

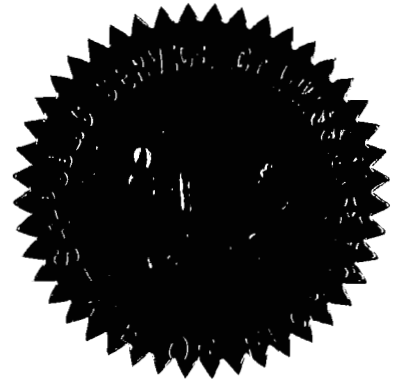
BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 070674-EI

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In the Matter of:

PROPOSED AMENDMENT OF RULE 25-6.065,  
F.A.C., INTERCONNECTION AND NET METERING  
OF CUSTOMER-OWNED RENEWABLE GENERATION.



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PROCEEDINGS:           AGENDA CONFERENCE  
                          ITEM NO. 3

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

DATE:                    Tuesday, December 18, 2007

TIME:                    Commenced at 9:54 a.m.  
                          Concluded at 2:59 p.m.

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

REPORTED BY:           LINDA BOLES, RPR, CRR  
                          Official FPSC Reporter  
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FLORIDA PUBLIC SERVICE COMMISSION

FPSC-COMMISSION CLERK

1 PARTICIPATING:

2 DEL BOTTCHEER, representing Soil and Water Engineering  
3 Technology, Inc.

4 ANDREW WALMSLEY, representing Florida Farm Bureau.

5 JAY LEVENSTEIN, representing DACS.

6 JASON KEYES, representing Interstate Renewable Energy  
7 Council.

8 MICHAEL CODDINGTON, representing National Renewable  
9 Energy Lab.

10 GORDON HANSEN, appearing as a citizen of the State of  
11 Florida.

12 SUSAN CLARK, representing the IOUs.

13 LEON JACOBS, representing the Southern Alliance for  
14 Clean Energy and the Natural Resources Defense Council.

15 BOB KRASOWSKI, appearing as a citizen of the State of  
16 Florida.

17 BILL TOTH, representing All Source Energy.

18 BILL GALLAGHER, representing the Florida Solar Energy  
19 Industries Association.

20 MICHAEL COOKE, GENERAL COUNSEL; ROSANNE GERVASI,  
21 ESQUIRE; CAYCE HINTON; MARK FUTRELL; KAREN WEBB; BOB TRAPP and  
22 CRAIG HEWITT; representing the Florida Public Service  
23 Commission Staff.

24

25

## P R O C E E D I N G S

1  
2 CHAIRMAN EDGAR: And we will begin our discussions  
3 with Item 3, and I'll look to our staff.

4 MR. FUTRELL: Good morning, Commissioners. Item 3 is  
5 staff's recommendation --

6 CHAIRMAN EDGAR: Okay. Hold on, Mark, because I  
7 can't hear you. Chris, can you bump his mike up? Okay. Let's  
8 try again. Thank you.

9 MR. FUTRELL: Okay. Good morning, Commissioners.  
10 Item 3 is staff's recommendation to propose amendments to Rule  
11 25-6.065, Florida Administrative Code. These amendments would  
12 significantly expand the Commission's existing rule to further  
13 encourage the development of renewable generation in Florida.  
14 The focus of these rule amendments is on customer-owned  
15 renewable generation designed to offset electricity purchases.  
16 These systems effectively act as a conservation measure.

17 The rule amendments were developed with extensive  
18 stakeholder participation as a number of informational and rule  
19 development workshops have been held this year. The rule  
20 amendments will provide greater transparency to customers of  
21 the requirements for interconnecting renewable systems with the  
22 electric grid. The interconnection process will be expedited  
23 as the requirements of both the utility and the customer are  
24 made explicit in the rule.

25 The amendments will also enhance the economic value

1 of customer-owned renewable generation systems. For instance,  
2 various fees would be waived for owners of small systems.  
3 Also, net metering would be required whereby excess generation  
4 would be carried forward to the next billing period and used to  
5 offset consumption, thereby reducing the customer's bill.

6 In crafting these rule amendments, staff has  
7 recognized the need to balance the interests of encouraging  
8 renewable generation with the need to protect ratepayers and  
9 the overall reliability of the electric grid.

10 Now before I end my comments, one of the issues that  
11 have come up since the filing of the recommendation is the  
12 issue of standby rates and the provisions that were included in  
13 the rule amendments. Staff has, in response to comments we've  
14 received has drafted some revised language that we've provided  
15 to you, and we will discuss that, we will be available to  
16 discuss that with you when we come to that section of the rule.  
17 Also, we're aware that there's a number of speakers who have,  
18 would like to discuss the rule. And I believe they are here,  
19 and we have provided you a list of those names.

20 CHAIRMAN EDGAR: Thank you. I do have a list of  
21 names that I understand are people who have asked for the  
22 opportunity to speak. If I -- if you're not on my list and you  
23 would like to give comments, we certainly will give that  
24 opportunity as well. My thinking is that just in order for  
25 sort of an orderly discussion I'm going to call upon you down

1 the list that I have and then we'll see if there's anybody  
2 else. Commissioners, of course, always the opportunity to ask  
3 questions and have discussion, although I am thinking that also  
4 it may be helpful to hear from all of the comments and then we  
5 can have discussion and talk to our staff. So we'll try, try  
6 it that way.

7           So the first person that is on the list that I've  
8 been given that has asked for the opportunity to participate or  
9 has more appropriately, I guess I should say, has shared with  
10 us that they would like the opportunity to participate today is  
11 Del Bottcher. Please come forward and we'll make sure that  
12 there is -- and Mark will help you.

13           Thank you. Mr. Bottcher, thank you. Chris will make  
14 sure that your mike is live. Have a seat, and we look forward  
15 to hearing your comments.

16           MR. BOTTCHER: Well, thank you very much for the  
17 opportunity to come and further discuss this. I was here at  
18 one of the workshops and presented a couple of issues, and  
19 really commend the Commission for taking this action because of  
20 the need of getting net metering as an incentive to get  
21 additional renewable energy into the state. But as I've noted  
22 to staff, I think a couple of points that are in the rule is  
23 going to highly limit its effectiveness as compared to what it  
24 could be if these two restrictions were removed. One of them,  
25 I'm not sure how that can be handled, and that's the, the fact

1 that it appears in the rule that it's only going to apply to  
2 IOUs, the investor-owned utilities, where most of North Florida  
3 operate under, get their electricity through cooperatives. And  
4 if the rule doesn't carry through to cooperatives, it's going  
5 to limit its effectiveness. So I think that's one issue that  
6 needs to be addressed, but how that authority can be handled is  
7 beyond what I want to discuss today.

8           Really it's the second point that I want to focus on,  
9 and that's the aspect of conjunctive billing as being a  
10 limitation of using multiple meters for doing the net metering  
11 on a single property. This is going to have a great impact on  
12 the ability to encourage, particularly in agricultural  
13 operations which are more diverse under physical properties  
14 that have multiple meters to be able to participate in net  
15 metering. It's actually going to prevent probably about  
16 90 percent of those considering renewable energy in agriculture  
17 from considering it. And as I, hopefully I can point out that  
18 I'm able to articulate is that there's really no effect of  
19 using multiple meters as compared to going to one meter and  
20 requiring it.

21           I'm going to have difficulty here because it's kind  
22 of hard to bring this -- because I thought I had made this  
23 point before but obviously it got missed, is when you set up a  
24 facility, in the way the rule is stated it can only come  
25 through one meter. So if you're doing generation and it's

1 putting out the electricity through this meter, it can net  
2 meter. But many facilities, most of their energy consumption  
3 is going to be through other meters. And in order to take  
4 advantage of that, the operation is going to have the  
5 responsibility to internally connect the power to their  
6 operation at a high cost, where in reality that entire expense  
7 can be eliminated by a simple accounting procedure of just  
8 allowing accounting for multiple meters. And the staff  
9 recommendation did not allow this because they referred to the  
10 conjunctive billing rule which actually says you can only have  
11 one meter.

12 Now I think this is the perfect place for an  
13 exemption for that billing procedure, and actually there may be  
14 some need at some point to go back and relook at why that rule  
15 is still in existence when it can really be handled through an  
16 accounting procedure now where I think that bill actually came  
17 about from old paper billing, period. That simple accounting  
18 procedures can alleviate all the concerns that created that  
19 rule. But I did provide some language, suggested language for  
20 including the ability to use multiple meters for single  
21 customers that are on the, on the same property, that there is  
22 some limitation that they can't just go and bring any meter in.  
23 It's got to be meters associated with that customer on the same  
24 property that is contiguous to the generation facility, and  
25 that would really bring all of agriculture into play.

1           And to try to emphasize the point is if you really  
2 visualize, you have the power generation system sitting on one  
3 part of the property and you have the bulk of power consumption  
4 or use on another part of the property, what's required now in  
5 order to get net metering is to go in and do a connection  
6 between the two facilities in order to get it under one meter.  
7 And that's a cost that is absolutely unnecessary and it would  
8 simply be totally eliminated by allowing that to be done in an  
9 accounting method that the two meters are read. There's -- the  
10 language is set up hopefully to eliminate the concern that the  
11 base billing costs associated with individual meters still  
12 needs to be accounted for. We're not trying to eliminate that.  
13 So we really respectfully request that this be added to the  
14 rule so that agriculture can really participate in this much  
15 needed net metering program.

16           CHAIRMAN EDGAR: Thank you, Mr. Bottcher. And thank  
17 you for bringing some suggested language too, because I know  
18 you're aware and that hopefully everyone is aware that that is  
19 where we are in the process, and it is very, very helpful when  
20 there are changes that, that you or others are interested in to  
21 have suggested language. That just helps our process so much.  
22 So thank you for that.

23           Commissioners, as I said, I think I'd like to kind of  
24 go through the list and then we can have some discussion, and  
25 we'll certainly look to our staff to make comments as well.



1 Mr. Bottcher, thank you.

2 Andrew Walmsley.

3 MR. WALMSLEY: Good morning, Commissioners. I'm  
4 going to be very brief. I just wanted to reiterate the point  
5 that Del brought up. My name is Andrew Walmsley with the  
6 Florida Farm Bureau Federation. We represent roughly 140,000  
7 member families throughout the state, and it is the largest  
8 general ag organization. And like I said, I just wanted to  
9 support Del's comments that, that agriculture is very  
10 interested and very excited about having the opportunity to  
11 participate in renewable energy production. And decisions such  
12 as these, this rulemaking process will really determine whether  
13 we have the opportunity to make the investment to be a real  
14 player in this arena. And we'd just, we'd like you to take  
15 under consideration Del's comments. Thank you.

16 CHAIRMAN EDGAR: Thank you. Thank you. And I  
17 appreciate personally your support of comments as well and  
18 always constructive suggestions. Because I know over the past  
19 year or so we've heard from many representatives of the  
20 agriculture industry and many other industries as well about an  
21 interest in some changes to further the net metering  
22 possibilities, and that's part of what has brought us here  
23 today or to this point in our process.

24 Jay Levenstein. Good morning.

25 MR. LEVENSTEIN: Good morning, Chairman,

1 Commissioners. I will too be very brief, possibly even briefer  
2 than my colleagues. There's a reason we put Del up first,  
3 because he could best articulate the concerns we have.

4 But first, you know, obviously, and this is a new  
5 venue for us, I've mentioned before, as far as agriculture and  
6 the work that's being done here in the PSC. And the Commission  
7 and staff is to be commended on the great work that's being  
8 done on both the net metering and interconnection issues, as  
9 well as RPS and other issues that we're following very closely.

10 This one in particular, as Del had articulated and  
11 Andrew suggested, is very important to agriculture. You know,  
12 Andrew mentioned this: The agriculture community is very  
13 interested in participating, and not just on the electricity  
14 generation side but, as you all know, and not your issue, but  
15 biofuels production, and in all fronts interested in producing  
16 renewable energy and renewable fuels for the state. This is  
17 one little issue we think that we need to make a little minor  
18 change to help them get through that to try to level the  
19 playing field and have them take full advantage of the  
20 investment that they're going to need to take on their farms  
21 because it's not a small one, as you can imagine. So for  
22 somebody to go in and put an anaerobic or methane digester or  
23 some other cogeneration facility and use our resources to  
24 produce that energy, it makes sense that we do whatever we can  
25 that's appropriate and reasonable to provide the ability for

1 them to do that in a fair, in a fair manner. And you've heard  
2 from Del the nature of the agricultural operations. Many of  
3 them in the state use multiple meters. And if you limit them  
4 to being able to offset the power that they're using at the  
5 same location where they're generating, they just don't have  
6 the advantage to take full opportunity of that, and we need to  
7 see if there's some way that we can work on crediting that  
8 production of energy to the other meters that they're, where  
9 they're consuming power. So with that -- and I'm here on  
10 behalf of Commissioner Bronson. This is an issue that's very  
11 much on his radar screen as far as, as far as seeing if we  
12 can't find some solutions to help the industry. So thank you  
13 very much.

14 CHAIRMAN EDGAR: Thank you, Jay. And I'm reminded,  
15 being at the Farm to Fuel Summit earlier this year, and what I  
16 heard from the audience and from the Commissioner and from Jay,  
17 I think, as well as we, we, the speakers, I mean we the  
18 speakers were saying, please, please do some additional work on  
19 net metering. So, again, I'm just so happy that we've had so  
20 much participation and discussion to get us to this point  
21 today.

22 Jason Keyes.

23 MR. KEYES: Hi. Jason Keyes from the Interstate  
24 Renewable Energy Council. I was very happy to hear that my  
25 first issue that I was going to talk the most about was the

1 standby rates. I'm not sure if Mr. Hinton has shared -- we  
2 provided a study by an independent consultant, a rate analyst,  
3 of what the effects of the FPL standby rates would be. And  
4 most of the, most of the energy -- the value of the energy  
5 generated by a solar system would be eaten up by the standby  
6 charges in those cases where a Tier 3 applicant had a system  
7 that was going to be producing more than 20 percent of the  
8 power, 20 percent of the load of that customer. So that would  
9 force customers to keep their systems below that 20 percent  
10 threshold. So I strongly urge you to adopt that.

11           There are three other issues. One is on the tiers in  
12 Section (4)(b). We had requested before that the tiers be  
13 changed. Right now they're set at Tier 1 goes up to  
14 10 kilowatts, Tier 2 goes to 100 kilowatts. And for a couple  
15 of reasons it would be very helpful to have those tiers moved  
16 up. Tier 1 is not subject to insurance, and insurance will be  
17 a pretty effective barrier for a small system. So we would  
18 propose that Tier 1 go up to 25 kW. That covers pretty much  
19 all residential systems so you don't have the problem of people  
20 who want to put in a good-sized solar system unable to put it  
21 in because their insurance company knows nothing about it. And  
22 we talked about that quite a bit in our last meeting, so I  
23 won't go into that in great detail.

