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September 5, 2023

BY E-PORTAL

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

**Re: Docket No. 20230001-EI: Fuel and Purchased Power Cost Recovery Clause with
Generating Performance Incentive Factor**

Dear Mr. Teitzman:

Attached for filing, please find Florida Public Utilities Company's Petition for Approval of Fuel Adjustment and Purchased Power Cost Recovery Factors for 2024, along with the Testimony and Exhibit PTN-1 of Phuong T. Nguyen and the Testimony of P. Mark Cutshaw.

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. 20230001-EI

DATED: September 5, 2023

**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 2024 through December 2024. 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
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Mike Cassel
VP, Governmental and Regulatory 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-2023-0066-PCO-EI, issued February 3, 2023, in this Docket, the Company is also submitting, contemporaneously with this Petition, the Direct Testimony of Ms. Phuong T. Nguyen, along with Exhibit PTN-1, 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, as well as hydrogen and RNG technologies.

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. 20210001-EI and 20220001-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) The Company is also seeking approval to revise its approved recovery period for the remainder of the 2022 under-recovery. By Order No. PSC-2023-0026-FOF-EI, the Commission-approved total true-up amount to be collected for the current period, January 2023 through December 2023, by the Company was a \$7,063,744 under-recovery. As reflected in Commission Order No. PSC-2023-0026-FOF-EI, the \$7,063,744 amount is 1/3 of the total estimated under-recovery of \$21,191,231 for 2022, which, given the size of the amount, the Company proposed to recover in increments over the 2023-2025 period, which the Commission approved as a Type 2 stipulation. However, as explained in the testimony of Witness Nguyen, the Company has experienced a substantial decrease in fuel costs, and as a result, recovering the remaining portion of the 2022 under-recovery in 2024, rather than extending into 2025, will still result in lower fuel factors for the Company's customers in 2024 and provide the added benefit of avoiding the additional accumulation of interest.

8) As set forth in the Testimony and Exhibit PTN-1 of Witness Nguyen, the Company's total true-up amount that would be collected or refunded during the period January 2024 through December 2024 is an under-recovery of \$11,636,519 for the Consolidated Electric Division. Based on estimated sales for January 2024 through December 2024 of 617,924,221 kWhs, the Company will need to recover 1.88316 cents per kWh to address this under-recovery.

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 2024 through

December 2024, excluding demand cost recovery and adjusted for line loss multipliers and including taxes, are as follows:

<i>Rate Schedule</i>	<i>Adjustment</i>
RS	\$0.10588
GS	\$0.10637
GSD	\$0.10035
GSLD	\$0.09772
LS	\$0.08180
<u>Step rate for RS</u>	
RS Sales	\$0.10588
RS with less than 1,000 kWh/month	\$0.10259
RS with more than 1,000 kWh/month	\$0.11509

10) For the Consolidated Electric Division, the total fuel adjustment factor is 7.807¢ per kWh for "other classes." Thus, a customer in either Division using 1,000 kWh will pay \$165.98, a decrease of \$9.48 from the prior period.

11) The Company has also adjusted the Time of Use (TOU) and Interruptible rates for the 2024 period. The Company submits that the methodology used to compute the rates reflected below is consistent with the methodology previously approved by the Commission.

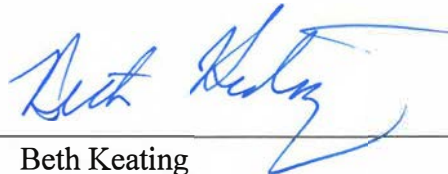
Time of Use/Interruptible

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
RS	\$0.18569	\$0.06359
GS	\$0.14637	\$0.05637
GSD	\$0.14035	\$0.06785
GSLD	\$0.15772	\$0.06772
Interruptible	\$0.08272	\$0.09772

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 2024 through December 2024.

RESPECTFULLY SUBMITTED this 5th day of September, 2023.



Beth Keating
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215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706


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 PTN-1 of Phuong T. Nguyen, and the Direct Testimony of Mark Cutshaw, have been furnished by Electronic Mail to the following parties of record this 5th day of September, 2023:

<p>Suzanne Brownless Ryan Sandy Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 sbrownle@psc.state.fl.us rsandy@psc.state.fl.us</p>	<p>J. Jeffrey Wahlen/Malcolm Means/Virginia Ponder Ausley Law Firm Post Office Box 391 Tallahassee, FL 32302 jwahlen@ausley.com mmeans@ausley.com vponder@ausley.com</p>
<p>P. Christensen / Charles Rehwinkel/Mary Wessling Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Wessling.Mary@leg.state.fl.us Rehwinkel.Charles@leg.state.fl.us Christensen.patty@leg.state.fl.us</p>	<p>James W. Brew/Laura Baker Stone Matheis Xenopoulos & Brew, PC Eighth Floor, West Tower 1025 Thomas Jefferson Street, NW Washington, DC 20007 jbrew@smxblaw.com lwb@smxblaw.com</p>
<p>Maria Moncada David Lee Florida Power & Light Company 700 Universe Boulevard Juno Beach, FL 33408-0420 Maria.Moncada@fpl.com David.Lee@fpl.com</p>	<p>Kenneth Hoffman Florida Power & Light Company 215 South Monroe Street, Suite 810 Tallahassee, FL 32301 Ken.Hoffman@fpl.com</p>
<p>Ms. Paula K. Brown Tampa Electric Company Regulatory Affairs P.O. Box 111 Tampa, FL 33601-0111 Regdept@tecoenergy.com</p>	<p>Florida Industrial Users Power Group Jon C. Moyle, Jr. Moyle Law Firm 118 North Gadsden Street Tallahassee, FL 32301 jmoyle@moylelaw.com</p>

