BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of voluntary solar partnership pilot program and tariff, by Florida Power & Light Company.	DOCKET NO. 140070-EI ORDER NO. PSC-14-0468-TRF-EI ISSUED: August 29, 2014

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER APPROVING VOLUNTARY SOLAR PARTNERSHIP PILOT PROGRAM

BY THE COMMISSION:

BACKGROUD

On April 2, 2014, Florida Power & Light Company (FPL) filed a petition requesting our approval of a three-year Voluntary Solar Partnership (VSP) Pilot Program. The new program would offer all FPL customers an opportunity to participate voluntarily in a program designed to contribute to the construction and operation of solar photovoltaic generation facilities in communities throughout FPL's service territory. The renewable energy generated from these solar facilities would provide power to all FPL customers and displace energy that would otherwise be produced from fossil fuels.

On May 22, 2014, we suspended FPL's proposed tariff in Order No. PSC-14-0253-PCO-EI [1] to allow for further review. During that review, our staff issued two data requests to FPL, asking for information that would clarify certain financial matters relating to the proposed program.

As we explain in detail below, we approve the proposed VSP program. We have jurisdiction in this matter pursuant to Sections 366.05, 366.06, and 366.075, Florida Statutes (F.S.).

[1] Order No. PSC-14-0253-PCO-EI, issued May 22, 2014, in Docket No. 140070-EI, In re: Petition for approval of voluntary solar partnership pilot program and tariff, by Florida Power & Light Company.

DECISION

FPL's proposed VSP Pilot Program offers customers an opportunity to voluntarily contribute $9.00 per month toward the construction and operation of supply-side solar generation facilities owned by FPL in its service territory. The program would be available to all residential, commercial, and industrial customers. FPL would use the contributions to support the net revenue requirement (revenue requirements minus avoided fuel and emissions costs) of constructing and operating relatively small solar generating facilities. The revenue requirement includes a return, depreciation, operations and maintenance (O&M) expenses, and other costs such as property taxes and insurance. O&M expenses include site monitoring and repairs, vegetation management, and maintenance. The electricity generated by the solar generation facilities would displace fuel that otherwise would have been used for generation, resulting in avoided fuel and emissions costs. The size of the solar projects would be determined by the contributions received. The VSP program period will be three years to allow FPL to gather information on participation, revenue generation, and costs to operate the program to determine the appropriate direction for the program thereafter.

Our analysis of the VSP program focused on ensuring that both participants and non-participants are protected from unintended consequences of the program. Participants must have some assurance that their $9.00 per month contributions are used as intended. Nonparticipants must have some assurance that they will not subsidize the program.

Participant protection

FPL has incorporated several features in the VSP program that will provide assurance to participants that the program will function as designed. These features include:

- Participation in the VSP program will be voluntary.
- The VSP program will be offered on a month-to-month basis.
- Customers may enroll or cancel their enrollment at any time.
- Participation may be continued to a new service address, at the customer's request, if the customer moves within FPL's service territory.
- Participation will not change the participants' monthly electric bill, other than the voluntary contributions.
- Marketing and administrative expenses are capped at 20 percent of participant contributions. Any marketing and administrative expenses above the 20 percent cap will be borne by FPL shareholders.
- Each quarter, FPL will provide participants a report on the amount of energy the program produced.
- Participants may go to the program website to see how much electricity is produced from the solar facilities and the corresponding fuel and environmental benefits.

With respect to the marketing and administrative expenses, FPL stated that it intends to actively encourage enrollment in the VSP Pilot Program through various means. Marketing expenses include internal labor that is not recovered in base rates, email, newsletters, and digital channels. Administrative costs include a project manager, financial reporting, and customer service. FPL expected initial marketing and administrative expenses to exceed 20 percent of the revenues; however, FPL committed to recording below-the-line any such expenses above the 20 percent threshold. FPL will manage the program with FPL employees and use Florida-based contractors to build the solar facilities.

Non-participant protection

FPL structured the VSP program to prevent non-participating customers from being affected. First, the VSP program is unrelated to FPL's existing Demand Side Management (DSM) solar pilot program and will not be funded from the general body of ratepayers through the Energy Conservation Cost Recovery Clause. The program was designed to be a supply-side resource that will be owned and operated by FPL.

Second, FPL will size the solar projects based on the level of participation, so that participant contributions will approximate the project revenue requirement net of estimated avoided fuel and emissions costs. The estimated fuel and emission savings were $0.05 per kilowatt-hour.[2] FPL stated that it does not expect any remaining costs of the solar facilities to be borne by non-participating customers at the end of the three-year pilot period. FPL explained that should the VSP program be terminated after the three-year trial period, and in the event that the participant contributions and avoided fuel/emission benefits do not cover the remaining revenue requirements, FPL and its shareholders will absorb the difference below-the-line.