24           And the second one is the Tier 2. Tier 2 goes right  
25 now up to 100 kW. We propose that it go up to 250 kW. For

1 systems below about 250 kW there, there aren't anywhere near as  
2 many issues. It's unlikely that there will be adverse effects  
3 on the utility grid. And so if they meet the, the standards  
4 that have been laid out, there shouldn't be need for further  
5 review past that. And so that can add a level of certainty for  
6 those systems from 100 kW up to 250 kW, that when somebody  
7 comes in and they know their system meets the standards, then  
8 they know that they're going to get approved. If they have to  
9 go through a study, they don't know how much that study is  
10 going to cost or when it will be completed, and that risk will  
11 convince some people to simply not propose those larger  
12 systems. They'll just keep their systems under 100 kW. So I  
13 would encourage you to go to 250 kW.

14           And for one other reason too, which gets to my third  
15 point, which is insurance. Right now there's an insurance  
16 requirement for Tier 2 and then a higher insurance requirement  
17 for Tier 3. I would encourage you not to have an insurance  
18 requirement for Tier 2 and at the same time be moving the  
19 Tier 2 level up to 250 kW. This was a compromise that we  
20 achieved in New Mexico that worked out pretty well. And what  
21 we did was we -- again, with a gentleman who was here before  
22 actually, Mike Sheehan, who is a former T&D manager at a major  
23 utility and worked on the 15, the IEEE 1547 committee, and he  
24 pointed out that there's almost no risk to the utility grid of  
25 having a system below 250 kW. That when you get up to 250 kW

1 there might possibly be a way that you could damage a  
2 transformer and that would be a major expense. But less than  
3 250 kW you might hurt a fuse. It might be, you know, a \$5,000  
4 effect. So, so there isn't really a need for insurance up to  
5 250 kW, and we would encourage you to make that change.

6 And the final change is in Section (4)(d). It very  
7 helpfully lays out that Tiers 1 and 2, if they meet the  
8 national standards, shall be approved. And for Tier 3s it says  
9 that additional study may be conducted, but it's not clear what  
10 that additional study would be. We've, in our comments we  
11 suggested that you adopt a series of screens that we have, that  
12 IREC has in its model rules. And we got back the comment from  
13 staff that screens seemed like a good idea, but that's an awful  
14 lot to go into now. Let's look at this in a few years and it  
15 certainly would be good to look at it eventually.

16 But a way to ease into it that I would suggest is to  
17 create a presumption in Tier 3 that if you meet the federal  
18 standards -- so under the Federal Energy Regulatory  
19 Commission's small generator interconnection protocol there are  
20 a series of 13 screens, and if, if an applicant can show that  
21 they meet all of those screens, then there's a presumption that  
22 they have a safe, they're proposing a safe interconnection and  
23 that further study shouldn't be required. But the utility can  
24 give a written explanation of why meeting those screens isn't  
25 enough and they do feel it's necessary to, to have further

1 study. And I don't have a connection here to, to pass you  
2 language, but I'd be happy to pass language to that effect to  
3 you by noon.

4 CHAIRMAN EDGAR: Thank you. And you, I think you  
5 said three points but I think I heard four, so I wanted to make  
6 sure.

7 That discussion about the standby rates language and  
8 mentioning the MRW study, a request or discussion on your part  
9 about changing the level for the Tier 2 threshold, changing the  
10 insurance requirement for Tier 2 and then addressing the  
11 language with the screen, screening levels or screening  
12 thresholds, does that kind of --

13 MR. KEYES: Right. Correct.

14 CHAIRMAN EDGAR: All right. Thank you.

15 MR. KEYES: Those four. I was saying the third one,  
16 having dropped the standby rates.

17 CHAIRMAN EDGAR: I'll roll that into the first one.  
18 All right. Thank you.

19 Michael Coddington.

20 MR. CODDINGTON: Good morning, Commissioners.

21 CHAIRMAN EDGAR: Good morning.

22 MR. CODDINGTON: I'm Michael Coddington with the  
23 National Renewable Energy Laboratory, a Department of Energy  
24 lab, and I just had a few comments this morning. I'll try to  
25 make it brief.

1           The first item is regarding Item (6) (b), the manual  
2 disconnect switch. And there in the language it states that in  
3 some size systems, larger size systems a utility may require  
4 this utility accessible manual disconnect switch. And that  
5 certainly may be appropriate for some larger systems, but the  
6 language states that it should be adjacent to the meter socket.  
7 And I would just point out that there are many instances,  
8 college campuses would be a good example, where you've got,  
9 excuse me, the electric meter in a location that may be far  
10 removed from the solar system at a location. So if some  
11 language could be added to that that, with agreement with the  
12 utility if it's not practical that a disconnect switch be  
13 located at another location besides adjacent to the meter.

14           Now the second point would be under Item  
15 (6) (c) (3) under adverse electrical effects, and this is stating  
16 that the utility would have the right to disconnect the  
17 distributed generation system from the grid for adverse  
18 electrical effects. And I would just state that some  
19 additional language be added, and I'd be happy to give  
20 recommendations, that would hold the utility responsible to  
21 document those adverse effects and to work with the customer to  
22 resolve any issues, and if any of those issues cannot be  
23 resolved, that that be reported to the Commission. Typically  
24 the systems are, you know, modern technology. There's no  
25 reason that if there are any kind of problems it couldn't be



1 resolved quickly.

2           Also I would like to make a comment about  
3 Item (8) (h), and that has to do on, on the Attachment A on  
4 Line 12 it talks about the generation capacity of 20 percent or  
5 more of the customer's total electric load. And the word  
6 "load" is not descriptive enough. I would recommend if that's  
7 either kilowatts in terms of demand or kilowatt hours in terms  
8 of total energy, but that should be defined clearly. I think  
9 "load" could be interpreted a number of ways and cause some  
10 issues.

11           And I guess lastly I would second the recommendation  
12 certainly for Tier 1 that that be considered to, to bring that  
13 up to a higher level, perhaps 25 kW. That seems to be for a  
14 number of reasons a logical break point for that, for Tier 1.  
15 Thank you.

16           CHAIRMAN EDGAR: Thank you.

17           Gordon Hansen.

18           MR. HANSEN: Gordon Hansen, homeowner, Chuluota,  
19 Florida. My wife Jean will take over if I choke. Okay?

20           Thank you for this opportunity to speak. It should  
21 take about five minutes.

22           CHAIRMAN EDGAR: Okay.

23           MR. HANSEN: My compliments on your net metering  
24 document. I'm here to present a case for an across-the-board  
25 retail rate for the Tier 1 group. A handout on the subject has

1 been, has been given to the Commissioners. I will use a bullet  
2 version for my talk. It should speed things up.

3 In reviewing, since we attended our first meeting,  
4 Tier 1 has gone from 25 kW to 10 kW, and from almost retail  
5 rate to a COG-1 rate for excess. We hope we can make a better  
6 showing today. I believe the Tier 1 group must get  
7 across-the-board retail rate if you are going to see any  
8 significant participation. Here's why.

9 Number one, solar completely failed under the old  
10 rule because of COG-1. Number two, lowering maximum level to  
11 10 kW makes Tier 1 strictly residential. Number three, having  
12 no business write-off is a big disadvantage. And number four,  
13 there is a disincentive to conserve over the offset amount.

14 At this point I would refer to the Commission's  
15 docket page 39. Here, provided here FPL has provided a  
16 five-year revenue impact projection. I used those values using  
17 their 4 million customers to calculate and show that there is  
18 no burden on non-solar customers whatsoever, and here's why.

19 Item 5, 6 and 7 of my handout show cost progression  
20 under current rules, proposed rules and requested  
21 across-the-board retail rate rules. The assumption is that  
22 lower revenues are a very good indicator or, excuse me, lost  
23 revenues are a very good indicator of cost to non-solar  
24 customers. All other costs are going to take place regardless  
25 of what happens to Tier 1 excess. Therefore, current losses,

1 number five, under current rules at all COG-1 rate is less than  
2 one-tenth of a penny per year for non-solar customers. These  
3 calculations are in the handout. Projected loss at the  
4 five-year point under proposed rules is 15 cents per year for  
5 non-solar customers.

6 Number seven, projected loss at the five-year point  
7 on the requested across-the-board retail rules is 19 cents per  
8 year per non-solar customer. That is 4 cents difference per  
9 year than what is already proposed. It amounts to one-third of  
10 a penny per month.

11 Many customers, number eight, many customers donate  
12 \$9.75 per month to the Sunshine Energy program. Less than a  
13 penny is insignificant. I would suggest that the utilities  
14 stop using this tariff scenario. I believe it is unfair to  
15 implement across-the-board retail rates for Tier 1.

16 I respectfully request changes indicated on my  
17 handout. For the record, I would like to read the sentence  
18 that proposes the change. "At the end of each calendar year,  
19 the investor-owned utility shall pay the customer for any  
20 unused credits at an average annual rate based on the  
21 investor-owned utility's normal retail rate for Tier 1 and pay  
22 Tier 2 and 3 at COG-1, as available energy tariff." And at a  
23 minimum I suggest at least a five-year trial period. Thank  
24 you.

25 CHAIRMAN EDGAR: Thank you, Mr. Hansen.

1 Susan Clark.

2 MS. CLARK: Thank you, Madam Chairman. I'm Susan  
3 Clark. I'm with the law firm of Radey, Thomas, Yon & Clark,  
4 and I'm here on behalf of Florida Power & Light, Gulf Power  
5 Company, Progress Energy and Tampa Electric Company.

6 First off, I want to say the IOUs appreciate the  
7 process that has been followed in developing this rule. It has  
8 allowed the IOUs and other parties the opportunity for input  
9 into this draft rule and we appreciate that. The IOUs continue  
10 to support policies that will encourage the development of  
11 renewable generation in a manner that is cost-effective to our  
12 customers. Throughout this process the IOUs have had the  
13 opportunity to discuss and highlight concerns regarding various  
14 provisions of the rule which will result in subsidies flowing  
15 from the general body of customers to net metered customers.  
16 We will not reiterate our comments regarding that at this time.  
17 We understand but continue to disagree with staff's view that  
18 the subsidies provided are justified in order to promote the  
19 customer-owned generation targeted by this rule. We'll also  
20 not reiterate our comments about the insurance for Tier 1. We  
21 continue to believe that Tier 1 generators should be required  
22 to carry general liability insurance. And as we've heard in  
23 these proceedings and workshops, the insurance is available,  
24 it's affordable and it's reasonable.

25 There are some areas we would like to address

1 specifically and we have suggested language. I'm going to ask  
2 Mr. Stiles to pass those out to you now. I think at least one  
3 of those will be obviated by a suggested change of your staff  
4 with respect to the standby rates. And I guess what I'll do is  
5 I'll leave that, comments on that until we -- maybe you have a  
6 conversation about what the staff is proposing.

7           The first, the first amendment we'd like to offer is  
8 with respect to Subsection (5) (b). The staff has not  
9 recommended the inclusion of a sentence which would allow a  
10 utility to inspect the customer's equipment and protective  
11 apparatus at reasonable times, upon reasonable notice and at  
12 the expense of the utility. The staff has instead suggested  
13 language that requires the customer to notify the utility by  
14 submitting a new application of any modifications to the  
15 customer-owned generation that results in the increase in the  
16 gross power rating. That language is inappropriate. It's  
17 inadequate to address the utility's concern. Without the  
18 opportunity to inspect customer equipment there is no means of  
19 verifying that the equipment continues to be in compliance with  
20 the requirements of the rule and poses no threat of damage to  
21 the utility facilities or other customers or that no  
22 modifications have been made that would require changes to the  
23 interconnection agreement. We would simply suggest that you  
24 add the language that appears on the first page of what was  
25 handed out that says those inspections can take place upon

1 reasonable notice, at reasonable times and at the expense of  
2 the utility.

3           Our next suggested change is with respect to the  
4 manual disconnect switch. In the proposed rule the manual  
5 disconnect switch must be installed at customer expense only  
6 for Tier 2 and Tier 3, and the utility cannot require Tier 1  
7 customers to have a manual disconnect switch unless the utility  
8 installs it at its own expense. The IOUs believe that a manual  
9 disconnect switch is key as it enables the utility to  
10 disconnect the generation for emergency and maintenance  
11 purposes, hazardous conditions and adverse electrical effects  
12 without affecting that customer's service or service to other  
13 customers. Without a manual disconnect switch the utility must  
14 pull the customer's meter and discontinue service in such  
15 situations, which the utility would like to avoid.

16           If you look on Page 16 of your staff recommendation,  
17 they have noted that a visible disconnect switch can be an  
18 important safety measure in Florida, given the fact that  
19 Florida is subject to large thunderstorms and hurricanes, and  
20 pulling a meter is not an acceptable alternative. In  
21 recognition of Florida's unique weather-related exposures the  
22 IOUs submit that all customers should be required to have a  
23 manual disconnect switch installed at their expense. I would  
24 also point out that your current rule does, which relates to  
25 photovoltaics, does require a manual disconnect switch.

1           The estimated cost for installing a switch is about  
2 \$1,200 per switch. And as the number of customers choosing net  
3 metering increases, the subsidization by the general body of  
4 ratepayers could be significant. The alternative of pulling a  
5 meter is not satisfactory because it means the customer will  
6 have no electric service. We therefore recommend the amendment  
7 we've given to you which would eliminate the exemption for the  
8 Tier 1 customers.

9           The next area we have a suggested change on is with  
10 respect to crediting and payment cycles for excess generation.  
11 And the amendment on the third page -- and, Madam Chairman, I  
12 apologize that these pages aren't numbered at the bottom. I  
13 realize that's a gross breach of procedure here. The proposed  
14 rule would require energy delivered to the grid during any  
15 billing cycle to be credited against the customer's consumption  
16 from the next month's billing cycle. Then any unused energy  
17 credits would accumulate and offset a customer's consumption in  
18 subsequent months for not more than the 12 months. At the end  
19 of the calendar year the utility would pay the customer for any  
20 remaining energy credits. The IOUs anticipate that they will  
21 incur substantial costs to automate their billing processes in  
22 order to comply with the proposed rule amendments and believe  
23 that all customers will benefit if the rule allowed the utility  
24 to reconcile and pay for any excess generation on a monthly  
25 basis rather than an annual basis. A monthly reconciliation

1 would reduce the complexity of the billing process so it's  
2 easier for customers to understand the billing and the  
3 application regarding the excess generation.

