

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Duke Energy Florida, Inc. for approval of modifications to approved as-available purchase tariff.

DOCKET NO. 150110-EI  
ORDER NO. PSC-15-0316-PAA-EI  
ISSUED: August 5, 2015

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman  
LISA POLAK EDGAR  
RONALD A. BRISÉ  
JULIE I. BROWN  
JIMMY PATRONIS

NOTICE OF PROPOSED AGENCY ACTION ORDER APPROVING  
DUKE ENERGY FLORIDA, INC.'S AS-AVAILABLE PURCHASE TARIFF

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

**Background**

On April 2, 2015, Duke Energy Florida, Inc. (DEF) filed a petition for approval of modifications to its as-available purchase tariff for clarification and to correspond with proposed revisions to DEF's interconnection agreement, which is the subject of Docket No. 150106-EQ.<sup>1</sup>

We have jurisdiction in this matter pursuant to Sections 366.04 and 366.051, Florida Statutes (F.S.).

**Decision**

Rule 25-17.0825, F.A.C., defines as-available energy and sets out a utility's responsibilities with regard to purchasing as-available energy from qualifying facilities (QF). Rule 25-17.080, F.A.C., outlines the criteria that a small power producer or cogenerator must meet in order to achieve QF status. Pursuant to Rule 25-17.0825, F.A.C., as-available energy is energy produced by a QF on an hour-by-hour basis and utilities are required to purchase as-available energy from any QF. Rule 25-17.0825, F.A.C., also requires that as-available energy sales be made pursuant to the terms and conditions of a tariff or a separately negotiated contract.

---

<sup>1</sup> Docket No. 150106-EQ-Petition for approval of amended standard offer contract (Schedule COG-2) and amended interconnection agreement by Duke Energy Florida, Inc.

DEF's as-available purchase tariff provides the required contract terms and conditions including the delivery options, payments to the QF, and cost responsibility of the QF for the payment of interconnection costs. Charges to the QF are specified in DEF's amended interconnection agreement, which we considered and approved in Docket No. 150106-EQ.<sup>2</sup> DEF's petition seeks to clarify language in its as-available contract language consistent with its modified interconnection agreement.

Consistent with the amended interconnection agreement, DEF proposed a revision to Sheet 9.330 of its as-available purchase tariff, pertaining to QF operation, maintenance, and repair charges in accordance with its modified interconnection agreement. Additional modifications to DEF's as-available purchase tariff include revisions intended to clarify the as-available contract language. Additional language included in Tariff Sheet 9.108, Article 4.6, specifies delivery options, in order to clarify whether the as-available energy will be delivered to parties other than DEF. Revisions to Tariff Sheet 9.321, Appendix A, Schedule 2, specify filings that contain DEF's annual average system line loss analysis for the calculation of the line loss adjustment factor to the avoided energy cost. (See Attachment A)

We have reviewed DEF's proposed modifications to its as-available purchase tariff and it appears that the proposed modifications are reasonable and consistent with our rules. We therefore, approve DEF's modifications to its as is purchase tariff and corresponding revised tariff sheets as filed, effective July 21, 2015.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Duke Energy Florida, Inc.'s modifications to its As-Available Purchase tariff and revised tariff sheets in tariffs filed April 2, 2015, are hereby approved and the tariff is effective July 21, 2015. It is further

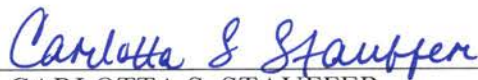
ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, F.A.C., is received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

---

<sup>2</sup> FPSC Order No. PSC-15-0305-PAA-EQ, issued July 28, 2015, in Docket No. 150106-EQ-Petition for approval of amended standard offer contract (Schedule COG-2) and amended interconnection agreement by Duke Energy Florida, Inc.

ORDERED that, if a protest is filed within 21 days of the issuance of the order, Duke Energy Florida, Inc.'s modified tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

By ORDER of the Florida Public Service Commission this 5th day of August, 2015.



CARLOTTA S. STAUFFER

Commission Clerk

Florida Public Service Commission

2540 Shumard Oak Boulevard

Tallahassee, Florida 32399

(850) 413-6770

[www.floridapsc.com](http://www.floridapsc.com)

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

KFC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, 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 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 action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file 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 August 26, 2015.

