

FPUC's Responses to Staff's Fourth Set of
Interrogatories Nos. 9-14.

INTERROGATORIES

Fuel Price Forecasting

9. Please describe the steps the Company took to prepare its fuel price forecast for 2017. Discuss in your response whether any of the steps took to prepare this forecast were new or different from steps used in 2016, or in other prior periods.

Company Response: The fuel price forecast for both 2016 and 2017 was based on purchased power contracts/agreements from two separate wholesale power contracts (Gulf Power and JEA), energy received from two industrial customers (Rayonier and WestRock) located on Amelia Island and purchased power from Eight Flags Energy LLC which came online in July 2016.

The total amount of capacity and energy for 2017 was determined using the electricity sales forecast plus the associated transmission and distribution losses which was then allocated to the different suppliers based on the division (Northeast Florida or Northwest Florida). For Northwest Florida, the total amount of capacity and energy was allocated to the Gulf Power contract and a total cost calculated. For the Northeast Florida Division, the total amount of capacity and energy was allocated to the contracts/agreements with JEA, Eight Flags Energy, Rayonier and WestRock and a total cost calculated. The total cost for purchased power from both divisions are then combined for a total fuel price forecast.

There were no additional or different steps used between the 2016 and 2017 forecast. Prior to 2016, the Eight Flags Energy, LLC contract was not included but all other inputs were the same.

Respondent: P. Mark Cutshaw

10. List the “inputs” or sources of information the Company relied upon in order to prepare its fuel price forecast for 2017.
- a. Identify each source of information the Company relied upon to prepare its fuel price forecast for 2017 and whether the source was internal or external.

Company Response:

See below the information sources used:

- Amended and Restated Electric Service Contract between JEA and Florida Public Utilities Co. (external)
- Agreement for Generation Services between Gulf Power Company and Florida Public Utilities Co. (external)
- Florida Public Utilities Company Electric Cogeneration Tariff based on the JEA/FPU contract (internal)
- Negotiated Contract between Florida Public Utilities Company and Rayonier Performance Fibers, LLC for the Purchase of Electric Energy from a Renewable Generating Facility (internal)
- Negotiated Contract between Florida Public Utilities Company and Eight Flags Energy, LLC for the Purchase of Electric Energy from a Qualifying Facility (internal)

Respondent: P. Mark Cutshaw

- b. Discuss whether each source of information the Company relied upon to prepare its fuel price forecast for 2017 used public or proprietary information.

Company Response:

See below the description of the type of information used:

- Amended and Restated Electric Service Contract between JEA and Florida Public Utilities Co. (Public Information)
- Agreement for Generation Services between Gulf Power Company and Florida Public Utilities Co. (Proprietary Information)
- Florida Public Utilities Company Electric Cogeneration Tariff based on the JEA/FPU contract (Public Information)
- Negotiated Contract between Florida Public Utilities Company and Rayonier Performance Fibers, LLC for the Purchase of Electric Energy from a Renewable Generating Facility (Proprietary Information)
- Negotiated Contract between Florida Public Utilities Company and Eight Flags Energy, LLC for the Purchase of Electric Energy from a Qualifying Facility (Proprietary Information)

Respondent: P. Mark Cutshaw

- c. Discuss whether each source of information the Company relied upon to prepare its fuel price forecast for 2017 was new or different from sources used in preparing the fuel price forecast for 2016, or in other prior periods.

Company Response:

See below the description of whether the information used was new or different than the price forecast for 2016. As a note, the contract between Florida Public Utilities and Eight Flags Energy, LLC was effective in 2016 so this was not included in years prior to 2016.

- Amended and Restated Electric Service Contract between JEA and Florida Public Utilities Co. (Updated information from the same source)
- Agreement for Generation Services between Gulf Power Company and Florida Public Utilities Co. (Updated information from the same source)
- Florida Public Utilities Company Electric Cogeneration Tariff based on the JEA/FPU contract (Updated information from the same source)
- Negotiated Contract between Florida Public Utilities Company and Rayonier Performance Fibers, LLC for the Purchase of Electric Energy from a Renewable Generating Facility (Updated information from the same source)
- Negotiated Contract between Florida Public Utilities Company and Eight Flags Energy, LLC for the Purchase of Electric Energy from a Qualifying Facility (Updated information from the same source)

Respondent: P. Mark Cutshaw

11. Is the Company planning on introducing any new steps or sources of information it will rely upon to prepare its fuel price forecast for the projected year 2018? If so, please provide a detailed description of each new steps and/or sources.

