

120263-E1



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October 22, 2012

**BY HAND DELIVERY**

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

REDACTED

RECEIVED-PPSC  
12 OCT 22 PM 4:10  
COMMISSION  
CLERK

Re: Petition for Approval to Modify Approved Demonstration Project Consisting of Proposed Time of Use and Interruptible Rate Schedules and Corresponding Fuel Rates by Florida Public Utilities Company

Dear Ms. Cole:

Enclosed for filing, please find the original and 7 copies of the Petition of Florida Public Utilities Company for Approval to Modify Approved Demonstration Project Consisting of Proposed Time of Use and Interruptible Rate Schedules and Corresponding Fuel Rates by Florida Public Utilities Company, along with supporting Exhibits. Also included are the following tariff pages, in clean and legislative format:

- First Revised Sheet No. 34.2
- Second Revised Sheet No. 38

By separate filing today, the Company is also submitting a Request for Confidential Treatment of certain information in Exhibit B to this Petition. Should you have any questions whatsoever, please do not hesitate to contact me. Thank you for your assistance in this matter.

Sincerely,

Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706

- COM \_\_\_\_\_
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DOCUMENT NUMBER-DATE

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Florida Public Utilities Company's Petition for ) Docket No.  
Approval to Modify Demonstration Project consisting ) Filed: October 22, 2012  
of proposed Time-of-Use and Interruptible rate schedules )  
and corresponding fuel rates in the Northwest Division )  
\_\_\_\_\_ )

**PETITION FOR APPROVAL TO MODIFY APPROVED DEMONSTRATION  
PROJECT CONSISTING OF PROPOSED TIME-OF-USE AND  
INTERRUPTIBLE RATE SCHEDULES AND CORRESPONDING FUEL RATES  
IN THE NORTHWEST DIVISION**

Florida Public Utilities Company ("FPU", or "the Company"), by and through its undersigned counsel, hereby petitions the Florida Public Service Commission ("the Commission") for authority to implement limited modifications to its Demonstration Project consisting of proposed Time-of-Use and Interruptible rate schedules and corresponding fuel rates in the Northwest Division, which was approved by this Commission by Order No. PSC-11-0112-TRF-EI, issued February 11, 2012, in Docket No. 100459-EI ("Commission's Order").<sup>1</sup> This petition, along with the information and proposed tariff sheets set forth in the attachments hereto, is intended to meet the requirements of Rule 25-9.005(4)-(5) of the Florida Administrative Code.

In support of this petition, the Company states:

1. Notices and communications with respect to this petition and docket should be addressed to:

Beth Keating Gunster, Yoakley & Stewart, P.A. 215 S. Monroe St., Suite 601 Tallahassee, FL 32301	Cheryl Martin Florida Public Utilities Company 1641 Worthington Road, Suite 220 West Palm Beach, FL 33409
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<sup>1</sup> Order No. PSC-12-0006-FOF-EI dismissed, with prejudice, the City of Marianna's protest, thereby rendering the Commission's Order No. PSC-11-0112-TRF-EI final.

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FPSC-COMMISSION CLERK

2. FPU is an investor-owned electric utility providing retail electric service to customers within its Northwest and Northeast Divisions in Florida and, pursuant to the provisions of Chapter 366 of the Florida Statutes, is subject to economic regulation by the Commission. The Company's principal offices are located at 1641 Worthington Road, Suite 220, West Palm Beach, FL 33409.
3. Attachment A to this petition contains the specific revised Time-of-Use ("TOU") tariff page applicable to the rate class General Service – Large Demand, as well as the Interruptible rate schedule (First Revised Sheet No. 34.2 and Second Revised Sheet No. 38.0, respectively).
4. Pursuant to the Commission's Order, the Company implemented TOU and Interruptible rates on an experimental basis only in its Northwest Division, where it provides electric distribution service to approximately 15,000 customers in Jackson, Liberty and Calhoun counties.
5. Based upon the experience gained over the past 20 months, FPU has determined that there is merit in modifying certain aspects of the Demonstration Project in order to determine whether expansion will further encourage customer participation.
6. As has been noted in the past, FPU does not own or operate electric generation facilities. Thus, in order to produce the cost savings necessary to develop the original TOU and Interruptible rates for this Demonstration Project, FPU entered into an Amendment No. 1 to its Agreement for Generation Services (the "Agreement") with Gulf Power Company. That Amendment No. 1 was ultimately approved by the Commission by Order No. PSC-11-0269-PAA-EI,<sup>2</sup> issued in Docket No. 110041-EI. At present, the Commission's

