

COMMISSIONERS:
MATTHEW M. CARTER II, CHAIRMAN
LISA POLAK EDGAR
KATRINA J. MCMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

June 10, 2008

Mr. Norman H. Horton
2618 Centennial Pl
Tallahassee, FL 32317

Re: Docket No. 080294-EI - Petition for approval of standard interconnection agreements for expedited interconnection of customer-owned renewable generation and associated net metering tariff, by Florida Public Utilities Company.

Dear Mr. Horton:

After reviewing the filing by Florida Public Utilities Company (FPUC or Company) in the above docket in response to PSC Order No. PSC-08-0161-FOF-EI, staff has the following questions. For ease of reference, the items of interest are listed by section from Rule 25-6.065, Florida Administrative Code. Please provide a written response to each question by June 24.

Upon receipt of your response, staff may schedule a meeting or conference call to discuss the responses and any revisions necessary to the proposed standard interconnection agreements or tariffs filed in this docket.

Subsection (4)(a) – Gross Power Rating:

1. This subsection provides that in order to qualify for expedited interconnection under the rule, the customer-owned generation must have a gross power rating that “does not exceed 90% of the Customer’s utility distribution service rating”. Paragraph 4 of the interconnection agreement provides that the total capacity of the customer generation cannot exceed “90% of the rating of service currently provided to the customer. When will the customer be provided their customer distribution rating?”
2. If the Customer’s GPR exceeded the 90% limit for “customers’ utility distribution service rating”, please explain whether the customer would qualify for interconnection and net metering under the terms of Rule 25-6.065(4)(a)(1), Florida Administrative Code.

Subsection (4)(d)- Interconnection Study:

3. For Tier 3 customers, the tariff requires a deposit of \$2000 for an interconnection study; if the study cost exceeds \$2000, the Customer is required to pay the difference; if the study costs

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD • TALLAHASSEE, FL 32399-0850

An Affirmative Action / Equal Opportunity Employer

PSC Website: <http://www.floridapsc.com>

Internet E-mail: contact@psc.state.fl.us

DOCUMENT NUMBER DATE

04955 JUN 10 08

FPSC-COMMISSION CLERK

less, then FPUC will refund the difference. Subsection (4)(g) of 25-6.065, F.A.C. (the Rule) permits a study charge, but is silent as to allowing a deposit. Why does FPUC desire to require a deposit instead of a flat charge amount for the Interconnection Study? Is it the intention of FPUC to have each charge individually approved by the Commission?

4. If the interconnection study shows a need for expanding FPUC's system at Customer's cost, how will FPUC notify the Customer of the needed changes? Will FPUC give Customers the opportunity to dispute the interconnection study before the Public Service Commission before FPUC modifies its system?

Subsections (4)(f), (4)(g) and (4)(h) – Cost Support for Fees:

5. These subsections allow the utility to propose for Commission approval standard application fees for Tiers 2 and 3 customers and an interconnection study charge for Tier 3 customers. Further, the utility is required to demonstrate that its fees and charges are cost-based and reasonable. Please provide more information to describe how the fees for Tier 2 and 3 were derived.
6. Please provide cost justification for the tier 3 interconnection study. For Tier 3 customers the tariff requires a deposit of \$2,000. Subsection (4)(g) permits a study charge, but is silent on allowing a deposit. Why does FPUC desire to charge a deposit instead of charging a flat charge for the Interconnection Study? Does the company plan to have each interconnection study fee approved by the Commission?
7. Does the company intend to perform an interconnection study for all Tier 3 customers? How is the decision made whether or not to conduct an interconnection study? How does the company plan to advise Tier 3 customers of this requirement?
8. If a customer rises from one tier to another, will they be required to pay application fees? Would an interconnect study charge be applied if the customer rises to a tier 3?

Section 6-Manual Disconnect Switch:

9. Tier 1 Customers will not have a "manual disconnect switch" unless voluntarily provided by FPUC or the Customer. How will FPUC then disconnect the Tier 1 Customer from the grid in the event of one of the situations described in Paragraph (10) & Rule (6)(c)?