<p>Mike Cassel Florida Public Utilities Company 208 Wildlight Ave. Yulee, FL 32097 mcassel@fpuc.com</p>	<p>Matthew Bernier Robert Pickels Stephanie Cuello Duke Energy 106 East College Avenue, Suite 800 Tallahassee, FL 32301 Matthew.Bernier@duke-energy.com Robert.Pickels@duke-energy.com Stephanie.Cuello@duke-energy.com</p>
<p>William C. Garner, Esq. Law Office of William C. Garner, PLLC 3425 Bannerman Road Unit 105, No. 414 Tallahassee, Florida 32312 Telephone: (850)329-5478 Mobile: (850)320-1701 FAX: (850) 792-6011 bgarner@wcglawoffice.com</p>	<p>Dianne M. Triplett Duke Energy 299 First Avenue North St. Petersburg, FL 33701 Dianne.Triplett@duke-energy.com</p>

By: 
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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**
2 DOCKET NO. 2023001-EI: FUEL AND PURCHASED POWER COST RECOVERY
3 **CLAUSE WITH GENERATING PERFORMANCE INCENTIVE FACTOR**

4 2024 Projection Testimony of Phuong T. Nguyen

5 On Behalf of

6 Florida Public Utilities Company

7
8 **Q. Please state your name and business address.**

9 A. My name is Phuong Nguyen and business address is 1635 Meathe Drive, West Palm
10 Beach, Florida 33411.

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

12 A. I am employed by Florida Public Utilities Company (“FPUC” or “Company”) as a
13 Regulatory Analyst.

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

16 A. I have a Bachelor of Science degree in Finance and Accounting from the University
17 of New Orleans. I am also a licensed Certified Public Accountant. Prior to my
18 employment with FPUC, I was employed with Entergy Corporation as Regulatory
19 Analyst supporting various rate proceedings for cost of service filings and other formula
20 rate plan filings for regulated utility retail operations, and regulated utility wholesale
21 operations under the jurisdiction of multiple Public Service Commissions and also, the
22 Federal Energy Regulatory Commission. Prior to that role, I was a Lead Analyst in the
23 Utility Operations Accounting department where I performed accounting and analysis
24 for fuel costs and other utility costs recovered through Special Riders. Prior to my

1 employment at Entergy Corporation, I held various roles in accounting and finance
2 briefly as a Consultant for Laporte CPAs firm, and prior to that as Chief Financial
3 Officer at St. Margaret's Daughters, a non-profit entity. I also held accounting positions
4 earlier in my career in the hospitality and maritime service industries.

5 **Q. Have you previously testified in this Docket?**

6 A. No, I have not.

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

8 A. My testimony will establish the "true-up" collection amount, based on actual January
9 2023 through June 2023 data and projected July 2023 through December 2024 data to be
10 collected or refunded during January 2024 – December 2024. My testimony will also
11 summarize the computations that are contained in composite exhibit PTN-1 supporting
12 the January through December 2024 projected levelized fuel adjustment factors for its
13 consolidated electric divisions. In addition, I will explain a revision to the under-
14 recovery calculation previously reported on the 2023 actual/estimated true-up filing.
15 Finally, my testimony will request recovery treatment of the 2022 final remaining under-
16 recovery over one year as opposed to treatment approved in Docket No. 2023001, Order
17 No. 2023-0026-FOF-EI.

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, E1A, E2,
23 E7, E8, and E10. These schedules are included in my Exhibit PTN-1, which is appended

1 to my testimony.

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

4 A. Yes, included with our fuel and purchased power costs are charges for contracted
5 consultants and legal services that are directly fuel-related and appropriate for recovery
6 in the fuel and purchased power clause. FPUC engaged Sterling Energy Services, LLC.
7 (“Sterling”) Christensen Associates Energy, LLC (“Christensen”), and Pierpont and
8 McClelland (“Pierpont”) for assistance in the development and enactment of
9 projects/programs designed to reduce their purchased power rates to its customers. The
10 associated legal and consulting costs, included in the rate calculation of the Company’s
11 2024 Projection factors, were not included in expenses during the last FPUC
12 consolidated electric base rate proceeding and are not being recovered through base
13 rates. Mr. Cutshaw addresses these project assignments more specifically in his
14 testimony.

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

17 A. Consistent with the Commission’s policy set forth in Order No. 14546, issued in
18 Docket No. 850001-EI-B, on July 8, 1985, the other fuel related costs included in the
19 fuel clause are directly related to purchased power, have not been recovered through
20 base rates. Specifically, consistent with item 10 of Order 14546, the costs the Company
21 has included are fuel-related costs that were not anticipated or included in the cost levels
22 used to establish the current base rates. Similar expenses paid to Christensen and
23 Associates associated with the design for a Request for Proposals of purchased power

1 costs, and the evaluation of those responses, were deemed appropriate for recovery by
2 FPUC through the fuel and purchased power clause in Order No. PSC-05-1252-FOF-EI,
3 Item II E, issued in Docket No. 050001-EI. Additionally, in more recent Docket Nos.
4 20180001-EI, 20190001-EI, 20200001-EI, 20210001-EI, 20220001-EI and 20230001-
5 EI, the Commission determined that many of the costs associated with the legal and
6 consulting work incurred by the Company as fuel related, particularly those costs related
7 to the purchase power agreement review and analysis, were recoverable under the fuel
8 clause. As the Commission has recognized time and again, the Company simply does not
9 have the internal resources to pursue projects and initiatives designed to produce
10 purchased power savings without engaging outside assistance for project analytics and
11 due diligence, as well as negotiation and contract development expertise. Likewise, the
12 Company believes that the costs addressed herein are appropriate for recovery through
13 the fuel clause.

