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June 26, 2008

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

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COMMISSION
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Re: Gulf Power Company's Response to Staff's Supplemental
Data Request dated June 13, 2008 in Docket No. 080260-EI

Dear Ms. Cole:

Enclosed are an original and seven copies of Gulf Power's responses to Staff's June 13, 2008 supplemental data request in Docket No. 080260-EI – Gulf Power Company's Petition for Approval of Standard Interconnection Agreements for Tier 1 through Tier 3 Customer-Owned Renewable Generation Systems and Revisions to Tariff Sheets iv, 4.2, 4.16 and 9.1.

Sincerely,

Susan D. Pitensaw
buh

bh

Enclosures

cc w/encl.: Beggs & Lane
Jeffrey A. Stone, Esq.

DOCUMENT NUMBER-DATE
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bc w/out encl.: R. W. Dodd
R. G. Livingston
R. J. Martin
J. L. Mintz
S. D. Ritenour
B. C. Terry
A. M. Terry
J. I. Thompson

Gulf Power Company
Responses to Staff's 6/13/08 Data Request
Net Metering & Interconnection (Docket No. 080260)

1. Section 1.b.iii. There is a footnote in section 1.b.iii, detailing the Customer's responsibility for costs associated with additional design review, if required by the company. No where else does the agreement utilize footnotes. Why is this footnote located in section 1.b.iii as opposed to creating and adding the footnote language to section 1.b.iv. instead? *Tariff Section 1.b.iii.*

Response:

The use of a footnote was stylistic only. Gulf Power is amenable to incorporating the material contained in the footnote into the body of the document if Staff believes doing so is appropriate.

2. For Tier 2 and 3 applications, justify the Standard Application Fee of \$477 in Section 11 of the Tariff? Specifically, what were the factors the led to the estimated Administrative and Engineering work hours and costs listed in Exhibit C? *Tariff Section 11.*

Response:

Exhibit C to Gulf Power's Petition provides the cost support for Tier 2 and Tier 3 application fees. The estimated work hours and costs for administration and engineering are based on the Company's experience with customers who have interconnected under the SPS (Small Photovoltaic Systems) rate. Based on that experience, Gulf determined that 1.5 hours of administrative time and 6 hours of engineering time would be the minimum amounts of time necessary to review the application and inspect the facility. Hourly rates of \$50 and \$67 for administration and engineering, respectively, reflect the actual costs Gulf will incur to employ personnel capable of performing the specified work.

3. Under section 11, Standard Application Fee, if for some reason the customer increases generation, requiring being raised (or dropped) from one tier to the next tier, will the customer be required to pay an additional "standard application fee" for the next tier's interconnection agreement (see section 5.a.)?

- a. If the customer goes from Tier 1 to Tier 2, will the customer be required to pay the standard application fee for Tier 2 customers?
- b. If the customer goes from Tier 2 to Tier 3, will the customer be required to pay the standard application fee for Tier 3 customers and pay a deposit for the interconnection study?

Response:

If a customer moves into a higher tier, the customer will be required to notify the Company and execute a new interconnection agreement for the applicable tier.

- a. Yes
- b. Yes

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4. For Tier 3 applications, justify the Interconnection Study Charge deposit of \$2,680 in Section 11 of the Tariff? Specifically, what were the factors that led to the estimated Field Work and Data Gathering; Analysis and Load Study; and Travel Time work hours and costs listed in Exhibit D of Gulf Power's petition? *Tariff Section 11.*

Response:

The breakdown identified on Exhibit D to Gulf's Petition represents Gulf Power's typical procedure for conducting a distribution load study. The same procedure would apply for an interconnection study. The hourly estimates for Field Work/Data Gathering/Analysis are based on Gulf Power's prior experience in conducting distribution load studies. The travel time of four hours represents the maximum amount of time Gulf Power expects to incur in traveling to and from a customer's site within its service area. The specified hourly rate of \$67 represents Gulf Power's standard rate for work of this nature (which includes direct payroll costs, labor overheads, transportation costs and small tool expenses).

5. Under section 11, Interconnection Study Charge Deposit of \$2,680:
- c. Rule (4)(g) permits a charge, but is silent as to a deposit. Why does Gulf Power desire to require a deposit instead of a flat charge amount for the Interconnection Study?
 - d. Since the Tier 3, section 11 tariff is silent, if the amount for the Interconnection Study exceeds \$2,680 deposit charged, will the Customer be required to pay the difference?

Response:

c. The rationale for using a deposit, rather than a flat fee, is to ensure that the customer is not charged more than the costs incurred by Gulf to conduct the interconnection study. Rule 25-6.065 contemplates numerous forms of "customer-owned renewable generation." Consequently, not every interconnection study will be alike. The Interconnection Study Charge Deposit amount represents Gulf's best estimate of the costs it will incur to conduct the study. If the costs incurred by Gulf for a particular customer's study are lower than the deposit amount, the customer will receive a refund.

d. If the study costs for a particular customer ultimately exceed the deposit amount, the customer will not be required to pay the difference.

