that the customer will be able to reimburse the Company for any damage to our electrical distribution system caused by the interconnection. Some of the criteria that may be considered in evaluating a request to self insure include but are not limited to:

- past business dealings with the customer
- the customer's credit ratings
- reputation of the customer in the business community
- the customer's willingness to provide a letter of credit with an acceptable banking institution

If Gulf determines that it is willing to allow the customer self insure, Gulf will require a certified letter from the customer detailing the terms under which self insurance will be permitted.

2. How does Gulf currently treat a customer's request to interconnect a backup generator? Is a fee currently being charged? If so, what is the fee and what is it based on?

ANSWER:

Customers installing back up generation are not typically interconnected with Gulf Power's electrical distribution system because the back up generator is connected to the customer's system through a transfer switch that disconnects Gulf Power's service prior to connecting the generator. Under these conditions, the generator is never operated in parallel with Gulf Power's electrical distribution system and there is minimal, if any, additional work effort required of Gulf. In such cases, no fee is charged and no interconnection agreement is required.

Gulf does not currently have a formal process in place to address customer requests to install back up generation of the sort contemplated by the proposed interconnection agreement. It is for this reason that Gulf seeks approval of the proposed agreement.

3. Are customers with backup generation required to sign an interconnection agreement with Gulf? If not, explain why not.

ANSWER:

The answer to this question depends on whether the customer's back up generation will operate in parallel with the Company's electrical distribution system. Customers with back up generation that does not operate in parallel with Gulf Power's electrical distribution system (e.g., a typical residential or commercial back up generator) are not interconnected with Gulf Power's electrical system. Therefore, an interconnection agreement is not required.

Only customers who intend to operate their back up generation in parallel with Gulf's electrical distribution system per the terms of Gulf's proposed "Standard Interconnection Agreement for Non-Export Parallel Operators 10 MVA or Less" will be required to sign the interconnection agreement.

4. Why is the proposed tariff needed?

ANSWER:

The proposed interconnection agreement is needed to ensure that customers with non-export parallel back up generation have taken appropriate protective measures to ensure that electrical current will not feed back onto Gulf Power's electrical distribution system when the customer's generating equipment is operating. This type of back-feed has the potential to cause personal and property damage, especially during times when Gulf Power's distribution system is experiencing an outage. Gulf Power currently does not have an interconnection agreement which addresses this type of interconnection. The primary objective of the proposed agreement is to ensure the safety of Gulf Power's employees and the general public.

5. How many requests have been made for this type of interconnection? What type of customer is making the request?

ANSWER:

In the recent past, commercial customers in Gulf's service area have begun to install non-export parallel back up generation. Unlike typical back up generators, these types of generators allow the customer to continue to operate their businesses without dropping any load while they test run their generators. These customers did not notify Gulf Power of these installations. Through our own efforts, Gulf has identified 18 such systems within its service area. After discussions with Gulf, each of these customers has informed us that they wish to continue to have the ability to operate their back up generation in parallel with Gulf Power's electrical distribution system and are therefore willing to execute interconnection agreements delineating the parties' rights and responsibilities.

6. If the proposed tariff is approved by the Commission, will all customers with backup generation be required to sign the interconnection agreement?

ANSWER:

No. Only customers with back up generation who desire to operate it in parallel with Gulf Power's electrical distribution system will be required to sign the proposed interconnection agreement.

7. How does the proposed tariff relate to Gulf's Interruptible Standby Service tariff?

ANSWER:

The two are not related. The proposed interconnection agreement is designed for customers who install back up generation for the purpose of maintaining an uninterrupted source of power in the event of an outage on Gulf's system. The Interruptible Standby Service rate schedule relates to customers that would maintain their own source of primary generation and require only backup (standby) service from Gulf Power.

8. Are participants in Gulf's Interruptible Standby Service tariff required to sign an interconnection agreement?

ANSWER:

Customers participating in Gulf's Interruptible Standby Service rate would be required to sign an interconnection agreement, but not the agreement proposed in this docket.

9. Are participants in Gulf's Interruptible Standby Service tariff prevented from delivering energy to the grid?

ANSWER:

Participants in Gulf's Interruptible Standby Service rate would not be prevented from supplying energy to the grid.

10. If the proposed tariff is approved by the Commission, will participants in the Interruptible Standby Service tariff be required to sign the interconnection agreement?

ANSWER:

No, for the reasons discussed in connection with questions 8-9 above.

11. Does Gulf intend for the proposed tariff to preclude non-export parallel operator generators from ever selling power to Gulf at as-available rates or from participating in the Interruptible Standby Service tariff?

ANSWER:

Gulf expects that customers who sign the proposed interconnection agreement will have no desire to export power to Gulf's electrical distribution system. If they did have the desire to do so, they would sign a different interconnection agreement. The proposed agreement does not apply to the Interruptible Standby Service tariff for the reasons mentioned previously.

12. Why has Gulf included the requirement that the non-export parallel operator shall not export power into the Company's supply grid?