Company Response:

See below for a description of the changes and new sources of information that will be included in the 2018 fuel forecast

- Amended and Restated Electric Service Contract between JEA and Florida Public Utilities Co. – This agreement will expire December 31, 2017 and will not be used in the 2018 fuel forecast.
- Native Load Firm All Requirements Power and Energy Agreement between Florida Public Utilities Company and Florida Power & Light – The agreement will replace the JEA/FPU agreement and will provide wholesale power for the FPU Northeast Division. This will include block, load following and non-firm energy components within the wholesale power offering.
- Florida Public Utilities Company Standard Offer Rate Schedule Tariff based on the FPU/FPL agreement – The Standard Offer Rate Schedule was modified from the original Cogeneration Tariff and the Standard Offer Rate Schedule will be applied based on the FPU/FPL agreement rather than the JEA/FPU contract.
- Negotiated Contract between Florida Public Utilities Company and Rayonier Performance Fibers, LLC for the Purchase of Electric Energy from a Renewable Generating Facility – Although this contract will not change, some of the schedules within this contract will be updated based on the new FPU/FPL agreement.

Respondent: P. Mark Cutshaw

Forecasting megawatt-hour sales

12. Please describe the steps the Company used to prepare its forecast of megawatt-hour sales for 2017. Discuss in your response whether any of the steps used to prepare this forecast for 2017 were new or different from steps used in 2016, or in other prior periods.

Company Response:

When forecasting the megawatt-hour sales for 2017, the Company computed the values based on a compilation of historical data. In basic terms, the Company computes the average number of customers for each of the rate classes from the previous year and applies an estimated growth factor to each class. The Company then computes a monthly KWH usage per customer rate for each customer class based on a 2-year or 3-year average of the corresponding months from the most recent previous years. The usage per customer rates is multiplied by the expected number of customers and then a monthly seasonality factor is applied to determine the monthly KWH sales for each rates class. The information is maintained primarily on Excel spreadsheets detailed in monthly formats and specified by rate class. The methodology is neither new nor different from steps used for 2016.

Respondent: Curtis D. Young

13. List the “inputs” or sources of information the Company relied upon to prepare its megawatt-hour sales forecast for 2017.
 - a. Identify each source of information the Company relied upon to prepare its megawatt-hour sales forecast for 2017 and whether the source was internal or external.

Company Response:

The sources of information the Company relied on to prepare its megawatt-hour sales forecast for 2017 is from primarily three components:

- 1) Estimated customer growth – the Company gathered the average number of customers from previous periods for each rate class and applied an estimated growth factor for the 2017 calendar year.
- 2) Average megawatt-hours per customer – the Company computes the average two-year or three-year (according to feasibility) average megawatt-hours per customer for each of its customer classes. The resulting factor for each class is then multiplied by its relative number of projected customers.
- 3) Seasonality – the Company applies a seasonality factor for each month of each customer rate class to correspond with the monthly fluctuation of consumption as derived from its historical patterns.

As described above, the sources of these components are all derived from data retained internally.

Respondent: Curtis D. Young

- b. Discuss whether each source of information the Company relied upon to prepare its megawatt-hour sales forecast for 2017 used public or proprietary information.

Company Response:

Each source of information the Company relied upon to prepare its megawatt-hour sales forecast for 2017 has either been submitted or can be derived from filings with the Commission in this docket and therefore deemed public.

Respondent: Curtis D. Young

- c. Discuss whether each source of information the Company relied upon to prepare the its megawatt-hour sales forecast for 2017 was new or different from sources used in preparing the megawatt-hour sales forecast for 2016, or in other prior periods.

Company Response:

Each source of information the Company relied upon to prepare its megawatt-hour sales forecast for 2017 was neither new nor different from sources used in previous years.

Respondent: Curtis D. Young

14. Is the Company planning on introducing any new steps or sources of information it will rely upon to prepare its megawatt-hour sales forecast for the projected year 2018? If so, please provide a detailed description of each new steps and/or sources.

Company Response:

At this point in time, the Company has no intention of introducing any new steps or sources of information it will rely upon to prepare its megawatt-hour sales for the projected year 2018.

Respondent: Curtis D. Young

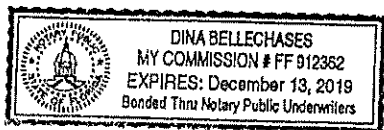
AFFIDAVIT

STATE OF FLORIDA)

COUNTY OF PALM BEACH

I hereby certify that on this 10th day of July, 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) 12 - 14 from STAFF'S FOURTH SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY (NOS. 9-14) 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 10th day of July, 2017.



Dina Bellechase
Notary Public
State of Florida, at Large

My Commission Expires:
12/13/2019

AFFIDAVIT

STATE OF FLORIDA)

COUNTY OF NASSAU)

I hereby certify that on this 10th day of July, 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) 9 - 11 from STAFF'S FOURTH SET OF INTERROGATORIES TO FLORIDA PUBLIC UTILITIES COMPANY (NOS. 9-14) 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 10th day of July, 2017.

Lynn M. McNeill
Notary Public
State of Florida, at Large

My Commission Expires:
08/22/2020

