

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

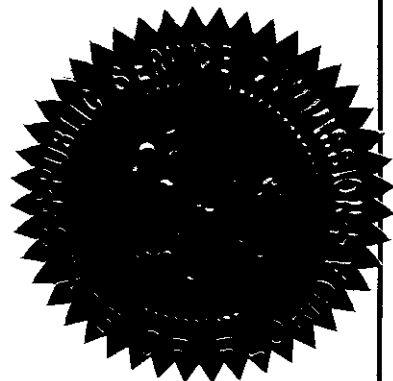
PETITION FOR APPROVAL OF STANDARD DOCKET NO. 080255-EI
INTERCONNECTION AGREEMENTS FOR EXPEDITED
INTERCONNECTION OF CUSTOMER-OWNED
RENEWABLE GENERATION AND ASSOCIATED
NET METERING TARIFF, BY TAMPA ELECTRIC
COMPANY.

PETITION FOR APPROVAL OF NET METERING DOCKET NO. 080257-EI
TARIFF, NEW INTERCONNECTION AGREEMENTS,
AND MODIFICATION OF VARIOUS RELATED
TARIFF SHEETS, BY PROGRESS ENERGY
FLORIDA, INC.

PETITION FOR APPROVAL OF STANDARD DOCKET NO. 080260-EI
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,
BY GULF POWER COMPANY.

PETITION FOR APPROVAL OF NET METERING DOCKET NO. 080265-EI
TARIFF AND STANDARD INTERCONNECTION
AGREEMENTS, BY FLORIDA POWER & LIGHT
COMPANY.

PETITION FOR APPROVAL OF STANDARD DOCKET NO. 080294-EI
INTERCONNECTION AGREEMENTS FOR
CUSTOMER-OWNED RENEWABLE GENERATION
SYSTEMS, BY FLORIDA PUBLIC UTILITIES
COMPANY.



PROCEEDINGS: AGENDA CONFERENCE
ITEM 19

BEFORE: CHAIRMAN MATTHEW M. CARTER, II
COMMISSIONER LISA POLAK EDGAR
COMMISSIONER KATRINA J. McMURRIAN
COMMISSIONER NANCY ARGENZIANO
COMMISSIONER NATHAN A. SKOP

DATE: Tuesday, September 4, 2008

DOCUMENT NUMBER-DATE

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PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: LINDA BOLES, RPR, CRR
Official FPSC Reporter
(850) 413-6734

1 PARTICIPATING:

2 KEVIN FOX, ESQUIRE, representing the Interstate
3 Renewable Energy Council.

4 JESSICA CANO, ESQUIRE, representing Florida
5 Power & Light.

6 MARTHA CARTER BROWN, ESQUIRE, JOANN CHASE and KAREN
7 WEBB, representing the Florida Public Service Commission Staff.

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P R O C E E D I N G S

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2 CHAIRMAN CARTER: Commissioners, we are now on, I
3 believe I'm right this time, Issue 19. Am I correct? Let's
4 give staff a moment to get settled in, just take a second here
5 for everyone to get in. This is an opportunity for other
6 parties to participate, so we'll govern ourselves accordingly.

7 All right. When the music stops, everybody should
8 have a chair; right? Okay. Staff, you're recognized.

9 MS. CHASE: Good morning, Commissioners. Joann Chase
10 with the PSC staff.

11 Item 19 is staff's recommendation regarding the
12 approval of the interconnection agreements and net metering
13 tariffs filed by the IOUs pursuant to Rule 25-6.065, which
14 relates to the interconnection and net metering of
15 customer-owned renewable generation up to 2 megawatts. Staff
16 is recommending that these tariffs and standard interconnection
17 agreements be approved effective October 1, and also that the
18 docket be closed if there are no protests. Staff is available
19 to answer any questions you might have, and I believe there are
20 representatives from the utilities here probably just to answer
21 questions.

22 CHAIRMAN CARTER: Does any of the parties want to be
23 heard at this phase or do you want to just be available for
24 questions? We'll obviously give you an opportunity to be
25 heard, if you'd like to.

1 MR. FOX: Yes, sir.

2 CHAIRMAN CARTER: You're recognized. Please state
3 your name for the record and who you represent.

4 MR. FOX: Kevin Fox with the Law Firm of Keys & Fox
5 appearing on behalf of the Interstate Renewable Energy Council.

6 CHAIRMAN CARTER: Okay.

7 MR. FOX: The Interstate Renewable Energy Council was
8 an active participant here at the Commission in its net
9 metering and interconnection rulemaking. We have but one issue
10 that we would like to raise regarding the interconnection
11 agreements and net metering tariffs that have been filed by the
12 utilities.