Section 7-Administrative Requirements:

10. Will the customer be provided with a copy of the associated pages of the tariff with their downloadable application for the interconnection agreement?
11. After the application is submitted, Rule (7)(b) requires that the Company's "written notice" provided to the Customer state whether an Interconnection Study will be required for the Tier 3 Customer. For *Tier 3 Customers*, FPUC's tariff is silent on whether FPUC will inform a Tier 3 Customer that an Interconnection Study will be required. If this is not an omission,

please indicate the reason for the exclusion. And, at what point in the application process will FPUC inform a Tier 3 Customer that an Interconnection Study will be required?

12. The tariff language uses the thirty (30) days and does not reference the interconnection study requirement or reserve ninety (90) days for executing the interconnection agreement as permitted under Rule (7)(c). If this is not an omission, please indicate the reason for the exclusion. And, if an Interconnect Study was required, would it be complete within thirty (30) days, allowing for the parties to execute the agreement?

Section 8 – Net Metering:

13. It appears that net metering tariff may be in conflict with the revised Section 366.91(7), Florida Statutes, contained in House Bill 7135 (HB 7135), which requires that net metering be available as a part of conjunctive billing of multiple points. As you are aware, HB 7135 was enacted by the Legislature this past session and is expected to be signed by the Governor. Does the utility plan to amend the net metering tariff to be consistent with this provision of HB 7135? If so, what changes would you make to the net metering tariff?
14. The net metering tariff states that the company shall pay the customer for any unused credits. How does FPUC envision paying the customers? Will customers have the option to request a check for the payment?
15. The Rule is silent on the change of ownership. Under the terms of the Tariff, will a new interconnection agreement presumptively be approved upon change of ownership so long as 30 days notice was provided to FPUC? For new owners, will FPUC require an application fee (and Interconnection Study for Tier 3 Customers) because the Tariff is silent?
16. Is it correct that customers will be ineligible for time of use rates under net metering?

Involuntary Termination:

17. Involuntary Termination of the Net Metering Interconnect Agreement. Staff notes that there appears to be no procedure allowing the Company to initiate involuntary termination of the net metering interconnect agreement for breach by the Customer within the proposed Tariffs or the Rule, other than perhaps subsection (11), covering Dispute Resolution. Should such a situation arise, what would constitute breach and how would the Company initiate an involuntary termination of the net metering interconnect agreement?
18. The Rule is silent on the Termination of agreement. Why is permanent isolation from the grid at the customer's expense? It is understandable that isolation should be at customer's expense when the customer initiates termination of the agreement. Who should pay if FPUC initiates termination of the agreement?

Mr. Norman Horton

Page 4

June 10, 2008

Interconnection Agreement Questions:

19. The last sentence in paragraph (18) seems confusing. Is there a substantive difference between "isolate from the grid" and "disconnect from the grid"? Would substituting "isolation procedure" for "disconnect procedure" in the last sentence be more consistent?
20. There are places in the tariff where "subsection" and "paragraph" appear to be used interchangeable where it appears "paragraph" instead of "subsection" may be more appropriate. FPUC may wish to address this potential inconsistency. For instance:
 - a. Paragraph (5)(a) references "subsection (4)" of the tariff; however, it probably should read "paragraph (4)"?
 - b. Similar typo in Paragraph (5)(c) where it references "subsection (9)".
 - c. Similar typo in Paragraph (6)(b) where it references "subsections (4) through (5)".
 - d. Similar typo in Paragraph (11)(b) where it references "subsections (4) through (10)".

Please file the response to these questions in the above referenced docket file. If you have any questions regarding the information requested above, feel free to contact me at (850) 413-6928 or via email at Walter.Clemence@psc.state.fl.us.

Sincerely,



Walter Clemence
Regulatory Analyst II

cc: Division of Legal Services (M. Brown, Saylor)
Division of Economic Regulation (Futrell, Kummer, Draper)
✓ Office of Commission Clerk (Docket No. 080294-EI)
Mark Cutshaw, Florida Public Utilities Company