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July 31, 2014

BY ELECTRONIC FILING

Ms. Carlotta Stauffer, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 140137-EI
*Petition by Duke Energy Florida, Inc. for approval of modifications to the approved
As-Available Purchase Tariff*

Dear Ms. Stauffer:

Please find enclosed for filing on behalf of Duke Energy Florida, Inc. ("DEF"), DEF's Response to Staff's First Data Request (Nos. 1-11).

Thank you for your assistance in this matter. If you have any questions, please feel free to contact me at (850) 521-1428.

Sincerely,

/s/ Matthew R. Bernier

Matthew R. Bernier

MRB:at
Attachments

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served on the following via electronic mail this 31st day of July, 2014.

/s/ Matthew R. Bernier
Attorney

Suzanne Brownless
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**DUKE ENERGY FLORIDA, INC.'S RESPONSES TO
STAFF'S FIRST DATA REQUEST (Nos. 1-11)**

1. Please refer to the Petition by Duke Energy Florida, Inc. for Approval of Modifications to the Approved As-Available Purchase Tariff (Petition), page 2, footnote 1. Has the Interconnection Agreement changed? If the answer is yes, please explain.

RESPONSE:

Yes, DEF is requesting technical and formatting changes to the Interconnection Agreement to allow it to operate as a stand-alone agreement (as opposed to a portion of the As-Available Purchase Tariff). DEF is requesting that the Interconnection Agreement and Parallel Operating Agreement be separated from the As-Available Purchase Tariff. As shown in the legislative version of this tariff, the Interconnection Agreement was Appendix A to the As-Available Purchase Tariff, tariff sheets 9.200 through 9.204 and the parallel operating agreement was Appendix B, tariff sheets 9.250 through 9.257. The new stand-alone Interconnection Agreement will now include the parallel operating agreement under new tariff sheets 9.700 through 9.709. Below is a summary of the page by page technical changes that were required to make the current Interconnection Agreement and Parallel Operating Agreement into a separate, stand-alone agreement.

- Sheet 9.700 (new sheet) –
 - Replace “APPENDIX A” with “Interconnection Agreement” heading;
 - In Section 1.0 (from previous interconnection agreement, tariff sheet 9.200):
 - Change word “appendix” to “Agreement”;
 - After the first sentence add “This Agreement also provides general operating, testing, and inspection procedures intended to promote the safe parallel operation of the Facility with the Company's system.”;
 - Change the beginning of the next sentence from “This appendix applies to all” to “This Agreement applies to”;
 - At the end of the last sentence change “the Agreement” to “the Power Purchase Agreement”;
 - Add definitions for: “Agreement”, “Company”, “Company’s Interconnection Facilities”, “Execution Date”, “Facility”, and “Interconnection Costs”;

- Sheet 9.701 (new sheet) –
 - Add definitions for: “Interconnection Costs Offset”, “Part(y)(ies)”, “Point of Delivery”, “Point of Metering”, “Point of Ownership”, “Power Purchase Agreement”, “Qualifying Facility” or “QF”, and “Transmission Service Utility”;
 - Add Section 2.0 from previous interconnection agreement and renumber it to Section 3.0

