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September 25, 2013

VIA HAND DELIVERY

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

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13 SEP 25 PM 2:02
COMMISSION
CLERK

Docket No. 130205-EI - In re: Commission review of numeric conservation goals (Florida Public Utilities Company).

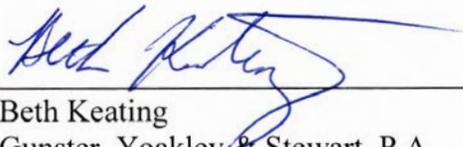
Dear Ms. Cole:

Enclosed, please find the original and 5 copies of Florida Public Utilities Company's responses to Commission Staff's First Data Requests in the referenced docket.

Thank you for your assistance with this filing. As always, please don't hesitate to contact me if you have any questions or concerns.

COM _____
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APA _____
ECO _____
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IDM _____
TEL _____
CLK _____

Sincerely,



Beth Keating
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MEK

cc:/ PSC Counsel – (Murphy – via email)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission Review of Numeric Conservation
Goals (Florida Public Utilities Company)

Docket No. 130205-EI
Filed: September 25, 2013

FLORIDA PUBLIC UTILITIES COMPANY RESPONSE TO STAFF'S FIRST DATA REQUEST

Florida Public Utilities Company (FPUC) by and through its undersigned counsel, provides the following responses to Staff's First Data Request.

Question 1.

Did FPUC consider using JEA as a proxy for its conservation goals?

- a. If yes, why did the Company propose to use FPL as a proxy instead of JEA?
- b. If no, would JEA be a reasonable proxy for FPUC's conservation goals? Please explain.

FPUC Response:

Yes. FPUC considered JEA as a proxy for its conservation goals.

- a. FPL and JEA are both in close proximity to FPUC's Northeast Division service area. In the 2009 goals setting process, JEA's goals were set based on their existing programs. FPL's goals were set based on complete analysis of technical, economic, and achievable potential. Since the technical, economic, and achievable potential process was discussed and agreed to by the FEECA Utilities and Staff at the June 17, 2013 Staff Workshop on the numerical goals proceeding, FPUC felt that FPL would make a more appropriate proxy.
- b. JEA could be used as a reasonable proxy, but FPUC believes that FPL would be more appropriate. See Response to 1a above.

Question 2.

Please complete the table below summarizing FPUC's peak demand.

	Northwest Division	Northeast Division
	Peak Demand (MW)	Peak Demand (MW)
2009		
2010		
2011		
2012		

FPUC Response:

	Northwest Division	Northeast Division
	Peak Demand (MW)	Peak Demand (MW)
2009	80	97
2010	88	99
2011	80	96
2012	71	97

Question 3.

Please complete the table below summarizing FPUC's net-energy for load (NEL).

	Northwest Division	Northeast Division
	NEL (GWh)	NEL (GWh)
2009		
2010		
2011		
2012		

FPUC Response:

	Northwest Division	Northeast Division
	NEL (GWh)	NEL (GWh)
2009	334	406
2010	350	430
2011	328	388
2012	314	379

Question 4.

Please complete the table below summarizing FPUC's estimated 2014 and 2015 bill impact (\$/1,000 kWh) based on the estimated costs for outside consultants set forth in FPUC's August 28,2013 Petition to Establish Goals Using Proxy Methodology (Petition).

	\$300,000 Cost Estimate	\$400,000 Cost Estimate
	\$/1,000 kWh	\$/1,000 kWh
2014		
2015		

FPUC Response:

Based on FPUC's projected 2014 sales of 655.968 GWh and assuming that expenditures are made in 2014, the following table reflects the estimated cost. A relatively small amount of these costs will actually be spent in calendar year 2013. FPUC is trying to delay and minimize these consulting expenditures pending approval of FPUC's petition. These costs do not consider actual timing of recovery under the Conservation Cost Recovery Clause. Stated in another way, these consulting fees will amount to \$9.66 to \$12.88 per customer based on FPUC's average number of customers for 2012.

	\$300,000 Cost Estimate	\$400,000 Cost Estimate
	\$/1,000 kWh	\$/1,000 kWh
2014	0.46	0.61
2015	0	0

Question 5.