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/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

**EXHIBIT B**

---

**AS-AVAILABLE PURCHASE TARIFF MODIFICATIONS  
(Legislative format)**

Tariff Sheets:  
**9.108, 9.109, 9.110, 9.321, and 9.330**

---



SECTION No. IX  
~~FIFTH-SIXTH~~ REVISED SHEET No. 9.108  
CANCELS ~~FOURTH-FIFTH~~ REVISED SHEET No. 9.108

ARTICLE IV: PURCHASE OF AS-AVAILABLE ENERGY

- 4.1 The QF shall sell and arrange for delivery of the As-Available Energy to the Company and the Company agrees to purchase, accept and pay for the As-Available Energy made available to the Company and which the Company is able to receive at the Point of Delivery in accordance with the terms and conditions of this Agreement, or a separately negotiated contract.
- 4.2 The QF shall not commence initial deliveries of energy to the Point of Delivery without the prior written consent of the Company, which consent shall not unreasonably be withheld.
- 4.3 The RF/QF shall retain any and all rights to own and to sell any and all Environmental Attributes associated with the electric generation of the Facility.
- 4.4 During minimum load conditions on the Company's system the QF shall comply with the Company's Minimum Load Emergency Curtailment Procedures as approved by the FPSC and as updated from time to time.
- 4.5 In the event that the Company has not received any deliveries of energy from the QF by the date in Section 3.5 or for a period of two years or more then the Company will contact the QF in writing using the information in Section 15 requesting the QFs future plans. The Company shall have the right to terminate this Agreement unless the QF replies in writing within a reasonable timeframe that it would like this Agreement to continue.
- 4.6 Deliveries of As-Available Energy to the Company shall be made in accordance to the following one-time-only option.  
( ) All deliveries of As-Available Energy from this Facility will be made to the Company.  
( ) As-Available Energy deliveries from this Facility will be made to the Company and to other parties.

4.5

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy – FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
~~FIFTH-SIXTH REVISED SHEET No. 9.108~~  
CANCELS ~~FOURTH-FIFTH REVISED SHEET No. 9.108~~

~~ARTICLE V: INTERCONNECTION~~

5.1 ~~The QI's interconnection scheduling and cost responsibilities and parallel operating procedures shall be those specified in a separate interconnection agreement.~~

**ISSUED BY:** Javier Portuondo, Director, Rates & Regulatory Strategy – FL  
**EFFECTIVE:** October 2, 2014



SECTION No. IX  
~~FIFTH-SIXTH REVISED SHEET No. 9.109~~  
CANCELS ~~FOURTH-FIFTH REVISED SHEET No. 9.109~~

**ARTICLE V: INTERCONNECTION**

- 5.1 The QF's interconnection scheduling and cost responsibilities and parallel operating procedures shall be those specified in a separate interconnection agreement.
- 5.2 The location and voltage of the Point of Interconnection and the Point of Metering will be specified by the interconnection/transmission service agreement.

**ARTICLE VI: ENERGY PAYMENTS**

- 6.1 For that electric energy received by the Company at the Point of Delivery each month, the Company will pay the QF an amount as computed in Appendix A.
- 6.2 Energy payments pursuant to sections 9.1.1 and 9.1.2 hereof shall be subject to the delivery voltage adjustment value applicable to the Facility and approved from time to time by the FPSC pursuant to Appendix A.
- 6.3 Upon agreement by the Company and the QF and subject to approval by the FPSC, an alternative rate for the purchase of As-Available Energy may be negotiated in a separate agreement.

**ARTICLE VII: CHARGES TO THE QF**

The Company shall bill and the QF shall pay all charges applicable under Appendix A.

**ARTICLE VIII: METERING**

- 8.1 All electric energy shall be capable of being measured as described in Appendix A, Determination of Payment, at the Point of Metering. All electric energy delivered to the Company shall be adjusted for losses from the Point of Metering to the Point of Delivery. Any additional required metering equipment to measure electric energy and the telemetering equipment necessary to transmit such measurements to a location

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy – FL  
EFFECTIVE: October-2, 2014





SECTION No. IX  
~~FIFTH-SIXTH REVISED SHEET No. 9.109~~  
CANCELS ~~FOURTH-FIFTH REVISED SHEET No. 9.109~~

~~specified by the Company shall be installed, calibrated and maintained by the Company and all related costs shall be charged to the QF, pursuant to Appendix A, as part of the Company's Interconnection Facilities.~~

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy – FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FIFTH-SIXTH REVISED SHEET No. 9.110  
CANCELS FOURTH-FIFTH REVISED SHEET No. 9.110

specified by the Company shall be installed, calibrated and maintained by the Company and all related costs shall be charged to the QF, pursuant to Appendix A, as part of the Company's Interconnection Facilities.

- 8.2 All meter testing and related billing corrections, for electricity sold and purchased by the Company, shall conform to the metering and billing guidelines contained in FPSC Rules 25-6.052 through 25-6.060 and FPSC Rule 25-6.103, as they may be amended from time to time, notwithstanding that such guidelines apply to the utility as the seller of electricity.

