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Public Service Commission

October 24, 2014

Beth Keating
215 S. Monroe Street
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Tallahassee, FL 32301
bkeating@gunster.com

STAFF FIRST DATA REQUEST

RE: Docket No. 140180-EQ, Petition of Florida Public Utilities Company for Approval of Amendment to Extend Term of Negotiated Renewable Energy Power Purchase Contract with Rayonier Performance Fibers, LLC.

Dear Ms. Keating,

By this letter, the Commission staff requests that Florida Public Utilities Company (FPUC or Utility) provide responses to the following data requests.

For questions 1-2, please refer to FPUC's petition at page 3, section 6, where FPUC asserts that the contract between it and Rayonier has been in effect for two years and no operational issues have been encountered. Also refer to pages 3-4, section 7, where FPUC asserts that the generating unit will use displaced high pressure steam to potentially increase the committed capacity available to FPUC, thereby increasing the value of the purchase agreement for FPUC's customers.

1. Please describe or explain how an increase in the committed capacity will affect the cost-effectiveness of the contract between the parties. As part of the response, please provide a table showing projected increases in capacity and payments (both in nominal and net present value amounts) to be made to Rayonier in the event the displaced steam does result in a higher output from the generating unit.
2. Will an increase in the committed capacity have any impact on the transmission facilities currently being utilized to deliver the energy from Rayonier to FPUC? If so, please explain in detail what impacts are anticipated and the costs, if any, of such impacts.
3. Please refer to footnote 2 on page 4 of FPUC's petition, which represents that FPUC receives an average of 1.5 MW annually from Rayonier, while the committed capacity is

set at 3.0 MW and the contract allows Rayonier the option of increasing the committed capacity to 5.0 MW. However, Section 7(a) on page 16 of the original contract provides that the committed capacity “in no event shall be less than 1.700 MW...” Please explain why the average received capacity appears to be below the minimum capacity required by the contract.

4. Please explain the Utility’s security against nonperformance by Rayonier, or alternately, provide the section of the contract in which this topic is addressed.
5. Please provide the capacity factor on which payments under the contract are based, and describe or explain how that figure is calculated.
6. Please refer to Section 9 on page 4 of the petition. Here, FPUC states that Attachment B contains projected annual savings “as compared to the relevant purchased power agreement between FPUC and JEA, as well as the agreement between FPUC and Gulf Power...” However, the attachment does not appear to provide any information regarding Gulf Power. Please clarify this apparent inconsistency, or alternately, provide a corrected copy of Attachment B.
7. Please refer to Attachment B to the Amendment No. 1, which shows the projected payment for the years 2016-2020, and for years 2025, 2030, and 2036. Please state the reason for not providing contract payment data on a yearly basis, or alternately, provide the projected payments for each year of the contract term.

Please file the original and five copies of the requested information by Thursday, November 6, 2014, with Carlotta Stauffer, Commission Clerk, Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida, 32399-0850. Please feel free to call me at (850) 413-6191 if you have any questions.

Respectfully,

/s/ Charles W. Murphy

Charles W. Murphy
Senior Attorney

CWM/dml

cc: Office of Commission Clerk