4 In addition, monthly reconciliation would allow the  
5 utility to apply excess generation to the customer's current  
6 billing period and issue an immediate credit. This would  
7 reduce the complexity of the billing system changes needed to  
8 maintain and adjust balances and for the credit and for  
9 electric billing. To accomplish that change it would require  
10 the deletion of (8)(f).

11 Madam Chairman, I'm going to skip our concerns on the  
12 standby. We've had an opportunity to speak briefly with staff  
13 and we may have resolved that, so I'm going to wait to hear  
14 staff's proposal on that.

15 The last area that we are suggesting change is with  
16 respect to Subsection (9) having to do with renewable energy  
17 credits.

18 The first thing I'd like to state is I think that  
19 addressing renewable energy credits is really not germane to  
20 this rule. This rule is about net metering and  
21 interconnection, not about renewable energy credits.

22 We still believe that this paragraph should be  
23 deleted in its entirety and that the ownership of RECs should  
24 be part of a comprehensive policy on promoting renewable  
25 generation such as your current workshops on an RPS standard



1 and process. Under these rules the generators are being  
2 subsidized by a waiver of fees and costs and through payments  
3 in excess of avoided cost. They are being subsidized by the  
4 general body of ratepayers because they are producing energy  
5 from a renewable resource. They are receiving these subsidies.  
6 Then by leaving the RECs with the customers as well, the other  
7 customers are receiving no financial benefit.

8           Let me just give you an illustration of this issue  
9 with respect to a small customer. We currently really don't  
10 know what the value of these renewable energy credits might be.  
11 It may be that it's a very small asset and there's no realistic  
12 way of obtaining its value because the transaction costs would  
13 be -- and I'm speaking of a small residential at this point.  
14 There may be an aggregator out there who would be able to  
15 economically collect it and sell the RECs, but the likely  
16 customer is going to be the very utility and its customers who  
17 provided the subsidies through the waiver of fees and through  
18 the payments in excess of avoided cost. What this will mean is  
19 the non-generating customers would pay twice, once in the  
20 subsidies to the renewable generation generators and then again  
21 through the purchase of these RECs. Further, it may be that  
22 those RECs will be a higher price to those customers because of  
23 the transaction costs in aggregating and getting them back to  
24 the utility.

25           I want to be clear that making these points with

1 respect to this issue is solely by way of example. And I think  
2 we can think of other circumstances where concerns about  
3 leaving the ownerships of the RECs could be described. We're  
4 not advocating at this point how to treat those RECs. But I  
5 think you do need to look at your overall policy regarding RECs  
6 when the price paid for the generation being produced is more  
7 than avoided cost or there are other subsidies that are flowing  
8 to the particular customer. We've had that conversation, I  
9 believe, in the workshops and in the net metering. We're  
10 suggesting you delete this provision and treat it as an overall  
11 policy rather than doing it on a piecemeal basis. There should  
12 be an overall policy as to when is it appropriate for those  
13 ownership or some part of ownership in those RECs to be claimed  
14 by the general body of ratepayers?

15           Madam Chairman, we may want to respond to some of the  
16 comments that have been made by the other folks that preceded  
17 me, but I think it would be appropriate for us to wait and  
18 respond to those as you see it's appropriate or staff requests  
19 us to respond to them.

20           CHAIRMAN EDGAR: Thank you. And we will again have  
21 discussion and certainly have the opportunity to hear from,  
22 from speakers and have some of that dialogue.

23           I have one more person that has indicated that they  
24 would like to speak at this time, and that is Leon Jacobs.

25           MR. JACOBS: Good morning, Commissioners. I thank

1 you for providing me the opportunity to address you today on  
2 these important matters. I also want to echo the sentiment of  
3 gratitude for your taking on this docket. And the process that  
4 you've undertaken I think has been a very thorough and  
5 inclusive process. My comments are fairly general and  
6 contextual.

7           First of all, I think it is appropriate to say that  
8 the recommendation that you have before you strikes an  
9 important and, I think, appropriate balance that should be  
10 taken in this proceeding. That is, how do you go about  
11 promoting and incentivizing the development of solar in this  
12 state? And it's clear that, that there have been important  
13 balancing steps taken to address that and we want to support  
14 that.

15           First of all, I guess I should identify myself. My  
16 name is Leon Jacobs. I'm with the firm of Williams & Jacobs,  
17 and I'm here today on behalf of the Southern Alliance for Clean  
18 Energy and the Natural Resources Defense Council. And both of  
19 those organizations are highly supportive of the idea of  
20 renewable energy and believe that in this state it's an  
21 important commodity and resource that is available to support  
22 the energy grid.

23           There are two areas that I would want to bring to  
24 your attention and a third comment that I want to offer. I  
25 think an important step has been made with regard to standby

1 rates and I highly encourage you to, to adopt the provisions  
2 that are there. However, I would suggest to you that, that  
3 we're probably at the, at the beginning of an evolving process.  
4 And it's hard to determine how the actual implementation and  
5 practice will work with regard to solar systems. And I would  
6 encourage you to take a very precise monitoring role in exactly  
7 what happens with these systems because I really think you're  
8 going to come to conclude that you can give more flexibility  
9 with regard to standby rates in contrast to the statements I  
10 think you've heard previously. I think what I've heard at  
11 least is certainly on the small systems there's not a lot of  
12 sell back on the early stages, it comes later on, and on the  
13 larger systems you can begin to isolate down to where you need  
14 to have that kind of, that kind of an effect and approach. But  
15 I would encourage you to consider more flexibility with regard  
16 to standby rates.

17           The other area I would, I would point you to is the  
18 insurance requirement. I think it's exactly appropriate what  
19 you've done with regard to the smaller systems, but I also want  
20 to echo the statements that were made earlier. I think on the  
21 front end as these systems settle in there's probably some,  
22 some merit for concern about what kind of actual impact they're  
23 going to have to the grid. But once they get there, once it's  
24 set in, it's my understanding there's not a whole lot of change  
25 that happens with these. And I stand to be corrected because

1 I'm not an engineer and I'm not a transmission guy. But I  
2 think you -- again, I would encourage you to be very vigilant  
3 in observing what actually happens once this market takes off  
4 because I think there again is an area where you could do a  
5 further balancing to encourage, to encourage development of  
6 solar in the state.

7           And then my last comment goes to the issue of the  
8 RECs. I absolutely believe that your approach here is  
9 appropriate. And what you've done here is strike a balance  
10 that I don't know that my principals would jump up and down and  
11 say that it's the best, but I think it's a way to get this  
12 market going. What you said is, okay, we'll pay you a  
13 wholesale rate if indeed there is net metering. It strikes me  
14 then if you, if you then allow, don't allow the owners of that,  
15 of that, of that resource to own those RECs, that they're  
16 losing out on the long-term because it will be absolutely, in  
17 my view it will be absolutely clear that as, as, as items  
18 develop and as, as the issues with regard to carbon trading  
19 develop that there will be economic advantages to the, to the  
20 expansion of solar energy in this state. And your question  
21 then is who, to whom do those economic advantages accrue? And  
22 if you lock in these, these providers to that rate and then  
23 deny them the opportunity on the RECs, you've essentially said  
24 all of the economic benefits accrue to somebody other than  
25 them. Now who that is, we, we don't know. But I think it

1 would probably go mostly to the industry. But I think that  
2 would be a fundamentally improper policy statement to make is  
3 that all of the economic benefits of the expansion of this  
4 market should accrue not to the people who have sat here and  
5 sweated out the process of getting it, getting it going. And I  
6 think you would want to think real carefully about how you  
7 embark on that question.

8           And then there are other issues out there, but,  
9 again, I guess my general statement is that this is, I believe,  
10 the beginning of an important work in progress. I think this  
11 is an important first step and I congratulate you on taking  
12 that step.

13           CHAIRMAN EDGAR: Thank you, Mr. Jacobs.

14           And that is the last person that I have. And I was  
15 just going to say is there anybody else who would like to take  
16 advantage of this particular opportunity to make some comments?

17           Mr. Krasowski.

18           MR. KRASOWSKI: Good morning, Madam Chairman. My  
19 name is Bob Krasowski. I'm a 27-year resident of Florida. I'm  
20 a customer of an investor-owned utility, and I'm also active  
21 with the various efforts to advocate for clean energy and the  
22 Florida Alliance for Clean Environment, a small group I belong  
23 to.

24           I'm here today -- first I'd like to say  
25 congratulations, Commissioner Carter, and thank you very much,

1 Commissioner Edgar. I understand we're not allowed to give  
2 gifts. I was -- I had some, I had a set of Yucca Mountain  
3 dribble glasses that I was -- but I'll forget that.

4 CHAIRMAN EDGAR: I appreciate the thought though.

5 MS. KRASOWSKI: Yeah. I'm sure you do.

6 Okay. I have a few points I'd like to make. I agree  
7 very much with what's been said earlier by the agricultural  
8 people and also Mr. Hansen. I've read his other handouts and  
9 agreed with his position as far as increasing Tier 1. I think  
10 we really have to encourage agriculture to, to burn their  
11 methane and to use the resources onsite to generate power to  
12 the extent they can. And all down the line, geothermal and the  
13 appropriate use in Florida, solar energy, encourage third  
14 parties to, to put facilities on big box stores and the like.  
15 And I'm noticing here that there's a maximum 2-megawatt in  
16 Tier 3. So in my math if we were to get 2,000 2-megawatt  
17 operations going, we'd equal 4,000 megawatts, and, of course,  
18 they don't operate all the time. But in one of the  
19 investor-owned utility's documents they show a need of  
20 6,156 megawatts projecting into the year 2020. But if that,  
21 that was created by DSM or renewable, they only identified the  
22 need for 5,130. So there's a whole, like, 16 or 18 percent  
23 factor of efficiency when it's done either through efficiency  
24 or renewable or distributive energy because of transmission  
25 loss and stuff.

1           So what I'm here to advocate for is for us to  
2 maximize the use of the, of these, of distributive energy and  
3 the net metering and what's included in this rule, but also --  
4 there's one thing I see that hasn't been worked through, and  
5 that is as a customer I get my bill and there's a small  
6 fraction has been identified of potential increase to my, my  
7 charge as a ratepayer of an IOU. And but in -- what's under  
8 consideration now is to charge me a much larger amount to  
9 subsidize the development of nuclear energy. Okay? So I think  
10 what we have to do is not experience a tunnel vision in regards  
11 to the situation we're in, but if we're -- we have to do a  
12 comparative analysis of, of, of subsidizing and encouraging and  
13 building a rate base that will cause the spread of the solar  
14 and these other agricultural opportunities to generate power to  
15 displace that nuclear, because the nuclear is billions of  
16 dollars. So we can't look at this, these options here, net  
17 metering independent of -- if there's an opportunity, as in  
18 Italy they've created 4,000 megawatts of renewable energy,  
19 Germany has done it to a great extent. Of course, it's  
20 identified as being somewhat expensive. I think in Germany, as  
21 an example, they pay people three times the rate that they  
22 charge them for energy just to incentivize the distribution of  
23 this.

24           So I really think, given the comments of others  
25 today, that we should go back, have another workshop to go over



1 all of these suggestions and come back to you, because it's a  
2 little premature now what's being presented. And I would like  
3 to see a thorough analysis of the value to me as a ratepayer of  
4 Mr. Hansen's strategy as opposed to what will happen if we do  
5 not create this energy through these, the use of these options,  
6 understanding the enormous costs. We have no clue of the exact  
7 amount that some, some of the nuclear option is right now, and  
8 we're investigating that, right, we're all looking at that and  
9 trying to figure out the appropriate way to deal with it.

10 So, you know, rather than repeat myself, I'll just  
11 end my comments there, and hope maybe later as the discussion  
12 goes on, if something comes up, I might be able to say  
13 something then. But thank you very much. Appreciate it.

14 CHAIRMAN EDGAR: Thank you, Mr. Krasowski. And is  
15 there anybody else who has not spoken that would like to go  
16 ahead and give us kind of an overview of their comments? No?  
17 Okay.

18 Then I think what I'd like to do, since we've been  
19 going since 9:00, and I could use a stretch, is let's take  
20 about 15 minutes, give our staff the time too to go over some  
21 of the comments that we've had, and we will come back at five,  
22 ten -- let's say ten after. Thank you.

23 (Recess taken.)

24 Okay. We are back on the record. Thank you all for  
25 staying with us while we had a little bit of a stretch and to

1 clear the cobwebs. And I've asked our staff to go over the  
2 rule language that is before us, and they can go section by  
3 section. And then as there are questions, Commissioners, I  
4 also know that they are prepared to address the comments that  
5 have been made and requests for discussion about potential  
6 changes.

7           And before I ask them to do that though, I feel like  
8 I have to state the obvious, which is that to get to this  
9 point, of course, you know, the way this process works, we come  
10 to agenda and we hear about -- and I encourage that, but the  
11 suggested change here or tweak there or the desire to go a  
12 little further in a couple of different places, and that, of  
13 course, then doesn't give -- or perhaps gives an inaccurate  
14 impression a little bit because what we don't talk about are  
15 all of the things that there has been consensus on and that  
16 there has been strong discussion and agreement that got us to  
17 this point. So realizing that the staff has worked very hard  
18 and that we've had a full Commission workshop and a number of  
19 staff workshops and that there was a lot of give and take to  
20 get the language as it is before us. And, Mark, if you could  
21 kick us off.

22           MR. FUTRELL: Thank you, Chairman. What we'd like to  
23 do is for the staff that's worked on these sections of the  
24 rule, Mr. Hinton and Ms. Webb, to go through this and describe  
25 what's in the rule language and what's behind that. And also

1 if you would prefer, we can address the comments that have been  
2 made this morning as we go through those sections.

3 CHAIRMAN EDGAR: Yes, please.

4 MR. FUTRELL: And that would be an opportunity for  
5 the parties, if they have questions and comments at that point.  
6 So I'll ask Mr. Hinton to kick off with Section (1) on the  
7 application and scope of the rule.

8 MR. HINTON: Thank you. This is Cayce Hinton,  
9 Commission staff. I'll be addressing Subsections (1) through  
10 (7), and then I'll hand off to Karen Webb, who will address  
11 Subsections (8) through (11) this morning.