13 First we would like to commend staff for an admirable
14 job in synthesizing the various agreements to the extent
15 possible. We also believe that staff has done a commendable
16 job in ensuring compliance of the interconnection agreements
17 and net metering tariffs with the Commission's rules.

18 The one issue that we would like to raise is in
19 regards to the Tier 3 application fee that has been proposed by
20 FPL. That amount is \$1,000. I would like to point out to the
21 Commission that that is roughly double the amount or even a
22 little higher in some cases the amount that's been proposed for
23 Tier 3 application fees by the other utilities. In addition,
24 it is double the amount that a generator of that size would
25 have to pay to interconnect under FERC's small generator

1 interconnection procedures.

2 And in the case of a generator of this size, if that
3 generator was either selling wholesale to the utility or to
4 certify as a qualifying facility, it could qualify for FERC's
5 small generator interconnection procedures and pay half the fee
6 that it would under what has been proposed in the
7 interconnection agreement by FPL. We would respectfully
8 request that the Commission consider adjusting that fee so that
9 it is in line with what the other utilities are proposing.

10 CHAIRMAN CARTER: Commissioner Skop, you're
11 recognized, sir.

12 COMMISSIONER SKOP: Thank you, Mr. Chairman.

13 I had a similar concern. But first and foremost, on
14 Page 4 of the recommendation it shows the, in Section 2, fees
15 and charges of various IOUs, and I just wanted to make two
16 points and comment.

17 First and foremost, I'd like to commend Progress
18 Energy for its lowest fees amongst the Tier 2 and
19 Tier 3 with no interconnection deposit. I thought that was
20 tremendous leadership on their part in stimulating the
21 advancement and adoption of renewables under this Commission's
22 net metering role that each of my colleagues adopted.

23 Secondly, with respect to the concern raised on
24 Tier 3 for FPL, I had a similar concern and would just ask if
25 staff happened to have a spreadsheet for the estimates. And

1 one of the concerns I had, not to address the issue that the
2 gentleman just raised, but in terms of the line item for
3 processing of meter change requests for Tier 2, that line item
4 is substantially different from the same line item in Tier 3.
5 And I was wondering if staff could perhaps work with FPL to see
6 if a math error might have been made. But that, that math
7 adjustment, if it was in fact a math error, would bring that
8 down substantially to about \$872 versus the \$1,000. So if
9 staff could just perhaps work with FPL on that, I'd be
10 appreciative.

11 MS. BROWN: Commissioner, we're passing out that FPL
12 spreadsheet. Was that all that you wanted?

13 COMMISSIONER SKOP: Yeah. I just think that, you
14 know, they have two line items in the cost support estimate,
15 it's the last line item, and I'll just wait for my colleagues
16 to take a quick look at it.

17 If we look at the first block, which is for Tier 2
18 interconnect, the last line item which is entitled Processing
19 of Meter Change Request, in the same line item in Tier 3, it
20 seems to me that that's the same, essentially the same task. I
21 mean, I'd, you know, love to hear from FPL if that's not the
22 case. But perhaps in the creation of the, of the spreadsheet,
23 you know, the hours for that task are double and that has a
24 cost impact which I think drives the higher application fee.

25 For instance, in Tier 2 that task is a total of

1 \$38.80 and in Tier 3 it's \$155.22. So assuming a math error
2 was made and it should be the same cost in both, results in a
3 difference of \$116.42. And if you deduct that from the cost
4 estimate, the revised Tier 3 would be \$872.17. So perhaps,
5 again, I'm not in the best position to know if a math error was
6 made or if that's a legitimate difference between, of Tier 2
7 and Tier 3 for processing a meter change request, but certainly
8 if staff could look into that and also perhaps the other
9 concern. But, again, I just wanted to make two, two comments
10 in passing, so.

11 CHAIRMAN CARTER: Let's see. Would you like to hear
12 from the company on this or staff first? Staff, let's hear
13 from staff. And then if the company wants to be heard, we'll
14 obviously give you an opportunity to be heard.

15 Staff, you're recognized.

16 MS. WEBB: Thank you, Mr. Chairman. This is Karen
17 Webb with Commission staff.

18 We had asked a similar question when we were
19 processing this information, and the answer that we were given
20 was that additional personnel would be needed at a higher wage
21 rate. For the Tier 1 application it was our understanding that
22 administrative personnel would be reviewing the inter, the
23 interconnection itself and they would be at a lower wage, but
24 for the Tier 3 interconnections it would require administrative
25 personnel as well as engineering personnel, so it would require

1 greater time and wage rate.