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<sup>2</sup> Rendered final by Consummating Order PSC-12-0081-CO-EI.

decision is currently on appeal to the Florida Supreme Court and the parties to the Agreement have reverted to operation under the former terms of the Generation Services Agreement pending conclusion of the appellate process. In the event that the Commission's decision(s) approving Amendment No. 1 are upheld, the parties will resume operation under Amendment No. 1. Thereafter, a true-up will be applied to the interim period to reflect that the Amendment No. 1 would have been in effect during that period, but for the intervening appeal.

7. Under the terms of the prior, underlying Agreement with Gulf Power Company, dated December 28, 2006, the Capacity Purchase quantity, beginning in 2008, was calculated to be 97.944 MW. The Monthly Capacity Payment was a fixed amount based on the Capacity Purchase quantity and the Monthly Capacity Rate established in the Agreement. In the event the Capacity Purchase quantity increased in a given year, the increased Capacity Purchase quantity would ratchet up in the subsequent year and establish a new minimum level for the remaining term of the Agreement. If actual demand requirements were reduced in the future, there would, however, be no reduction in the Capacity Purchase quantity. Due to this ratchet feature, demand reduction during the Peak Season period attributable to conservation, load control, changes in customer usage habits or other actions do not result in any reduction of the Capacity Purchase quantity under the Agreement.
8. In contrast, Amendment No. 1 allows for a reduction in the Capacity Purchase quantity from 97.944 MW to 91.000 MW. The amended Capacity Purchase quantity thereafter remains constant for the remainder of the term of the Agreement as long as actual Peak Season demand (as increased by transmission loss, calculated forecasted growth and the

reserve margin) during the months of May through September do not exceed 91,000 MW. If the Capacity Purchase quantity rises above the 91,000 MW floor in any particular year, the demand will rise to the new level in the subsequent year. However, if the Capacity Purchase quantity subsequently reverts back to the 91,000 MW floor or lower, then the Capacity Purchase quantity will revert back to the floor in subsequent years.

9. When the Amendment No. 1 was initially approved, the anticipated average annualized savings, assuming no increases in the Capacity Purchase quantity, amounted to approximately \$900,000 over the extended term of the Agreement. These savings established the primary cost basis for providing the retail fuel rate discounts in the Company's TOU and Interruptible rates. Over the past two years, however, fuel costs for Gulf Power Company have declined significantly, which has resulted in additional savings being passed on from Gulf Power to FPU. These additional savings have not only compounded the savings produced by Amendment No. 1, but have also created significant savings for FPU even though Amendment No. 1 is not currently in effect.
10. As noted in the Commission's initial Order approving the Demonstration Project, the experimental TOU fuel on-peak and off-peak rates correlate the overall level of demand reductions with the savings allocated to the experimental TOU rate classifications.<sup>3</sup> Thus, in order to preserve the integrity of this correlation, the Demonstration Project included participation limits by rate class, as reflected in the Applicability section of the respective tariff sheets.<sup>4</sup>

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<sup>3</sup> Order No. PSC-11-0112-TRF-EI at p. 4.