12 Beginning with Subsection (1), and I'll just be, I'll  
13 go through staff's recommendation, touch on the issues that  
14 were contentious or controversial through the process. Not all  
15 of them have been addressed here this morning. And as I go,  
16 I'll try to address the comments that were made this morning as  
17 well.

18 Subsection (1), application and scope, we've adopted  
19 language very similar to that stated by the Legislature in  
20 366.92 when they proclaimed their intent to encourage renewable  
21 energy. This rule does apply to investor-owned utilities;  
22 however, we'd note that in Subsection (10) all electric  
23 utilities in the state would be required to provide information  
24 reports on interconnection net metering activities.

25 Subsection (2) is the definitions section. There

1 were a couple of issues that were of interest during the  
2 process regarding the definitions.

3           First, under the definition of customer-owned  
4 renewable generation. There was some initial comment that this  
5 phrase should actually be customer-sited renewable generation  
6 as opposed to customer-owned. The purpose behind that was to  
7 allow for third party ownership of, of PV systems, for example,  
8 which seems to be a business model that has, that has been  
9 effective around the nation. However, without going -- you  
10 know, from a very technical perspective there is, there is case  
11 law that determines that the sale of electric, the retail sale  
12 of electricity to a single member of the public will make you  
13 an electric utility subject to Commission jurisdiction, which,  
14 which causes a problem for direct third party ownership systems  
15 if it involves the retail sale of electricity. Staff has  
16 addressed it in the language by stating that customer-owned  
17 does not preclude contracting with third parties for, for a  
18 lease of equipment, provided that it does not involve the  
19 retail sale of electricity from that third party to the  
20 customer. And, again, staff's intent was to encourage  
21 renewable generation within the confines of our current law,  
22 which, which we feel that that effectively addresses.

23           The next definition, gross power rating, which that  
24 is basically what we use to determine the capacity of the  
25 system so that we can determine where it falls within the

1 tiers. One issue that came up during that process is initially  
2 we're talking about using, utilizing the AC nameplate capacity  
3 of the system to identify its size for placement within the  
4 tiers. Of course, it came to, came to light that PV systems  
5 don't have AC nameplate capacity because they generate in DC,  
6 and that DC is then passed through an inverter which converts  
7 it to AC. However, we couldn't use the AC nameplate of the  
8 inverter because it's very common to oversize the inverter, and  
9 that would lead to -- it wouldn't correctly identify the  
10 capacity of the generating system. So Jason Keyes down here to  
11 my right with IREC as well as Advanced Green Technologies  
12 suggested a calculation method where we take the DC nameplate,  
13 multiply it by .85 to account for energy lost during the  
14 conversion process and use that for the gross power rating.

15           Moving forward, renewable energy, we've adopted the  
16 language found in Section 377.803, Florida Statutes, for  
17 renewable energy. One, one stakeholder in the process had  
18 mentioned at one point that we should not include municipal  
19 solid waste within our definition because it is, as they  
20 described it, not a green technology, not a renewable  
21 technology. However, the Commission is limited by our  
22 empowering statutes. And although biomass is not defined  
23 within 377.803, staff would note that 366.91 does define  
24 biomass, and municipal solid waste is included within that  
25 definition. So we have basically adopted that which the

1 Legislature has proffered to this point.

2           If you don't have any questions on Subsections (1)  
3 and (2), I'll proceed to (3). Okay.

4           CHAIRMAN EDGAR: Just a second, Cayce.

5           MR. HINTON: Okay.

6           CHAIRMAN EDGAR: Commissioner Skop, did you have a  
7 question?

8           COMMISSIONER SKOP: I did, Madam Chair. I think my  
9 questions though that I had or the concerns that I had were in  
10 the order of the front part of the staff recommendation, not  
11 necessarily pursuant to the rule itself, which was kind of hard  
12 to read. So if it's appropriate, I would just rather reserve  
13 mine until the end and then just ask.

14           CHAIRMAN EDGAR: Okay. Absolutely. We will come  
15 back to you.

16           Cayce.

17           MR. HINTON: Okay. Subsection (3) is the requirement  
18 that utilities within 30 days of the effective date of this  
19 rule file for Commission approval a standard interconnection  
20 agreement for the interconnection of customer-owned renewable  
21 generation up to 2 megawatts.

22           A number of issues came up during this process. One  
23 was some of the stakeholders requested that the Commission  
24 establish a standard interconnection agreement that would be  
25 implemented by all utilities in the state and that there would

1 be a couple of different interconnection agreements that we  
2 would, we would set out there. One would be a simplified  
3 agreement, then another standard interconnection agreement on  
4 top of that.

5           Although staff agrees in principle that, that the  
6 standard interconnection agreement should be as uniform as  
7 possible, at this point staff would prefer to allow the  
8 utilities to have a little bit of flexibility in designing  
9 their standard interconnection agreements, just accounting for  
10 the lack of experience thus far in interconnection,  
11 interconnecting these systems on a wide scale within Florida.  
12 We would encourage them to keep the principles of uniformity  
13 and simplicity in mind when they file their interconnection  
14 agreements for Commission approval, and that they do work  
15 together to make sure that they are similar in approach and in  
16 style and simplicity.

17           And Subsection (3) also the, the amendments would  
18 adopt nationally recognized codes dealing with, addressing  
19 interconnection and safety: IEEE 1547, IEEE 1547.1 and  
20 UL 1741. These, as I said, these are nationally recognized  
21 codes. Everybody seemed to be in agreement with adopting these  
22 codes within the rule language. And, again, it just adds to  
23 the expedited nature of the interconnection rules setting these  
24 codes out there that systems -- that customers can know that if  
25 I'm compliant with these systems, then I will be able to

1 interconnect with the utility without having to jump through  
2 extraordinary hoops to prove that my equipment is sufficient.

3           Subsection (4), customer qualification and fees.

4 There are a couple of conditions that are placed upon the  
5 customer's system for interconnection. First is the  
6 customer-owned renewable generating system can't exceed  
7 90 percent of the utility's service rating. In other words,  
8 they can't overbuild the facilities connected to their house.  
9 This, this is a good safety measure protecting the reliability  
10 of the system, ensuring that we're not overloading the system,  
11 but it also guards against somebody whose intent is to be an  
12 independent power producer.

13           As Mark had mentioned earlier, the intent of this  
14 rule is to encourage customer-owned renewable generators  
15 designed to offset consumption. That's their primary use.  
16 It's more of a conservation measure and we're not looking to  
17 encourage independent producers, and this 90 percent threshold  
18 would do a lot to, to aid in that endeavor.

19           The second condition of the customer-owned renewable  
20 generation system is it must fall within one of three tiers.  
21 The first tier is 0 to 10 kilowatts, the second tier is greater  
22 than 10-kilowatts up to and including 100 kilowatts, and the  
23 third tier is over 100 kilowatts up to and including  
24 2 megawatts. This has been an interesting process determining  
25 the tiers, and originally staff had proposed a Tier 1 that went



1 all the way up to 25 kilowatts. And after some discussion  
2 about appropriate size in relation to other issues, staff  
3 looked at that again and decided to drop the Tier 1 down to  
4 10 kilowatts, which based upon conversations during the  
5 workshops that would largely capture the residential market.

6 And having done that, we looked to what we could  
7 waive as far as requirements for these customers, wanting to  
8 remove the burden as much as possible that homeowners would,  
9 would experience when trying to build their own generating  
10 system and interconnect to the, to the utility. And as part of  
11 that, the Tier 1 systems up to 10 kilowatts, again, largely the  
12 residential systems, would be exempted from requirements to  
13 carry additional liability insurance or liability insurance.  
14 They'd also be exempted from any application fees in the  
15 process, interconnection costs, no interconnection study costs  
16 can be passed on to them. They'd also be exempted from the  
17 fees or the expense of installing a manual disconnect switch.  
18 And this is, this is actually going to Subsection (6), but  
19 Ms. Clark had mentioned that Tier 1, Tier 1 customers are  
20 exempt from this requirement altogether. That's not altogether  
21 accurate. Staff's recommendation in Subsection (6) would  
22 exempt inverter-based Tier 1 systems from the requirement to  
23 install a manual disconnect switch unless the IOU wants to pay  
24 for the manual disconnect switch.

25 The reason we've taken that approach, inverter-based

1 systems have their own protective measures installed. The  
2 inverter has protective mechanisms that if the electric grid  
3 goes down, the inverter automatically disconnects the PV system  
4 from the grid. And for the smaller systems, other states --  
5 for example, I've cited in the recommendation, California at  
6 one point used to require PV systems of this size to have a  
7 manual disconnect switch. But they found after, after, you  
8 know, some experience they found that their linemen never used  
9 them and so they've dropped their requirement for these smaller  
10 PV systems.

11 We have dropped -- in staff's recommended amendments  
12 we would drop the requirement for the small PV systems as well  
13 or smaller inverter systems. However, we do leave room for the  
14 utility, if they do think it's essential for these manual  
15 disconnect switches to be installed, that the utility would  
16 pick up the expense of installing that manual disconnect  
17 switch.

18 And, you know, part of this -- as Commissioner Jacobs  
19 had mentioned when he came up here, he said that we should  
20 observe the market and make, you know, and adjust things as we  
21 go, and that's largely the approach that we're going to need to  
22 take because we don't have extensive experience interconnecting  
23 these systems in Florida yet. But, you know, as we do, we'll  
24 be better able to assess the market, how things have developed,  
25 what we can change in the rule to better accommodate, encourage

1 the market as it develops. Manual disconnect switch, this is  
2 one of those that, you know, perhaps the utilities, given the  
3 option to install it at their own expense, after time they may  
4 come to the same conclusion that was reached out in California  
5 that, you know, look, we really don't need this and so we  
6 won't.

7 CHAIRMAN EDGAR: Commissioner Argenziano.

8 COMMISSIONER ARGENZIANO: Thank you. To that point  
9 in the manual disconnect switch, when you say the companies, it  
10 would be their expense, is it then passed on to all the  
11 customers?

12 MR. HINTON: As -- yes. That would -- just like  
13 metering costs or anything else, that would be something that,  
14 that would be presumably, correct me if I'm wrong, be passed on  
15 to ratepayers at the next rate case. Of course, rates don't  
16 change as a result of this rule until the next rate case comes  
17 along.

18 COMMISSIONER ARGENZIANO: Thank you.

19 MR. HINTON: But I kind of got ahead of myself a  
20 little bit. Let me get back to Subsection (4). And, of  
21 course, there was conversation about tiers and some  
22 stakeholders have mentioned this morning they'd like to see the  
23 tiers risen a little bit.

24 Part of why staff chose the 10 kilowatt number is,  
25 for one thing, that that is the level that's in the current

1 rule. So we would be taking those that would interconnect  
2 under the small PV rule, we're incorporating them as Tier 1,  
3 and then we're waiving a lot of fees and requirements for those  
4 systems because we do have experience with those systems now to  
5 some extent because we've had rules on the books for a few  
6 years in addressing that.

7           Also it would make this rule consistent with the  
8 inverter-based process within FERC Order 2006, which is their  
9 order, final rules on interconnection of small generators.  
10 They have -- they've got things set up with a 10, an  
11 inverter-based process up to 10 kilowatts, and they have a fast  
12 track process up to 2 megawatts. Of course, then they have a  
13 steady process up to 20. That goes beyond the scope of staff's  
14 rule or staff's recommended amendments.

15           But the 10 kilowatt level, you know, just speaking  
16 personally, it's neat. I like neat. We'd, we'd move those  
17 systems from the current rule into this rule under Tier 1. And  
18 then instead of going all the way up to 2 megawatts, which is a  
19 second tier as you would see in the FERC order, we wanted to,  
20 staff wanted to account for the lack of experience in Florida  
21 installing these larger systems, break that up into two  
22 different tiers that we can treat a little differently. And  
23 how we've done that is we've exempted -- we've allowed the  
24 utilities to file, submit application fees for Tiers 2 and  
25 3 for Commission approval along with their standard

1 interconnection agreement, and we've allowed them to file for  
2 approval an interconnection study charge for Tier 3, which is  
3 the largest systems addressed in the rule. Tier 2, while we  
4 would allow for an application fee, we would not allow for an  
5 interconnection study charge with those systems.

6 And, again, this is -- there's nothing set in stone  
7 that, you know, we went out and, and found that these are the  
8 absolute best thresholds for these different tiers. In our  
9 judgment this is a good starting point from which to assess the  
10 market, see how it develops and make changes down the road.  
11 This, this rule, personally I envision this rule as an evolving  
12 process. As we, as we see how the market develops and see  
13 different ways that we can encourage it to develop, incentives  
14 that we can provide or things that we do need to include that  
15 would lend a little more clarity: For instance, the key -- the  
16 screens that Mr. Keyes had mentioned. The Commission can  
17 revisit these rules down the road, similar to how we've  
18 revisited the small PV rule and are making changes to it now to  
19 expand it. But at this point staff would recommend Tier 1 up  
20 to 10 kilowatts.

21 CHAIRMAN EDGAR: Okay. Let's break in for a few  
22 questions.

23 Commissioner McMurrian.

24 COMMISSIONER McMURRIAN: Thank you.

25 Mr. Hinton, what I -- with respect to the tiers, what

1 I -- one of the points I think I hear you saying is that  
2 because of all the Tier 1 benefits, because of all the fees and  
3 study charges and the liability insurance and those things that  
4 are waived with respect to Tier 1, you all felt that it was an  
5 appropriate balance to cut it off at 10 kilowatts because I  
6 guess the difference between the 10-kilowatt and the  
7 25-kilowatt tier level would increase the level of subsidies  
8 that would be going on; is that correct?

9 MR. HINTON: Yes. That, the fact that we have  
10 experience up to 10 kilowatts because that's contained in the  
11 current rule, that would increase the subsidy. And that's, and  
12 that's something the Commission will have to, have to look at  
13 whether, in considering changing Tier 1 from 10 kilowatts to  
14 25 kilowatts, the policy decision to extend the fee waivers and  
15 exemptions up to larger systems where you'd be getting into  
16 more commercial customers installing larger systems. For  
17 example, Verizon is installing a 25 kilowatt PV system on one  
18 of their central offices in Tampa, and that's great and we want  
19 to encourage that. But, you know, part of your consideration  
20 in changing the tiers is changing the, extending the, the fee  
21 waivers, manual disconnect switch exemptions, those type  
22 things.

23 CHAIRMAN EDGAR: Commissioner Argenziano.

24 COMMISSIONER ARGENZIANO: Well, isn't the fact that  
25 the fee waivers are there are to provide incentives and

1 encouragement to use the alternative energy?

