

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: May 30, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (McNulty, Redda) *WBM AS*
Division of Accounting and Finance (Mouring) *M ALM*
Office of the General Counsel (DuVal) *MS Lm R. Leary* *99H*

RE: Docket No. 20170183-EI – Application for limited proceeding to approve 2017 second revised and restated settlement agreement, including certain rate adjustments, by Duke Energy Florida, LLC.

AGENDA: 06/11/19 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brown

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Duke Energy Florida, LLC (DEF, or the Company) filed its Motion to Approve Re-allocation of Electric Vehicle Charging Station Pilot Segments (Motion) on April 17, 2019. In its Motion, DEF requests a change in the required allocation of Electric Vehicle Service Equipment (EVSE, “ports,” “charging stations”) to the four customer locations, or segments, identified in its 2017 Second Revised and Restated Settlement Agreement (2017 Settlement).¹ The 2017 Settlement specified an EVSE allocation to four different customer segments: Multi-unit dwellings (Multi-unit), Workplaces, “Long dwell time” public locations (Public L2), and DC Fast Charging

¹ Order No. PSC-2017-0451-AS-EU, issued November 20, 2017, in Docket No. 20170183-EI, *In re: Application for limited proceeding to approve 2017 second revised and restated settlement agreement, including certain rate adjustments, by Duke Energy Florida, LLC.*

Depots (DCFC).² The 2017 Settlement, among other things, established a five-year EVSE pilot program wherein DEF is authorized to purchase, install, own, and support 530 charging stations in its service territory during the term of the 2017 Settlement (through 2021). The maximum capital outlay for this program was set at \$8.0 million, along with reasonable operation and maintenance expense, to be deferred to a regulatory asset and collected during a period initiating after the term of the 2017 Settlement. In addition, the 2017 Settlement required ten percent of the charging stations must be installed in low income communities. The 2017 Settlement also contemplated a shift in program expenditures from a segment for which the Company is unable to find willing host sites to other segments or even new segments, as approved in advance by the Commission.

In its Motion, DEF maintains that it has become necessary to reallocate a portion of proposed EVSE away from Multi-unit to the other segments due to the significant challenge it has experienced in meeting the minimum number of EVSE for that segment to date. Towards that end, the Company proposes revised allocations at this time, as well as further reallocations at the end of 2019 to other segments, as necessary, of any revised Multi-unit EVSE assignments not subscribed.

DEF states in its Motion that it has conferred with the signatories to the 2017 Settlement and represents that the Office of Public Counsel, Florida Retail Federation, and Southern Alliance for Clean Energy have no objection to the Motion, while White Springs Agricultural Chemicals Inc. d/b/a PCS Phosphate - White Springs and the Florida Industrial Power Users Group take no position on the Motion.

The Commission has jurisdiction over this matter pursuant to Sections 366.05 and 366.06, Florida Statutes.

² Docket No. 20170183-EI, Document No. 09507-2017, Exhibit 2, BS 182.

Discussion of Issues

Issue 1: Should the Commission approve DEF's Motion to Approve Reallocation of Electric Vehicle Charging Station Pilot Segments?

Recommendation: Yes, staff recommends the Commission approve DEF's proposed reallocation of EVSE pilot segments. In the event DEF has fewer than 210 Multi-unit EVSE subscriptions by December 31, 2019, DEF should be required to supplement its 2019 annual data report to the Commission regarding its Electric Vehicle Charging Station Pilot Program to include any further reallocation of unsubscribed Multi-unit EVSE to other segments. Staff recommends DEF's filing of its 2019 annual data report may be delayed, as necessary, until January 31, 2020 for this purpose. (McNulty, Redda)

Staff Analysis:

DEF's Motion

In its Motion, DEF explains that its goal is to have as many installations of the targeted 530 EVSE as possible completed by the end of 2019 in order to maximize the information it gathers during the pilot program. However, DEF has been unable to meet its subscription goals set forth in the 2017 Settlement for Multi-unit. DEF offers two reasons for this deficit of Multi-unit EVSE subscriptions, including limited available parking spaces at apartment complexes and condominiums and lengthy lead times to conclude site host agreements. Table 1-1 shows the pertinent data regarding the original and requested allocations, ports subscribed, ports installed, and further reallocation of Multi-unit EVSE by percentage range at the end of 2019, if needed.