14 **Q. What are the final remaining true-up amounts for the period January –**
15 **December 2022?**

16 A. The final remaining consolidated true-up amount was an under-recovery of
17 \$9,648,946.

18 **Q. What are the estimated true-up amounts for the period of January –**
19 **December 2023?**

20 A. There is an estimated consolidated under-recovery of \$1,987,573.

21 **Q. Please address the calculation of the total true-up amount to be collected**
22 **during the January - December 2024 year?**

23 A. The Company has determined that at the end of December 2023, based on six

1 months actual and six months estimated, we will have a consolidated electric under-
2 recovery of \$11,636,519.

3 **Q. Please explain the difference between the under-recovery amount previously**
4 **reported in the 2023 actual/estimated true-up as compared to the amount in this**
5 **filing?**

6 A. In the actual/estimated true-up filed in July 2023, the under-recovery amount to
7 be collected in proposed rates for 2024 was calculated as \$4,887,532. However,
8 expenses in the amount of \$45,494 were inadvertently omitted, although that amount
9 was reflected in the Company's June 2023 monthly Fuel A-Schedule.

10 **Q. Does that account for the full difference in the amount?**

11 A. No. In addition to the amount that was inadvertently omitted, the Company is
12 now requesting full recovery of the 2022 final remaining deferred balance in 2024. In
13 2022, the Company experienced a substantial increase in its purchase power costs due to
14 the volatility of the natural gas market. To mitigate the impact to our customers in 2023,
15 the Company proposed and received approval, in Order No. PSC-2023-0026-FOF-EI, to
16 defer \$21,191,231 of its projected 2022 under-recovery over three years. The Company
17 included 1/3 or \$7,063,744 of the deferred under-recovery in its 2023 rates. The
18 Company's prior actual/estimated true-up assumed that the Company would continue to
19 recover its 2022 under-recovery consistent with the 3-year time frame approved in last
20 year's Fuel proceeding and reflected in Order No. PSC-2023-0026-FOF-EI. Therefore,
21 the Company did not include \$7,063,744 or 1/3 of the 2022 deferred under-recovery
22 balance and its associated interest of \$360,251.

23 **Q. Is the entire remainder of the 2022 final remaining under-recovery balance**

1 **included in the 2023 actual/estimated under-recovery amount reflected in this**
2 **filing?**

3 A. Yes, it is. When all appropriate adjustments are made, including the entire
4 remainder of the 2022 under-recovery balance of \$14,127,488, the 2023 under-recovery
5 balance is \$11,636,519.

6 **Q. Please explain why the Company is proposing to collect the 2022 final**
7 **remaining deferred under-recovery in 2024?**

8 A. The Company is now requesting to recover the full remaining deferred balance in
9 2024 proposed rates for the following reasons. The Company has experienced
10 substantial decreases in its 2023 purchased power costs in contrast to what was
11 originally projected, due to natural gas market stabilizing, resulting in significant
12 impacts towards its monthly under-recovery balances year-to-date. Specifically, it's
13 actual true-up balance of \$30,840,177, at December 2022 has decreased to \$19,082,275
14 as reported in its July 2023 monthly true-up filing. Following this trend and based on
15 current cost projections, it would no longer be prudent to defer the Company's 2022
16 under-recovery. Also, collection of the entire remaining under-recovery will save
17 customers an additional year of incurred interest of approximately \$360K on the
18 deferred balance especially since commercial paper rates have been on the rise. In
19 addition, with the full remaining 2022 deferred under-recovery balance included in rates,
20 a typical bill for a residential customer using 1000 kwh will still decrease from \$175.46
21 to \$165.98 as shown in the Table 1 below.

22

Table 1					
Residential Typical Bill per 1000 KWH					
		CURRENT 2023		PROPOSED 2024	
		Rate	Charge	Rate	Charge
Customer Charge	\$ per bill	16.95	\$ 16.95	16.95	\$ 16.95
Base Energy Charge	\$ per KWH	0.02373	\$ 23.73	0.02373	\$ 23.73
Fuel	\$ per KWH	0.11396	\$ 113.96	0.10259	\$ 102.59
Conservation	\$ per KWH	0.00113	\$ 1.13	0.00144	\$ 1.44
Storm Recovery	\$ per KWH	0.01280	\$ 12.80	0.01280	\$ 12.80
Storm Protection	\$ per KWH	0.00250	\$ 2.50	0.00432	\$ 4.32
Gross Receipts Tax		0.02564	\$ 4.39	0.02564	\$ 4.15
			\$ 175.46		\$ 165.98

1

2

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

5 A. The total fuel adjustment factor as shown on line 43, Schedule E-1 is **7.807¢** per
 6 KWH.

7 **Q. Please advise what a residential customer using 1,000 KWH will pay for the**
 8 **period January - December 2024 including base rates, conservation cost recovery**
 9 **factors, gross receipts tax and fuel adjustment factor and after application of a line**
 10 **loss multiplier.**

11 A. As shown on consolidated Schedule E-10 in Composite Exhibit Number PTN-1,
 12 a residential customer using 1,000 KWH will pay **\$165.98**. This is a decrease of **\$9.48**
 13 below the previous period.

