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October 21, 2020

**BY E-PORTAL**

Mr. Adam Teitzman, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

**Re: Docket No. 20200001-EI: Fuel and Purchased Power Cost Recovery Clause with  
Generating Performance Incentive Factor**

Dear Mr. Teitzman:

Attached for filing in the above-referenced docket, please find the Revised Petition of Florida Public Utilities Company for Approval of Fuel Adjustment and Purchased Power Factors for 2021, along with the Revised Testimony and Revised Exhibit CDY-4 of Mr. Curtis Young, and the Testimony of P. Mark Cutshaw (original), submitted on behalf of the Company.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

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

MEK  
cc://(Certificate of Service)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Fuel and purchased power cost recovery  
clause with generating performance incentive  
factor.

DOCKET NO. 20200001-EI

DATED: October 21, 2020

**FLORIDA PUBLIC UTILITIES COMPANY'S REVISED PETITION FOR APPROVAL  
OF FUEL ADJUSTMENT AND PURCHASED POWER  
COST RECOVERY FACTORS**

Florida Public Utilities Company (FPUC or Company), by and through its undersigned counsel, hereby files this Revised Petition asking the Florida Public Service Commission (FPSC or Commission) for approval of FPUC's fuel adjustment and purchased power cost recovery factors for the period January 2021 through December 2021. The purpose of this revised Petition is to flow back to the Company's customers the over-recovery of \$1,026,484 in storm interim rates, consistent with the Settlement Agreement approved by Order No. PSC-2020-0347-AS-EI, issued October 8, 2020, in Dockets Nos. 20190155-EI, 20190156-EI, and 20190174-EI. In support of this request, the Company hereby states:

- 1) FPUC is an electric utility subject to the Commission's jurisdiction. Its principal business address is:

Florida Public Utilities Company  
208 Wildlight Ave.  
Yulee, FL 32097

- 2) The name and mailing address of the persons authorized to receive notices are:

Beth Keating, Esq.  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe Street, Suite 601  
Tallahassee, Florida 32301-1839  
(850) 521-1706

Mike Cassel  
AVP, Regulatory and Governmental Affairs  
Florida Public Utilities Company  
208 Wildlight Ave.  
Yulee, FL 32097  
mcassel@fpuc.com

3) Consistent with the requirements for this proceeding, the Company has pre-filed the fuel adjustment and purchased power cost recovery schedules supplied by the Commission consistent with the requirements for such filings, and have reflected therein the Company's calculated fuel adjustment factors.

4) In accordance with Order PSC-2020-0041-PCO-EI, issued January 31, 2020, in this Docket and Order No. PSC-2020-0347-AS-EI, the Company is also submitting, contemporaneously with this Petition, the Revised Direct Testimony Mr. Curtis D. Young, along with Revised Exhibit CDY-4, as well as the Direct Testimony of Mr. Mark Cutshaw<sup>1</sup>, in support of the Company's request for approval of the requested factors.

5) The testimonies of the Company's witnesses also address the status of the Company's ongoing initiatives to mitigate fuel costs through arrangements with alternative energy providers, as well as possible new projects. Notably, the Company continues to pursue CHP and solar projects that demonstrate the greatest potential for success and to produce savings for FPUC's customers.

6) In addition, consistent with past requests of the Company, the Company seeks to recover certain legal and consulting costs associated with fuel and purchased power projects designed to reduce fuel and purchased costs for FPUC's customers, which have not otherwise been included for recovery in base rates. These costs are consistent with Commission policy set forth in Order No. 14546, as well as Commission decisions allowing the Company to recover such costs in Order No. PSC-2005-1252-FOF-EI, issued in Docket No. 20050001-EI, as well as similar such decisions by the Commission to allow similar costs to be recovered by the Company through the Fuel and Purchased Power Cost Recovery Clause, including, most recently, in

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<sup>1</sup> Mr. Cutshaw's testimony is unchanged from its original filing on September 3, 2020, and is submitted solely for purposes of convenience and efficiency.

Docket No. 20180001-EI and 20190001-EI. Again, the subject legal and consulting costs are not being recovered through the Company's base rates. Moreover, without the legal and consulting assistance associated with these costs, the Company would be unable to identify, analyze, and implement the cost-saving projects that it has implemented thus far, nor similar such projects that it continues to pursue with the objective of obtaining reduced fuel and purchased power costs for the benefit of its customers.

7) As set forth in the Revised Testimony and Revised Exhibit CDY-4 of Witness Young, the Company's total true-up amounts that would be collected or refunded during the period January 2021 through December 2021 is an **over-recovery of \$261,317** for the Consolidated Electric Division, reflecting an estimated consolidated over-recovery of **\$2,279,213** for 2020. Based on estimated sales for January 2021 through December 2021 of 610,578,452 kWhs, this will constitute a reduction of **.04280¢** per kWh to address this over-recovery.

8) Based upon the Company's projections and the total true-up amounts to be collected for both Divisions, the appropriate levelized fuel adjustment and purchased power cost recovery factors for the period January 2021 through December 2021, excluding demand cost recovery and adjusted for line loss multipliers and including taxes, are as follows:

<i>Rate Schedule</i>	<i>Adjustment</i>
RS	<b>\$0.07275</b>
GS	<b>\$0.07040</b>
GSD	<b>\$0.06725</b>
GSLD	<b>\$0.06501</b>
LS	<b>\$0.05078</b>

<u>Step rate for RS</u>	
RS Sales	<b>\$0.07275</b>
RS with less than 1,000 kWh/month	<b>\$0.06967</b>
RS with more than 1,000 kWh/month	<b>\$0.08217</b>

9) For the Consolidated Electric Division, the total fuel adjustment factor is **4.546¢** per kWh for "other classes." Thus, a customer in either Division using 1,000 kWh will pay **\$128.36**, a decrease of **\$8.55** from the prior period.

10) The Company has also adjusted the Time of Use (TOU) and Interruptible rates for the 2021 period. The Company submits that the methodology used to compute the rates reflected below is consistent with the methodology previously approved by the Commission.

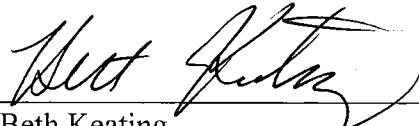
*Time of Use/Interruptible*

<i>Rate Schedule</i>	<i>Adjustment On Peak</i>	<i>Adjustment Off Peak</i>
RS	<b>\$0.15367</b>	<b>\$0.03067</b>
GS	<b>\$0.11040</b>	<b>\$0.02040</b>
GSD	<b>\$0.10725</b>	<b>\$0.03475</b>
GSLD	<b>\$0.12501</b>	<b>\$0.03501</b>
Interruptible	<b>\$0.05001</b>	<b>\$0.06501</b>

11) The Company attests that these factors have been calculated correctly and consistent with Commission requirements. Thus, the Company asks that the Commission approve the proposed factors as set forth herein.