2 CHAIRMAN CARTER: Commissioner.

3 COMMISSIONER SKOP: Thank you, Mr. Chairman.

4 And just as a follow-up again, I don't have full
5 visibility, but just it would seem to me that the processing of
6 a meter change request would be more of an administrative
7 function rather than a technical or, or managerial function.
8 So, again, looking at the quadrupling of the number for the
9 same line item, it would seem to me, unless there's something I
10 don't have a full appreciation of for that administrative task,
11 the cost should be similar. And I think that might be -- if,
12 in fact, there were an error made, that that might be driving
13 the cost. But, again, that's just something that if staff
14 could look into on a forward-going basis, I'd appreciate it.

15 CHAIRMAN CARTER: Okay. Yes, ma'am. Thank you.

16 MS. WEBB: Karen Webb again. Thank you, sir.

17 We would like to add in addition to that that when
18 FPL had originally proposed their fees, they did not include
19 the column for payroll and overhead loading and it was a staff
20 prompting that brought that into the addition. So originally
21 their Tier 2 application fee was \$200, but with the addition of
22 the payroll and overhead loading it brought it to \$403.62.
23 With the Tier 3 interconnection their fee was originally \$500
24 and the payroll and overhead loading became \$988.59, just for
25 clarification's sake.

1 COMMISSIONER SKOP: And I appreciate staff's hard
2 work and diligence on that. You guys dug down in the numbers.
3 I was actually very impressed with the data that you guys had
4 in that regard. So thank you.

5 CHAIRMAN CARTER: Commissioner Argenziano.

6 COMMISSIONER ARGENZIANO: Well, since the point has
7 been brought up, what I'd like to find out from the company is
8 is there engineering required? I mean, it just comes down to
9 is there more effort or is there more expertise involved, and
10 that would answer that for me.

11 CHAIRMAN CARTER: Okay. Let's hear from the company.

12 MS. CANO: Good morning. My name is Jessica Cano.
13 I'm appearing on behalf of Florida Power & Light.

14 As staff noted, they specifically asked us about the
15 difference between the meter change request costs, and I also
16 probably do not have a full appreciation of the differences
17 because I am not an engineer, but I was told by our engineers
18 and our distribution folks that different personnel,
19 engineering personnel and additional time would be needed for
20 the Tier 3 meter change request as opposed to the Tier 2. So
21 that is not a mathematical error there.

22 CHAIRMAN CARTER: Commissioner Argenziano.

23 COMMISSIONER ARGENZIANO: Well, at a time when you're
24 coming before the Commission and the answer -- the question is,
25 well, is engineering really involved here, I would think that

1 you'd come with information to give me to make a decision. And
2 you obviously do not have that, I understand that. But how am
3 I supposed to make a decision whether -- I hear what you're
4 saying, engineering is to be involved. I think what I heard
5 Commissioner Skop say is that he thought under his
6 understanding that it should be administrative and maybe there
7 is no need for engineering. And maybe it would have just been
8 wise to have somebody here to let me know why you needed
9 engineering. A simple explanation probably would have helped.

10 MS. CANO: I apologize if I wasn't clear. I do know
11 that engineering is required. As to the details of that
12 involvement, you're correct, I do not have that information.

13 COMMISSIONER ARGENZIANO: Okay.

14 CHAIRMAN CARTER: Commissioner Skop.

15 COMMISSIONER SKOP: Thank you, Mr. Chair. And to
16 Ms. Cano, again, I'm not making a whole hill of beans. I was
17 just trying to figure out, as raised, why the Tier 3 would be
18 somewhat higher. I recognize that each of the various IOUs has
19 their respective cost structures and fully appreciate that.

20 Again, what struck my eye just as a passing concern,
21 and I'll accept the fact that no math error was made, but I
22 just was trying to gain a further appreciation with respect to,
23 you know, the processing of the meter change request. It seems
24 to me that that -- again, I've never seen one, but I would
25 suspect that would be a piece of paper that, you know, would

1 just be, you know, signed off on as a matter of course. But to
2 note that the, the labor in terms of a one-hour for Tier 2
3 versus two hours for Tier 3 for processing a change request,
4 you know, certainly with the payroll and overhead loading it
5 drives the cost exponentially, and I was just merely trying to
6 rationalize as with respect to Tier 3 why the costs were
7 somewhat out of line with respect to some of the other costs
8 that were projected by the IOUs, respecting the additional cost
9 structure. But that being said, what caught my attention again
10 was that specific line item which would account, at least
11 reasonably account for perhaps a difference. But I'll accept
12 the fact that there was no math error made.