Please confirm that the formula proposed in Column C of Tables 1 and 2 in Exhibit A of FPUC's Petition should be the ratio of Column B/Column A instead of Column A/Column B.

FPUC Response:

Yes. The proposed formula should be Column B/Column A. These were inadvertently switched. A corrected Exhibit A is attached with the years in the Column C heading reversed and Note (3) reversed.

Question 6.

Given that FPL's and Gulfs current goals include demand and energy reductions associated with 2-year payback measures and FPUC's goals do not include such reductions, how would FPUC account for a reduction in its goals if the reductions associated with these measures were removed from the FPL's and Gulfs goals?

FPUC Response:

FPUC believes that inclusion or exclusion of 2-year payback measures in the goals is part of the overall goal setting process, which will be determined in FPL and Gulf's dockets. As such, these measures should not be subject to specific adjustments. Nevertheless, if the Commission removes them from FPL and Gulf's goals and determines that they should also be removed from FPL and Gulf's 2009 goals in the calculation in Exhibit A, the calculation methodology, as thus modified, could still be applied to calculate appropriate goals for FPUC.

Question 7.

Please provide an example of how each key issue listed on page 7 of FPUC's Petition would impact demand and energy reductions from DSM.

FPUC Response:

- a) The influx of shale gas into the market has resulted in fuel costs decreasing which in turn reduces the price of purchase power which reduces FPUC's avoided costs. Lower avoided costs will result in a reduction of cost effective conservation.
- b) Lower load growth will reduce the amount of purchase power required. The lower amount of

purchase power required results in lower purchase power costs and lower avoided cost which results in a reduction of cost effective conservation.

- c) As codes and standards increase the efficiency of appliances and measures, there is no longer the need to have subsidized conservation measures to achieve those levels of efficiency. Greater levels of incremental efficiency will generally result in a lower magnitude of demand and energy savings at a higher cost.
- d) New technology results in the new conservation measures that can now be considered.

Question 8.

Is it FPUC's position that participating in the full goal-setting process would yield results for the Company that are similar to the results based on its proposed proxy methodology? Please explain.

FPUC Response:

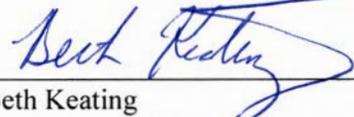
Yes. FPUC believes that the proposed proxy methodology will provide a reasonable estimate of the goals for FPUC that would be obtained by participating in the full goal-setting process, because the factors that will result in changes to the goals as discussed in the response to Question 7 will all be considered in the FPL and Gulf dockets then applied proportionately to calculate FPUC's goals

Question 9.

In contrast to a generating utility, does FPUC being a non-generating utility have any bearing on the appropriateness of using a proxy methodology in this case? Please explain.

FPUC Response:

FPUC does not believe that being a non-generating utility has any bearing on the appropriateness of using the proxy methodology. The same factors that will affect the avoided costs for the generating utilities will be reflected in the purchase power costs for FPUC.



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Exhibit A

FPUC Abbreviated Process for Developing 2014 Conservation Goals

Background

Florida Public Utilities Company (“FPUC”) has two electric service area Divisions, Northeast and Northwest, in Florida of approximately equal loads. The Northeast Division serving the Fernandina Beach area, is generally surrounded by Florida Power & Light (“FPL”) service territory, and the Northwest Division serving the Marianna area, is surrounded by Gulf Power Company (“Gulf”) service territory. FPUC does not own generation and purchases all of its power requirements. Power for Northeast Division is purchased from JEA and power for Northwest Division is purchased from Gulf. Thus FPUC’s avoided generation cost is its avoided purchase power cost. In the 2009 Conservation Goals process, the annual purchase power costs for the Northeast and Northwest Divisions were averaged so that one set of economic potential calculations could be conducted rather than separate calculations conducted for each Division, effectively reducing the calculation effort by half and providing one set of conservation goals for FPUC. This abbreviated process addresses the Conservation Goals for each Division separately and then averages them to provide one set of conservation goals for FPUC.