<sup>4</sup> *Id.*

11. Similarly, the Interruptible rate schedule and a corresponding Interruptible fuel rate (“IS”) was derived using a similar methodology to that used to design the TOU fuel rates. With regard to the IS rate, the Company determined that there should be a correlation of the overall level of Peak Season demand reductions with the percentage of savings allocated to the experimental Interruptible rate classification over the life of the amended Agreement. In order to preserve the integrity of this correlation, participation in the experimental Interruptible rate classification was also limited.
12. Now, some 20 months into a 4-year program, the Company has seen low take rates for the residential rate classes. Greater interest has, however, been expressed with regard to the TOU option available for the GSLD rate class, as well as the IS option. Moreover, the local Chamber of Commerce has suggested to the Company that expanding the participation limits on these particular rate classes would enable the Chamber to market the availability of these rate options to large commercial businesses and industrial facilities as an added benefit available to companies that move into the area, thus further encouraging local economic development efforts.
13. In view of the heightened interest in the TOU option for GSLD rate class, as well as the IS option, and considering the low take rates for the other rate classes in the Demonstration Project, the Company now proposes to modify the participation limits associated with the two large customer options, as reflected on tariff pages 34.2 and 38. Currently, the participation limit for both of these is set at 1 customer. FPU now proposes to increase the participation limit for the GSLD-TOU to 3 customers, and to increase the participation limit for the IS class to 4 customers. Attachment B to this Petition reflects the savings calculations associated with the participation modifications to GSLD-TOU

and IS rate options. While the proposed modifications contemplate that Amendment No. 1 to FPU's Agreement with Gulf Power will ultimately be approved, the lower costs associated with the Gulf Power's recent fuel cost reductions, as well as the low participation rates in TOU options for the other rate classes, will enable FPU to implement these limited modifications without adverse impact on other customer classes.

14. The Commission is authorized to approve experimental rates in accordance with Section 366.075, Florida Statutes, and the statute further contemplates that Commission may approve changes to such rates in order to allow a complete evaluation of the effectiveness of such rates. The Company's petition seeks approval of modifications to the customer participation limits specified herein and as reflected on Attachment A hereto, containing revised tariff pages 34.2 and 38.

WHEREFORE, Florida Public Utilities Company respectfully requests that the Florida Public Service Commission approve this request and authorize the Company to implement the proposed modifications to its Demonstration Project, as set forth in Attachment A to this petition, effective with the date of the Commission vote on this Petition.

Respectfully submitted this 22<sup>nd</sup> day of October, 2012.

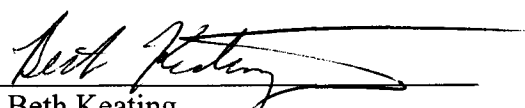
  
Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 S. Monroe Street, Suite 601  
Tallahassee, FL 32301  
(850) 521-1706  
[bkeating@gunster.com](mailto:bkeating@gunster.com)

*Attorneys for Florida Public Utilities Company*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been service via U.S. Mail (redacted version of exhibit) this 22<sup>nd</sup> day of October, 2012, on the following:

Frank E. Bondurant, City Attorney Bondurant and Fuqua, P.A. 4450 Lafayette St. P.O. Box 1508 Marianna, FL 32447	Robert Scheffel Wright Gardner Law Firm 1300 Thomaswood Drive Tallahassee, FL 32308
	Office of the Public Counsel c/o The Florida Legislature 111 West Madison St., Rm. 812 Tallahassee, FL 32399-1400

By:   
Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
(850) 521-1706



ATTACHMENT A

TARIFF SHEETS/  
REVISED AND LEGISLATIVE FORMAT

SHEET NOS. 34.2 AND 38

Florida Public Utilities Company  
F.P.S.C. Electric Tariff  
Second Revised Volume No. I

Original ~~First~~ Revised Sheet No. 34.2  
Cancels Original Sheet No. ~~34.2~~

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RATE SCHEDULE GSLDT - EXP  
GENERAL SERVICE - LARGE DEMAND  
TIME OF USE (EXPERIMENTAL)

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties. This service is limited to a maximum of 13 customers. This Rate Schedule shall expire on February 8, 2015.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 500 KW but less than 5000 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 500 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:  
\$100.00 per customer per month

Demand Charge:

Each KW of Maximum Billing Demand \$4.00/KW

Base Energy Charge

All KWH 0.145¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 41.0.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Maximum Billing Demand Charge for the currently effective billing demands.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet No. 41.0

(Continued on Sheet No. 34.3)

Issued by: Jeffry M. Householder, President

Effective:

RATE SCHEDULE IS - EXP  
INTERRUPTIBLE (EXPERIMENTAL)

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties. This service is limited to a maximum of 14 customers. This Rate Schedule shall expire on February 8, 2015.