**ARTICLE IX: PAYMENT PROCEDURE**

- 9.1 Bills shall be issued and payments shall be made monthly to the QF and by the QF in accordance with the following procedures:
- 9.1.1 The electric energy payment calculated for a given month shall be tendered, with cost tabulations showing the basis for payment, by the Company to the QF as a single payment. Such payments to the QF shall be due and payable twenty (20) business days following the date the meters are read.
- 9.1.2 When any amount is owing from the QF, the Company shall issue a monthly bill to the QF with cost tabulations showing the basis for the charges. All amounts owing to the Company from the QF shall be due and payable twenty (20) business days after the date of the Company's billing statement. Amounts owing to the Company for retail electric service shall be payable in accordance with the provisions of the applicable rate schedule.
- 9.1.3 At the option of the QF, the Company will provide a net payment or net bill, whichever is applicable, that consolidates amounts owing to the QF with amounts owing to the Company.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy – FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FOURTH ~~FIFTH~~ REVISED SHEET No. 9.330  
CANCELS THIRD ~~FOURTH~~ REVISED SHEET No. 9.330

Page 1 of 1

**APPENDIX A  
RATES**

**SCHEDULE 3  
CHARGES TO QUALIFYING FACILITY**

**Customer Charges:**

The Qualifying Facility shall be responsible for all FPSC approved charges for any retail service that may be provided by the Company. The Qualifying Facility shall be billed at the customer charge rate stated in DEF's applicable standby tariff monthly for the costs of meter reading, billing, and other appropriate administrative costs.

**Operation, Maintenance, and Repair Charges:**

~~The Qualifying Facility shall pay for operation, maintenance and repair charges in accordance with its interconnection/transmission service agreement be billed monthly for the costs associated with the operation, maintenance, and repair of the interconnection. These include (a) the Company's inspections of the interconnection and (b) maintenance of any equipment beyond that which would be required to provide normal electric service to the Qualifying Facility if no sales to the Company were involved.~~

~~The Qualifying Facility shall pay a monthly charge equal to 0.50% of the Interconnection Costs less the Interconnection Costs Offset.~~

**Taxes and Assessments:**

The Qualifying Facility shall be billed or credited monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its installation of facilities in connection with this Agreement, its purchase of As-Available Energy produced by the Qualifying Facility, or any other activity undertaken pursuant to this Agreement. Such amount billed shall not include any amounts (i) for which the Company would have been liable had it generated or purchased from other sources an equivalent amount of electric energy; or (ii) which are recovered by the Company.

**ISSUED BY:** Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
**EFFECTIVE:** October 2, 2014



SECTION No. IX  
FOURTH-FIFTH REVISED SHEET No. 9.321  
CANCELS THIRD-FOURTH REVISED SHEET No. 9.321

APPENDIX A  
RATES

SCHEDULE 2  
METHODOLOGY FOR CALCULATING AVOIDED ENERGY COSTS

Page 2 of 2

**Determination of Identifiable Variable Operation & Maintenance Cost:**

The Company's Fossil Plant Performance Department examines for a five year historic period all the Company's production operation and maintenance expenses excluding fuel costs and identifies the variable component. A ratio of variable costs to total O&M costs excluding fuel is derived for various fossil generating types. The appropriate ratio is applied to each fossil generating type's unit cost (on a KWH basis) for the most current twelve months' period to establish the current variable O&M unit cost for each generating type. These unit costs are then weighted according to the current twelve months' generation output of each generating type to determine the average current variable O&M unit cost.

**Determination of Line Loss (Delivery Voltage) Adjustment:**

The Company's average system line losses are analyzed annually for the prior calendar year, and delivery efficiencies are developed for the transmission, distribution primary, and distribution secondary voltage levels. This analysis is provided in the Company's ~~semi-annual~~ fuel cost recovery filing with the FPSC in ~~Exhibit Schedule F1~~ and/or the Company's filing of its Open Access Transmission Tariff with FERC. An adjustment factor, calculated as the reciprocal of the appropriate delivery efficiency factor, is applicable to the above determined avoided costs to reflect the delivery voltage level at which QF energy is received by the Company.

**Determination of Payment:**

The actual payment to each QF for the period is determined by one of the following methods:

**1. For QFs (less than 100 KW) Time-of-Day Metered**

Average On-Peak and Off-Peak energy prices derived from the "Energy Price Matrix" are applied to the QF's corresponding On-Peak and Off-Peak energy contained in the "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.

**2. For QFs (less than 100 KW) Non-Time-of-Day Metered**

The average Off-Peak energy price derived from the "Energy Price Matrix" is applied to the QF's energy contained in the "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.

**3. For QFs (100 KW or Greater) Hourly Metered**

The "Energy Price Matrix" is applied to corresponding elements of the QF's "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy – FL  
EFFECTIVE: October 2, 2014