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

15 A. Yes.

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

ESTIMATED FOR THE PERIOD: JANUARY 2024 THROUGH DECEMBER 2024

<u>FLORIDA DIVISION-CONSOLIDATED</u>		(a)	(b)	(c)
		DOLLARS	MWH	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)	18,697,482	492,125	3.79934
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)	17,120,515	492,125	3.47890
10a	Demand Costs of Purchased Power	15,649,074 *		
10b	Non-fuel Energy & Customer Costs of Purchased Power	1,471,441 *		
11	Energy Payments to Qualifying Facilities (E8a)	17,893,395	179,991	9.94127
12	TOTAL COST OF PURCHASED POWER (LINE 6 THRU 11)	53,711,392	672,116	7.99139
13	TOTAL AVAILABLE KWH (LINE 5 + LINE 12)	53,711,392	672,116	7.99139
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)	53,711,392	672,116	7.99139
21	Net Unbilled Sales	0 *	0	0.00000
22	Company Use	41,178 *	515	0.00645
23	T & D Losses	2,616,155 *	32,737	0.40950
24	SYSTEM MWH SALES	53,711,392	638,864	8.40733
25	Wholesale MWH Sales			
26	Jurisdictional MWH Sales	53,711,392	638,864	8.40733
26a	Jurisdictional Loss Multiplier	1.00000	1.00000	
27	Jurisdictional MWH Sales Adjusted for Line Losses	53,711,392	638,864	8.40733
27a	GSLD1 MWH Sales		20,939	
27b	Other Classes MWH Sales		617,924	
27c	GSLD1 CP KW		51,500 *	
28	Projected Unbilled Revenues	0	617,924	0.00000
29	GPIF **			
30	TRUE-UP (OVER) UNDER RECOVERY **	11,636,519	617,924	1.88316
31	TOTAL JURISDICTIONAL FUEL COST	65,347,911	617,924	10.57539
31a	Demand Purchased Power Costs (Line 10a)	15,649,074 *		
31b	Non-demand Purchased Power Costs (Lines 6 + 10b + 11)	38,062,318 *		
31c	True up Over/Under Recovery (Line 29)	11,636,519 *		
31d	Unbilled Revenues	0		

* For Informational Purposes Only

** Calculation Based on Jurisdictional KWH Sales

EXHIBIT NO. _____
DOCKET NO. 20230001-EI
FLORIDA PUBLIC UTILITIES COMPANY
(PTN-1)
PAGE 1 OF 8

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

ESTIMATED FOR THE PERIOD: JANUARY 2024 THROUGH DECEMBER 2024

<u>FLORIDA DIVISION-CONSOLIDATED</u>		(a)	(b)	(c)
		<u>DOLLARS</u>	<u>MWH</u>	<u>CENTS/KWH</u>
APPORTIONMENT OF DEMAND COSTS				
31	Total Demand Costs (Line 31a)	15,649,074		
32	GSLD1 Portion of Demand Costs (Line 31a) Including Line Losses(Line 27c x \$5.85)	218,270	335,500 (KW)	\$0.65 /KW
33	Balance to Other Classes	<u>15,430,804</u>	<u>617,924</u>	<u>2.49720</u>
APPORTIONMENT OF NON-DEMAND COSTS				
34	Total Non-demand Costs(Line 31b)	38,062,318		
35	Total KWH Purchased (Line 12)		672,116 KWH	
36	Average Cost per KWH Purchased			5.66306
37	Average Cost Adjusted for Line Losses (Line 36 x 1.03)			5.83295
38	GSLD1 Non-demand Costs (Line 27a x Line 37)	<u>1,491,162</u>	<u>20,939</u>	<u>7.12134</u>
39	Balance to Other Classes	<u>36,571,157</u>	<u>617,924</u>	<u>5.91839</u>
GSLD1 PURCHASED POWER COST RECOVERY FACTORS				
40a	Total GSLD1 Demand Costs (Line 32)	218,270	335,500 (KW)	\$0.65 /KW
40b	Revenue Tax Factor			1.00072
40c	GSLD1 Demand Purchased Power Factor Adjusted for Taxes & Rounded			\$0.65 /KW
40d	Total Current GSLD1 Non-demand Costs(Line 38)	<u>1,491,162</u>	<u>20,939</u>	<u>7.12134</u>
40e	Total Non-demand Costs Including True-up	1,491,162	20,939	7.12134
40f	Revenue Tax Factor			1.00072
40g	GSLD1 Non-demand Costs Adjusted for Taxes & Rounded			7.12647
OTHER CLASSES PURCHASED POWER COST RECOVERY FACTORS				
41a	Total Demand & Non-demand Purchased Power Costs of Other Classes(Line 33 + 39)	52,001,960	617,924	8.41559
41b	Less: Total Demand Cost Recovery	15,430,804 ***		
41c	Total Other Costs to be Recovered	36,571,157	617,924	5.91839
41d	Unbilled Revenue	0	617,924	0.00000
41e	Other Classes' Portion of True-up (Line 30c)	<u>11,636,519</u>	<u>617,924</u>	<u>1.88316</u>
41f	Total Demand & Non-demand Costs Including True-up	<u>48,207,676</u>	<u>617,924</u>	<u>7.80155</u>
42	Revenue Tax Factor			1.00072
43	Other Classes Purchased Power Factor Adjusted for Taxes & Rounded	48,242,385		7.807