Applicability

Applicable to customers eligible for Rate Schedule GSLD with a load factor equal to or exceeding 35% and who have executed a Special Contract approved by the Commission. The company reserves the right to limit the total load and type customer served under this rate. Accounts established under this rate will be limited to premises where the interruption will primarily affect the customer, its employees, agents, lessees, tenants and guests and will not significantly affect members of the general public nor interfere with functions performed for the protection of public health or safety.

Character of Service

Three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage. Interruptible service under this rate is subject to interruption during any On-Peak time period that the Company elects to notify customer, with a minimum of two (2) hours notice, that the customer must fully interrupt taking electric power from the Company. The Company is limited to an On-Peak period maximum of 200 hours of required interruption per year per customer.

Monthly Rate

Customer Facilities Charge:  
\$100.00 per customer per month

Demand Charge:  
Each KW of Billing Demand      \$ 4.00/KW

Base Energy Charge  
All KWH      0.145¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 41.0.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

(Continued on Page 39.0)

RATE SCHEDULE GSLDT - EXP  
GENERAL SERVICE - LARGE DEMAND  
TIME OF USE (EXPERIMENTAL)

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties. This service is limited to a maximum of 3 customers. This Rate Schedule shall expire on February 8, 2015.

Applicability

Applicable to commercial, industrial and municipal service with a measured demand of 500 KW but less than 5000 KW for three or more months out of the twelve consecutive months ending with the current billing period. Also available, at the option of the customer, to any customer with demands of less than 500 KW who agrees to pay for service under this rate schedule for a minimum initial term of twelve months.

Character of Service

Single or three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage.

Monthly Rate

Customer Facilities Charge:  
\$100.00 per customer per month

Demand Charge:  
Each KW of Maximum Billing Demand \$4.00/KW

Base Energy Charge  
All KWH 0.145¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 41.0.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Maximum Billing Demand Charge for the currently effective billing demands.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

Purchased Power Costs

See Sheet No. 41.0

(Continued on Sheet No. 34.3)

RATE SCHEDULE IS - EXP  
INTERRUPTIBLE (EXPERIMENTAL)

Availability

Available within the territory served by the Company in Jackson, Calhoun and Liberty Counties. This service is limited to a maximum of 4 customers. This Rate Schedule shall expire on February 8, 2015.

Applicability

Applicable to customers eligible for Rate Schedule GSLD with a load factor equal to or exceeding 35% and who have executed a Special Contract approved by the Commission. The company reserves the right to limit the total load and type customer served under this rate. Accounts established under this rate will be limited to premises where the interruption will primarily affect the customer, its employees, agents, lessees, tenants and guests and will not significantly affect members of the general public nor interfere with functions performed for the protection of public health or safety.

Character of Service

Three-phase service at available standard voltage.

Limitations of Service

Service shall be at a single metering point at one voltage. Interruptible service under this rate is subject to interruption during any On-Peak time period that the Company elects to notify customer, with a minimum of two (2) hours notice, that the customer must fully interrupt taking electric power from the Company. The Company is limited to an On-Peak period maximum of 200 hours of required interruption per year per customer.

Monthly Rate

Customer Facilities Charge:

\$100.00 per customer per month

Demand Charge:

Each KW of Billing Demand      \$ 4.00/KW

Base Energy Charge

All KWH      0.145¢/KWH

Purchased Power Charges

Purchased power charges are adjusted by the Florida Public Service Commission, normally each year in January. For current purchased power costs included in the tariff, see Sheet No. 41.0.

Minimum Bill

The minimum monthly bill shall consist of the above Customer Facilities Charge plus the Demand Charge for the currently effective billing demand.

Terms of Payment

Bills are rendered net and are due and payable within twenty (20) days from date of bill.

