

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition by Gulf Power
Company for Approval of Optional
Rate Rider PV (Photovoltaics)

DOCKET NO. 991317-EI
ORDER NO. PSC-99-2485-TRF-EI
ISSUED: December 20, 1999

The following Commissioners participated in the disposition of this matter:

JOE GARCIA, Chairman
J. TERRY DEASON
SUSAN F. CLARK
E. LEON JACOBS, JR.

ORDER APPROVING OPTIONAL RATE RIDER PV (PHOTOVOLTAICS)

BY THE COMMISSION:

I. Introduction

Docket No. 971006-EG was opened to establish numeric demand-side management (DSM) goals for Gulf Power Company (Gulf). On June 11, 1999, Gulf and the Legal Environmental Assistance Foundation (LEAF), an intervenor in the docket, filed a Joint Motion to Approve Stipulation (stipulation). The Commission approved the stipulation between Gulf and LEAF in Order No. PSC-99-1381-FOF-EG, issued July 19, 1999.

In the stipulation LEAF agreed to withdraw from the docket and take no position on Gulf's proposed numeric DSM goals. In return, Gulf agreed to investigate and, if feasible, to develop various energy-efficiency measures such as green pricing. Specifically, in the stipulation Gulf agreed to file by September 1, 1999, a Photovoltaic (PV) rate rider. Prior to entering into the stipulation with LEAF, Gulf had already participated in a green energy research project that explored the market potential for green energy and tested the response to a PV rate rider. The research project was conducted by the Georgia Institute of Technology Photovoltaics Research and Education Center of Excellence (Georgia Institute) and the Southern Company. As required by the stipulation, Gulf filed a Petition for optional Rate Rider PV (Photovoltaics) on August 31, 1999.

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On September 16, 1999, LEAF filed comments as an interested party in this docket and expressed a desire to discuss the filing with Gulf. Gulf waived the 60-day tariff suspension deadline to give Gulf and LEAF additional time to discuss the filing. Gulf and LEAF have advised staff that LEAF's concerns have been satisfied.

II. The Petition

The proposed Rate Rider PV (rider) is designed to allow residential, commercial, and industrial customers to purchase photovoltaic (PV) energy at an additional charge. The PV energy will be generated at a photovoltaic generating facility, where solar radiation converts light energy into direct current (DC) electricity.

Customers will be able to purchase one or more 100-Watt blocks of PV energy at a price of \$6.00 per 100-Watt block per month. The rider has an initial term of five years and may be terminated by either party following two years' written notice which may be given at any time following year three of the initial term.

The PV project is a collaborative project among the operating companies within the Southern system. The Southern Company operating companies will be sharing customer commitment and energy produced. The plan is to construct a one Megawatt (MW) PV facility. Construction of a PV facility will begin upon the attainment of sufficient commitments from all participants across the Southern Company. The construction of a one-MW PV facility requires that at a minimum 10,000 100-Watt blocks be purchased. If the Southern Company has more subscribers than required to build a PV facility, the subscribers will be billed on a first come, first served basis. Participating customers would not begin paying for the PV energy until the second month following the date the PV facility begins commercial operation. The additional charge will appear as a line item on the customer's bill. Gulf states that the building site has not yet been determined.

To notify its customers of this optional rider, Gulf intends, upon Commission approval, to use its monthly newsletter or a separate bill insert. Customers will also be mailed an agreement

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stating the terms of the PV rider. Customers choosing to sign up for the rider must sign the agreement and return it to Gulf.

III. Calculation of Cost

Gulf used information provided by the Georgia Institute to develop the monthly charge of \$6.00 per 100-Watt block of PV energy. Information provided by the Georgia Institute shows that a one meter square PV plate produces 0.1 kW or 100 Watts of electricity. It is estimated that this PV plate will produce 15 kWh per month.

The monthly cost of a PV generating facility is \$6.66 per one meter square PV plate. These costs include area related cost (structure, land), inverter cost, and the cost of the PV module. Inverter costs are the costs of converting solar energy, which is generated in DC voltage, to the AC voltage used by the electric system.

The next step in the calculation determines a monthly credit for the cost of displaced generation. Since the PV energy is designed to displace power that would have otherwise been produced from traditional generation facilities, Gulf subtracted the cost of traditional generation from the \$6.66 charge. Gulf calculated the cost of traditional generation by dividing the 1998 revenues for the residential, commercial, and industrial classes by the 1998 kWh sales for the three classes. The 1998 year-to-date average cost for customers was \$0.05404 per kWh. According to the Georgia Institute, one meter square PV plate will generate 15 kWh per month. The resulting credit for the sale of displaced generation is \$0.81 (15 times \$0.05404). Gulf subtracted the \$0.81 from the monthly cost of the PV system (\$6.66) and arrived at a final monthly charge of \$6.00 (rounded) for 100 Watts of PV energy.

IV. Conclusion

The stipulation between Gulf and LEAF states that Gulf will recover only the incremental cost to provide PV energy to its customers. We believe that the above described calculation is a cost-based charge for the incremental cost of PV energy and therefore is consistent with language in the stipulation. We note

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that Gulf presently is not requesting recovery of any of the program costs through the Energy Conservation Cost Recovery Clause.

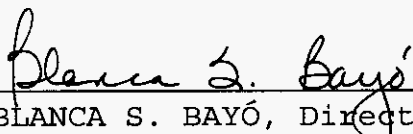
It is therefore

ORDERED that Gulf Power Company's Petition for approval of optional Rate Rider PV (Photovoltaics) is approved, effective November 30, 1999. It is further

ORDERED that the tariffs shall remain in effect pending resolution of any protest.

ORDERED that if no protest is filed in accordance with the requirements set forth below, this docket shall be closed upon the issuance of a consummating order.

By ORDER of the Florida Public Service Commission this 20th day of December, 1999.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

GAJ

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.

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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 Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 10, 2000.

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.