WHEREFORE, FPUC respectfully requests that the Commission approve the Company's proposed fuel adjustment and purchased power cost recovery factors for January 2021 through December 2021.

RESPECTFULLY SUBMITTED this 21<sup>st</sup> day of October, 2020.



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


*Attorneys for Florida Public Utilities Company*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing Revised Petition for Approval of Fuel Adjustment and Purchased Power Cost Recovery Factors, as well as the Revised Direct Testimony and Revised Exhibit CDY-4 of Curtis D. Young, and the Direct Testimony of Mark Cutshaw, have been furnished by Electronic Mail to the following parties of record this 21st day of October, 2020:

<p>Suzanne Brownless                  Florida Public Service Commission                  2540 Shumard Oak Boulevard                  Tallahassee, FL 32399-0850  <a href="mailto:sbrownle@psc.state.fl.us">sbrownle@psc.state.fl.us</a></p>	<p>James D. Beasley/J. Jeffrey                  Wahlen/Malcolm Means                  Ausley Law Firm                  Post Office Box 391                  Tallahassee, FL 32302  <a href="mailto:jbeasley@ausley.com">jbeasley@ausley.com</a>  <a href="mailto:jwahlen@ausley.com">jwahlen@ausley.com</a>  <a href="mailto:mmeans@ausley.com">mmeans@ausley.com</a></p>
<p>Steven Griffin                  Beggs &amp; Lane                  P.O. Box 12950                  Pensacola, FL 32591-2950  <a href="mailto:srg@beggslane.com">srg@beggslane.com</a></p>	<p>James W. Brew/Laura Baker                  Stone Matheis Xenopoulos &amp; Brew, PC                  Eighth Floor, West Tower                  1025 Thomas Jefferson Street, NW                  Washington, DC 20007  <a href="mailto:jbrew@smxblaw.com">jbrew@smxblaw.com</a>  <a href="mailto:lwb@smxblaw.com">lwb@smxblaw.com</a></p>
<p>Maria Moncada                  David Lee                  Florida Power &amp; Light Company                  700 Universe Boulevard                  Juno Beach, FL 33408-0420  <a href="mailto:Maria.Moncada@fpl.com">Maria.Moncada@fpl.com</a>  <a href="mailto:David.Lee@fpl.com">David.Lee@fpl.com</a></p>	<p>Kenneth Hoffman                  Florida Power &amp; Light Company                  215 South Monroe Street, Suite 810                  Tallahassee, FL 32301  <a href="mailto:Ken.Hoffman@fpl.com">Ken.Hoffman@fpl.com</a></p>
<p>Ms. Paula K. Brown                  Tampa Electric Company                  Regulatory Affairs                  P.O. Box 111                  Tampa, FL 33601-0111  <a href="mailto:Regdept@tecoenergy.com">Regdept@tecoenergy.com</a></p>	<p>Florida Industrial Users Power Group                  Jon C. Moyle, Jr.                  Moyle Law Firm                  118 North Gadsden Street                  Tallahassee, FL 32301  <a href="mailto:jmoyle@moylelaw.com">jmoyle@moylelaw.com</a></p>

<p>Mike Cassel Florida Public Utilities Company 208 Wildlight Ave. Yulee, FL 32097 <a href="mailto:mcassel@fpuc.com">mcassel@fpuc.com</a></p>	
<p>Russell A. Badders Gulf Power Company One Energy Place Pensacola, FL 32520-0780 <a href="mailto:Russell.Badders@nexteraenergy.com">Russell.Badders@nexteraenergy.com</a></p>	<p>J.R. Kelly/P. Christensen/S. Morse/T. David Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 <a href="mailto:Kelly.JR@leg.state.fl.us">Kelly.JR@leg.state.fl.us</a> <a href="mailto:Christensen.patty@leg.state.fl.us">Christensen.patty@leg.state.fl.us</a> <a href="mailto:Morse.stephanie@leg.state.fl.us">Morse.stephanie@leg.state.fl.us</a> <a href="mailto:David.Tad@leg.state.fl.us">David.Tad@leg.state.fl.us</a></p>
<p>Matthew Bernier Duke Energy 106 East College Avenue, Suite 800 Tallahassee, FL 32301 <a href="mailto:Matthew.Bernier@duke-energy.com">Matthew.Bernier@duke-energy.com</a></p>	<p>Dianne M. Triplett Duke Energy 299 First Avenue North St. Petersburg, FL 33701 <a href="mailto:Dianne.Triplett@duke-energy.com">Dianne.Triplett@duke-energy.com</a></p>

By:   
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1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2           DOCKET NO. 20200001-EI: FUEL AND PURCHASED POWER COST RECOVERY

3           CLAUSE WITH GENERATING PERFORMANCE INCENTIVE FACTOR

4           **Revised** 2021 Projection Testimony of Curtis D. Young (revisions in **bold**)

5                                   On Behalf of

6                                   Florida Public Utilities Company

7  
8           **Q.           Please state your name and business address.**

9           A.           My name is Curtis D. Young. My business address is 1635 Meathe  
10                           Drive, West Palm Beach, FL 33411.

11           **Q.           By whom are you employed?**

12           A.           I am employed by Florida Public Utilities Company (“FPUC” or  
13                           “Company”) as Senior Regulatory Analyst.

14           **Q.           Could you give a brief description of your background and business  
15                           experience?**

16           A.           I have a Bachelor of Business Administration Degree in Accounting from  
17                           Pace University in New York City, New York. I am the Senior  
18                           Regulatory Analyst for Florida Public Utilities Company. I have  
19                           performed various accounting and analytical functions including  
20                           regulatory filings, revenue reporting, account analysis, recovery rate  
21                           reconciliations and earnings surveillance. I’m also involved in the  
22                           preparation of special reports and schedules used internally by division  
23                           managers for decision making projects. Additionally, I coordinate the  
24                           gathering of data for the FPSC audits.

1       **Q.       Have you previously testified in this Docket?**

2       A.       Yes, I have.

3       **Q.       What is the purpose of your revised testimony at this time?**

4       A.       My testimony will establish the “true-up” collection amount, based on  
5       actual January 2019 through June 2020 data and projected July 2020  
6       through December 2021 data to be collected or refunded during January  
7       2021 – December 2021. My testimony will also summarize the  
8       computations that are contained in revised composite exhibit CDY-4  
9       supporting the January through December 2021 projected levelized fuel  
10      adjustment factors for its consolidated electric divisions which now  
11      include the flow-through of the over-collection of interim rates as  
12      addressed in the Company’s position to Issue 3A of the prehearing  
13      statements.