* For Informational Purposes Only

** Calculation Based on Jurisdictional KWH Sales

*** Calculation on Schedule E1 Page 3

EXHIBIT NO. _____
DOCKET NO. 20230001-EI
FLORIDA PUBLIC UTILITIES COMPANY
(PTN-1)
PAGE 2 OF 8

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

ESTIMATED FOR THE PERIOD: JANUARY 2024 THROUGH DECEMBER 2024

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	304,031,750	58.270%	59,561.7	1.089	1.030	64,862.7	313,152,703	55.21%	49.20%
45 GS	58,656,496	57.224%	11,701.2	1.089	1.030	12,742.6	60,416,191	10.85%	9.49%
46 GSD	163,397,559	74.102%	25,171.6	1.089	1.030	27,411.9	168,299,486	23.34%	26.44%
47 GSLD	84,391,461	85.094%	11,321.2	1.089	1.030	12,328.8	86,923,205	10.50%	13.66%
48 LS	7,446,954	767.743%	110.7	1.089	1.030	120.6	7,670,363	0.10%	1.21%
49	0	767.743%	0.0	1.089	1.030	0.0	0	0.00%	0.00%
TOTAL	617,924,221		107,866.4			117,466.6	636,461,948	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	50.98%	3.78%	54.76%	\$8,449,908	0.02779	0.02781	0.07807	\$ 0.10588
51 GS	10.02%	0.73%	10.75%	1,658,811	0.02828	0.02830	0.07807	\$ 0.10637
52 GSD	21.54%	2.03%	23.57%	3,637,040	0.02226	0.02228	0.07807	\$ 0.10035
53 GSLD	9.69%	1.05%	10.74%	1,657,268	0.01964	0.01965	0.07807	\$ 0.09772
54 LS	0.09%	0.09%	0.18%	27,775	0.00373	0.00373	0.07807	\$ 0.08180
TOTAL	92.32%	7.68%	100.00%	\$15,430,804				

Step Rate Allocation for Residential Customers

	(18)	(19)	(20)	(21)
	Allocation	Annual kWh	Levelized Adj.	Revenues
Rate Schedule	Sales			
56 RS		304,031,750	\$0.10588	\$32,190,882
57 RS	<= 1,000kWh/mo.	224,117,291	\$0.10259	\$22,993,176
58 RS	> 1,000 kWh/mo.	79,914,459	\$0.11509	\$9,197,706
59 RS	Total Sales	304,031,750		\$32,190,882

(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)	\$0.18659	\$0.06359
61 GS	0.0400	(0.0500)	\$0.14637	\$0.05637
62 GSD	0.0400	(0.0325)	\$0.14035	\$0.06785
63 GSLD	0.0600	(0.0300)	\$0.15772	\$0.06772
64 Interruptible	(0.0150)	-	\$0.08272	\$0.09772

FLORIDA PUBLIC UTILITIES COMPANY
CALCULATION OF TRUE-UP SURCHARGE
APPLICABLE TO LEVELIZED FUEL ADJUSTMENT PERIOD
JANUARY 2023 - DECEMBER 2023
BASED ON TWELVE MONTHS ACTUAL OPERATIONS

FLORIDA DIVISION-CONSOLIDATED

Under-recovery of purchased power costs for the period January 2023 - December 2023, Actual/Estimated True-up Filing. (See Schedule E1-A in Exhibit CDY-2)	\$ 4,887,532
Revised under-recovery of purchased power costs for the period January 2023 - December 2023.	\$ 11,636,519
Estimated kilowatt hour sales for the months of January 2024 - December 2024 as per estimate filed with the Commission. (Excludes GSLD1 customers)	617,924,221
Cents per kilowatt hour necessary to collect total under-recovered purchased power costs over the period January 2024- December 2024	1.88316

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Florida Public Utilities Company
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FLORIDA PUBLIC UTILITIES COMPANY
FLORIDA DIVISION-CONSOLIDATED
FUEL & PURCHASED POWER COST RECOVERY CLAUSE CALCULATION
 ESTIMATED FOR THE PERIOD: JANUARY 2024 THROUGH DECEMBER 2024