- Add Section 2.1 from previous interconnection agreement and renumber it to Section 3.1;
- In the newly numbered Section 3.1, change reference to “section 2.2” to “section 3.2”;
- Sheet 9.702 (new sheet) –
 - Add Sections 2.2, 2.3, and 2.4 from previous interconnection agreement and renumber them to Sections 3.2, 3.3, and 3.4, respectively;
 - In the newly numbered Section 3.2, change the two references to “section 2.1” to “section 3.1”;
 - In the newly numbered Section 3.4, change the reference to “section 2.1” to “section 3.1”, change the reference to “section 2.2” to “section 3.2”, change the reference to “section 2.3” to “section 3.3”, and change the reference to “Article VII of the Agreement” to “the Power Purchase Agreement”;
- Sheet 9.703 (new sheet) –
 - Add Sections 2.5, 3.1, 3.2, 3.2.1., 3.2.2, and 3.3 from previous interconnection agreement and renumber them to Sections 3.5, 4.1, 4.2, 4.2.1, 4.2.2, and 4.3, respectively;
 - Add Section 3.0 from previous interconnection agreement and renumber it to Section 4.0
 - In the newly numbered Section 4.1, change the reference to “section 2.2” to “section 3.2”;
 - In the newly numbered Section 4.2, change the reference to “Article VII of the Agreement” to “the Power Purchase Agreement”; change the reference to “section 3.2.1” to “section 4.2.1”; change the reference to “section 3.2.2” to “section 4.2.2”;
 - Renumber the second paragraph of section 3.2.2 to “section 4.3.”
- Sheet 9.704 (new sheet) –
 - Add Section 4.0 from previous interconnection agreement and renumber it to Section 5.0
 - In the newly renumbered Section 5.0, change “Term” to “term” and change “Appendix C” to “Appendix A of the Agreement for Purchase of As-Available Energy and/or Parallel Operation With a Qualifying Facility”;
 - Remove the headings “APPENDIX A” and “PARALLEL OPERATING PROCEDURES”; remove section 1.0 from the previous parallel operating agreement;
 - Add Sections 2.0, 3.0, 3.1, 3.2, and 3.3 from the previous parallel operating agreement and renumber them Sections 6.0, 7.0, 7.1, 7.2, and 7.3, respectively;

- In the first sentence of the newly renumbered Section 7.3, change “As provided in the Agreement” to “As may be provided in the Power Purchase Agreement” and in the second sentence change “Agreement” to “Power Purchase Agreement”;
- In the newly renumbered Section 7.3(ii), change “Agreement” to “Power Purchase Agreement”;
- Sheet 9.705 (new sheet) –
 - Add Sections 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, and 3.9(i) from the previous parallel operating agreement and renumber them Sections 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, and 7.9(i), respectively;
 - In the newly renumbered Section 7.4, change the reference to “section 4.2” to “section 8.2”;
 - In the newly renumbered Section 7.8, change the reference to “section 3.6” to “section 7.6”;
- Sheet 9.706 (new sheet) –
 - Add Sections 3.9(ii), 3.9(iii), 3.9(iv), 3.9(v), 3.10.1, 3.10.2, 4.0, 4.1, 4.1(i), 4.1(ii), and 4.1(iii) from the previous parallel operating agreement and renumber them Sections 7.9(ii), 7.9(iii), 7.9(iv), 7.9(v), 7.10.1, 7.10.2, 8.0, 8.1, 8.1(i), 8.1(ii), and 8.1(iii), respectively;
 - Renumber the last paragraph of section 3.9(v) to “section 7.10.”
- Sheet 9.707 (new sheet) –
 - Add Sections 4.1(iv), 4.2, 4.3, 5.0, 5.1, and 5.2 from the previous parallel operating agreement and renumber them Sections 8.1(iv), 8.2, 8.3, 9.0, 9.1, and 9.2, respectively;
 - Add Section 10.0 Standards and add the language regarding IEEE Standard 1547 that was in Section 5.1 of the previous as-available agreement;
- Sheet 9.708 (new sheet) –
 - Add the Exhibit B-1 from the previous parallel operating agreement;
- Sheet 9.709 (new sheet) –
 - Add the Exhibit B-2 from the previous parallel operating agreement.

2. Please refer to Fifth Revised Sheet No. 9.104. Please explain the reason for the new language.

RESPONSE:

This language was added to make it clear the QF will need to enter a separate Interconnection Agreement with either Duke Energy Florida or the utility that provides electric service to the QF, if not DEF.

3. Please refer to Fifth Revised Sheet No. 9.107, Section 2.2 and Paragraph 7 of the Petition. Please explain the reason for the new language and also identify the specific rule subsections that require that QF status be maintained throughout the term of the Agreement.

RESPONSE:

This language was added to clarify the need for the generator to obtain and maintain Qualifying Facility status as required by Rule 25-17.080(1).