The abbreviated process is designed to consider all the factors that went into the determination of the 2009 Conservation Goals and to also consider all those same factors that will be considered in setting the 2014 Conservation Goals. The 2009 Conservation Goals included residential and commercial/industrial, which combine to total goals for summer and winter demand and annual energy. The 2009 Conservation Goals process set goals for 2010 through 2019. This process will set goals for 2015 through 2024. The existing goals for 2015 through 2019, the first 5 years of this process, are most important because they reflect the unique attributes of FPUC’s service area such as avoided cost and penetration of measures. The goals for the years from 2015 through 2019 will be adjusted by the changes in the approved goals from this process for FPL and Gulf thus reflecting actual changes in conditions projected for the next five years compared to those conditions projected in the 2009 Conservation Goals determination. The FPUC goals for 2020 through 2024 will be calculated based on the average annual changes in the goals determined in this process for FPL and Gulf for 2020 through 2024. The accuracy of the goals for the last five year period are not as important as for the first five year period since they will be reset in another goals setting process in five years.

Calculation Method

The example calculations shown in Tables 1 through 3 are presented for annual energy for the residential sector, but the calculation method will be the same for the commercial/industrial sector and for winter and summer peak demand.

Table 1: FPL Residential Energy Goals

	A	B	C	D
Year	2009 Goals (1)	2014 Goals (2)	2014/2009 Ratio (3)	Percent Increase (4)
	GWH	GWH		
2015	193.0	144.8	0.75	
2016	183.4	137.6	0.75	
2017	174.2	130.7	0.75	
2018	166.4	124.8	0.75	
2019	157.5	118.1	0.75	
2020		120.6		2.0
2021		122.9		2.0
2022		125.3		2.0
2023		127.8		2.0
2024		130.4		2.0

(1) From Order No. PSC-09-0855-FOF-EG

(2) Assumed for this example. Actual to come from Final Order for FPL for Docket 130199-EI Conservation Goals.

(3) B/A

(4) Percent increase from Column B. For example 2020 = 120.6/118.1

Table 2: Gulf Residential Energy Goals

	A	B	C	D
Year	2009 Goals (1)	2014 Goals (2)	2014/2009 Ratio (3)	Percent Increase (4)
	GWH	GWH		
2015	50.2	40.2	0.8	
2016	53.6	42.8	0.8	
2017	55.4	44.3	0.8	
2018	56.2	45.0	0.8	
2019	56.7	45.4	0.8	
2020		46.8		3.0
2021		48.2		3.0
2022		49.6		3.0
2023		51.1		3.0
2024		52.6		3.0

- (1) From Order No. PSC-09-0855-FOF-EG
- (2) Assumed for this example. Actual to come from Final Order for Gulf for Docket 130202-EI Conservation Goals.
- (3) B/A
- (4) Percent increase from Column B. For example 2020 = 46.8/45.4

Table 3: FPUC Residential Energy Goals

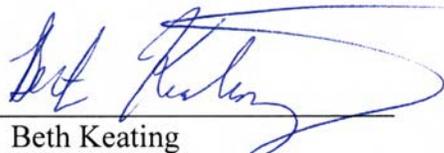
	A	B	C	D	E	F
Year	2009 Goals (1)	Factor (2)	2014 Goals (3)	Percent Increase (4)	2014 Goals (5)	2014 Goals (6)
	GWH		GWH		GWH	GWH
2015	0.5	0.775	0.39			0.39
2016	0.5	0.775	0.39			0.39
2017	0.5	0.775	0.39			0.39
2018	0.5	0.775	0.39			0.39
2019	0.5	0.775	0.39			0.39
2020				2.5	0.40	0.40
2021				2.5	0.41	0.41
2022				2.5	0.42	0.42
2023				2.5	0.43	0.43
2024				2.5	0.44	0.44

- (1) From Order No. PSC-09-0855-FOF-EG
- (2) Average of Table 1 Column C and Table 2 Column C
- (3) A*B
- (4) Average of Table 1 Column D and Table 2 Column D
- (5) Percent increase applied to Column C. For 2020 = 0.39*1.025.
- (6) Column C and Column E.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by US Mail or Electronic Mail* to the following parties of record this 25th day of September, 2013:

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