(Continued on Page 39.0)

*Redacted*

## ATTACHMENT B

### SAVINGS CALCULATIONS

Attachment B - redacted version  
 Florida Public Utilities Company  
 2013 Projected Rate Comparison

Energy Consumption	Residential	GS	GSD	GSLD	INT
On Peak KWH	210	375	3,300	44,000	0
Off Peak KWH	790	1,125	11,700	156,000	200,000
First 1,000 KWH	1,000				
Over 1,000 KWH	0				
Total KWH	1,000	1,500	15,000	200,000	200,000
Max Peak KW			54.0	1,106.8	1,106.8
TOU On Peak KWH	21%	25%	22%	22%	0%
TOU Off Peak KWH	79%	75%	78%	78%	100%
TOU On Peak KW	95%	95%	99%	97%	0%
On-Peak Increment	\$0.08400	\$0.04000	\$0.04000	\$0.06000	-\$0.01500
Off-Peak Decrease	\$0.03900	\$0.05000	\$0.03250	\$0.03000	\$0.00000

	Residential		Residential TOU		GS		GS - TOU		GSD		GSD - TOU		GSLD		GSLD - TOU		INTERRUPTIBLE	
	Unit Cost	Amount	Unit Cost	Amount	Unit Cost	Amount	Unit Cost	Amount	Unit Cost	Amount	Unit Cost	Amount	Unit Cost	Amount	Unit Cost	Amount	Unit Cost	Amount
Customer Charge	\$12.00	\$12.00	\$12.00	\$12.00	\$18.00	\$18.00	\$18.00	\$18.00	\$52.00	\$52.00	\$52.00	\$52.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00
Base Rate Energy Charges (\$/KWH)	\$0.01958	\$19.58	\$0.01958	\$19.58	\$0.01927	\$28.91	\$0.01927	\$28.91	\$0.00340	\$51.00	\$0.00340	\$51.00	\$0.00145	\$290.00	\$0.00145	\$290.00	\$0.00145	\$290.00
Max. Peak Base Rate Demand Charges (\$/KW)									\$2.80	\$151.20	\$2.80	\$151.20	\$4.00	\$4,427.20	\$4.00	\$4,427.20	\$4.00	\$4,427.20
Fossil Fuel/Purchased Power Cost Recovery <= 1,000 KWh (\$/KWH)	\$0.09038	\$90.38																
Fossil Fuel/Purchased Power Cost Recovery > 1,000 KWh (\$/KWH)	\$0.10038	\$0.00																
Fossil Fuel/Purchased Power Cost Recovery (\$/KWH)					\$0.08833	\$132.50			\$0.08835	\$1,325.25			\$0.08446	\$16,892.00			\$0.06946	\$13,892.00
On Peak Fossil Fuel/Purchased Power Cost Recovery (\$/KWH)			\$0.17438	\$36.62			\$0.12833	\$48.12			\$0.12835	\$423.56			\$0.14446	\$6,356.24		
Off Peak Fossil Fuel/Purchased Power Cost Recovery (\$/KWH)			\$0.05138	\$40.59			\$0.03833	\$43.12			\$0.05585	\$653.45			\$0.05446	\$8,495.76		
Energy Conservation Cost Recovery (\$/KWH)	\$0.00155	\$1.55	\$0.00155	\$1.55	\$0.00155	\$2.33	\$0.00155	\$2.33	\$0.00155	\$23.25	\$0.00155	\$23.25	\$0.00155	\$310.00	\$0.00155	\$310.00	\$0.00155	\$310.00
<b>Total Monthly Bill less taxes</b>		\$123.51		\$110.34		\$181.74		\$140.48		\$1,602.70		\$1,354.46		\$22,019.20		\$19,979.20		\$19,019.20

	Residential TOU	GS - TOU	GSD - TOU	GSLD - TOU	INT
Projected Monthly Savings	\$13.17	\$41.26	\$248.24	\$2,040.00	\$3,000.00
Projected Annual Savings	\$158.04	\$495.12	\$2,978.88	\$24,480.00	\$15,000.00
Projected Total Savings in 2013					
Percentage to Experimental Rates					
Target Savings					
Percentage to Customer Class					
Target Customer Class Annual Savings					
Maximum Number of Participants for each Customer Class	940	75	25	3	4
Projected Cust Class Annual Savings	\$148,558	\$37,134	\$74,472	\$73,440	\$80,000
NW Customers per Class	10,101	2,078	457	13	13
Percentage of NW Customers in Class	9.31%	3.61%	5.47%	23.08%	30.77%

Peak months Only