4. Please refer to Fifth Revised Sheet No. 9.107, Section 2.3. Please explain why DEF chose 60 days.

RESPONSE:

Sixty (60) days was chosen to give the QF enough time to begin the process to obtain interconnection service while also ensuring that the proposed generator is viable enough to begin development. Sixty (60) days is also consistent with the Interconnection Agreement, Section 3.1, tariff sheet 9.701.

5. Please refer to Fifth Revised Sheet No. 9.108, Section 4.3. Please explain why this provision was added. Please include in your explanation a description of how the first and second sentences (Environmental Attributes and minimum load, respectively) are connected such that they warrant inclusion in the same section.

RESPONSE:

This provision was added to clearly identify and incorporate the requirements of Rules 25-17.280 and 25-17.086. Rule 25-17.280 states that tradable renewable energy credits and tax credits shall remain the exclusive property of the renewable generating facility. Rule 25-17.086 relieves a utility from making purchases from QFs under certain circumstances. The connection between the two sentences is that they both identify and incorporate the requirements of Commission rules. That being said, DEF has split section 4.3 into proposed sections 4.3 and 4.4 and renumbered previously proposed section 4.4 to 4.5; amended Sheet 9.108 in clean and legislative formats reflecting this change are attached.

6. Please refer to Fifth Revised Sheet No. 9.108, Section 4.4 for the following questions.

a. Please explain how DEF determined that two years is the minimum length of time that DEF will wait to contact the QF if DEF has not received any energy deliveries.

RESPONSE:

Two years is much longer than typically required for the maintenance of a generator. If a generator has not delivered in two years or more then it is likely that it is not because the generator is out for maintenance but because of a more serious issue. However, DEF would not typically wait two years to contact the QF if it has not received energy deliveries. This provision is concerned with a formal request to the QF for an update on its future plans, but DEF would expect to have informal contact with the QF at earlier intervals.

b. Please explain what a “reasonable timeframe” is for a QF’s response and why a specific timeframe, e.g., 90 days, was not used.

RESPONSE:

A specific timeframe was not used because the QF may need to gather information such as engineering studies, root cause analysis, economic evaluations, etc., before a timeline can be developed to return the unit to service. Since the technology of the generator is not known and may be quite complex, it was deemed more prudent to allow a reasonable amount of time for a response than to assign an arbitrary response time regardless of the generating technology and irrespective of what issues the generator may be facing.

7. Please refer to Fifth Revised Sheet No. 9.109, Section 6.2 for the following question.

The section states that the delivery voltage adjustment value will be “approved from time to time by the FPSC pursuant to Appendix A.” Please explain the mechanism and frequency of the referenced approval.

RESPONSE:

The approval of the delivery voltage adjustment is inherent in the approval of Appendix A, Schedule 2, Determination of Line Loss (Delivery Voltage) Adjustment on Fourth Revised Sheet 9.321. It provides that the adjustment factor for line loss (delivery voltage) that will be applied to the Agreement is the reciprocal of the appropriate delivery efficiency factor provided to the Commission in the Company’s semi-annual fuel cost recovery filing as Exhibit E1. Therefore, by approving Appendix A, Schedule 2 in Fourth Revised Sheet 9.321, the Commission approves the use of the reciprocal of the appropriate delivery efficiency factor, and by approving the Company’s fuel cost recovery filing, the Commission approves the appropriate delivery efficiency factor. No additional approval is contemplated.

8. Please refer to Fifth Revised Sheet No. 9.109, Section 6.3 for the following questions.

a. Please explain why this section was added.

RESPONSE:

Section 6.3 was added to reflect Rule 25-17.0825(1)(b) which allows a utility and QF to enter into a separately negotiated contract for the utility’s purchase of as-available energy from the QF.

b. Will the Commission need to approve the separate agreement referred to in Section 6.3? If so, why is Commission approval appropriate?

RESPONSE:

No, the Commission does not need to approve the separate agreement referred to in section 6.3. However, payments under any such negotiated contract are reviewed by the Commission for cost recovery purposes pursuant to Rule 25-17.0825(6).