6. Staff notes that, under section 11, there appears to be some potentially confusing language with regards to who will be liable for the costs and/or charges following the Interconnection Study is completed. Was this intended as a disclaimer? Will such additional cost or charges following the completion of the Interconnection Study need to be submitted to the Florida Public Service Commission for a determination and will that not slow down the interconnection?

Response:

The intent of this language is to simply to make the customer aware that additional

charges may apply if Gulf is required to modify its system to accommodate the interconnection. If Gulf determines that additional charges are warranted, it will submit them to the Commission for approval as required by 25-6.065(4)(h). Gulf will not proceed with the interconnection until the Commission makes a determination concerning the proposed charges. Obtaining Commission approval may or may not delay the interconnection depending on the timing of the interconnection study relative to the projected in-service date of the facility and the speed with which a Commission determination is made.

7. In section 3: Construction Codes and Standards, Gulf Power's language differs from the PSC rule (section 5(a)) by stating that a customer is responsible for ensuring that a facility achieves and maintains compliance with all applicable city, county, state, and federal construction codes prior to and during its operation. Why is the tariff's language different from that in the PSC rule? *Tariff Section 3.*

Response:

Section 25-6.065(5)(a) of the rule requires that, at a minimum, the interconnection agreement shall include a provision that the facility be inspected and approved by local code officials to ensure compliance with applicable local codes prior to parallel operation. Gulf does not read section (5)(a) to prohibit inclusion of the language at issue. Nor does Gulf believe that inclusion of the subject language imposes any obligations on the customer above those which already exist. The customer, as the owner of the facility, is obliged to ensure continued compliance with applicable federal, state and local codes. The intent of the subject language is simply to ensure that the customer is aware of these existing obligations.

8. Why are the maximum dollar amounts for required insurance coverage in the PSC rule (\$1 million for Tier 2 and \$2 million for Tier 3) used as the minimum dollar amounts for each respective tier in Gulf Power's tariff? *Tariff Section 8.*

Response:

Gulf believes that the insurance requirements set forth in the interconnection agreements are consistent with the requirements of the rule and are reasonably calculated to ensure protection of Gulf Power's system.

9. Section 9. The last sentence in section 9 adds ". . . by the Customer." to the requirement in Rule (6)(b). The Rule (6)(b), states: "The [IOU] shall reconnect the customer-owned renewable generation as soon as the condition necessitating disconnection is remedied." Please explain the difference in language from the Rule. How will the Customer remedy a condition if it is on Gulf Power's side of the meter? *Tariff Section 9.*

Response:

It appears that the words "by the Customer" included in section 9 of the Tier 1 agreement were included in error. This is evidenced by the fact that similar language does not appear in either the Tier 2 or Tier 3 agreements. Gulf is amenable to removing this language if Staff believes doing so is appropriate.

10. Why does Gulf Power's tariff list other factors, in addition to those listed by the PSC rule, which can be grounds for customer disconnection? *Tariff Section 10.*

Response:

Section 25-6.065(6)(c) of the rule does not state that the itemized grounds for disconnection are exclusive. Gulf expects that the new rule will expand the number and type of facilities interconnected with its system. Given this uncertainty, it is not possible to predict every circumstance which may necessitate disconnection. For that reason, Gulf Power believes it is reasonable and appropriate that it retain the ability to disconnect if other situations arise which legitimately require disconnection. If a customer were to disagree with Gulf's determination that disconnection was required, the customer has the right to seek resolution via section 25-6.065(11) of the rule.

11. Under section 4.c., Gulf Power seeks access to the Customer's premises in times of emergency or hazardous conditions. This language seems beyond the scope of the Rule and was not covered under previous Small Photovoltaic System (SPS) tariff. Had situations arisen under Gulf Power's past SPS tariff which necessitate this language? What sort of post-access-to-premise notice will the Customer receive from Gulf Power if no prior notice is given? *Tariff Section 4.c.*

Response:

Gulf has relatively few customer-owned renewable generation sources interconnected with its system at this time. To date, Gulf has not experienced hazardous conditions or emergencies with these systems which have necessitated access to the customers' premises. Gulf expects that the new rule will expand the number and type of facilities interconnected with its system and cannot predict whether emergency access to a customer's premises will be required in the future. Gulf believes it is reasonable and appropriate that it retain the right to access customers' facilities in the event of emergency or hazardous conditions. Gulf notes that section 1.12 of its tariff provides it with an express right of ingress to and egress from a customer's premises to "enable properly identified employees of the Company to read meters, install, repair, maintain, and remove the Company's property and inspect and test electrical equipment within or upon the premises at all reasonable times and to perform other necessary duties in connection with the service to the Customer and the Company's property." In the event that emergency access is required and no prior notice is given, Gulf will provide the customer with post-access notice by telephone and in writing if telephonic notice is not possible.