14      **Q.       What is the monetary impact of the over-collected interim rates  
15      adjustment to your 2020 true-up balance?**

16      A.       The adjustment is \$1,026,484 over-recovery to the true-up balance. This  
17      amount is comprised of \$890,966 interim base rates collected from our  
18      customers from January through September 2020 and an additional  
19      \$135,246 is estimated to be collected for October 2020. Finally, we  
20      compute \$272 accrued interest for the period September through  
21      December 2020.

1       **Q.       Were the schedules filed by the Company completed by you or under**  
2       **your direct supervision?**

3       A.       Yes, they were completed by me.

4       **Q.       Is FPUC providing the required schedules with this filing?**

5       A.       Yes. Included with this filing are the revised Consolidated Electric  
6       Schedules E1, E1A, E2, E7, E8, and E10. These schedules are included  
7       in my Revised Exhibit CDY-4, which is appended to my testimony.

8       **Q.       Did you include costs in addition to the costs specific to purchased**  
9       **fuel in the calculations of your true-up and projected amounts?**

10      A.       Yes, included with our fuel and purchased power costs are charges for  
11      contracted consultants and legal services that are directly fuel-related and  
12      appropriate for recovery in the fuel and purchased power clause.

13      FPUC engaged Sterling Energy Services, LLC. (“Sterling”) Christensen  
14      Associates Energy, LLC (“Christensen”), Locke Lord, LLP (“Locke”),  
15      and Pierpont and McClelland (“Pierpont”) for assistance in the  
16      development and enactment of projects/programs designed to reduce  
17      their purchased power rates to its customers. The associated legal and  
18      consulting costs, included in the rate calculation of the Company’s 2021  
19      Projection factors, were not included in expenses during the last FPUC  
20      consolidated electric base rate proceeding and are not being recovered  
21      through base rates.

22      Mr. Cutshaw addresses these project assignments more specifically in his  
23      testimony.

1           **Q.           Please explain how these costs were determined to be recoverable**  
2                           **under the fuel and purchased power clause?**

3           A.           Consistent with the Commission’s policy set forth in Order No. 14546,  
4                           issued in Docket No. 850001-EI-B, on July 8, 1985, the other fuel related  
5                           costs included in the fuel clause are directly related to purchased power,  
6                           have not been recovered through base rates.

7                           Specifically, consistent with item 10 of Order 14546, the costs the  
8                           Company has included are fuel-related costs that were not anticipated or  
9                           included in the cost levels used to establish the current base rates.  
10                          Similar expenses paid to Christensen and Associates associated with the  
11                          design for a Request for Proposals of purchased power costs, and the  
12                          evaluation of those responses, were deemed appropriate for recovery by  
13                          FPUC through the fuel and purchased power clause in Order No. PSC-  
14                          05-1252-FOF-EI, Item II E, issued in Docket No. 050001-EI.  
15                          Additionally, in more recent Docket Nos. 20150001-EI, 20160001-EI,  
16                          20170001-EI, 20180001-EI, 20190001-EI and 20200001-EI the  
17                          Commission determined that many of the costs associated with the legal  
18                          and consulting work incurred by the Company as fuel related,  
19                          particularly those costs related to the purchase power agreement review  
20                          and analysis, were recoverable under the fuel clause. As the Commission  
21                          has recognized time and again, the Company simply does not have the  
22                          internal resources to pursue projects and initiatives designed to produce  
23                          purchased power savings without engaging outside assistance for project  
24                          analytics and due diligence, as well as negotiation and contract

1 development expertise. Likewise, the Company believes that the costs  
2 addressed herein are appropriate for recovery through the fuel clause.

3 **Q. What are the final remaining true-up amounts for the period**  
4 **January – December 2019?**

5 A. The final remaining consolidated true-up amount was an under-recovery  
6 of \$2,017,896.

7 **Q. What are the estimated true-up amounts for the period of January –**  
8 **December 2020?**

9 A. There is an estimated consolidated over-recovery of \$2,279,213.

10 **Q. Please address the calculation of the total true-up amount to be**  
11 **collected or refunded during the January - December 2021 year?**

12 A. The Company has determined that at the end of December 2020, based  
13 on six months actual and six months estimated, we will have a  
14 consolidated electric over-recovery of \$261,317.

15 **Q. What will the total consolidated fuel adjustment factor, excluding**  
16 **demand cost recovery, be for the consolidated electric division for**  
17 **the period?**

18 A. The total fuel adjustment factor as shown on line 43, Schedule E-1 is  
19 4.546¢ per KWH.

20 **Q. Please advise what a residential customer using 1,000 KWH will pay**  
21 **for the period January - December 2021 including base rates,**  
22 **conservation cost recovery factors, gross receipts tax and fuel**  
23 **adjustment factor and after application of a line loss multiplier.**

24 A. As shown on consolidated Schedule E-10 in Revised Composite Exhibit

1                   Number CDY-4, a residential customer using 1,000 KWH will pay  
2                   **\$128.36**. This is a decrease of **\$8.55** below the previous period.

3           **Q.**           **Does this conclude your testimony?**

4           **A.**           Yes.