Table 1-1
 EVSE by Segments

<u>Segment</u>	<u>Multi-unit</u>	<u>Workplace</u>	<u>Public L2</u>	<u>DCFC</u>	<u>Total</u>
Original Allocation (11/2017)	325	100	75	30	530
Ports Subscribed (4/2019)	62	73	76	14	225
Percent Subscribed (4/2019)	19%	73%	101%	47%	42%
Ports Installed (4/2019)	23	31	32	4	90
Revised Allocation (4/2019)	210	140	130	50	530
Segment Percentage Range Target for Reallocation of MULTI-UNIT Ports (if needed - 12/2019)		20-50%	20-50%	10-30%	

Sources: Motion, DEF's response to Staff's First Data Request, No. 11 (ports installed).

DEF maintains that it is significantly behind in its Multi-unit EVSE subscriptions and the Company makes its request for reallocation on that basis. If, by December 31, 2019, DEF's number of subscribed Multi-unit EVSE is less than its revised goal (210 EVSE), DEF also requests that it be allowed to reallocate any remaining unsubscribed Multi-unit EVSE to other segments in the percentages shown in Table 1-1. In response to a staff data request, DEF stated that meeting even the revised numeric goal appears unlikely given current trends year-to-date.

Staff Review

Staff believes the current Multi-unit EVSE subscription data, at just 19 percent of the goal, and the other segments' subscription data, ranging from 47 percent to 101 percent of the goal, provides strong support for a significant reallocation of Multi-unit EVSE to the other segments. Given DEF's assessment that it is unlikely to meet its revised Multi-unit goal by year end 2019, it is thus likely that a further redeployment of the unsubscribed ports to other market segments, per the percentage reallocation method quantified in Table 1-1, will be required at the end of 2019. In this regard, staff believes the revised allocations may be considered a stretch goal for the Company, augmented by a safety mechanism that can be activated at year's end.

Staff reviewed the other EVSE-related requirements of the 2017 Settlement to ensure that the Company's reallocation strategy, if approved, would be consistent with the 2017 Settlement. First, the Company states in its Motion that the reallocation process may be needed to meet the low income requirement. With 23 of 221 ports subscribed located in low income communities, DEF is currently on track to meet the 10 percent low-income requirement, but all such subscribed low income community ports are located in the Public L2 segment. This is a clear indication that the reallocation strategy by DEF is necessary to support the low income EVSE target contained in the 2017 Settlement.

Staff also considered whether the revised allocation or year-end redeployment scenario would potentially result in DEF incurring higher capital costs than the 2017 Settlement's investment cap of \$8.0 million. DEF reports that the projected total capital costs for the program under the proposed pilot program reallocation is approximately \$4.6 million, plus or minus a 10 percent variance due to potential upgrades (i.e. transformer upgrade, panel upgrade, etc.).³ This is somewhat higher than DEF's projected total capital costs under the current allocation, which is about \$3.8 million, due primarily to the higher per unit capital costs associated with the DCFC segment. The EVSE per unit costs for Public L2 and Workplace segments is in line with the per unit costs of Multi-unit. It appears to staff that a reallocation of EVSE as contemplated, even under the year-end redeployment scenario, is not likely to cause the Company to exceed the Settlement's \$8.0 million EVSE investment cap.

Conclusion

Staff believes that DEF's proposed reallocation strategy is necessary in order for it to maintain the 2017 Settlement's minimum 530 EVSE subscription target. The strategy works in conjunction with other requirements of the 2017 Settlement, such as the low income EVSE percentage requirement and the EVSE \$8.0 million maximum investment cap. Furthermore, the reallocation increases the likelihood that the Company will be able to collect sufficient EVSE deployment data by the end of the pilot program to allow consideration of the merits of a permanent program. Per the 2017 Settlement, a permanent program may be requested by the Company at the conclusion of the pilot program. Staff thus recommends the Commission approve DEF's Motion as filed.

Finally, staff believes DEF should take certain actions to ensure that the Commission and the parties to the 2017 Settlement remain apprised of developments in the Company's EVSE reallocations, actual subscriptions, and installations. DEF's annual data report regarding its Electric Vehicle Charging Station Pilot Program provides an excellent vehicle in which DEF could report the results of the EVSE reallocations and, if needed, identify further reallocations. In the event DEF has fewer than 210 Multi-unit EVSE subscriptions by December 31, 2019, staff recommends DEF be required to augment its 2019 annual data report to the Commission to include any further reallocation of unsubscribed Multi-unit EVSE to other segments. In the event of further reallocations, staff believes it would be appropriate for the Commission to allow DEF to delay its filing of its 2019 annual data report until January 31, 2020 in order to supplement its filing accordingly. Staff will apprise the Commission should any further reallocations not

³ DEF's response to Staff's Second Data Request, Nos. 1 and 2.

comport with the segment percentage range targets proposed by the Company as shown in Table 1-1.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action. (DuVal)

Staff Analysis: This docket should be closed upon issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action.