2 MR. HINTON: Yeah. And that's what they're designed  
3 to be. It's do we want to extend that incentive all the way up  
4 to 25 kilowatts.

5 COMMISSIONER ARGENZIANO: Well, that leads to my  
6 second question. What is, and forgive me because I don't look  
7 at the kilowatt usage I use, I just look at the amount of the  
8 bill, what is the average usage in a family, let's say an  
9 average size family of kilowatts per month?

10 MR. HINTON: You've exceeded my knowledge base.

11 MR. FUTRELL: Commissioner Argenziano --

12 COMMISSIONER ARGENZIANO: Okay. Then it's not just  
13 me. I feel better.

14 MR. FUTRELL: Typically from what we've heard a  
15 residential customer may average maybe 6 kW. If everything is  
16 turned on in a typical home, everything at the same time,  
17 everything is running flat out, you could get up -- it could  
18 approach 25 kW from what we've heard.

19 COMMISSIONER ARGENZIANO: So -- Madam Chair.

20 CHAIRMAN EDGAR: Yes.

21 COMMISSIONER ARGENZIANO: So if a, if a customer  
22 wants to go full out and really, you know, put the solar panels  
23 and really just have everything pretty much running off their  
24 alternative energy source, you're saying that the 10 kilowatts  
25 would cover pretty much an average electric usage?

1           MR. FUTRELL: It would. And typically that's what we  
2 see most residential customers installing is between 2 to 6 kW  
3 systems.

4           COMMISSIONER ARGENZIANO: Okay. Thank you.

5           CHAIRMAN EDGAR: Thank you.

6           Commissioner McMurrian, did you have further  
7 questions? Not at this time? Okay.

8           Cayce.

9           MR. HINTON: And, again, as Mr. Keyes had mentioned  
10 this morning, addressing -- he had suggested that the  
11 Commission refer to the screens contained in FERC's order.  
12 During this process he had also presented some screens that  
13 were within IREC's model interconnection agreement. And where  
14 staff liked the idea of screens, it believes it can lend  
15 clarity and transparency to the process. At this stage staff  
16 does not know whether the screens that have been proposed are  
17 appropriate for Florida. We would like to gain some  
18 Florida-specific experience addressing these interconnections  
19 and allow the, the utilities the time to develop screens and  
20 figure out what is the best way for us to screen customers  
21 within Florida. And after a year or two or however long the  
22 Commission determines we discover that, gosh, we can just  
23 incorporate these screens within IREC, they work perfectly for  
24 Florida, that's always an option. But we can down the road  
25 incorporate screens that are more Florida specific.



1           But staff would note that we do have a certain  
2 measure of screening within the system: For example, the  
3 90 percent threshold, not exceeding 90 percent of the utility's  
4 service rating, falling within one of the tiers, equipment  
5 certified and compliant with IEEE 1547, 1547.1 and UL 1741.  
6 These are all levels of screens that, that add to the clarity  
7 of the process and enable IOUs to expedite interconnection with  
8 these customers.

9           CHAIRMAN EDGAR: Commissioner McMurrian.

10           COMMISSIONER McMURRIAN: Thank you.

11           With regard to the discussion about screens, and I  
12 think it was Mr. Keyes earlier that talked about it, I think  
13 you just mentioned that about the screens, would it be true  
14 that if, if a, if a renewable generator tried to make a  
15 demonstration to an IOU that they met these 13 screens or  
16 whatever other things they wanted to throw in, the utility  
17 would still have the discretion to say, well, I think you have  
18 satisfied my concerns and maybe we don't need to do an  
19 interconnection study with respect to yours? They would  
20 have -- they wouldn't have to do an interconnection study under  
21 the rule? Would they have the flexibility to waive it if they  
22 were convinced in a sense?

23           MR. HINTON: You know, under the staff, staff's  
24 proposed amendments the utilities aren't required to do an  
25 interconnection study. So if they, if a customer applies and

1 they determine that, well, I think we're good, they don't have  
2 to do an interconnection study charge. We've, we've given that  
3 option for the larger systems to make sure that they have the  
4 ability to address the, address the potential impacts to the  
5 grid.

6           The effect of screens would, would basically --  
7 options would be, options would be lost for one thing because  
8 they would, you know, they would be eliminated through the  
9 screening process. It would, it would -- you'd begin with  
10 screen one. If you pass that, you move to screen two. If you  
11 pass that, you move to screen three. If not, you move over  
12 here to this side and there's a screening process or, you know,  
13 that bumps you into the study process. You keep going through  
14 the screens. If you fail one, that bumps you into the study  
15 process. And, like I said, staff likes the idea of screens.  
16 Just right now the screens that have been presented, don't know  
17 if they're appropriate for Florida yet.

18           MR. FUTRELL: And also I'd just add that we feel like  
19 from the discussion at the workshops about this idea of  
20 screens, it would take additional time, substantial time to  
21 work through those to make sure that they would work in Florida  
22 and that the parties and the staff were comfortable with the  
23 language in those. So we foresaw quite a bit of additional  
24 time to work through that to make sure we had a good product to  
25 present to you.

1 CHAIRMAN EDGAR: Thank you.

2 Okay. Cayce.

3 MR. HINTON: Okay. If there are no more questions  
4 about Subsection (4), I'll proceed to Subsection (5), which is  
5 contents of the standard interconnection agreement.

6 A number of issues have been discussed through this  
7 process. Annual inspections was one, and I believe Ms. Clark  
8 brought that up again this morning.

9 At this point staff still believes that, that there's  
10 no need for the utility to perform these inspections that  
11 they're requesting. Staff's interconnection -- staff's  
12 amendments in this subsection would give them the  
13 opportunity -- they would be able to inspect the system before  
14 it's ever, before it ever comes online. They'll be able to be  
15 present when it does come online. The customer is required to  
16 get it inspected to ensure that it is with, up with local  
17 codes. The customer will have the responsibility to maintain  
18 the system, inspect it to make sure it's operating in  
19 accordance with the manufacturer's instructions. And if the  
20 utility detects power quality problems or adverse effects to  
21 the utility, to the electric grid, they do have the option to  
22 open the manual disconnect switch and disconnect the system.

23 Staff's not aware of any other circumstance where the  
24 utility has the option to come on the customer's side of the  
25 meter and do inspections. I don't believe there's any

1 provision for them to do that with cogenerators, and I know of  
2 no other, nothing that gives them the ability to walk into a  
3 customer's home on reasonable notice and at reasonable times  
4 and inspect their inside wiring. It's just --

5 CHAIRMAN EDGAR: Cayce, I think we may have a  
6 question. Commissioner McMurrin.

7 COMMISSIONER McMURRIAN: I do. I have two or three  
8 about this section, and it's similar to my last question. Is  
9 there anything barring the utility from asking the renewable  
10 generator to inspect? If they had -- if they could go directly  
11 to the customer and ask and if the customer gave them  
12 permission, they wouldn't be precluded from doing that, I  
13 assume. Right?

14 MR. HINTON: There's nothing that would preclude  
15 that. No, ma'am.

16 COMMISSIONER McMURRIAN: Okay. And then my second  
17 question is with regard to -- it was near the end of the  
18 discussion there and it talked about the -- I think IREC  
19 pointed out that a customer would need to notify the utility  
20 prior to making changes to their equipment, that you all have  
21 included that in the rule. Does the utility have the option to  
22 reinspect at that point after they get a notification from the  
23 customer that something has been changed?

24 MR. HINTON: Yeah. The language states that the  
25 customer will actually, they notify the utility by filing

1 another application, which would --

2 COMMISSIONER McMURRIAN: So it would be like it  
3 starts the whole process over. They would get to come out  
4 again.

5 MR. HINTON: It would start the application process  
6 over. The difference is they're still interconnected but they  
7 would go through the application process again.

8 COMMISSIONER McMURRIAN: Okay. And I guess my third  
9 question is you've pointed out, and you said it a minute ago  
10 too, that they're able to disconnect if they see problems  
11 caused by the renewable generation system. Before they take  
12 the step of disconnecting though, would there be benefit in  
13 them inspecting, having a point of entry in a sense to inspect?  
14 At that point perhaps maybe there's no need to disconnect. Or  
15 would they need to in some way show proof of what the problem  
16 was before they take the step of disconnecting the system?

17 MR. HINTON: Yes. This language has largely been  
18 incorporated from the small PV rule. But I think it would be  
19 reasonable before the step of disconnection would take place,  
20 yes, it would be great to have some contact and conversation to  
21 confirm that there is a problem and whether it's an easy fix  
22 not necessitating disconnection.

23 COMMISSIONER McMURRIAN: I guess just thinking out  
24 loud, I guess perhaps before taking that step of disconnection  
25 the customer may be very amenable to letting them in to do

1 that, but I'm not sure that it's not something -- I just wonder  
2 if that's fully contemplated here in what we have before us  
3 that maybe before that step that maybe it would be reasonable  
4 to allow them to inspect at that point because maybe  
5 disconnection wouldn't be necessary. But it's sort of out loud  
6 thoughts.

7 CHAIRMAN EDGAR: Commissioner Argenziano.

8 COMMISSIONER ARGENZIANO: If the company were to  
9 inspect, were to be allowed to inspect, and let's say the owner  
10 is not home even though they give a reasonable, say we're going  
11 to be here on Wednesday and here's a reasonable amount of time  
12 and no one is home, is the utility then liable for any damage  
13 that may occur upon inspection?

14 MR. HINTON: Again, you've exceeded my knowledge  
15 base.

16 COMMISSIONER ARGENZIANO: It's private property. It  
17 could be of concern.

18 MR. HINTON: Yeah. I would think allowing the  
19 utility to come on the customer's property to inspect the  
20 customer's property would open all kinds of unintended issues  
21 such as that. Whether they're liable for property damage or  
22 something like that, that would be a question for somebody from  
23 the legal side of things to answer.

24 COMMISSIONER ARGENZIANO: All right. And, Madam  
25 Chair, probably one that I think is pretty important. And one

1 other question in regard to, you know, them just turning off  
2 the manual switch, wouldn't, wouldn't it be, if the company  
3 felt that there was some type of problem, if they saw -- I  
4 mean, we think there may be a problem. I would think there  
5 would have to be something indicating that there could be a  
6 danger or a problem in order for them to, to have that switch  
7 turned off and then, of course, notifying the owner, saying we  
8 had to turn the switch off because we see a potential problem  
9 here and would you like us to inspect it, which then may, may  
10 relieve the liability or the consumer do something about it, I  
11 mean, the owner do something about it themselves. I think you  
12 have to have some answers to just allowing the utility onto  
13 private property as to if something were to occur to that  
14 generating, generator, who would be reliable for that?

15 MR. HINTON: Well, part of -- as far as the manual  
16 disconnect switch, that is required to be in, you know,  
17 proximity to the meter, which is an area that the utility has  
18 access to anyway. And coming on to the customer's property to  
19 flip that switch, it would not be the same thing as getting up  
20 on the roof to inspect a PV system.

21 COMMISSIONER ARGENZIANO: Right. Right.

22 MR. HINTON: So there are different issues there.

23 COMMISSIONER ARGENZIANO: But -- and that's my point,  
24 that they can do that. But with -- usually it would be with --  
25 they'd have -- they're not just going to go and turn somebody's

1 switch off, you know, unless they have some kind of reasonable  
2 understanding that something is wrong here, you know, and it  
3 could cause a potential problem to the grid or --

4 MR. HINTON: To my knowledge, I don't know of a  
5 circumstance where somebody's system has been disconnected in  
6 Florida. I think there may have been one, but I don't know if  
7 it was a safety or power issue that caused the disconnection.

8 COMMISSIONER ARGENZIANO: Thank you.

9 MR. FUTRELL: If I could offer, there's a section  
10 in -- in the next section over on disconnect there's provisions  
11 that lay out the conditions upon which the utility may  
12 disconnect. So it lays out -- and it's usually emergencies or  
13 hazardous conditions or if there's some sort of adverse  
14 electrical effects on the system that they detect. So the rule  
15 addresses those conditions where they may disconnect.

16 COMMISSIONER ARGENZIANO: If I may.

17 CHAIRMAN EDGAR: Yes.

18 COMMISSIONER ARGENZIANO: And that's my point in  
19 saying that they have that ability to do that. Of course, if  
20 they see something that can cause potential problems, they have  
21 the ability to do that. And then upon having to do that,  
22 notifying the owner of the renewable generation unit, I would  
23 think that that would relieve them of the liability of any  
24 damage to that. And I'm not an attorney, but that's something  
25 to consider. I'm grateful I'm not one sometimes.



1 CHAIRMAN EDGAR: Hey, wait a minute.

2 (Laughter.)

3 COMMISSIONER ARGENZIANO: Sorry. Because, you know,  
4 they have a reputation sometimes. Attorneys are very good  
5 people, some of them. That's enough. I'm going to get out.

6 CHAIRMAN EDGAR: Ms. Clark, did you want to comment?

7 MS. CLARK: A couple of things. I think there was a  
8 question of whether there's been a disconnection. I think -- I  
9 recall during a workshop a discussion, I think it was during a  
10 workshop that there was an instance where a generating facility  
11 was disconnected but the power to the customer was left on and  
12 that was the advantage of having that manual disconnect.

13 With respect to the liability, there are general  
14 tariff provisions in the front of, well, I think they're in the  
15 front of most of the tariff books that talk about coming on to  
16 customers' property and describe the liability there.

17 CHAIRMAN EDGAR: Commissioner.

18 COMMISSIONER ARGENZIANO: But I believe what you're  
19 describing is to your own equipment, not to the owner's  
20 personal equipment.

21 MS. CLARK: You may be right on that.

22 The other thing I would suggest to you is that  
23 utilities have an interest in good customer relations and  
24 they're not going to willy-nilly come on to a customer's  
25 property and aggravate that customer. They are interested in

1 giving them reasonable notice, looking at it and covering the  
2 cost themselves. It's not -- they want to keep the good  
3 customer relations in their service territory as well. So I  
4 think to suggest or think that it might be used in a way to be  
5 detrimental to the customers, I don't think that's the intent.

6 COMMISSIONER ARGENZIANO: Madam Chair, let me clarify  
7 that. I never said that. Okay? Not being detrimental to the  
8 customer. If -- and I wouldn't think they would go willy-nilly  
9 anywhere. That's not what I said.

10 If the utility had to go up on a roof to look at,  
11 inspect a system, and no one was there, somebody tripped, did  
12 something to the solar panel, who is responsible? I think it  
13 would be the utility. And I think that's something you need to  
14 consider.