**FLORIDA PUBLIC UTILITIES COMPANY**  
FUEL AND PURCHASED POWER  
COST RECOVERY CLAUSE CALCULATION

ESTIMATED FOR THE PERIOD: JANUARY 2021 THROUGH DECEMBER 2021

REVISED 10\_19\_2020

**FLORIDA DIVISION-CONSOLIDATED**

	(a) DOLLARS	(b) MWH	(c) CENTS/KWH
1 Fuel Cost of System Net Generation (E3)			
2 Nuclear Fuel Disposal Costs (E2)			
3 Coal Car Investment			
4 Adjustments to Fuel Cost			
5 TOTAL COST OF GENERATED POWER (LINE 1 THRU 4)	0	0	0.00000
6 Fuel Cost of Purchased Power (Exclusive of Economy) (E7)	13,359,070	468,492	2.85150
7 Energy Cost of Sched C & X Econ Purch (Broker) (E9)			
8 Energy Cost of Other Econ Purch (Non-Broker) (E9)			
9 Energy Cost of Sched E Economy Purch (E9)			
10 Demand & Non Fuel Cost of Purch Power (E2)	16,362,377	468,492	3.49256
10a Demand Costs of Purchased Power	15,135,244 *		
10b Non-fuel Energy & Customer Costs of Purchased Power	1,227,132 *		
11 Energy Payments to Qualifying Facilities (E8a)	14,686,523	196,205	7.48529
12 TOTAL COST OF PURCHASED POWER (LINE 6 THRU 11)	44,407,969	664,697	6.68093
13 TOTAL AVAILABLE KWH (LINE 5 + LINE 12)	44,407,969	664,697	6.68093
14 Fuel Cost of Economy Sales (E6)			
15 Gain on Economy Sales (E6)			
16 Fuel Cost of Unit Power Sales (SL2 Partpts) (E6)			
17 Fuel Cost of Other Power Sales			
18 TOTAL FUEL COST AND GAINS OF POWER SALES	0	0	0.00000
19 Net Inadvertent Interchange			
20 TOTAL FUEL & NET POWER TRANSACTIONS (LINE 5 + 12 + 18 + 19)	44,407,969	664,697	6.68093
21 Net Unbilled Sales	0 *	0	0.00000
22 Company Use	44,361 *	664	0.00701
23 T & D Losses	2,070,307 *	30,988	0.32704
24 SYSTEM MWH SALES	44,407,969	633,045	7.01498
25 Wholesale MWH Sales			
26 Jurisdictional MWH Sales	44,407,969	633,045	7.01498
26a Jurisdictional Loss Multiplier	1.00000	1.00000	
27 Jurisdictional MWH Sales Adjusted for Line Losses	44,407,969	633,045	7.01498
27a GSLD1 MWH Sales		22,466	
27b Other Classes MWH Sales		610,578	
27c GSLD1 CP KW		90,000 *	
28 Projected Unbilled Revenues	0	610,578	0.00000
29 GPIF **			
30 TRUE-UP (OVER) UNDER RECOVERY **	(261,317)	610,578	-0.04280
31 TOTAL JURISDICTIONAL FUEL COST	44,146,652	610,578	7.23030
31a Demand Purchased Power Costs (Line 10a)	15,135,244 *		
31b Non-demand Purchased Power Costs (Lines 6 + 10b + 11)	29,272,725 *		
31c True up Over/Under Recovery (Line 29)	(261,317) *		
31d Unbilled Revenues	0		

\* For Informational Purposes Only

\*\* Calculation Based on Jurisdictional KWH Sales

EXHIBIT NO. \_\_\_\_\_  
DOCKET NO. 20200001-EI  
FLORIDA PUBLIC UTILITIES COMPANY  
(Revised CDY-4)  
PAGE 1 OF 8

**FLORIDA PUBLIC UTILITIES COMPANY**  
FUEL AND PURCHASED POWER  
COST RECOVERY CLAUSE CALCULATION

ESTIMATED FOR THE PERIOD: JANUARY 2021 THROUGH DECEMBER 2021

REVISED 10\_19\_2020

**FLORIDA DIVISION-CONSOLIDATED**

	(a)	(b)	(c)
	DOLLARS	MWH	CENTS/KWH
<b>APPORTIONMENT OF DEMAND COSTS</b>			
31	Total Demand Costs (Line 31a)	15,135,244	
32	GSLD1 Portion of Demand Costs (Line 31a) Including Line Losses(Line 27c x \$5.85)	374,724	370,900 (KW) \$1.01 /KW
33	Balance to Other Classes	14,760,520	610,578 2.41747
<b>APPORTIONMENT OF NON-DEMAND COSTS</b>			
34	Total Non-demand Costs(Line 31b)	29,272,725	
35	Total KWH Purchased (Line 12)	664,697 KWH	
36	Average Cost per KWH Purchased		4.40392
37	Average Cost Adjusted for Line Losses (Line 36 x 1.03)		4.53604
38	GSLD1 Non-demand Costs (Line 27a x Line 37)	1,275,244	22,466 5.67627
39	Balance to Other Classes	27,997,481	610,578 4.58540
<b>GSLD1 PURCHASED POWER COST RECOVERY FACTORS</b>			
40a	Total GSLD1 Demand Costs (Line 32)	374,724	370,900 (KW) \$1.01 /KW
40b	Revenue Tax Factor		1.00072
40c	GSLD1 Demand Purchased Power Factor Adjusted for Taxes & Rounded		\$1.01 /KW
40d	Total Current GSLD1 Non-demand Costs(Line 38)	1,275,244	22,466 5.67627
40e	Total Non-demand Costs Including True-up	1,275,244	22,466 5.67627
40f	Revenue Tax Factor		1.00072
40g	GSLD1 Non-demand Costs Adjusted for Taxes & Rounded		5.68036
<b>OTHER CLASSES PURCHASED POWER COST RECOVERY FACTORS</b>			
41a	Total Demand & Non-demand Purchased Power Costs of Other Classes(Line 33 + 39)	42,758,001	610,578 7.00287
41b	Less: Total Demand Cost Recovery	14,760,520 ***	
41c	Total Other Costs to be Recovered	27,997,481	610,578 4.58540
41d	Unbilled Revenue	0	610,578 0.00000
41e	Other Classes' Portion of True-up (Line 30c)	(261,317)	610,578 -0.04280
41f	Total Demand & Non-demand Costs Including True-up	27,736,164	610,578 4.54260
42	Revenue Tax Factor		1.00072
43	Other Classes Purchased Power Factor Adjusted for Taxes & Rounded	27,756,134	4.546

\* For Informational Purposes Only

\*\* Calculation Based on Jurisdictional KWH Sales

\*\*\* Calculation on Schedule E1 Page 3

EXHIBIT NO. \_\_\_\_\_  
DOCKET NO. 20200001-EI  
FLORIDA PUBLIC UTILITIES COMPANY  
(Revised CDY-4)  
PAGE 2 OF 8



**FLORIDA PUBLIC UTILITIES COMPANY**  
FUEL AND PURCHASED POWER  
COST RECOVERY CLAUSE CALCULATION

ESTIMATED FOR THE PERIOD: JANUARY 2021 THROUGH DECEMBER 2021

REVISED 10\_19\_2020

**FLORIDA DIVISION-CONSOLIDATED**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
			(1)/(2)*8,760			(3)*(4)	(1)*(5)	(6)/Total Col. (6)	(7)/Total Col. (7)
Rate Schedule	KWH Sales	12 CP Load Factor	CP KW At Meter	Demand Loss Factor	Energy Loss Factor	CP KW At GEN.	KWH At GEN.	12 CP Demand Percentage	Energy Percentage
44 RS	293,132,452	57.542%	58,153.0	1.089	1.030	63,328.6	301,926,426	54.67%	48.01%
45 GS	53,674,502	63.463%	9,654.8	1.089	1.030	10,514.1	55,284,737	9.08%	8.79%
46 GSD	172,118,500	73.488%	26,736.6	1.089	1.030	29,116.2	177,282,055	25.14%	28.19%
47 GSLD	84,164,138	82.761%	11,609.1	1.089	1.030	12,642.3	86,689,062	10.92%	13.78%
48 LS	7,488,860	416.653%	205.2	1.089	1.030	223.5	7,713,526	0.19%	1.23%
49	0	416.653%	0.0	1.089	1.030	0.0	0	0.00%	0.00%
<b>TOTAL</b>	<b>610,578,452</b>		<b>106,358.7</b>			<b>115,824.7</b>	<b>628,895,806</b>	<b>100.00%</b>	<b>100.00%</b>