9. Please refer to Fifth Revised Sheet No. 9.109, Section 8.1 for the following question:

Although the first sentence of this section references an “Appendix C”, no such appendix was included. Please provide Appendix C or a correct reference.

RESPONSE:

The reference to Appendix C in Section 8.1 should have been changed to Appendix A. Corrected versions of Sheet 9.109 are attached in clean and legislative formats.

10. Please refer to Fifth Revised Sheet No. 9.111, Section 9.1.6 for the following questions.

a. Please explain why this provision was added.

RESPONSE:

Section 9.1.6 was added to be consistent with DEF’s Standard Offer Contract which has a similar provision in Section 9.3.2.

b. Please explain why DEF chose two years rather than another time period such as one year or three years.

RESPONSE:

Two years was chosen to be consistent with Section 9.3.2 of DEF’s Standard Offer Contract.

11. Please refer to Fourth Revised Sheet No. 9.330, Customer Charges. Please explain why the new language was added.

RESPONSE:

The new language regarding customer charges was added for administrative efficiency. The customer charge for an as-available generator is reflected in the applicable standby tariff. The new language was added to allow any changes to the customer charge to be made in one tariff sheet rather than having to submit multiple tariff sheets for approval.

Attachments:

Corrected tariff sheets 9.108 and 9.109

ARTICLE IV: PURCHASE OF AS-AVAILABLE ENERGY

- 4.1 The QF shall sell and arrange for delivery of the As-Available Energy to the Company and the Company agrees to purchase, accept and pay for the As-Available Energy made available to the Company and which the Company is able to receive at the Point of Delivery in accordance with the terms and conditions of this Agreement, or a separately negotiated contract.
- 4.2 The QF shall not commence initial deliveries of energy to the Point of Delivery without the prior written consent of the Company, which consent shall not unreasonably be withheld.
- 4.3 The RF/QF shall retain any and all rights to own and to sell any and all Environmental Attributes associated with the electric generation of the Facility.
- 4.4 During minimum load conditions on the Company's system the QF shall comply with the Company's Minimum Load Emergency Curtailment Procedures as approved by the FPSC and as updated from time to time.
- 4.5 In the event that the Company has not received any deliveries of energy from the QF by the date in Section 3.5 or for a period of two years or more then the Company will contact the QF in writing using the information in Section 15 requesting the QFs future plans. The Company shall have the right to terminate this Agreement unless the QF replies in writing within a reasonable timeframe that it would like this Agreement to continue.

ARTICLE V: INTERCONNECTION

- 5.1 The QF's interconnection scheduling and cost responsibilities and parallel operating procedures shall be those specified in a separate interconnection agreement.

- 5.2 The location and voltage of the Point of Interconnection and the Point of Metering will be specified by the interconnection/transmission service agreement.

ARTICLE VI: ENERGY PAYMENTS

- 6.1 For that electric energy received by the Company at the Point of Delivery each month, the Company will pay the QF an amount as computed in Appendix A.
- 6.2 Energy payments pursuant to sections 9.1.1 and 9.1.2 hereof shall be subject to the delivery voltage adjustment value applicable to the Facility and approved from time to time by the FPSC pursuant to Appendix A.
- 6.3 Upon agreement by the Company and the QF and subject to approval by the FPSC, an alternative rate for the purchase of As-Available Energy may be negotiated in a separate agreement.

ARTICLE VII: CHARGES TO THE QF

The Company shall bill and the QF shall pay all charges applicable under Appendix A.

ARTICLE VIII: METERING

- 8.1 All electric energy shall be capable of being measured as described in Appendix A, Determination of Payment, at the Point of Metering. All electric energy delivered to the Company shall be adjusted for losses from the Point of Metering to the Point of Delivery. Any additional required metering equipment to measure electric energy and the telemetering equipment necessary to transmit such measurements to a location specified by the Company shall be installed, calibrated and maintained by the Company and all related costs shall be charged to the QF, pursuant to Appendix A, as part of the Company's Interconnection Facilities.