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FPUC's Responses to Staff's First Set of Interrogatories Nos. 1-3.

INTERROGATORIES

For the purpose of interrogatory numbers 1 & 2, please refer to FPUC's December 2016 A Schedule filing, and the specific schedule and line number identified below.

1. Schedule A1, Line 3, on Page 2 of 2, reports the Period To Date amount of $71,019 was charged to customers for the FPL Interconnect project for January-December, 2016. This amount is $36,346 below the Company's projected amount of $107,333. Please explain the discrepancy between the actual and projected amounts. Discuss in your response all scope, schedule, or cost changes that have occurred for the FPL Interconnect project since the $107,333 projection amount was developed.

Company Response: As noted in Mr. Cutshaw's testimony in Docket No. 160001-EI, , the original design and scope of the project was modified due to local opposition to the construction of a new substation. Based on this opposition, a new design and scope of work was developed. The projected cost of the revised project has, however, not yet been finalized. The scope of the project was amended to include modifications to two FPL substations, one JEA substation and one FPU substation with the construction of a new substation eliminated. The transmission line design was slightly modified from the original design, but otherwise remains largely unchanged. Completion of the work is still expected during the fourth quarter of 2017.

Initially, capital investment for the project was forecasted to be $1,750,000 in 2016. These costs were estimated to be incurred in monthly increments of approximately $146,000 as illustrated in Schedule A of Florida Public Utilities' 2016 Fuel Projection

filing in Docket No. 150001, dated September 1, 2015. However, due to the noted local opposition, work on the project was temporarily suspended while the scope was being revised. The actual investment incurred totaled approximately $920,000, a little above half of the forecasted amount for 2016.

Respondent: Curtis D. Young and Mark Cutshaw

Interrogatory No. 2

2. Schedule A2, Line 6a, on Page 1 of 4, reports the Period To Date amount of $359,936 was charged to customers for Special Meetings – Fuel Market Issue for January-December, 2016. This amount is $36,699 below the Company's projected amount of $396,635. Please explain the discrepancy between the actual and projected amounts. Discuss in your response the status of the Company's efforts in securing power supply arrangements to serve the NE Division in 2017 and beyond.

Company Response:

The number of consulting and legal firms engaged to review proposal responses associated with the development of the FPL Interconnection project was reduced from what was initially forecasted. As a result, the cost incurred in 2016 was lower than the Company's projection.

The "Solicitation for Proposals to Provide Power Supply and Ancillary Services" (SPPS) for the Northeast Florida Division was issued to selected parties on June 20, 2016 with responses requested by August 1, 2016. Proposals were received from three parties and the evaluation and discussions began immediately thereafter. Based on the differences in the bids submitted, the evaluation became fairly complex and required more time for soliciting additional information and more evaluation. The evaluation process is continuing with the award of the SPPS expected during the first quarter of 2017.

Respondent: Curtis D. Young and Mark Cutshaw

3. Please provide a comprehensive update on the construction of the FPL interconnection line. Describe in your response the following:

   a. The project milestones that were completed in the period January-December, 2016.

Company Response:

Milestones that were completed during the period January – December 2016.

- Initial Project Design completed.
- Initial Project Design submitted for approval by the Nassau County Planning Board.
- Addressed local concerns based on the initial project design which resulted in new project design.
- New Project Design submitted and approved by Nassau County Planning Board
- Began engineering design meetings which included FPL, JEA and FPU.
- Developed draft interconnection agreement to be executed between FPL, JEA and FPU and began internal company reviews of the document.
- Initiated purchase of certain long lead time items necessary for construction.

Respondent: Mark Cutshaw

b. The project milestones that are planned, but not completed.

Company Response: Project milestones that are planned but not completed.

- Develop and execute final interconnection agreement between FPL, JEA and FPU.
- File executed interconnection agreement for approval by FERC.
- Complete final engineering designs required for modifications to the FPL, JEA and FPU transmission and substation facilities.
- Finalize cost responsibilities for FPL, JEA and FPU based on final engineering design.
- Complete Asset Purchase Agreement for certain transmission facilities that will be purchase by FPL from FPU.
- Complete the purchase of remaining materials for construction.
- Completion of construction by FPL, JEA and FPU.
- Complete the transmission interchange service agreement between FPL and JEA.
- Execute Network Service Agreement between FPL and FPU.

Respondent: Mark Cutshaw

c. All unplanned regulatory, governmental, or engineering constraints that impacted the project's budget or schedule in the period January-December, 2016.

Company Response:

Unplanned constraints that impacted project in 2016.

- Nassau County Planning Board was not supportive of the initial project design which necessitated completely revising the project design in order to gain the necessary approval to move forward with the project.
- There were no other governmental constraints that impacted the project.
- There were no other unplanned regulatory or engineering constraints that impacted the project.

Respondent: Mark Cutshaw

d. If applicable, the Company's responses to each of the items identified in response to Interrogatory 3C above.

Company Response: FPU worked in a support role during this Nassau County Planning Board issue with FPL taking the primary role in addressing the issues. Based on the situation, FPU was not required to take any public role in the process.

Respondent: Mark Cutshaw

e. The most current cost and schedule estimates to complete the construction.

Company Response: Cost estimates on the current, revised project design have not been completed. Nonetheless, FPUC anticipates that there will be no significant increase. Completion of construction is still anticipated to be in the fourth quarter of 2017.

Respondent: Mark Cutshaw

f. The date all construction activities will be completed and the line energized.

Company Response: The current goal for completion of the project is the fourth quarter of 2017 with the target being December 1, 2017. All transmission and substation facilities will be energized and tested prior to the end of 2017 with the final configuration being in place and energized no later than January 1, 2018.

Respondent: Mark Cutshaw

g. Any other information the Company believes the Commission should be aware of pertaining to the FPL Interconnect Line project.

Company Response: The Company has no other information relative to this project at this time.

Respondent: Mark Cutshaw

AFFIDAVIT

STATE OF FLORIDA)

COUNTY OF NASSAU)

I hereby certify that on this 17 day of February, 2017, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared P. MARK CUTSHAW, who is personally known to me, and he/~~she~~ acknowledged before me that he/~~she~~ provided the answers to interrogatory number(s) 1 - 3 from STAFF'S FIRST SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY (NOS. 1-3) in Docket No(s). 170001-EI, and that the responses are true and correct based on his/~~her~~ personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 17th day of February, 2017.

Lynn M. McNeill
NOTARY PUBLIC
STATE OF FLORIDA
Comm# GG023493
Expires 8/22/2020

Notary Public
State of Florida, at Large

My Commission Expires:
08/22/2020

AFFIDAVIT

STATE OF FLORIDA)

COUNTY OF PALM BEACH

I hereby certify that on this 17 day of February, 2017, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared CURTIS D. YOUNG, who is personally known to me, and he/she acknowledged before me that he/she provided the answers to interrogatory number(s) 1 AND 2 from STAFF'S FIRST SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY (NOS. 1-3) in Docket No(s). 170001-EI, and that the responses are true and correct based on his/her personal knowledge.

In Witness Whereof, I have hereunto set my hand and seal in the State and County aforesaid as of this 17th day of February, 2017.

Dina Bellechas

Notary Public
State of Florida, at Large

DINA BELLECHASES
MY COMMISSION # FF 912362
EXPIRES: December 13, 2019
Bonded Thru Notary Public Underwriters

My Commission Expires:
December 13, 2019