	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	12/13 * (8)	1/13 * (9)	(10) + (11)	Tot. Col. 13 * (9)	(13)/(1)	(14) * 1.00072		(15) + (16)
Rate Schedule	12/13 Of 12 CP	1/13 Of Energy	Demand Allocation Percentage	Demand Dollars	Demand Cost Recovery	Demand Cost Recovery Adj for Taxes	Other Charges	Levelized Adjustment
50 RS	50.46%	3.69%	54.15%	\$7,992,822	0.02727	0.02729	0.04546	\$ 0.07275
51 GS	8.38%	0.68%	9.06%	1,337,303	0.02492	0.02494	0.04546	\$ 0.07040
52 GSD	23.21%	2.17%	25.38%	3,746,220	0.02177	0.02179	0.04546	\$ 0.06725
53 GSLD	10.08%	1.06%	11.14%	1,644,322	0.01954	0.01955	0.04546	\$ 0.06501
54 LS	0.18%	0.09%	0.27%	39,853	0.00532	0.00532	0.04546	\$ 0.05078
<b>TOTAL</b>	<b>92.31%</b>	<b>7.69%</b>	<b>100.00%</b>	<b>\$14,760,520</b>				

Step Rate Allocation for Residential Customers

	(18)	(19)	(20)	(21)
				(19) * (20)
Rate Schedule	Allocation	Annual kWh	Levelized Adj.	Revenues
56 RS	Sales	293,132,452	\$0.07275	\$21,325,386
57 RS	<= 1,000kWh/mo.	220,796,544	\$0.06967	\$15,381,878
58 RS	> 1,000 kWh/mo.	72,335,909	\$0.08217	\$5,943,508
59 RS	Total Sales	293,132,452		\$21,325,386

(2) From Gulf Power 2015 Load Research results.

TOU Rates

	(22)	(23)	(24)	(25)
	On Peak Rate	Off Peak Rate	Levelized Adj. On Peak	Levelized Adj. Off Peak
Rate Schedule	Differential	Differential		
60 RS	0.0840	(0.0390)	\$0.15367	\$0.03067
61 GS	0.0400	(0.0500)	\$0.11040	\$0.02040
62 GSD	0.0400	(0.0325)	\$0.10725	\$0.03475
63 GSLD	0.0600	(0.0300)	\$0.12501	\$0.03501
64 Interruptible	(0.0150)	-	\$0.05001	\$0.06501

**FLORIDA PUBLIC UTILITIES COMPANY**  
**CALCULATION OF TRUE-UP SURCHARGE**  
**APPLICABLE TO LEVELIZED FUEL ADJUSTMENT PERIOD**  
**JANUARY 2020 - DECEMBER 2020**  
**BASED ON SIX MONTHS ACTUAL AND SIX MONTHS ESTIMATED OPERATIONS**

**REVISED 10\_19\_2020**

**FLORIDA DIVISION-CONSOLIDATED**

Over-recovery of purchased power costs for the period January 2020 - December 2020. (See Schedule E1-B, Calculation of Estimated Purchased Power Costs and Calculation of True- Up and Interest Provision for the Twelve Month Period ended December 2020.)(Estimated)	\$	(261,317)
Portion of 2020 Over-recovery to be refunded for the period January 2021 - December 2021	\$	(261,317)
Estimated kilowatt hour sales for the months of January 2021 - December 2021 as per estimate filed with the Commission. (Excludes GSLD1 customers)		610,578,452
Cents per kilowatt hour necessary to refund over-recovered purchased power costs over the period January 2021- December 2021		-0.04280

**FLORIDA PUBLIC UTILITIES COMPANY**  
**FLORIDA DIVISION-CONSOLIDATED**  
**FUEL & PURCHASED POWER COST RECOVERY CLAUSE CALCULATION**

