

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of revisions to renewable energy tariff, by Florida Public Utilities Company. | DOCKET NO. 100148-EQ  
ORDER NO. PSC-10-0303-TRF-EQ  
ISSUED: May 12, 2010

The following Commissioners participated in the disposition of this matter:

NANCY ARGENZIANO, Chairman  
LISA POLAK EDGAR  
NATHAN A. SKOP  
DAVID E. KLEMENT  
BEN A. "STEVE" STEVENS III

ORDER APPROVING REVISIONS TO RENEWABLE ENERGY TARIFF

BY THE COMMISSION:

BACKGROUND

Since January 1, 2006, each investor-owned electric utility (IOU), as well as each electric municipal utility subject to the Florida Energy Efficiency and Conservation Act (FEECA),<sup>1</sup> has been required to continuously offer to purchase capacity and energy from specific types of renewable sources. Section 366.91(3), Florida Statutes (F.S.), specifies that the contracts for purchase must be based on the utility's full avoided cost as defined in Section 366.051, F.S., and provide a term of at least ten years. Rules 25-17.200 through 25-17.310, Florida Administrative Code (F.A.C.), implement the statutes. On March 26, 2010, Florida Public Utilities Company (FPUC) filed its petition for approval of revisions to its Renewable Energy Tariff.

As explained in detail below, we approve FPUC's proposed revisions to its tariff. We have jurisdiction over this matter pursuant to Sections 366.04 through 366.06, 366.91, and 366.92, F.S.

DECISION

FPUC is an IOU, and pursuant to Rule 25-17.250(1), F.A.C., is required to continuously make available a standard offer contract for purchase of firm capacity and energy from renewable generating facilities and small qualifying facilities with a design capacity of 100 kilowatts (kW) or less. We approved FPUC's initial Renewable Energy Tariff by Order No. PSC-05-1260-TRF-EQ, issued December 27, 2005, in Docket No. 050809-EI, In re: Petition for approval of renewable energy tariff by Florida Public Utilities Company. Since then, updates to

<sup>1</sup> Sections 366.80-366.85 and 403.519, F.S.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

FPUC's Renewable Energy Tariff have been approved by Order Nos. PSC-08-0545-TRF-EQ, issued August 19, 2008,<sup>2</sup> and PSC-09-0519-TRF-EQ, issued July 24, 2009.<sup>3</sup>

Since FPUC does not generate any electric energy for sale to retail customers, FPUC does not file a Ten-Year Site Plan and has no planned unit that can serve as an avoided unit. In such a case, Rule 25-17.250(1), F.A.C., requires that the standard offer be based on avoiding or deferring a planned purchase. The standard offer contract provided by FPUC meets this requirement, as it is based upon avoiding or deferring planned purchases under the current electric power purchase agreements FPUC holds with Gulf Power Company (Gulf) or Jacksonville Electric Authority (JEA).

FPUC serves two geographic regions, the Northwest Florida division, which consists of FPUC territories in Jackson, Calhoun, and Liberty Counties and the Northeast Florida division, which consists of FPUC territory in Nassau County. Accordingly, rate schedules for each division were submitted to reflect pricing, REN-1 or "Standard Rate for Purchase of As-Available Energy from Renewable Energy Production Facilities," and REN-2 or "Standard Rate for Purchase of Firm Energy from Renewable Energy Production Facilities."

#### Northwest Division

The proposed revisions to the Renewable Energy Tariff FPUC submitted for the Northwest Division consists of Sheet Nos. 18, 20, 21, and 23. The tariff is based upon FPUC avoiding or deferring a planned purchase from its wholesale supplier, Gulf. The Northwest division's proposed rate schedule REN-1 is unchanged, except that the base fuel cost in the energy rate of FPUC's wholesale supplier was reduced from 5.851 to 5.705 cents per kilowatt hour (kwh). The Northwest division's REN-2 rate schedule has not changed. Capacity payments from FPUC to the QF remain at \$0.00 for each kw of billing capacity, and renewable energy providers will continue to receive energy payments but no capacity payments. This is the result of the contract methodology used in FPUC's contract with Gulf for delivery of power to the Northwest division. The contract contains a ratchet provision, establishing a minimum charge to FPUC based upon the level of peak demand observed when the contract was first initiated.<sup>4</sup> FPUC is projected to be at or below this minimum demand level for 2009, so any further reduction in demand would not reduce contracted payments to Gulf. In the event of future projected increases in demand above the minimum set by the contract, a renewable energy provider could contribute to avoiding additional capacity. In this event, FPUC would revise these estimates and offer a capacity payment based upon the avoided cost.

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<sup>2</sup> Docket No. 080283-EQ, In re: Petition for approval of revisions to renewable energy tariff, by Florida Public Utilities Company.

<sup>3</sup> Docket No. 090155-EQ, In re: Petition for approval of revisions to renewable energy tariff by Florida Public Utilities Company.

<sup>4</sup> Contract approved by the Commission in Order No. PSC-07-0476-PAA-EI, issued June 6, 2007 in Docket No. 070108-EI, In re: Petition for approval of agreement for generation services and related terms and conditions with Gulf Power Company for Northwest Division (Marianna) beginning 2008, by Florida Public Utilities Company.

Northeast Division

The proposed revisions to the Renewable Energy Tariff FPUC submitted for the Northeast Division consists of Sheet Nos. 24, 26, 27, and 29. The Renewable Energy Tariff for the Northeast Division is based upon FPUC avoiding or deferring a planned purchase from its wholesale supplier JEA. The Northeast division's proposed rate schedule REN-1 is unchanged, except that the base fuel cost in the energy rate of FPUC's wholesale supplier was reduced from \$5.514 to \$4.416 cents per kwh. The Northeast division's REN-2 rate schedule increased from \$8.91 to \$10.67 for each kw of billing capacity.

Excluding modifications to capacity and energy payments discussed above, no other modifications were made to the Renewable Energy Tariff that we approved last year.

We believe that the payments for capacity and energy provided for in the tariff revisions are representative of the Company's avoided cost. The payments for capacity and energy are based on FPUC avoiding or deferring a planned purchase it would otherwise make from one of the wholesale suppliers that it has previously contracted with. The provisions of the standard offer contract, including proposed tariff revisions, are in compliance with Rules 25-17.200 through 25-17.310, F.A.C., and, therefore, shall be approved. Potential signatories to the standard offer contract should be aware that FPUC's tariffs and standard offer contracts may be subject to a request for hearing, and if a hearing is held, may subsequently be revised.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Public Utilities Company's petition for approval of revisions to renewable energy tariff is hereby granted, effective May 4, 2010. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariff shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 12th day of May, 2010.



ANN COLE  
Commission Clerk

( S E A L )

MCB

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 2, 2010.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.