15 MS. CLARK: I would agree with you. And I guess I  
16 should clarify that I was not suggesting that you had said  
17 that, but it did come up in workshops outside of when the  
18 Commissioners were there.

19 CHAIRMAN EDGAR: Commissioner McMurrin.

20 COMMISSIONER McMURRIAN: While we're on this point, I  
21 should ask Ms. Clark, I'm not sure if it made any sense what I  
22 asked but I'll try it again. Is there a need -- I mean, I  
23 realize what you've proposed here is upon reasonable notice at  
24 reasonable times the utility may at its own expense inspect.  
25 And I guess what I'm trying to, to see, is there some kind of

1 middle ground or maybe it's not -- you know, maybe it doesn't  
2 go that far, but maybe there's times when you absolutely need  
3 to inspect and that it's more clearly spelled out so everyone  
4 knows what to expect what times the utility might do that? Is  
5 there a need to inspect before taking the measure of  
6 disconnecting too?

7 MS. CLARK: I would think the utility would want to  
8 explore that option before they, they disconnect. And I think  
9 the reason the language we proposed was suggested is originally  
10 there was annual inspections in the rule or perhaps we proposed  
11 the annual inspections, and we were seeking some middle ground  
12 to just, just what you're concerned with. Where there are  
13 circumstances indicating a necessity to do that there should be  
14 notice, it should be a reasonable time to do that. And that  
15 was our purpose in suggesting this language.

16 CHAIRMAN EDGAR: Commissioner.

17 COMMISSIONER ARGENZIANO: Again, to that point, and  
18 maybe staff needs to find this out, have there been -- I mean,  
19 if you're talking about a residential unit that we require no  
20 insurance on because we feel they're pretty safe and would not  
21 cause a problem. So given that, have there been any examples  
22 of residential units, you know, harming a grid or doing  
23 something to the, to the utility? And if that's to be, if  
24 we're to consider having the utility inspect -- and you say  
25 upon reasonable notice, but that doesn't say the owner should

1 be there, you can't go on the top of the roof or on the solar  
2 panel without someone being there, and that makes a difference  
3 to me also. But if we're going to go that route, then I need  
4 to know who accepts liability if something does happen to that  
5 owner's generating system.

6 MR. HINTON: Commissioner, to answer your first  
7 question about whether there's been problems with residential  
8 systems harming the grid, I'll punt to Mr. Keyes down there.  
9 But from everything -- from discussions we've had during  
10 workshops there have been no problems across the nation that  
11 we're aware of.

12 COMMISSIONER ARGENZIANO: And -- Madam Chair. And  
13 that is part of the reason we're not requiring homeowners to  
14 have insurance.

15 MR. HINTON: Correct.

16 MR. COOKE: Commissioners, with regard to liability,  
17 you really get into a negligence type of analysis, a common law  
18 analysis. You're correct, Commissioner Argenziano, with regard  
19 to tariffs, at least I believe you're correct that the  
20 provisions address inspections relative, or going on a property  
21 relative to the utility's property.

22 When you start talking about going on to a  
23 homeowner's property, there's a whole body of common law  
24 regarding negligence. And, in fact, I think the homeowner  
25 could potentially be held liable if it's construed as

1 permissive and they have unsafe conditions that they could have  
2 corrected, et cetera. So I think, I think it's an area that  
3 could go both ways.

4 COMMISSIONER ARGENZIANO: Madam Chair. That's my  
5 only reason for pointing it out. It could be -- you could be  
6 asking for more than you really bargained for without looking  
7 into liability issues. And I think you're right, it probably  
8 could go both ways. But then again, if you are not invited and  
9 you jumped on my roof and fell through my panel, it's your  
10 fault. You owe me the money.

11 MR. COOKE: There's definitely a different duty owed  
12 to a trespasser than there is to an invitee.

13 MR. HINTON: In general, Commissioners, something to  
14 consider when talking about annual inspections is traditionally  
15 the customer's side of the meter is the customer's side of the  
16 meter and the other side is the utility's side. And do we want  
17 to begin allowing utilities to come in and inspect customer  
18 equipment?

19 MR. FUTRELL: And also just to follow-up, you know,  
20 throughout this rule staff has tried to strike a balance. You  
21 know, it's the customers making this investment in these  
22 systems and it's to their benefit to keep these systems up and  
23 running and maintained to capture the full benefits of these  
24 systems. We have included the provisions of the safety codes  
25 and safety standards that are in there to help ensure that

1 these systems are uniform and have the protection to help  
2 protect the grid. If there's instances where there's adverse  
3 consequences that happen, the rule addresses those and allows  
4 the utility to open the disconnect switch and then make those,  
5 work with the customer to make those repairs and fixes that  
6 need to be made. So, again, we've tried to strike a balance in  
7 the inspection process.

8           Again, as Cayce mentioned, if there's an upgrade,  
9 that's an opportunity to take a look at what that impact could  
10 be to make sure the new increases in capacity are addressed.  
11 Again, the idea is with additional inspections we were  
12 concerned about the customer being -- concerned about, you  
13 know, the utility coming into this property on a regular basis  
14 or some unknown, unknown schedule and that could cause some  
15 concerns on the customer's part. So, again, we tried to strike  
16 a balance there to protect the system and yet recognize the  
17 customer's investment and allow them to capture all of their  
18 benefits of the systems.

19           CHAIRMAN EDGAR: Commissioner McMurrrian.

20           COMMISSIONER McMURRIAN: I'll just -- I realize we're  
21 sort of on this a long time. But I guess where, where I'm  
22 thinking is, is that the proposal that we've got before us  
23 doesn't seem unreasonable, it just doesn't seem very specific,  
24 I guess would be my thoughts. That something that sort of  
25 spelled out maybe how much notice and whether the owner should

1 be present, as Commissioner Argenziano said, that could be a  
2 possibility. Because I don't think there will be that many  
3 times -- it sounds like if there haven't been disconnections,  
4 that we're talking about a very small number of times and that  
5 maybe that's a reasonable point that the utility could be  
6 allowed access. But there may be other instances, I'm sure,  
7 that the proposal goes far beyond that and may contemplate  
8 things that we just haven't thought of.

9           But it seems like it's reasonable to think that  
10 there's a certain time before disconnect at least that the  
11 utility should be allowed some access to look into it. But I'm  
12 not sure exactly how to wordsmith that, but it does seem like  
13 there's some way to maybe have some middle ground there. That  
14 maybe it's not reasonable times, reasonable notice and doesn't  
15 spell out the owner being present, but maybe some way to allow  
16 them in certain circumstances to do it. But I know that that's  
17 a lot of wordsmithing to do on the fly today.

18           CHAIRMAN EDGAR: Commissioner Argenziano.

19           COMMISSIONER ARGENZIANO: I think it's more of a  
20 private property issue you come down to, and I'm not sure that  
21 we have that right to do that unless there's some type of an  
22 agreement, a voluntary agreement that the utility goes to the,  
23 to the owner and says, look, you know, we may have a potential  
24 problem. Will you allow me? And if there's a voluntary  
25 agreement, well, then great. But I don't know that you could

1 force somebody to, you know, especially if it's not a utility  
2 line, and I think that's a private property rights issue. And  
3 I can tell you coming from the Legislature, they're very  
4 staunch about private property rights and, and I just see a  
5 potential problem there. So in trying to get there maybe you  
6 could start with a voluntary agreement between the utility and  
7 the owner. But then you still -- you know, if, if -- still may  
8 be subject to a liability issue if you go up there and break  
9 something.

10 MS. CLARK: Madam Chairman, I would just want to  
11 correct one thing. Cayce had indicated he hadn't seen a  
12 similar notice and inspection provisions in the QFs. I think  
13 it may not be in the rule but it may be in the tariffs that  
14 are, that are filed. I think I have seen, seen that. So there  
15 is precedent for that.

16 CHAIRMAN EDGAR: Commissioners, further thoughts on  
17 this point before we move on?

18 Commissioner Carter.

19 COMMISSIONER CARTER: I was, I really -- I mean, I  
20 had planned on not saying anything. I was kind of waiting.  
21 And I like the way you started out, Cayce, with the general  
22 overview. But I think in the context of what we're talking  
23 about here, the privilege that a person has in terms of being  
24 able to offer this service to utilities, it would be incumbent  
25 both with the property owner and the utility to have some



1 measure of, you know, of dialogue prior to any of these things  
2 happening. Because when you voluntarily enter into an  
3 agreement with a company to provide your excess coverage to  
4 them, I think that you put yourself in a posture where you and  
5 the utility -- at best it would be a good working relationship,  
6 partnership. At worst there could be some problems. And I  
7 think that in the context of entering or getting on to  
8 someone's property, there's a legal perspective in terms of  
9 what's reasonable notice and not. And I think that in this  
10 context where we're talking about people having the privilege,  
11 I mean, it's one thing to just say we have no choice, we've  
12 just got to sign up with a utility. But it's something else to  
13 say we're not just signing up with a utility, we are entering  
14 into a commercial transaction, and that puts you in a different  
15 posture.

16           And I just -- I was kind of -- and I'm still going to  
17 wait until you finish because I like the way you started out in  
18 terms of the scope of what this rule is designed to do. But I  
19 do think that in the context of a lot of the concerns about  
20 property rights will work themselves out because in the process  
21 of entering into the agreement with the property owner -- and  
22 obviously we want to make sure that we protect the homeowner,  
23 these commercial establishments can protect themselves, but we  
24 certainly want to make sure that we protect the homeowners.  
25 And that's the kind of -- I'll just wait until you finish, but

1 that's more of an observation than anything else. Thank you,  
2 Madam Chair.

3 CHAIRMAN EDGAR: Thank you.

4 Commissioners, any further comments on this point?

5 MR. FUTRELL: Commissioner, Chairman, if I could  
6 offer, you know, as Ms. Clark mentioned, in the co-gen rules  
7 there's a recognition of, in the tariffs of inspections, and  
8 that's something here that when we get into the tariff approval  
9 phase of this once rules are adopted that we could look at  
10 language on inspections and address it in that phase. Again,  
11 we're not saying that inspections aren't a good thing. We're  
12 just trying to set some standards here. And we can look, we  
13 can investigate it further in the tariff approval process which  
14 will become -- which will come before you after these rules are  
15 adopted.

16 CHAIRMAN EDGAR: Ms. Clark.

17 MS. CLARK: I just want to be clear. Is Mark --  
18 Mr. Futrell, are you suggesting it could be something that  
19 could be addressed in the tariffs that are filed pursuant to  
20 this rule?

21 MR. FUTRELL: I would say that would be certainly an  
22 opportunity there.

23 CHAIRMAN EDGAR: Commissioner Carter.

24 COMMISSIONER CARTER: I was just saying that that  
25 gives the opportunity for the customer and the company to know

1 up-front what's expected of all parties and they can hash that  
2 out. Thank you.

3 CHAIRMAN EDGAR: Ms. Clark.

4 MS. CLARK: I think that might work. I think I'd  
5 like to ask people who are more knowledgeable about it, but I  
6 think that might work as long as the rule doesn't preclude  
7 inspections. I think we may be able to work it out, but I  
8 could let you know.

9 CHAIRMAN EDGAR: Okay. And I know that our staff  
10 will get with you as we, as we move along and then we can come  
11 back.

12 Okay. Cayce.

13 MR. HINTON: And the last item in Subsection (5) that  
14 we've already discussed a little bit is liability insurance  
15 requirements.

16 As we've discussed, the recommended amendments would  
17 exempt Tier 1 systems from the requirements to carry additional  
18 liability insurance for the purposes of qualifying under this  
19 rule. For Tiers 2 and 3 there is a \$1 million and a \$2 million  
20 liability insurance requirement associated respectively with  
21 those tiers. Staff has included language within the, within  
22 the amendments that would allow customers to self-insure,  
23 provided they can, they can give proof of sufficient assets to  
24 cover those amounts.

25 But, again, this is one of those balancing things

1 where we're trying to, to help homeowners and remove some of  
2 the expenses associated with the customers, but also still  
3 recognizing that you've got to be kind of crazy not to carry  
4 liability insurance these days.

5 And, and so we've looked around the nation -- not  
6 every state requires liability insurance, but those that do,  
7 what we've recommended is reasonable in comparison. I'll leave  
8 it there.

9 CHAIRMAN EDGAR: Okay. Ms. Webb, are you up?

10 MR. HINTON: No. Still me.

11 CHAIRMAN EDGAR: Oh, still you. Okay.

12 MR. HINTON: Subsection (6), manual disconnect  
13 switches. We've kind of gone into that. Mr. Coddington had  
14 brought up manual disconnect switches and the situation where a  
15 college campus where you have the master meter over in this  
16 location and three buildings over you have a PV system, and do  
17 you want the disconnect switch located by the meter or over by  
18 the PV system? I imagine that that would be largely up to the  
19 utility if they decided they'd rather it be located closer to  
20 the building. But customer side of the meter is still customer  
21 side of the meter. And presumably if the master meter is on  
22 Building A but the PV system is on Building C, the customer  
23 owns all the distribution lines between those two spots, and  
24 the utility is going to be wanting to make sure that the PV  
25 system is disconnected while they work on distribution lines on

1 their side of the meter. They won't be doing work on the  
2 customer's side of the meter. So presumably it would still be  
3 acceptable to have the disconnect switch at the meter location.  
4 However, staff would think it reasonable to allow the utility  
5 in situations like that to say, you know what, go ahead and  
6 stick it closer to the PV system.

7           Of course, right now in the rules it doesn't leave  
8 that much discretion in our current language and I don't know  
9 if it's necessarily needed, but staff is willing to entertain  
10 whatever the Commissioners would prefer in that regard.

11           CHAIRMAN EDGAR: Commissioner Carter.

12           COMMISSIONER CARTER: I think that in the  
13 hypothetical they were talking about on a college campus,  
14 having gone to college a few times I don't really think you  
15 want to have that manual switch near the dormitory, you know.  
16 (Laughter.) I can just imagine all kinds of things happening  
17 from that. So the location of the switch probably should be  
18 where the owner, the property owner wants to have the switch.  
19 It makes more sense to me, because there are certain things  
20 that are appropriate and specific based upon the type of  
21 property that it's located on. I mean, a university is one  
22 thing. It could be a nursery in terms of growing plants and  
23 things like that or it could be a day care center. You'd want  
24 to have it high enough to where -- so I think the, like you  
25 say, on the customer side of the meter, I think the customer

1 should have the authority to determine where the location of  
2 the switch should be. Because I, I don't know who started this  
3 with the hypothetical about the college campus, but I saw all  
4 kind of mischief from that.