12. Section 2 is missing the following language: "Upon request the investor-owned utility shall provide a hard copy of the application within 5 business days," which is required by subsection 7(2) of 25-6.065, FAC. Why is this language not included? *Tariff Section 2.*

Response:

Gulf does not read section 25-6.065(7) of the rule, which addresses administrative requirements, as requiring the inclusion of a statement to this effect in the interconnection agreement. Nevertheless, if Staff is supportive of such a statement being included in the agreements, Gulf is amenable to doing so.

13. How did Gulf Power determine which supporting materials would be required for a customer to submit in conjunction with their Interconnection Agreement? *Tariff Section 14.a.b.*

Response:

Gulf determined that the supporting materials outlined in the agreements represent the minimum documentation needed from the customer to ensure that the requirements of the rule were met.

14. How did Gulf Power arrive at 60 days as the amount of time a customer has to notify the company if the customer adds another renewable generation system which utilizes the same utility-interactive inverter or utilizes a separate utility-interactive inverter? *Tariff Section 5.b.*

Response:

Gulf determined that sixty days notice is not overly burdensome for the customer and that such notice provides the Company with a reasonable amount of time to address any issues that may arise as a result of the customer's addition of another renewable generation system. Gulf notes that its agreements are consistent with Progress Energy and Florida Power and Light's agreements in this respect.

15. Since there is no apparent language in the PSC rule, how did Gulf Power arrive at the language and 30 day written notice requirement for any changes in facility ownership? *Tariff Section 14.*

Response:

Gulf interprets Rule 25-6.065 to require that a customer desiring to interconnect customer-owned renewable generation to Gulf's system execute a standard interconnection agreement. If an existing customer transfers ownership of a renewable generation facility to a third party, Gulf Power needs advance notice of the transfer in order to ensure that a new interconnection agreement, or an assignment of the existing agreement, is executed by the third party. The subject language provides the mechanism to accomplish this objective. Gulf believes that requiring thirty days advance notice of the transfer is reasonable under the circumstances.

16. Under section 19, Termination of the agreement. Why is permanent isolation from the grid at the customer's expense? Who should pay if Gulf Power initiates termination of the agreement?

Response:

Permanent isolation upon termination of the agreement is at the customer's expense because the customer is the owner of the renewable generation facility. Moreover, termination of the agreement will likely only occur if the customer either requests termination, or is in violation of the agreement. In either case, it is reasonable that the customer bear the expense of isolating its own facility from Gulf's system.

17. In section 19, is there a substantive difference between "isolate from the grid" and "disconnect from the grid"? Would not substituting "isolation procedure" for "disconnect procedure" in the last sentence be more consistent?

Response:

As used in the agreements, there is no substantive difference between the terms "isolate from the grid" and "disconnect from the grid." Gulf power is amenable to using Staff's suggested language if Staff believes doing so would be appropriate.

18. Involuntary Termination of the Net Metering Interconnect Agreement. Staff notes that there appears to be no procedure allowing Gulf Power to initiate involuntary termination of the net metering interconnect agreement for breach by the Customer within the proposed Tariffs or the Rule, other than perhaps subsection (11), covering Dispute Resolution. Should such a situation arise, how would Gulf Power initiate an involuntary termination of the net metering interconnect agreement?

Response:

In the event that involuntary termination of the agreement is required, Gulf Power will notify the customer, via certified mail, of its intent to terminate the agreement. The written notice will specify the grounds for termination and provide the customer with 30 days within which to cure the problem.

19. Since there is no apparent language in the PSC rule, how did Gulf Power arrive at the language for terminating an Interconnection Agreement? *Tariff Section 19.*

Response:

Gulf determined that the subject language sets forth a reasonable procedure for isolating the customer's facility and removing Gulf's property from the customer's premises following termination of an agreement.

Additional Questions:

20. Please address whether the customer would be provided with a copy of the associated pages of the tariff with the interconnection agreement.

Response:

Gulf plans to include the net-metering section of the Company's tariff in the section of the Company's website linking to the interconnection agreements and interconnection application for easy access by customers.

21. Is it correct that customers would be ineligible for time of use rates under net metering?

Response:

Gulf understands that net-metered customers would be eligible for time of use rates.

22. Conjunctive billing is not addressed in the interconnection agreement or amended tariff language. Should this be addressed as a result of HB 7135?

Response:

Gulf understands that HB 7135 may be in conflict with FPSC Rule 25-6.102 - Conjunctive Billing. Gulf would anticipate revising its tariff if implementation of the legislation requires a tariff revision.