REVISED 10\_19\_2020

ESTIMATED FOR THE PERIOD: JANUARY 2021 THROUGH DECEMBER 2021

LINE NO.		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	LINE NO.	
		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL PERIOD			
1	FUEL COST OF SYSTEM GENERATION															0	1
1a	NUCLEAR FUEL DISPOSAL															0	1a
2	FUEL COST OF POWER SOLD															0	2
3	FUEL COST OF PURCHASED POWER	1,061,384	1,200,971	660,727	774,054	802,711	1,312,959	1,375,650	1,428,105	1,497,300	1,280,638	866,017	1,098,553	13,359,070		3	
3a	DEMAND & NON FUEL COST OF PUR POWER	1,414,432	1,201,333	1,152,753	1,136,450	1,324,222	1,537,211	1,515,874	1,504,767	1,526,253	1,456,966	1,160,028	1,211,088	16,141,377		3a	
3b	QUALIFYING FACILITIES	1,105,543	793,259	1,361,837	1,316,239	1,300,920	1,256,084	1,286,004	1,203,963	1,169,010	1,297,970	1,297,900	1,297,794	14,686,523		3b	
4	OTHER FUEL RELATED COSTS	17,850	17,850	19,300	17,850	17,850	19,300	17,850	17,850	19,300	17,850	17,850	20,300	221,000		4	
5	TOTAL FUEL & NET POWER TRANSACTIONS (SUM OF LINES A-1 THRU A-4)	3,599,209	3,213,413	3,194,617	3,244,594	3,445,703	4,125,553	4,195,378	4,154,684	4,211,863	4,053,424	3,341,795	3,627,735	44,407,969		5	
5a	LESS: TOTAL DEMAND COST RECOVERY	1,296,893	1,092,259	1,064,815	1,043,754	1,218,156	1,409,479	1,382,820	1,369,738	1,390,632	1,333,433	1,063,871	1,094,669	14,760,520		5a	
5b	TOTAL OTHER COST TO BE RECOVERED	2,302,316	2,121,155	2,129,803	2,200,840	2,227,547	2,716,074	2,812,558	2,784,946	2,821,230	2,719,992	2,277,924	2,533,065	29,647,449		5b	
6	APPORTIONMENT TO GSLD1 CLASS	135,396	190,407	151,419	105,618	65,280	104,867	124,704	161,270	151,488	205,610	109,091	144,818	1,649,968		6	
6a	BALANCE TO OTHER CLASSES	2,166,920	1,930,748	1,978,384	2,095,222	2,162,266	2,611,207	2,687,854	2,623,676	2,669,742	2,514,381	2,168,833	2,388,248	27,997,481		6a	
6b	SYSTEM KWH SOLD (MWH)	51,382	48,709	41,098	43,926	46,626	59,044	61,605	62,150	63,143	57,849	44,600	52,912	633,045		6b	
7	GSLD1 MWH SOLD	1,918	3,188	1,838	1,180	568	1,328	1,700	2,428	2,263	3,028	1,234	1,798	22,466		7	
7a	BALANCE MWH SOLD OTHER CLASSES	49,464	45,521	39,261	42,746	46,058	57,717	59,906	59,722	60,881	54,822	43,367	51,114	610,578		7a	
7b	COST PER KWH SOLD (CENTS/KWH) APPLICABLE TO OTHER CLASSES	4.38079	4.2414	5.03908	4.90155	4.69462	4.52418	4.48682	4.39314	4.38521	4.58646	5.00117	4.67235	4.5854		7b	
8	JURISDICTIONAL LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000		8	
9	JURISDICTIONAL COST (CENTS/KWH)	4.38079	4.24140	5.03908	4.90155	4.69462	4.52418	4.48682	4.39314	4.38521	4.58646	5.00117	4.67235	4.58540		9	
10	PROJECTED UNBILLED REVENUES(CENTS/KWH)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000		10	
11	GPIF (CENTS/KWH)																11
12	TRUE-UP (CENTS/KWH)	(261,317)	(0.04280)	(0.04280)	(0.04280)	(0.04280)	(0.04280)	(0.04280)	(0.04280)	(0.04280)	(0.04280)	(0.04280)	(0.04280)	(0.04280)		12	
13	TOTAL	4.33799	4.19860	4.99628	4.85875	4.65182	4.48138	4.44402	4.35034	4.34241	4.54366	4.95837	4.62955	4.54260		13	
14	REVENUE TAX FACTOR	0.00072	0.00312	0.00302	0.00360	0.00350	0.00335	0.00323	0.00320	0.00313	0.00313	0.00327	0.00357	0.00333		14	
15	RECOVERY FACTOR ADJUSTED FOR TAXES	4.34111	4.20162	4.99988	4.86225	4.65517	4.48461	4.44722	4.35347	4.34554	4.54693	4.96194	4.63288	4.54587		15	
16	RECOVERY FACTOR ROUNDED TO NEAREST .001 CENT/KWH	4.341	4.202	5	4.862	4.655	4.485	4.447	4.353	4.346	4.547	4.962	4.633	4.546		16	

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**FLORIDA PUBLIC UTILITIES COMPANY**  
**FLORIDA DIVISION-CONSOLIDATED**  
 PURCHASED POWER  
 (EXCLUSIVE OF ECONOMY ENERGY PURCHASES)

REVISED 10\_19\_2020

ESTIMATED FOR THE PERIOD: JANUARY 2021 THROUGH DECEMBER 2021

(1) MONTH	(2) PURCHASED FROM	(3) TYPE & SCHEDULE	(4) TOTAL KWH PURCHASED	(5) KWH FOR OTHER UTILITIES	(6) KWH FOR INTERRUPTIBLE	(7) KWH FOR FIRM	(8) CENTS/KWH		(9) TOTAL \$ FOR FUEL ADJ. (7) x (8) (A)
							(A) FUEL COST	(B) TOTAL COST	
							JANUARY 2021	FPL / GULF POWER	
FEBRUARY 2021	FPL / GULF POWER	MS	39,619,393			39,619,393	3.031271	6.063456	1,200,971
MARCH 2021	FPL / GULF POWER	MS	24,253,236			24,253,236	2.724284	7.477272	660,727
APRIL 2021	FPL / GULF POWER	MS	27,542,425			27,542,425	2.810407	6.936588	774,054
MAY 2021	FPL / GULF POWER	MS	30,847,138			30,847,138	2.602222	6.895074	802,711
JUNE 2021	FPL / GULF POWER	MS	45,706,371			45,706,371	2.872595	6.235825	1,312,959
JULY 2021	FPL / GULF POWER	MS	48,072,840			48,072,840	2.861596	6.014882	1,375,650
AUGUST 2021	FPL / GULF POWER	MS	49,549,074			49,549,074	2.882202	5.919124	1,428,105
SEPTEMBER 2021	FPL / GULF POWER	MS	51,087,205			51,087,205	2.930871	5.918415	1,497,300
OCTOBER 2021	FPL / GULF POWER	MS	44,190,759			44,190,759	2.897978	6.194970	1,280,638
NOVEMBER 2021	FPL / GULF POWER	MS	30,130,266			30,130,266	2.874243	6.724286	866,017
DECEMBER 2021	FPL / GULF POWER	MS	39,013,549			39,013,549	2.815824	5.920099	1,098,553
<b>TOTAL</b>			468,491,927	0	0	468,491,927	2.851505	6.296895	13,359,070

**FLORIDA PUBLIC UTILITIES COMPANY**  
**FLORIDA DIVISION-CONSOLIDATED**  
**PURCHASED POWER**  
**ENERGY PAYMENT TO QUALIFYING FACILITIES**

REVISED 10\_19\_2020

ESTIMATED FOR THE PERIOD: JANUARY 2021 THROUGH DECEMBER 2021

(1) MONTH	(2) PURCHASED FROM	(3) TYPE & SCHEDULE	(4) TOTAL KWH PURCHASED	(5) KWH FOR OTHER UTILITIES	(6) KWH FOR INTERRUPTIBLE	(7) KWH FOR FIRM	(8) CENTS/KWH		(9) TOTAL \$ FOR FUEL ADJ. (7) x (8) (A)
							(A) FUEL COST	(B) TOTAL COST	
							JANUARY 2021	WEST-ROCK / RAYONIER / EIGHT FLAGS	
FEBRUARY 2021	WEST-ROCK / RAYONIER / EIGHT FLAGS		11,525,000			11,525,000	6.882941	6.882941	793,259
MARCH 2021	WEST-ROCK / RAYONIER / EIGHT FLAGS		18,900,000			18,900,000	7.205487	7.205487	1,361,837
APRIL 2021	WEST-ROCK / RAYONIER / EIGHT FLAGS		18,580,000			18,580,000	7.084171	7.084171	1,316,239
MAY 2021	WEST-ROCK / RAYONIER / EIGHT FLAGS		18,110,000			18,110,000	7.183435	7.183435	1,300,920
JUNE 2021	WEST-ROCK / RAYONIER / EIGHT FLAGS		16,290,000			16,290,000	7.710767	7.710767	1,256,084
JULY 2021	WEST-ROCK / RAYONIER / EIGHT FLAGS		16,613,000			16,613,000	7.740950	7.740950	1,286,004
AUGUST 2021	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,708,000			15,708,000	7.664649	7.664649	1,203,963
SEPTEMBER 2021	WEST-ROCK / RAYONIER / EIGHT FLAGS		15,213,000			15,213,000	7.684283	7.684283	1,169,010
OCTOBER 2021	WEST-ROCK / RAYONIER / EIGHT FLAGS		16,551,000			16,551,000	7.842245	7.842245	1,297,970
NOVEMBER 2021	WEST-ROCK / RAYONIER / EIGHT FLAGS		16,700,000			16,700,000	7.771856	7.771856	1,297,900
DECEMBER 2021	WEST-ROCK / RAYONIER / EIGHT FLAGS		16,544,000			16,544,000	7.844500	7.844500	1,297,794
<b>TOTAL</b>			196,205,000	0	0	196,205,000	7.485295	7.485295	14,686,523