LINE NO.		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(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	FUEL COST OF SYSTEM GENERATION														0	1
1a	NUCLEAR FUEL DISPOSAL														0	1a
2	FUEL COST OF POWER SOLD														0	2
3	FUEL COST OF PURCHASED POWER	1,687,797	1,466,287	949,572	1,081,555	1,097,114	1,689,737	2,247,776	2,172,149	2,107,994	1,503,816	1,204,820	1,488,865	18,697,482	3	
3a	DEMAND & NON FUEL COST OF PUR POWER	1,486,493	1,282,568	1,297,192	1,194,762	1,328,981	1,540,656	1,571,603	1,590,019	1,550,959	1,336,068	1,190,857	1,464,356	16,834,515	3a	
3b	QUALIFYING FACILITIES	1,652,130	1,502,173	1,588,207	1,438,553	1,436,230	1,336,906	1,484,886	1,381,134	1,467,941	1,440,569	1,503,864	1,660,802	17,893,395	3b	
4	OTHER FUEL RELATED COSTS	25,500	15,500	25,500	15,500	15,500	35,500	15,500	15,500	65,500	25,500	15,500	15,500	286,000	4	
5	TOTAL FUEL & NET POWER TRANSACTIONS (SUM OF LINES A-1 THRU A-4)	4,851,920	4,266,528	3,860,471	3,730,371	3,877,825	4,602,799	5,319,765	5,158,802	5,192,394	4,305,953	3,915,041	4,629,523	53,711,392	5	
5a	LESS: TOTAL DEMAND COST RECOVERY	1,368,723	1,157,472	1,197,088	1,088,870	1,213,485	1,403,435	1,444,648	1,441,418	1,428,105	1,235,860	1,100,303	1,351,296	15,430,804	5a	
5b	TOTAL OTHER COST TO BE RECOVERED	3,483,196	3,109,056	2,663,383	2,641,501	2,664,340	3,199,364	3,875,117	3,717,384	3,764,289	3,069,993	2,814,738	3,278,227	38,280,588	5b	
6	APPORTIONMENT TO GSLD1 CLASS	151,719	150,176	74,165	71,228	163,729	174,685	159,772	246,573	175,268	241,408	35,258	65,451	1,709,432	6	
6a	BALANCE TO OTHER CLASSES	3,331,478	2,958,879	2,589,218	2,570,272	2,500,611	3,024,680	3,715,346	3,470,811	3,589,021	2,828,585	2,779,479	3,212,776	36,571,157	6a	
6b	SYSTEM KWH SOLD (MWH)	53,975	48,733	42,113	44,584	46,632	57,126	67,925	65,057	66,011	53,543	44,103	49,061	638,864	6b	
7	GSLD1 MWH SOLD	1,646	1,430	596	611	1,926	2,177	2,358	3,303	2,535	3,454	335	568	20,939	7	
7a	BALANCE MWH SOLD OTHER CLASSES	52,329	47,303	41,517	43,973	44,706	54,949	65,567	61,754	63,476	50,089	43,767	48,493	617,924	7a	
7b	COST PER KWH SOLD (CENTS/KWH) APPLICABLE TO OTHER CLASSES	6.36636	6.25517	6.23648	5.84509	5.59349	5.5045	5.66651	5.62038	5.65413	5.64712	6.35059	6.62524	5.91839	7b	
8	JURISDICTIONAL LOSS MULTIPLIER	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	JURISDICTIONAL COST (CENTS/KWH)	6.36636	6.25517	6.23648	5.84509	5.59349	5.50450	5.66651	5.62036	5.65413	5.64712	6.35059	6.62524	5.91839	9	
10	PROJECTED UNBILLED REVENUES(CENT\$/KWH)	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	GPIF (CENTS/KWH)														11	
12	TRUE-UP (CENTS/KWH)	11,636,519	1,88316	1,88316	1,88316	1,88316	1,88316	1,88316	1,88316	1,88316	1,88316	1,88316	1,88316	1,88316	12	
13	TOTAL	8.24952	8.13833	8.11964	7.72825	7.47665	7.38766	7.54967	7.50352	7.53729	7.53028	8.23375	8.50840	7.80155	13	
14	REVENUE TAX FACTOR	0.00072	0.00594	0.00586	0.00585	0.00556	0.00538	0.00532	0.00544	0.00540	0.00543	0.00542	0.00593	0.00562	14	
15	RECOVERY FACTOR ADJUSTED FOR TAXES	8.25546	8.14419	8.12549	7.73381	7.48203	7.39298	7.55511	7.50892	7.54272	7.53570	8.23968	8.51453	7.80717	15	
16	RECOVERY FACTOR ROUNDED TO NEAREST .001 CENT/KWH	8.255	8.144	8.125	7.734	7.482	7.393	7.555	7.509	7.543	7.536	8.24	8.515	7.807	16	

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

ESTIMATED FOR THE PERIOD: JANUARY 2024 THROUGH DECEMBER 2024

(1) MONTH	(2) PURCHASED FROM	(3) TYPE & SCHEDULE	(4) TOTAL KWH PURCHASED	(5) KWH FOR OTHER UTILITIES	(6) KWH FOR INTERRUPTIBLE	(7) KWH FOR FIRM	(8) CENTS/KWH		(9) TOTAL \$ FOR FUEL ADJ. (7) x (8) (A)
							(A) FUEL COST	(B) TOTAL COST	
							JANUARY 2024	FPL / GULF POWER	
FEBRUARY 2024	FPL / GULF POWER	MS	36,365,496			36,365,496	4.032083	7.558964	1,466,287
MARCH 2024	FPL / GULF POWER	MS	28,320,065			28,320,065	3.353000	7.933471	949,572
APRIL 2024	FPL / GULF POWER	MS	31,780,041			31,780,041	3.403254	7.162727	1,081,555
MAY 2024	FPL / GULF POWER	MS	33,959,426			33,959,426	3.230662	7.144099	1,097,114
JUNE 2024	FPL / GULF POWER	MS	46,414,536			46,414,536	3.640534	6.959874	1,689,737
JULY 2024	FPL / GULF POWER	MS	56,846,620			56,846,620	3.954108	6.718745	2,247,776
AUGUST 2024	FPL / GULF POWER	MS	54,837,357			54,837,357	3.961075	6.860593	2,172,149
SEPTEMBER 2024	FPL / GULF POWER	MS	53,870,747			53,870,747	3.913059	6.792097	2,107,994
OCTOBER 2024	FPL / GULF POWER	MS	40,920,012			40,920,012	3.675013	6.940085	1,503,816
NOVEMBER 2024	FPL / GULF POWER	MS	31,467,982			31,467,982	3.828716	7.613062	1,204,820
DECEMBER 2024	FPL / GULF POWER	MS	36,197,667			36,197,667	4.113152	8.158595	1,488,865
TOTAL			492,124,932	0	0	492,124,932	3.799337	7.220117	18,697,482