ANSWER:

The proposed interconnection agreement is only intended to address customers who desire to operate their back up generation in parallel with Gulf Power's electrical system without exporting any of the that generation onto Gulf Power's electrical distribution system. Customers desiring to export power onto Gulf's grid would be required to sign a different interconnection agreement. Again, the purpose of this proposed agreement is to ensure that appropriate protective measures are in place to ensure that electrical current is not feeding back onto Gulf Power's power delivery system when the customer's generating equipment is operating in parallel with Gulf's system. The primary objective of the proposed interconnection agreement is to ensure the safety of Gulf Power's employees and the general public.

13. Why was the capacity size limit of no more than 10 megavolt-amperes AC power chosen?

ANSWER:

The 10 MVA AC power output level is a level that is manageable on Gulf Power's electric distribution system and would address the majority of existing and expected customers who might install non-export parallel generation. The distribution circuits on Gulf Power's system are designed for 6 MVA normal and 12 MVA emergency loading. IEEE 1547, (IEEE Standard for Interconnecting Distributed Resources with Electric Power Systems) which governs service to these customers references the 10 MVA limit. This standard establishes criteria and requirements for interconnection of distributed resources with electric utilities limited to capacities of 10 MVA or less. The combination of the IEEE 1547 limit and the range of loadings for Gulf Power's distribution circuits provide the basis of the choice of 10 MVA for the proposed agreement.

14. Please explain why, as stated in the tariff, "A customer that parallels the Company for 100 milliseconds or less to accomplish a "hot" transfer is not considered to be a NPO".

ANSWER:

The 100 millisecond maximum time for a "hot transfer" was chosen because the speed at which relays can sense a fault, issue a trip signal to a breaker and the breaker contacts open is typically 100 milliseconds or greater. Thus, distribution protection systems do not typically operate faster than 100 milliseconds. In addition, should a fault occur on the feeder during the transfer, the 100 millisecond limit will provide sufficient margin to ensure that the customer's generator is isolated from Gulf's electric system prior to an automatic reclosing operation.

15. Gulf stated that it has experienced an increase in the number of customers seeking interconnection for standby generation. How do such customers use this generation? How often should these generators be started by the customer? Are there any reliability concerns with customers testing the generators?

ANSWER:

Gulf understands that this generation is used as a source of back up generation for continuous operation of customers' facilities in the event of a power outage. Under the proposed interconnection agreement, customers will be able to parallel Gulf's system while loading the generator. This will enable customers to exercise the generator without interrupting critical load and parallel Gulf Power during a storm. Should the customer lose power, the remainder of the customer's load will transfer to the running generator without interruption of critical load. Typically a manufacturer's warranty requires the generator to be exercised monthly, but it is the customer that ultimately decides this schedule. If the appropriate protective measures are in place as discussed in Gulf's proposed agreement, there should not be any reliability concerns with customers testing the generators.

16. Refer to provision 7 of the proposed tariff. How does Gulf intend to notify the customers of any contribution in aid of construction? Will the customer be made aware of these costs before signing the agreement?

ANSWER:

Not all projects would require the imposition of a contribution in aid of construction since the back up generation work is on the customer side. The determination depends on whether Gulf Power's equipment needs to be relocated. This cost would be borne by the customer. The customer will be made aware of any such costs prior to signing the agreement.

17. How many NPOs has Gulf interconnected to date? Have these customers been charged a fee? If so, what was the fee based on?

ANSWER:

Gulf currently has 18 Non-Export Parallel Operators (NPO) interconnected to date and none of these have been charged a fee.

18. Refer to provision 2. At what point could the customer contact the Company to get information about approved protection devices?

ANSWER:

Gulf anticipates that the protective scheme used to accomplish the non-export design would be approved by the Company prior to the customer executing the interconnection agreement.

19. Refer to provision 23. Who will conduct the Protection and Control system study? At what point in the process will the customer be informed of the results. What is the purpose of each of the elements listed in the tariff? Since this provision is the minimum standards section, and minimum standards are not specific in the tariff, should this list be included?

ANSWER:

- The Power Delivery Services Department will review the customer's design and determine if minimum protection requirements are met.
- After the review is completed, its results will be communicated to the customer in a timely manner.
- Each of the listed elements is for the purpose of detecting fault and/ or islanding conditions and isolating the generator from Gulf Power's electric system in order to protect Gulf Power employees, other customers, and the general public.
- Yes, Gulf Power believes that the tariff should include the minimum protective elements required to ensure the safety of employees and the general public. This list allows the customer to have the flexibility of selecting different vendors and equipment to satisfy these protection requirements.

20. Are the costs for processing the interconnection agreement included in the possible CIAC contribution? If not, where are these costs being recovered?

ANSWER:

The costs for processing the interconnection agreement are not included in the calculation of any required CIAC contribution. Since the equipment required for the customer to operate its owned generation in parallel with Gulf's electrical distribution system will be most likely be owned by the customer, Gulf does not anticipate any significant incremental CIAC associated with the implementation of this agreement. As such, the cost for processing the interconnection agreement will be included in the cost of providing electric service borne by all of Gulf's retail customers.

21. Please provide an example of the customer interconnection costs for a typical NPO. Please break the costs down between those costs covered by the customer and CIAC costs paid to the utility.

ANSWER:

To date, no NPO customers have paid any CIAC cost to Gulf Power for interconnections of this nature.