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**FLORIDA PUBLIC UTILITIES COMPANY  
FLORIDA DIVISION-CONSOLIDATED  
RESIDENTIAL BILL COMPARISON**

REVISED 10\_19\_2020

ESTIMATED FOR THE PERIOD: JANUARY 2021 THROUGH DECEMBER 2021

	JANUARY 2021	FEBRUARY 2021	MARCH 2021	APRIL 2021	MAY 2021	JUNE 2021	JULY 2021
BASE RATE REVENUES ** \$	57.02	57.02	57.02	55.48	55.48	55.48	55.48
FUEL RECOVERY FACTOR CENTS/KWH	6.97	6.97	6.97	6.97	6.97	6.97	6.97
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
FUEL RECOVERY REVENUES \$	69.67	69.67	69.67	69.67	69.67	69.67	69.67
GROSS RECEIPTS TAX	3.25	3.25	3.25	3.21	3.21	3.21	3.21
TOTAL REVENUES *** \$	129.94	129.94	129.94	128.36	128.36	128.36	128.36

	AUGUST 2021	SEPTEMBER 2021	OCTOBER 2021	NOVEMBER 2021	DECEMBER 2021	PERIOD TOTAL
BASE RATE REVENUES ** \$	55.48	55.48	55.48	55.48	55.48	670.38
FUEL RECOVERY FACTOR CENTS/KWH	6.97	6.97	6.97	6.97	6.97	
GROUP LOSS MULTIPLIER	1.00000	1.00000	1.00000	1.00000	1.00000	
FUEL RECOVERY REVENUES \$	69.67	69.67	69.67	69.67	69.67	836.04
GROSS RECEIPTS TAX	3.21	3.21	3.21	3.21	3.21	38.64
TOTAL REVENUES *** \$	128.36	128.36	128.36	128.36	128.36	1,545.06

\* MONTHLY AND CUMULATIVE TWELVE MONTH ESTIMATED DATA

** BASE RATE REVENUES PER 1000 KWH:	April 2021	
CUSTOMER CHARGE	17.16	17.16
CENTS/KWH	24.02	24.02
CONSERVATION FACTOR	1.50	1.50
STORM SURCHARGE		
(Matthew/Irma)	1.54	
STORM SURCHARGE		
(Michael/Dorian)	12.80	12.80
	<u>57.02</u>	<u>55.48</u>

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\*\*\* EXCLUDES FRANCHISE TAXES

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 DOCKET NO. 20200001-EI

3 FUEL AND PURCHASED POWER COST RECOVERY CLAUSE WITH GENERATING  
4 PERFORMANCE INCENTIVE FACTOR

5 2021 Projection Testimony of P. Mark Cutshaw

6 On Behalf of

7 Florida Public Utilities Company

8  
9 **Q. Please state your name and business address.**

10 A. My name is P. Mark Cutshaw, 208 Wildlight Avenue, Yulee, Florida 32097.

11 **Q. By whom are you employed?**

12 A. I am employed by Florida Public Utilities Company ("FPUC" or "Company").

13 **Q. Could you give a brief description of your background and business**  
14 **experience?**

15 A. I graduated from Auburn University in 1982 with a B.S. in Electrical  
16 Engineering and began my career with Mississippi Power Company in June  
17 1982. I spent 9 years with Mississippi Power Company and held positions of  
18 increasing responsibility that involved budgeting, as well as operations and  
19 maintenance activities at various Company locations. I joined FPUC in 1991 as  
20 Division Manager in our Northwest Florida Division and have since worked  
21 extensively in both the Northwest Florida and Northeast Florida Divisions. Since  
22 joining FPUC, my responsibilities have included all aspects of budgeting,  
23 customer service, operations and maintenance in both the Northeast and

1 Northwest Florida Divisions. My responsibilities also included involvement with  
2 Cost of Service Studies and Rate Design in other rate proceedings before the  
3 Commission as well as other regulatory issues. During 2019 I moved into my  
4 current role as Director, Generation and Pipeline Development.

5 **Q. Have you previously testified before the Florida Public Service Commission**  
6 **(“Commission”)?**

7 A. Yes, I’ve provided testimony in a variety of Commission proceedings, including  
8 the Company’s 2014 rate case, addressed in Docket No. 20140025-EI. Most  
9 recently, I provided written, pre-filed testimony in Docket No. 20190001-EI, the  
10 Commission’s regular fuel cost recovery proceeding, and also provided both pre-  
11 filed and live testimony the prior year, in Docket No. 20180001-EI, the  
12 Commissions’ regular fuel cost recovery. I have also been involved in and filed  
13 testimony in Docket No. 20191056 for the Limited Proceeding to Recover  
14 Incremental Storm Restoration Costs.

15 **Q. What is the purpose of your direct testimony in this Docket?**

16 A. My direct testimony addresses several aspects of the purchased power cost for  
17 our FPUC electric customers. This includes activities to investigate the potential  
18 for reduced purchase power costs, execution/amendment of purchased power  
19 agreements with Gulf Power Company (“Gulf”)/Florida Power & Light (“FPL”),  
20 Combined Heat and Power (“CHP”) generation supply located on Amelia Island  
21 and investigation into the opportunities of energy provided from solar and battery  
22 installations.



1       **Q.     What new opportunities has the Company implemented with the intent of**  
2           **achieving energy resiliency and reducing costs for its customers in its**  
3           **consolidated electric divisions?**

4       A.     The Company regularly pursues opportunities to achieve energy resiliency and  
5           reduced purchased power costs for the benefit of our customers. During 2018,  
6           FPUC began by executing a transmission interconnection agreement and a new  
7           purchased power agreement with Florida Power & Light (FPL) for our Northeast  
8           Florida Division. During 2019, a purchased power agreement with Gulf/FPL for  
9           our Northwest Florida Division was executed along with an amendment of the  
10          existing FPL purchased power agreement for our Northeast Florida Division.