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

ESTIMATED FOR THE PERIOD: JANUARY 2024 THROUGH DECEMBER 2024

(1) MONTH	(2) PURCHASED FROM	(3) TYPE & SCHEDULE	(4) TOTAL KWH PURCHASED	(5) KWH FOR OTHER UTILITIES	(6) KWH FOR INTERRUPTIBLE	(7) KWH FOR FIRM	(8) CENTS/KWH		(9) TOTAL \$ FOR FUEL ADJ. (7) x (8) (A)
							(A) FUEL COST	(B) TOTAL COST	
							JANUARY 2024	WEST-ROCK / RAYONIER / EIGHT FLAGS	
FEBRUARY 2024	WEST-ROCK / RAYONIER / EIGHT FLAGS		14,912,000			14,912,000	10.073585	10.073585	1,502,173
MARCH 2024	WEST-ROCK / RAYONIER / EIGHT FLAGS		16,026,900			16,026,900	9.909633	9.909633	1,588,207
APRIL 2024	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,135,400			15,135,400	9.504559	9.504559	1,438,553
MAY 2024	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,106,600			15,106,600	9.507301	9.507301	1,436,230
JUNE 2024	WEST-ROCK / RAYONIER / EIGHT FLAGS		13,670,700			13,670,700	9.779353	9.779353	1,336,906
JULY 2024	WEST-ROCK / RAYONIER / EIGHT FLAGS		14,592,700			14,592,700	10.175540	10.175540	1,484,886
AUGUST 2024	WEST-ROCK / RAYONIER / EIGHT FLAGS		13,580,000			13,580,000	10.170353	10.170353	1,381,134
SEPTEMBER 2024	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,549,600			15,549,600	9.440378	9.440378	1,467,941
OCTOBER 2024	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,407,000			15,407,000	9.350094	9.350094	1,440,569
NOVEMBER 2024	WEST-ROCK / RAYONIER / EIGHT FLAGS		14,939,700			14,939,700	10.066226	10.066226	1,503,864
DECEMBER 2024	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,427,600			15,427,600	10.765135	10.765135	1,660,802
TOTAL			179,990,700	0	0	179,990,700	9.941289	9.941289	17,893,395

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 FLORIDA PUBLIC UTILITIES COMPANY
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**FLORIDA PUBLIC UTILITIES COMPANY
FLORIDA DIVISION-CONSOLIDATED
RESIDENTIAL BILL COMPARISON**

ESTIMATED FOR THE PERIOD: JANUARY 2024 THROUGH DECEMBER 2024

JANUARY 2024	FEBRUARY 2024	MARCH 2024	APRIL 2024	MAY 2024	JUNE 2024	JULY 2024
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BASE RATE REVENUES ** \$	59.24	59.24	59.24	59.24	59.24	59.24	59.24
FUEL RECOVERY FACTOR CENTS/KWH	10.26	10.26	10.26	10.26	10.26	10.26	10.26
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
FUEL RECOVERY REVENUES \$	102.59	102.59	102.59	102.59	102.59	102.59	102.59
GROSS RECEIPTS TAX	4.15	4.15	4.15	4.15	4.15	4.15	4.15
TOTAL REVENUES *** \$	165.98	165.98	165.98	165.98	165.98	165.98	165.98

AUGUST 2024	SEPTEMBER 2024	OCTOBER 2024	NOVEMBER 2024	DECEMBER 2024
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PERIOD TOTAL

BASE RATE REVENUES ** \$	59.24	59.24	59.24	59.24	59.24	710.88
FUEL RECOVERY FACTOR CENTS/KWH	10.26	10.26	10.26	10.26	10.26	
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	
FUEL RECOVERY REVENUES \$	102.59	102.59	102.59	102.59	102.59	1,231.08
GROSS RECEIPTS TAX	4.15	4.15	4.15	4.15	4.15	49.80
TOTAL REVENUES *** \$	165.98	165.98	165.98	165.98	165.98	1,991.76

* MONTHLY AND CUMULATIVE TWELVE MONTH ESTIMATED DATA

** BASE RATE REVENUES PER 1000 KWH:

CUSTOMER CHARGE	16.95
CENTS/KWH	23.73
CONSERVATION FACTOR	1.44
STORM PROTECTION PLAN	
COST RECOVERY	4.32
STORM SURCHARGE	
(Michael/Dorian)	12.80
	<u>59.24</u>

EXHIBIT NO. _____
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FLORIDA PUBLIC UTILITIES COMPANY
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*** EXCLUDES FRANCHISE TAXES

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 2023001-EI: FUEL AND PURCHASED POWER COST RECOVERY

CLAUSE WITH GENERATING PERFORMANCE INCENTIVE FACTOR

2024 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**
6 **experience?**

7 A. I graduated from Auburn University in 1982 with a B.S. in Electrical Engineering.
8 My electrical engineering career began with Mississippi Power Company in June
9 1982. I spent nine years with Mississippi Power Company and held positions of
10 increasing responsibility that involved budgeting, as well as operations and
11 maintenance activities at various locations. I joined FPUC in 1991 as Division
12 Manager in our Northwest Florida Division and have since worked extensively in
13 both the Northwest Florida and Northeast Florida divisions. Since joining FPUC,
14 my responsibilities have included all aspects of budgeting, customer service,
15 operations and maintenance. My responsibilities also included involvement with
16 Cost of Service Studies and Rate Design in other rate proceedings before the
17 Commission as well as other regulatory issues. During January 2020, I moved into
18 my current role as Director, Generation Development.