5 MR. HINTON: Commissioner, one concern with that is  
6 reasonable access.

7 COMMISSIONER CARTER: Yeah.

8 MR. HINTON: We can't leave it to the customers'  
9 discretion solely because they're going to do the least cost  
10 option, which would be the closest they can install it to the  
11 PV system, the better. However, that doesn't mean that the  
12 utility will have access to the disconnect switch. We need to  
13 maintain that the utility has reasonable access, which is why  
14 we stated adjacent to the meter. That would allow the utility  
15 to access it without actually having to go too far onto the  
16 customer's property and fight off a dog.

17 CHAIRMAN EDGAR: Commissioner.

18 COMMISSIONER CARTER: This is, this is why -- excuse  
19 me. This is why I was suggesting earlier about this open  
20 channels of communication prior to entering into this  
21 agreement. All these things need to be hashed out up-front  
22 between the property owner and the utility. Because, yeah, the  
23 utility may say it's best to put it here, but if you're talking  
24 about site, if it's site specific, then nobody knows that  
25 person's property better than they do. So I think that it

1 would be incumbent upon them on the front end to make, make  
2 that designation.

3           Like I say, is that, you know, we live in a college  
4 town and a lot of things happen in college dormitories and  
5 things like that. And it just seems to me that in the process  
6 of the channel, of opening a channel of communication is that  
7 these agreements are going to be over a period of time between  
8 a utility company and the property owner. So it would be -- I  
9 mean, how you start out is generally how you finish up. So if  
10 the property owner feels they have no discretion in terms of  
11 the location of the switch, then that's going to have a  
12 chilling impact in terms of whether or not they participate.  
13 But I think if they can say up-front, look, you know, we know  
14 that the utility company wants to put it in Spot A but we think  
15 based upon the specific nature of our property it would be  
16 better put in Spot B, and we'll give you access to that upon  
17 reasonable notice and all, but we want to put it here for the  
18 specific nature of our property.

19           MR. HINTON: Commissioner, the problem with making it  
20 accessible to the utility upon reasonable notice is because  
21 these are largely for emergency purposes, and they may not have  
22 time to notify the customer, find out where it is, get access.  
23 It needs to be accessible not only to the utility, but  
24 potentially the fire department may need to have access to  
25 these switches as well. But I think it's standard practice

1 that these need to be accessible and that is why generally  
2 we've required them in the proximity of the meter.

3 CHAIRMAN EDGAR: Commissioner McMurrrian.

4 COMMISSIONER McMURRIAN: Thank you. Mr. Hinton, you  
5 talked a little bit earlier about the inverter-based, because  
6 the exemption, I was thinking the Tier 1 exemption was anything  
7 in Tier 1. But you pointed out the inverter-based criteria.  
8 Are most Tier 1 customer-owned systems, are they inverter-based  
9 or --

10 MR. HINTON: What we've seen right now is, yeah, it's  
11 inverter-based. Largely what we see out there is PV, but there  
12 is some customer wind out there. We know of at least one  
13 person that's installed sort of a solar/wind combo on their  
14 land, and that may not necessarily be inverter-based. But  
15 potentially you'll have other technologies out there where a  
16 customer can build a digester on their land. It'll be maybe  
17 small but it's not inverter-based. It would be generating in  
18 AC. And we've, we've required them to have islanding features  
19 in the equipment that they use as a safety measure, but we know  
20 for a fact that inverter-based systems are safe and that's why  
21 we've felt the freedom to exempt them from that requirement  
22 just because of experience. As other technologies are deployed  
23 we'll have a little bit more information to go on as to  
24 expanding that exemption.

25 COMMISSIONER McMURRIAN: Okay. And just -- so you



1 only get the exemption if you have an inverter-based system.

2 MR. HINTON: Inverter-based system.

3 COMMISSIONER McMURRIAN: But if you just have the PV,  
4 like you said, it wouldn't be, you would not get that  
5 exemption, and the customer would have to pay to have that  
6 manual disconnect switch installed?

7 MR. HINTON: Yeah. If you have an inverter-based  
8 system such as PV, then you would not be required to cover --  
9 be required to install that switch. The IOU may require it as  
10 long as they pay the cost.

11 COMMISSIONER McMURRIAN: Okay. And I did have one  
12 more question. With respect to the cost of this exemption,  
13 it's probably spelled out -- maybe it's good to ask Ms. Clark  
14 about this. It's probably in the SERC in the Attachment B, but  
15 can you point me to the costs involved with the exemption with  
16 respect to, to the manual disconnect switch with respect to  
17 Tier 1 customers who have the inverter-based system? Is that  
18 covered in the, in the SERC document? I'm trying to remember.  
19 Or if you've just got a number -- if you can give me an idea of  
20 how much cost we're talking about. It starts on Page 37 of  
21 this SERC. I didn't know --

22 MR. HINTON: Commissioner, Ms. Clark had earlier  
23 referenced, I think, \$1,200. During the workshop process we  
24 heard anything from \$300 to \$1,000, \$300 to \$1,200. So that  
25 cost appears to vary depending on who's installing, how much

1 wire is required, that type of thing.

2 COMMISSIONER McMURRIAN: I see. With respect -- on  
3 Page 40 with respect to FPL it shows \$1,253, and that's the  
4 cost of installing one manual disconnect switch. So that's a  
5 per customer amount that FPL has proposed, and I think there's  
6 some for the others.

7 What -- I guess this is for staff, Chairman. I'm  
8 sorry.

9 CHAIRMAN EDGAR: That's okay.

10 COMMISSIONER McMURRIAN: Just trying to think out  
11 loud. What kind of impact does that manual disconnect switch  
12 cost have whenever it's exempted in that respect? Do we have  
13 an idea of that? Is that also covered in here? I'm not sure.  
14 In a sense I'm asking what do you -- do you think that the  
15 impact on the general body of ratepayers from covering the cost  
16 of those manual disconnect switches is significant?

17 MR. HINTON: Staff believes that the subsidies  
18 involved with this are negligible. Of course, there is no  
19 subsidy until the next rate case, but staff does not believe  
20 that these will have a large impact on the general body of  
21 ratepayers.

22 COMMISSIONER McMURRIAN: Okay. Thank you. Thank  
23 you, Chairman.

24 CHAIRMAN EDGAR: Commissioners, any further comments  
25 on this point?

1 Commissioner Carter.

2 COMMISSIONER CARTER: Thank you, Madam Chairman. I  
3 probably should have asked it before but I was waiting until we  
4 finish. But I think from what I hear and from what I've read  
5 is that on the Tier 1s we're trying to make sure that we focus  
6 on like the homeowners, just your average homeowner, someone, I  
7 think you said, with like, what was that they told you, 5,  
8 10 kilowatts.

9 MR. HINTON: That's the limit of --

10 COMMISSIONER CARTER: So you're primarily trying to  
11 do that just for the single household, just your typical family  
12 and all like that. So when it gets to Tier 2, we're taking it  
13 up another level. So that's why we're saying for Tier 1 we'd  
14 waive those requirements in terms of costs and all and those  
15 costs would be -- once there's a rate case, the entire body of  
16 ratepayers would take care of that cost.

17 MR. HINTON: Correct.

18 COMMISSIONER CARTER: Okay. Thank you.

19 MS. CLARK: Madam Chairman, if --

20 CHAIRMAN EDGAR: Well, in that rate case obviously  
21 that would be one of many, many, many, many issues that would  
22 get, I'm sure, discussion and analysis and audit, et cetera, et  
23 cetera. (Laughter.)

24 Ms. Clark.

25 MS. CLARK: I wanted to make two comments on, on the

1 manual switch and the fact that it is for, the exemption is for  
2 inverter-based. The concern there is that when utility  
3 personnel comes on and needs to know that that system is off,  
4 can't tell from the inverter that it is off, that's why you  
5 still need the manual switch.

6           Given that, the utilities are either going to be  
7 installing these switches or they're going to be pulling the  
8 meter so they can be sure that there's no feedback from that  
9 generating device.

10           CHAIRMAN EDGAR: Okay. Let's move on, and I'm sure  
11 we'll be coming back. So, Cayce, do you have further?

12           MR. HINTON: My final subsection is Subsection (7),  
13 administrative requirements. This basically lays out the  
14 process for applying for interconnection and the time frames  
15 involved with executing the interconnection agreements. Not  
16 much to note.

17           CHAIRMAN EDGAR: Straightforward. Thank you.

18           MR. HINTON: Yes.

19           CHAIRMAN EDGAR: Ms. Webb.

20           MS. WEBB: Thank you. Karen Webb, Commission staff.  
21 I'll go over Sections (8) through (11), Subsections (8) through  
22 (11).

23           The first subsection, (8), net metering, covers a  
24 variety of topics, the first of which is the meter cost  
25 responsibility. Staff is recommending that the IOU install the

1 metering equipment at no cost to the customer because this  
2 would extend the Commission's current treatment of meter  
3 responsibility costs under the small PV rule.

4           The next issue covered under Subsection (8) is the  
5 meter type required. It's been suggested in prior workshops  
6 and in written comments that specific technology be required  
7 under this rule. Staff believes that nonspecific language  
8 would be best because that would preclude any future  
9 technologies that might serve the customer and the utility more  
10 efficiently. We would have to reopen the rulemaking each time  
11 new technology was introduced. And also this would prevent the  
12 utilities from having to rip out any technology that is  
13 currently sufficient for purposes of meeting the rule with the  
14 specific terminology requested. This is also consistent with  
15 the Commission's policy of establishing standards that the  
16 utilities must meet without specifying how the utility must  
17 accomplish that standard.

18           The next section discusses crediting and payment  
19 cycles for excess generation. It was raised earlier that it  
20 would be more cost-efficient to compensate the customer  
21 monthly. Staff has determined that the 12-month cycle that's  
22 proposed in this rule for crediting kilowatt hour -- for  
23 kilowatt hour better considers the seasonal nature of many  
24 renewable electric generating systems, and also the rates that  
25 staff is recommending appropriately balance the interests of

1 the ratepayers with encouraging more renewable generation in  
2 Florida. That's a very complex issue there, so I'll pause if  
3 you have any questions on that section.

4 CHAIRMAN EDGAR: Commissioner McMurrin.

5 COMMISSIONER McMURRIAN: I'm trying to think up a  
6 question on every one it seems like.

7 I guess this would be better directed at Ms. Clark  
8 since she's, she's proposed removal of this language here. And  
9 thank you, Ms. Webb, for addressing that about why you think  
10 the way that you've proposed it is more appropriate, about the  
11 seasonal nature and the appropriate balance with rates.

12 But, Ms. Clark, when you say reconciled on a monthly  
13 basis, at what rate? I guess that would be kind of Part A. I  
14 want to make sure I understand the proposal. And Part B would  
15 be similar to my last question about identifying the costs.  
16 Because you've said, of course, it's a significant cost to  
17 automate the systems. And so if you could help point out sort  
18 of what costs we're looking at. I know some of those were in  
19 the SERCs also and that may help. And basically what cost  
20 would be saved if you were to reconcile on a monthly basis as  
21 you proposed?

22 MS. CLARK: I'm writing those down. Maybe you could  
23 as I get to them --

24 COMMISSIONER McMURRIAN: Sure.

25 MS. CLARK: First of all, Commissioner, in our

1 comments that we filed we had a somewhat divergent view about  
2 the payment for excess generation. Gulf Power and Progress  
3 Energy in their, in their comments indicated that it's  
4 appropriate to compensate that at the avoided cost even on the  
5 monthly basis. That wasn't necessarily the main point of the  
6 other utilities' viewpoints with regard to this net metering.  
7 But the point being on the monthly, monthly charge, that it  
8 does reduce the cost to your system in not having to carry it  
9 over on an annual basis, and it has the advantage of delivering  
10 back to the customer the credit on the bill and it's easier for  
11 them to understand what they're being, what they've gotten for  
12 generating and putting that excess energy on the grid. It is  
13 covered in the SERC with regard to the difference in the cost.  
14 And what was your --

15 COMMISSIONER McMURRIAN: Chairman. I'll jump in and  
16 ask you too, when you were talking about crediting on the  
17 monthly basis, would the credits still be at retail or would it  
18 be at avoided cost? I understood what you said about Gulf and  
19 Progress Energy, but --

20 MS. CLARK: Well, the way that you rule it, with the  
21 deletion of that the credit would be at the retail the way you  
22 have it in the rule.

23 COMMISSIONER McMURRIAN: Okay. Thanks. I just  
24 wanted to make sure I understood that.

25 The, I guess the other question with regard to the

1 information in the SERC is I'm not -- there's information in  
2 here about how much it would cost for that requirement. But  
3 would you save those entire costs that are in here if you were  
4 to reconcile on a monthly basis or would there still be some of  
5 the costs that you would incur?

6 MS. CLARK: No. There would still be some of the  
7 costs. And I think FP&L provided that in their response, a  
8 comparison of the difference.

9 COMMISSIONER McMURRIAN: Okay. I'll look back at  
10 that later. I don't want to hold us up too much.

11 But I did have one more question for staff then.  
12 With regard to the concern that's been brought up about avoided  
13 cost, does staff believe that the way it's proposed the  
14 crediting at retail and then the avoided costs sort of at the  
15 end of the 12-month period, do you believe that that mechanism  
16 in any way violates the statute where it, where it suggests  
17 that we use avoided costs?

18 MS. WEBB: We do not.

19 MR. FUTRELL: Commissioner, I think the way we looked  
20 at this is, again, we're looking at this as a behind-the-meter  
21 type of arrangement where this is a customer system and the net  
22 metering provisions here are designed to take advantage of the  
23 seasonal nature of these systems and help match up the  
24 generation with the customer's load. And so really we see this  
25 more as a billing type function to help allow the kilowatt



1 hours to be carried forward to match and allow the customer to  
2 benefit from these systems when the, when the load goes up. We  
3 don't see this as violating that provision, as you, as you  
4 mentioned.

5 CHAIRMAN EDGAR: Commissioners, anything further on  
6 that point at this time? No?

7 Ms. Webb.

8 MS. WEBB: All right. Continuing on in  
9 Subsection (8), the next area of discussion is customer demand  
10 charges. The language proposed indicates staff's  
11 recommendation that customers are responsible for the metering,  
12 billing and demand charges associated with their demand on the  
13 system, and therefore a reduction in their demand would result  
14 in a reduced demand charge. I'll pause there again if there  
15 are any questions in that section.