11       **Q.     What is the status of the existing purchase power agreements in place with**  
12          **Gulf Power and FPL?**

13       A.     The existing agreement for our Northwest Florida Division with Gulf/FPL  
14          became effective January 1, 2020 and will continue in effect through December  
15          31, 2026 unless extended by FPUC. The existing agreement for our Northeast  
16          Florida Division with FPL which became effective January 1, 2018 was amended  
17          in 2019 to continue in effect through the December 31, 2026 unless extended by  
18          FPUC.

19       **Q.     Can you provide background on the new purchased power agreement with**  
20          **FPL for the Northwest Florida Division and the amendment of the**  
21          **purchased power agreement for the Northeast Florida Division that became**  
22          **effective January 1, 2020?**

1       A.     Yes.  Informal solicitations occurred with four providers that were capable of  
2       providing wholesale power to the Northwest Florida Division delivery points  
3       located in Jackson, Calhoun and Liberty Counties.  Additional consideration was  
4       given to the ability to combine agreements for the Northeast and Northwest  
5       Florida Divisions in order to provide additional flexibility, reduce cost and  
6       increased energy resiliency between divisions.  Proposals were received from  
7       four parties and the evaluation and discussions began immediately thereafter.  
8       Based on the differences in the bids submitted, the evaluation required additional  
9       time for soliciting additional information to allow for further assessment.  After  
10      the evaluation was completed, FPL was determined to be the most appropriate  
11      selection and additional negotiations were conducted in order to develop a  
12      comprehensive purchased power agreement covering both the Northwest and  
13      Northeast Florida Divisions.  On August 12, 2019, the “Native Load Firm All  
14      Requirements Power and Energy Agreement” (“Agreement”) for the Northwest  
15      Florida Division was executed by both parties with an effective date of January  
16      1, 2020 and continuing in effect through December 31, 2026.  Additionally, on  
17      August 12, 2019, the “First Amendment to the Native Load Firm All  
18      Requirements Power and Energy Agreement” (“Amendment”) for the Northeast  
19      Florida Division was executed by both parties.  The “Amendment” will have the  
20      effect of extending the existing agreement for the Northeast Florida Division  
21      through December 31, 2026.  Both the “Agreement” and “Amendment” include a

1 provision that will allow FPUC the sole right to extend the agreements through  
2 December 31, 2030.

3 **Q. Are there other efforts underway to identify projects that will lead to lower**  
4 **cost energy for FPUC customers?**

5 A. Yes. FPUC continues to work with consultants, as well as project developers, to  
6 identify new projects and opportunities that can lead to increased energy  
7 resiliency and reduced fuel costs for our customers. We also continue to analyze  
8 the feasibility of energy production and supply opportunities that have been on  
9 our planning horizon for some time and noted in prior fuel clause proceedings,  
10 namely additional Combined Heat and Power (CHP) projects, potential Solar  
11 Photovoltaic (“PV”) projects and associated utility scale battery projects.

12 More specifically, Pierpont & McLelland has been engaged to perform analysis  
13 and provide consulting services for FPUC as it relates to the structuring of, and  
14 operation under, the Company’s power purchase agreements with the purpose of  
15 identifying measures that will minimize cost increases and/or provide  
16 opportunities for cost reductions. Locke Lord is a law firm with particular  
17 expertise in the regulatory requirements of the Federal Energy Regulatory  
18 Commission. Attorneys with the firm have provided legal guidance and  
19 oversight regarding the contracts and regulatory requirements for generation and  
20 transmission-related issues for the Northeast Florida Division. The Company’s

1 in-house experience in these areas is limited; thus, without this outside  
2 assistance, the Company's ability to pursue potential purchased power savings  
3 opportunities would be limited, as would its ability to properly evaluate  
4 proposals to meet our generation and transmission needs and ensure compliance  
5 with federal regulatory requirements.

6 Sterling Energy and Christensen Associates have been involved to assist the  
7 Company in the most cost-effective means of incorporating additional energy  
8 sources, such as power available from certain industrial customers, including  
9 customers with Combined Heat and Power ("CHP") capability, to further reduce  
10 the overall purchased power impact to all FPUC customers. Christensen  
11 Associates also assisted the Company with analysis regarding the purchase  
12 power agreements.

13 **Q. Can you provide additional information on these CHP projects?**

14 A. Yes. The success of the Eight Flags project has sparked interest in other CHP  
15 opportunities on Amelia Island. When coupled with industrial expansion in the  
16 area and the ability to do so within the context of the "Agreement" and  
17 "Amendment" with FPL, the already quantifiable benefits of the existing project  
18 has piqued the interest of others to contemplate partnering with a new CHP-  
19 based project. Given that FPUC would again be the recipient of any power  
20 generated by such project, FPUC has been actively involved in the initial  
21 development and engineering of a new project located on Amelia Island.  
22 Significant efforts have continued to develop this CHP which, similar to Eight  
23 Flags, will be located on Amelia Island and will allow FPUC to provide

1 additional reliability and resilience to its electricity supply for its customers on  
2 Amelia Island. This second CHP will provide competitively priced electricity for  
3 FPUC's customers while providing high pressure steam and hot water to a local  
4 industrial customer. Preliminary engineering, financial modeling, operating  
5 agreements and Florida Department of Environmental Protection permitting have  
6 been completed for this CHP unit. FPUC anticipates that work will continue on  
7 this project with the projected in-service date of second quarter of 2022.

8 **Q. Can you provide additional information on the PV and battery projects you**  
9 **referenced above?**

10 A. Yes. FPUC has completed the analysis related to smaller PV systems within the  
11 FPUC electric service territory. Based on the results from the analysis, the  
12 economic feasibility of smaller PV installations has been difficult to achieve due  
13 to many different factors. At this time, FPUC is investigating opportunities  
14 involving larger PV installations which have proved to be more economically  
15 feasible. Not only will this increase the renewable energy available to FPUC, the  
16 cost is expected to complement the overall purchased power portfolio which will  
17 provide additional benefits to FPUC customers. The "Agreement" and the  
18 "Amendment" have provisions that allow for the development of PV installations  
19 by FPUC and provides for the possibility of a partnership between the parties that  
20 would allow for the development of a PV project.

21 Additionally, exploration into the inclusion of battery storage capacity in  
22 conjunction with the PV installation is being considered. These projects have  
23 been difficult to justify economically at this point but are still under

1                   consideration by FPUC.    Nonetheless, the potential benefits of the PV and  
2                   battery projects under consideration will be continued.

3       **Q.    Does this include your testimony?**

4       **A.    Yes.**