19 **Q. Have you previously testified before the Florida Public Service Commission**
20 **(“Commission”)?**

1 A. Yes, I've provided testimony in a variety of Commission proceedings, including the
2 Company's 2014 rate case, addressed in Docket No. 20140025-EI, rebuttal
3 testimony in Docket No. 20180061-EI and numerous dockets for Fuel and
4 Purchased Power Cost Recovery. Most recently, I provided testimony in Docket
5 Nos. 20220049 and 20220010, in the Storm Protection Plan and Cost Recovery.

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

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

13 **Q. Based on the fact that natural gas costs have a significant impact on the overall
14 cost of purchased power for FPUC, what actions has FPUC taken to provide
15 accurate cost projections in the natural gas markets?**

16 A. FPUC, being predominately a natural gas utility, has utilized information from both
17 inside the company and other external sources to carefully investigate the future of
18 the natural gas markets. Based on this information, forecast of 2024 natural gas cost
19 have been provided and included in the purchased power cost projections.

20 **Q. What other energy sources are being investigated and what are some of the
21 benefits anticipated?**

22 A. FPUC has been investigating the use of Renewable Natural Gas (RNG) and
23 Hydrogen as future fuel sources for generation assets. The markets for both RNG
24 and Hydrogen are still developing, however, both have the potential to provide
25 environmental benefits compared to existing fuel sources. Although there are
26 currently some operational and cost challenges being addressed, it is critical that
27 FPUC continue to be involved in the investigation and development of these
28 resources.

1 **Q. What is the status of the existing purchase power agreements in place with**
2 **FPL?**

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

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

11 A. The Company is currently involved in discussions with FPL regarding the
12 consolidation and amendment of the existing purchased power agreements. This
13 will include consolidation into a single agreement covering both divisions,
14 investigation of the pricing structure utilized and a review of the transmission
15 infrastructure in place which provides service to two distinct, geographically
16 separated service territories.

17 **Q. Are there other efforts underway to identify projects that will lead to energy**
18 **resiliency and lower cost energy for FPUC customers?**

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

1 combined Heat and Power (CHP) projects, potential Solar Photovoltaic (“PV”) projects and associated utility scale battery projects. More specifically, Pierpont & McLelland has been engaged to perform analysis and provide consulting services for FPUC as it relates to the structuring of, and operation under, the Company’s power purchase agreements with the purpose of identifying measures that will minimize cost increases and/or provide opportunities for cost reductions. They have also been involved in the structuring of the most effective measures to ensure a reliable and resilient system on Amelia Island which may include additional transmission lines to the Island as well as using existing generation and the addition of new natural gas fired generation. Locke Lord is a law firm with particular expertise in the regulatory requirements of the Federal Energy Regulatory Commission. Attorneys with the firm have provided legal guidance and oversight regarding the contracts and regulatory requirements for generation and transmission-related issues for the Northeast Florida Division. The Company’s in-house experience in these areas is limited; thus, without this outside assistance, the Company’s ability to pursue potential purchased power savings opportunities would be limited, as would its ability to properly evaluate proposals to meet our generation and transmission needs and ensure compliance with federal regulatory requirements. Sterling Energy and Christensen Associates have been involved to assist the Company in the most cost-effective means of incorporating additional energy sources, such as power available from certain industrial customers, existing and new Combined Heat and Power (“CHP”) capability and improvements in the transmission system to Amelia Island to improve the reliability/resiliency on Amelia Island and further reduce the overall purchased power impact to all FPUC customers.

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

27 A. Yes. The success of the Eight Flags project has sparked interest in other CHP opportunities on Amelia Island. When coupled with industrial expansion in the area and the ability to do so within the context of the “Agreement” and “Amendment”

1 with FPL, the already quantifiable benefits of the existing project have piqued the
2 interest of others to contemplate partnering with a new CHP-based project on
3 Amelia Island. FPUC has been actively involved in the initial analysis, development
4 and engineering of a possible new project located on Amelia Island that would
5 support existing industry. Significant efforts have continued to evaluate this CHP
6 which, similar to Eight Flags, will be located on Amelia Island and would allow
7 FPUC, along with transmission line upgrades, to provide additional reliability and
8 resilience to its electricity supply for industry and customers on Amelia Island. This
9 second CHP would provide electricity, high pressure steam and hot water to a local
10 industrial customer which is a critical component of the local community.
11 Preliminary engineering, financial modeling and Florida Department of
12 Environmental Protection permitting have been completed for this possible CHP
13 unit. Although the final agreements and structure of the proposed CHP has not yet
14 been finalized, efforts are continuing to develop this project.

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

17 **A.** Yes. FPUC is continuing analysis related to smaller PV systems within the FPUC
18 electric service territory. Based on the results from the analysis, the economic
19 feasibility of smaller PV installations has been difficult to achieve due to many
20 different factors but work continues to investigate alternatives to improve the
21 feasibility. At this time, FPUC is investigating opportunities involving larger PV
22 installations which have proved to be more economically feasible. Not only will
23 this increase the renewable energy available to FPUC, but the cost is also expected
24 to complement the overall purchased power portfolio which will provide additional
25 benefits to FPUC customers. The “Agreement” and the “Amendment” have
26 provisions that allow for the development of PV installations by FPUC and provides

1 for the possibility of a partnership between the parties that would allow for the
2 development of a PV project.

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

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

9 A. Yes.