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Public Service Commission

April 20, 2012

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Ms. Beth Keating
 Gunster Law Firm
 215 South Monroe Street
 Suite 601
 Tallahassee FL 32301-1804

STAFF'S FIRST DATA REQUEST

Re: Docket No. 120058-EQ - Petition for approval of a negotiated renewable energy power purchase contract for power purchased with Rayonier Performance Fibers, LLC, by Florida Public Utilities Company.

Dear Ms. Keating:

By this letter, the Commission staff requests that Florida Public Utilities Company (FPUC or Utility) provide responses to the following data requests.

1. Please indicate the state in which Rayonier was organized and where it is registered to do business.
2. How many employees does Rayonier currently employ in Florida?
3. How many new jobs would be created in Florida during the construction and operation phase of the proposed facility?
4. Please complete the table describing all generation facility projects which Rayonier has developed, constructed, operated, or maintained in the past.

| Project Name | Resource Type | Size (MW) | Payment Type (Fixed or Not Fixed) | Cost of Energy (\$/kWh) | Annual Energy Production (kWh) | Average Annual Availability Factor (%) | Construction Start Date | In-Service Date | Contract Signing Date | Location |
|--------------|---------------|-----------|-----------------------------------|-------------------------|--------------------------------|--|-------------------------|-----------------|-----------------------|----------|
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5. Please identify any delays, if any, in construction experienced by the above-referenced projects.
6. Please identify and discuss, if any, project(s) which Rayonier contracted for with regards to the development, construction, operation or maintenance of an electric generator but did not complete.
7. Will Rayonier require an additional fuel supply contract for operation of the proposed project?
 - a. If so, with whom?
 - b. What is the duration of this contract?
8. Will Rayonier outsource any of its contract obligations, such as engineering, procurement, and construction of the proposed facility?
 - a. If yes, please identify the entity that will provide these services.
9. Has Rayonier obtained any financing for the proposed project? If so, please explain.
10. Please provide the path schedule/timeline for permitting and construction of the proposed facility. In your answer, please include all critical deadlines, including but not limited to: Land Acquisition, Zoning, Permitting (such as those relating to Zoning, Construction, or Water Use), Construction, Testing, Transmission, and Delivery of Capacity, and identify any events that have been completed.
11. As of this data request, has Rayonier met the requirements in order to be considered a qualifying facility?
 - a. If not, by when will they be required to?
12. Please describe any events that may delay or accelerate key milestones that determine the commercial in-service date of the proposed facility.
13. Please provide a general layout diagram of the equipment that will be purchased or constructed for the operation of this facility, including structures, boilers, turbines, etc.
14. For clarification purposes, what is the capacity factor the proposed facility is expected to run at during normal operation?
15. On page 6 of the Negotiated Contract, "On-Peak Hours" are defined as 5:01 am – 7:00 pm during Winter Season Week Days, 10:01 am – 9:00 pm during Summer Season Week Days, and 8:01 am – 11:00 pm for November Week Days. Please justify this classification with any relevant information that may support the specified range of these times.
16. Please explain why it is reasonable that the facility will require a 21 MW turbine, but will only be providing 1.7 to 3 MW of generation to be purchased by FPUC.