13 CHAIRMAN CARTER: Thank you.

14 Commissioners?

15 COMMISSIONER ARGENZIANO: I think I have to take the
16 company at its word. If they need engineering, I understand
17 why the costs go up.

18 CHAIRMAN CARTER: Thank you.

19 Commissioner Edgar, you're recognized.

20 COMMISSIONER EDGAR: Thank you. If I could, a
21 question on another point, and I do recognize that there is
22 some discussion on this in the item. But if staff could
23 elaborate a little bit more on the annual reporting requirement
24 and the information that would be, will be coming to the
25 Commission from that and how we are hoping to be able to use

1 that to review this new rule, and I'm going to say program, I
2 don't know if that's the correct word, but this new effort to
3 encourage net metering in an economically sensible manner.

4 MS. CHASE: Certainly, Commissioner. Joann Chase
5 again with PSC staff.

6 The, all of the IOUs will be filing annual reports to
7 let us know how many customers have been interconnected, the
8 size of them and other information, and with that information
9 we do intend to monitor these, these fees and charges and what
10 the actual costs actually are. So if there is a need to revise
11 the tariff, we would expect the utility to come in with those
12 revisions or we could, you know, we could work with them on
13 making sure that these revisions are made.

14 COMMISSIONER EDGAR: Thank you. And just to follow
15 up, Mr. Chairman.

16 CHAIRMAN CARTER: You're recognized.

17 COMMISSIONER EDGAR: When I met with staff to go over
18 this in more detail, part of the discussion that we had is, of
19 course, that information coming in is going to be coming from
20 the utilities and I think that will be good information and
21 very useful as we continue to evaluate this. But I am also
22 hopeful that there will be other, other means by which we will
23 hear from the, the consumers that are using this rule and are
24 moving forward with the net metering effort and distributed
25 generation, self-generation, and I'm just hopeful that we will

1 be able to reach out and that they will reach out to us so that
2 we can gather information from that side of the equation as to
3 how this is working.

4 CHAIRMAN CARTER: Thank you.

5 Commissioner Skop.

6 COMMISSIONER SKOP: Thank you, Mr. Chairman.

7 At the appropriate time, if there's no further
8 questions or discussion, I would move staff recommendation on
9 Issues 1 and 2, and just with the caveat that staff would
10 continue to work with FPL to address concerns here today.

11 CHAIRMAN CARTER: Commissioners, we've got a motion.

12 COMMISSIONER EDGAR: Second.

13 CHAIRMAN CARTER: And a second. Is there any further
14 discussion? All those in favor, let it be known by the sign of
15 aye.

16 (Unanimous affirmative vote.)

17 All those opposed, like sign. Show it done.

18 (Agenda Item 19 concluded.)

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1 STATE OF FLORIDA)
 : CERTIFICATE OF REPORTER
2 COUNTY OF LEON)

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I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorneys or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 10th day of September,

2008.

Linda Boles
LINDA BOLES, RPR, CRR
FPSC Official Commission Reporter
(850) 413-6734

FPL

080255-E1, 080257-E1, 080260-E1, 080265-E1,
080294-E1
Parties/Staff Handout
Internal Affairs/Agenda
on 9/14/08
Item No. 79

Tier 2 & 3 Cost Support

Application Fee - Tier 2 Interconnection				
Process	Hours	Cost	Payroll & Overhead Loading	Total
Application Review	1.0	\$40.00	\$37.61	\$77.61
Inspection of System (Vehicle Included)	2.0	\$50.00	\$54.80	\$209.60
Management Review	0.5	\$80.00	\$75.22	\$77.61
Processing of Meter Change Request	1.0	\$20.00	\$18.80	\$38.80
Total Application Fee				\$403.62
Proposed Application Fee		\$400.00		

Application Fee - Tier 3 Interconnection				
Process	Hours	Cost	Payroll & Overhead Loading	Total
Application Review	3.0	\$50.50	\$47.48	\$293.94
Fast Track Screens Review	2.0	\$65.00	\$61.11	\$252.23
Inspection of System (Vehicle Included)	2.0	\$50.00	\$54.80	\$209.60
Management Review	0.5	\$80.00	\$75.22	\$77.61
Processing of Meter Change Request	2.0	\$40.00	\$37.61	\$155.22
Total Application Fee				\$988.59
Proposed Application Fee		\$1,000.00		

Interconnection Study Charge - Tier 3 Interconnection				
Process	Hours	Cost	Payroll & Overhead Loading	Total
Engineering	10.0	\$50.50	\$47.48	\$979.80
Distribution (Service Planning)	8.0	\$65.00	\$61.11	\$1,008.90
Total Study Charge				\$1,988.71
Proposed Study Charge		\$2,000.00		