Other program features

FPL stated that it will begin construction of solar projects in January 2015, before receiving any contributions. The first 300 kW will be comprised of 2 to 5 individual projects ranging from 50 kW to 100 kW in size. For these initial projects, FPL will construct, operate, and own ground mounted systems or rooftop installations on structures such as commercial parking canopies in several metropolitan areas throughout FPL's service territory. FPL stated that to the extent possible the solar projects will be located in high visibility areas to further educate customers and promote solar energy in Florida.

Since there is no active market for Renewable Energy Credits (RECs) in Florida, FPL has not included REC value in the VSP program economics. If FPL is able to monetize RECs produced by the program, any revenue generated from REC sales will benefit participants by reducing the net revenue requirements that are to be covered by participant contributions.

At the end of three years, FPL will report to us on the data gathered. We will then determine if the program will be terminated or continued. If the VSP program is terminated at

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[2] FPL determined the $0.05 per kWh fuel savings by calculating the difference between the fuel and emissions costs with and without a 100 MW solar facility.

the end of the pilot period, FPL would cease active enrollment of customers, and would not invest in new solar projects after termination, but would leave the tariff open for existing participants to remain in the program. Continuing participant contributions will likely cover the declining revenue requirements even with a modest attrition rate. Eventually, the avoided fuel and emission benefits of the solar energy production will be greater than the revenue requirements of the project, and there would be no additional net costs thereafter.

In its petition, FPL described an additional incentive that it will offer participants to encourage enrollment during the pilot period. Shareholders of FPL's parent company, NextEra Energy, Inc. (NEE), through its NEE Foundation, will contribute $200,000 annually for the duration of the pilot program to non-profit organizations dedicated to environmental protection or community development. VSP program participants will vote from a list of Florida-based non-profit organizations or local chapters of national non-profit organizations that are located in or near the communities where the projects are constructed.

The VSP program will be open for enrollment in January 2015, with billing for the monthly contributions to start in May 2015. FPL requested that the tariff be effective May 1, 2015, with enrollments beginning in January 2015. The proposed tariff is included in this Order as Attachment 1.

We find that the VSP program provides participants reasonable assurance that their voluntary contributions will be used as intended. We also find that FPL has provided reasonable assurance that non-participants will not subsidize the program. We therefore approve the VSP Pilot Program and tariff.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Petition for approval of voluntary solar partnership pilot program and tariff, by Florida Power & Light Company is granted, effective May 1, 2015. It is further

ORDERED that if a protest is filed within 21 days of issuance of this Order, the tariff shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 29th day of August, 2014.

Carlotta S Stauffer

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

MCB

DISSENT BY: COMMISSIONER LISA POLAK EDGAR

COMMISSIONER LISA POLAK EDGAR dissents from the Commission's decision herein.

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.

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 Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 19, 2014.

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.

VOLUNTARY SOLAR PARTNERSHIP RIDER
(OPTIONAL PILOT PROGRAM)

RATE SCHEDULE: VSP

AVAILABLE:
In all territory served by FPL ("the Company") to customers receiving service under any FPL metered rate schedule. This voluntary solar partnership pilot program ("VSP Program", "the Pilot") provides customers an opportunity to participate in a program designed to construct and operate commercial-scale, distributed solar photovoltaic facilities located in communities throughout FPL's service territory. Service under this rider shall terminate December 31, 2017, unless extended by order of the Florida Public Service Commission ("FPSC"), or terminated earlier by the Company upon notice to the FPSC.

APPLICATION:
Available upon request to all customers in conjunction with the otherwise applicable metered rate schedule.

LIMITATION OF SERVICE:
Any customer under a metered rate schedule who has no delinquent balances with the Company is eligible to elect the VSP Program. A customer may terminate participation in the VSP Program at any time and may be terminated from the Pilot by the Company if the customer becomes subject to collection action on the customer's service account.

CHARGES:
Each voluntary participant shall agree to make a monthly contribution of $9.00, in addition to charges applied under the otherwise applicable metered rate schedule. Customer billing will start on the next scheduled billing date upon notification of service request. The VSP Program contribution will not be prorated if the billing period is for less than a full month.

Upon participant's notice of termination, no VSP Program contribution will be assessed in the billing period in which participation is terminated.

TERM OF SERVICE:
Not less than one (1) billing period.

SPECIAL PROVISIONS:
Upon customer request, program participation may continue at a new service address if the customer moves within FPL's service territory.

RULES AND REGULATIONS:
Service under this rider is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provisions of this schedule and said "General Rules and Regulations for Electric Service" the provisions of this rider shall apply.