17. Section 4(a)iv of the Negotiated Contract states that the ownership of the existing interconnecting transmission line will be transferred from the Seller to the Buyer.
 - a. If the contract is terminated, what are the conditions that would determine the continued ownership of the existing transmission line?
 - b. The final sentence states that “the Seller shall remain responsible for all maintenance and servicing of such transmission line (at its sole expense).” This conflicts with the initial sentence stating that ownership will be granted to the Buyer. Please reconcile these statements.
 18. Section 4(i) of the Negotiated Contract states that the “Buyer shall bear costs of relocating the transmission line and removal and disposition of transmission line and equipment...” Were the costs of these procedures included in the cost analysis made in Attachment B of the Petition?
 - a. If not, please update the cost-effectiveness analysis with these costs.
 19. Section 6 of the Negotiated Contract states the installation, operation, maintenance, and replacement of meters at the Delivery Point are the responsibility of the Buyer. However, Appendix D, Section 1.6, states that, unless otherwise agreed upon, the facility is required to bear all costs associated with the change-out, upgrade or addition of equipment including meters. Please clarify this inconsistency.
 20. Section 7(a) of the Negotiated Contract states that Rayonier is permitted to establish a Committed Capacity up to 5 MW. Should Rayonier establish a higher Committed Capacity, how will this affect the projected savings of the proposed facility?
 21. Please elaborate if there are any performance requirements for the Seller, what they entail, and if there are any penalties associated with failing to meet these requirements.
 22. Section 7(b) of the Negotiated Contract establishes that the Seller retains the right to determine the amount of energy it sells.
 - a. Does this allow the Seller the freedom to refuse to sell energy at any given point?
 - b. If so, please indicate if there are any provisions in the Negotiated Contract require Seller to sell energy within a minimum time frame or condition.
 23. In Attachment B of FPUC’s petition, FPUC provides a cost comparison of FPUC’s purchased power agreement with JEA and the proposed negotiated contract with Rayonier.
 - a. Please clarify the total cumulative Net Present Value savings produced by the proposed negotiated contract over the life of the contract.
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- b. Are the values in Attachment B in Net Present Value? **If so**, please include the cost analysis in Nominal Value. **If not**, please explain how these values accounted for general inflation.
 - c. Page 18 of the Negotiated Contract contains a table describing the appropriate hourly capacity and energy purchase prices (\$/MWh). Please provide an additional cost table containing equivalent information (Energy Price, Capacity Price, All-In Price if applicable) from the JEA contract used to calculate the cost comparison in Attachment B.
24. The bottom of page 18 of the Negotiated Contract states that “in no event shall the above prices, in total, at any applicable point in time be less than Buyer’s avoided cost for Electric Energy...” As this conflicts with the analysis in Attachment B, where Negotiated Contract costs are less than avoided costs, how does this statement ensure that there will be continued savings when compared to the Buyer’s avoided cost?
25. Would the parties’ amendments for ancillary services due to change in future conditions, as set forth in Section 10.5 of the Negotiated Contract be required to be submitted to the Commission for approval?
26. In Attachment 1 of Appendix A, “sludge” is explained to be a component of one of the fuels. How does Rayonier dispose of the sludge prior to it being utilized for the proposed facility?
27. Attachment C of Appendix G states that an additional interconnection study is not necessary.
- a. Has the existing Rayonier facility and interconnection equipment been used to export energy onto the grid prior to the proposed facility?
 - b. If upgrades to Rayonier’s interconnection are necessary in the future, who would be responsible for the cost of these upgrades?
28. Who is the future seller for the Renewable tariff? Please explain why it is reasonable to assume the cost of the future standard offer contract will remain the same throughout the life of the facility.
29. Appendix A is entitled *Facilities Description*. The last paragraph of Appendix A that addresses the general operating characteristics of the proposed Rayonier facility states that during maintenance, the Rayonier mill will require approximately 14 MW power from FPUC to continue operations.
- a. What is the current energy tariff the facility is paying to operate the existing facility?
 - b. With the construction and operation of the generating facility, will the 14 MW of power required during maintenance be purchased by Rayonier under a back-up power rate?

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- c. If so, what are Rayonier's total savings from changing from the current energy tariff to a back-up power rate? Are these savings to Rayonier reflected in their negotiated contract prices when calculating the cost analysis in Attachment B?

Please file the original and five copies of the requested information by Friday May 4, 2012, with Ms. Ann Cole, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6183 if you have any questions.

Sincerely,



Pauline E. Robinson, Esq.
Attorney
Office of the General Counsel

PER/dmw

cc: Office of Commission Clerk