16 CHAIRMAN EDGAR: Commissioners, any questions for  
17 Ms. Webb at this point? No? We'll keep moving.

18 MS. WEBB: All right. Going forward, standby rates  
19 is the next area discussed in Subsection (8). The discussion  
20 we had this morning and the handouts that were presented with  
21 the modified language would presumably satisfy many of the  
22 objections. Mr. Futrell spoke this morning about the changes,  
23 and I believe he would like to provide a brief explanation of  
24 the whats and whys.

25 MR. FUTRELL: Commissioners, in the language

1 proposed, it would require customers in the Tier 3 that are  
2 above 20 percent of their -- the generation is 20 percent of  
3 their customer load would be required to take service under the  
4 standby rates. We've received a lot of comments about that and  
5 had a lot of discussions about the implications of this, and so  
6 we've presented to you and provided to you revised language  
7 that would essentially allow any customers that install  
8 generation to at their discretion go on the standby rate or  
9 take service under the otherwise applicable rate that they  
10 would be under. And we think that this will address some of  
11 the concerns that were certainly unintended, but that it could  
12 potentially reduce some of the economic benefits of these  
13 systems to customers.

14 CHAIRMAN EDGAR: Okay. And, Mark, am I correct that  
15 the alternate language that you've just described would be  
16 additional language -- I'm on Page 34 -- additional language  
17 added in Line 8 and the removal of language, the sentence  
18 beginning Line 11 through 15?

19 MR. FUTRELL: Correct. If you'd like for me to read  
20 that, I can do that, whatever your preference is.

21 CHAIRMAN EDGAR: Why don't you go ahead and read that  
22 into the record for us.

23 MR. FUTRELL: Okay. We would insert on Page 34 of  
24 the recommendation, Line 8, before the term "demand charge" --  
25 after "demand charge" we would insert "for the maximum measured

1 demand during the billing period." And then beginning on Line  
2 11 we would strike the language from Line 11 beginning with  
3 "Tier 3 customers" down to Line 15 where it ends with "total  
4 electric load." And, again, this is the part that would exempt  
5 all customers from the standby rate. And then we would insert  
6 on Line 15 at the beginning, "The customer may at their sole  
7 discretion." So we're inserting the word "The customer" to  
8 recognize that it would be up to the customer to decide whether  
9 it would be beneficial to go on a standby rate or not given the  
10 performance characteristics of their generating equipment.

11 CHAIRMAN EDGAR: Thank you, Mark.

12 Ms. Clark, you had mentioned some points in this same  
13 paragraph but were holding your comments. Would you like to  
14 join at this time?

15 MS. CLARK: I think, Madam Chairman, I'm happy to say  
16 that if this change is made and one other change, I believe our  
17 comments go away and we can live with what is there.

18 I would just suggest that on Line 11 where it has the  
19 applicable rate schedule for non-generating customers, that you  
20 delete "for non-generating customers."

21 The concern here is just to make it consistent with  
22 the last section which allows the use of standby or  
23 supplemental rates because that wouldn't be applicable to  
24 non-generating customers. And I'm delighted to say I don't  
25 need to run through my examples. I believe that this has

1 changed.

2 MR. FUTRELL: We're comfortable with the change  
3 Ms. Clark has described. That would be appropriate.

4 CHAIRMAN EDGAR: Commissioners, any questions about  
5 that alternate language?

6 Commissioner McMurrian.

7 COMMISSIONER McMURRIAN: I have one quick one.  
8 Mr. Coddington with NREL I think mentioned, one of his comments  
9 was about the use of the word "load," and I saw that that --  
10 I'm not sure if that's the same place he was referring to or  
11 not, but it's part of the stricken language. So does that --  
12 does anyone have it written because I didn't quite get where he  
13 was referring to? And I wondered if that took care of that  
14 issue for him.

15 CHAIRMAN EDGAR: Mr. Coddington, the language that  
16 you had raised, are we in that same --

17 MR. CODDINGTON: Yeah. We are in that section, and I  
18 think it's been addressed appropriately. Thank you.

19 CHAIRMAN EDGAR: Thank you.

20 Commissioner McMurrian, thank you for that  
21 clarification.

22 Commissioners, any other comments or questions about  
23 this suggested change to the proposed language? Okay. We  
24 will, we will hold, hold that. And then we're ready to move  
25 on.

1 MS. WEBB: All right. One more issue under  
2 Subsection (8) before we move on to Subsection (9). Concerns  
3 have been raised regarding totaling metering, additive billing  
4 --

5 COMMISSIONER CARTER: I'm sorry. I didn't --

6 CHAIRMAN EDGAR: Yeah. I didn't catch the end of  
7 that either. Could you repeat?

8 MS. WEBB: Oh, pardon me.

9 CHAIRMAN EDGAR: That's okay.

10 MS. WEBB: Concerns have been raised about  
11 conjunctive billing with regards to this rule, and that issue  
12 is covered under Commission Rule 25-6.102 of the Florida  
13 Administrative Code. We have addressed in the recommendation  
14 that a customer may circumvent this by assuming the  
15 responsibility to provide the distribution beyond the single  
16 delivery point. But as of this morning we have had some  
17 discussion revealing some broader policy and legal  
18 implications, and I believe that Mr. Futrell would like to  
19 address those.

20 CHAIRMAN EDGAR: Okay. And, Commissioner Carter,  
21 just in case I'm reading your comment right, it was, I believe,  
22 Mr. Bottcher who raised this issue initially. And Mr. Bottcher  
23 is here if he would like to make additional comment.

24 Mark.

25 MR. FUTRELL: We certainly understand Mr. Bottcher

1 and the agricultural interests and where they're coming from  
2 with this and appreciate them bringing language today for us to  
3 consider.

4           There are broad -- while this is -- his concern is  
5 agricultural interests, there could be very broad implications  
6 for what he's suggesting, not just for agricultural, but for  
7 all other types of businesses that could have real implications  
8 on ratepayers as far as costs that they would have to bear and  
9 any potential cost shifting. So I would just alert you to  
10 that, that there could be significant impacts as a result of  
11 this, what he's suggesting.

12           CHAIRMAN EDGAR: Commissioner Argenziano.

13           COMMISSIONER ARGENZIANO: I'm very concerned that our  
14 ag community has the ability to put digesters and have that  
15 multiple metering. Are you suggesting because they would not  
16 then be responsible for the laying of the lines or whatever  
17 connections that it would, that would be the cost to the  
18 consumer, all the other consumers? Is that --

19           MR. FUTRELL: Right.

20           COMMISSIONER ARGENZIANO: And then probably other  
21 entities desiring the same?

22           MR. FUTRELL: That's correct.

23           COMMISSIONER ARGENZIANO: There is not another way of  
24 helping the ag community that really needs our help. I mean,  
25 we're trying to keep -- I know where they're coming from, and

1 they're at, they're almost at -- we're kicking our farmers out  
2 of the State of Florida every day it seems.

3 CHAIRMAN EDGAR: But we aren't. I should make that  
4 point. We aren't. (Laughter.)

5 COMMISSIONER ARGENZIANO: Not us. Not us. No. I  
6 know I want to eat local food, believe me. I used to be the  
7 Chair of Ag and I know about that food that comes from other  
8 places. But is there another -- is there any kind of  
9 possibility of meeting them in the middle?

10 MR. FUTRELL: Well, there certainly could be  
11 opportunities to look at the conjunctive billing rule. Again,  
12 we felt like we were focusing in on the small PV rule and  
13 amendments to that and we didn't feel like we could go into  
14 carving out exemptions from another rule. That might be the  
15 venue to take a look at that rule and if there's any  
16 opportunities there to look at creating some, some  
17 opportunities that could be there.

18 MR. TRAPP: I'd like to also mention, if I might,  
19 that there is another body of rules that are in play here.  
20 It's called self-service generation, self-service wheeling  
21 rules that would allow wheeling of power at the wholesale  
22 level.

23 The problem with the conjunctive metering is that in  
24 order to -- the reason that there are multiple meters at a  
25 particular property is because there are lines serving loads

1 efficiently and effectively at those meter point locations.  
2 The question becomes if you allow net metering to occur to  
3 consolidate all the loads at those meters, the basic, the net  
4 metering credit then offsets the distribution component payment  
5 to the utility who has had to build all those lines out there.  
6 It may be that on a case-by-case basis we could manage these  
7 issues more effectively than trying to address them in this  
8 rulemaking.

9           My concern is not just the agricultural industry,  
10 but, you know, you start getting into other industries that  
11 have significant impact on the distribution costs that are  
12 currently being paid under the rate structure that won't be  
13 paid until a rebalancing in a rate case.

14           COMMISSIONER ARGENZIANO: And I guess I understand  
15 that. I'm just trying to figure out in the case of ag I would  
16 think that in many places, and please correct me if I'm wrong,  
17 because I could be, I know there's a lot of space in between  
18 different operations on farmlands, and then you have smaller  
19 farmers who cannot possibly participate unless they're working  
20 together. So I don't know how the metering would be done. It  
21 would be a total disincentive for a smaller farmer to even try  
22 to participate.

23           MR. TRAPP: Again, if I understand the process of  
24 methane digestion, the centralization is of the input fuel, the  
25 cow manure. You digest it, you produce a gas, you generate,



1 generate electricity. Then what do you do with that  
2 electricity? Do you then sell it to multiple meter sites in  
3 some co-op or do you sell it to a utility? Right now because  
4 of PW Ventures you can very easily get into a retail sale  
5 situation where we have to regulate the rates paid for. And so  
6 it becomes a very more complicated issue when you're talking  
7 about setting up a central station generator that then  
8 distributes power to multiple locations. It's really quite  
9 beyond the incentive we're trying to establish for the  
10 conservation-based type, you know, systems.

11 CHAIRMAN EDGAR: And let me break in because  
12 Mr. Bottcher has been very patient. Thank you. But I know you  
13 wanted to make some additional comment, please.

14 MR. BOTTCHER: I think it's obvious I didn't  
15 articulate as well as I had hoped because I think there is a,  
16 pretty much a misconception of what we're talking about, what  
17 costs are associated with what we're referring to doing,  
18 conjunctive billing.

19 This cost of doing the interconnection, the option  
20 that's now in the rule is that if the customer wishes to bear  
21 the expense to do the interconnection and bring it to a single  
22 meter, they may do that and they would get the benefits of the  
23 metering.

24 What's not being understood is that you can  
25 accomplish this same goal from an accounting procedure without

1 causing that cost to occur to the landowner, to the customer.

2 It is -- that's where I think -- when we're talking about this  
3 excessive cost, if the cost of the interconnection is being put  
4 into the cost of allowing this to happen, it's the opposite.

5 It's truly the opposite. If you allow this net metering, you  
6 will eliminate the cost of the interconnectivity that the  
7 customers will obviously have to do. I can give very specific,  
8 and I did at the workshop, of what this means; that if you  
9 don't allow multiple meters to do this, that it is worth it to  
10 the customer to spend the money to bring it to a single meter  
11 in order to get the maximum benefit. It is worth it to them.  
12 So in -- for my particular client, he will do that at great  
13 expense because it's to his advantage. The ultimate end is the  
14 utility will see the exact same metering occurring, but the  
15 rule has forced my client to expend a great amount of money in  
16 order to achieve that. If I'm not articulating this, please  
17 ask me a question so that it's clear how this is not really  
18 costing. It's actually a huge money saver.

19 From a utility standpoint, to, to actually do this I  
20 could see it's going to reduce the net power demand from that  
21 client. And that a higher percentage of power will be demanded  
22 by them and they'll have to pay retail for it, and then  
23 100 percent or a high percent may go out and be paid at avoided  
24 cost. There is that advantage. But we're going to take  
25 advantage of the fact of doing the interconnectivity and it's a

1 cost that's totally unnecessary.

2 COMMISSIONER ARGENZIANO: I guess I'm still, I'm  
3 still tossing that around. I'm trying to figure out what  
4 accounting mechanism --

5 MR. BOTTCHEER: Well, right now my client, for  
6 example, he actually has -- he's an exception. He has  
7 42 separate meters because he's got irrigation systems that  
8 have meters scattered all around. We're not even looking at  
9 bringing all those in. But he receives one bill a month, I  
10 should say one envelope from the utility that has 42 bills in  
11 it for each one of those meters. And from an accounting  
12 standpoint at the co-op which serves him, they could easily  
13 just put those all onto a single piece of paper and there could  
14 be accounting. Any -- the costs associated, and it's a true  
15 cost, if you do that distributed adding the interconnectivity,  
16 it's a cost. And that's the reason we have separate meters  
17 because it is a lot more cost-efficient to drop down from the  
18 lines to individual meters. But the amount being paid on each  
19 one of those meters can be represented on a collective bill.  
20 There is a base charge from the utility from the fact that they  
21 have a separate meter, and that charge would still carry  
22 through. There is no -- none of that additional distribution  
23 cost that was associated with putting the extra meters in,  
24 they're taken, being taken away from the bill.

25 COMMISSIONER ARGENZIANO: Madam Chair, does staff

1 maybe -- it sounds, sounds pretty common sense.

2 MR. TRAPP: I don't, I don't think I agree with the  
3 representation here.

4 COMMISSIONER ARGENZIANO: Okay.

5 MR. TRAPP: I think, yes, it's very easy to  
6 consolidate meters, you know, and it's economical for the  
7 customer to have that done. Because what's happening is you're  
8 taking advantage of a system whereby you're getting a retail  
9 rate, credit that's offsetting the cost of distribution that  
10 was laid out to serve those multiple meters. The customer is  
11 avoiding paying for the distribution facilities that were built  
12 to serve that customer. That cost has to go somewhere.

13 I think what staff is suggesting is that we're not  
14 quite willing to go to this level yet with net metering.  
15 You've seen the economic impact statement that's presented for  
16 this rule with the assumptions of 2 megawatts, basically  
17 conservation measure type of thing, and they are minimal. If  
18 we get into eliminating the conjunctive metering rule, I think  
19 the level of magnitude of rate impact is going to jump  
20 significantly. Granted, I feel that. I don't know that. It  
21 needs additional study perhaps. But I think we're talking  
22 about a magnitude jump of revenue impact. And, again, you  
23 know, how much subsidy is enough becomes the question. It's a  
24 policy issue.

25 COMMISSIONER ARGENZIANO: Again, it's because of the

1 distribution, you're saying the fees for the distribution.

2 MR. TRAPP: That's my viewpoint. It's the, the  
3 avoidance of paying for the distribution that was built out  
4 there to serve all of those multiple meters.

5 COMMISSIONER ARGENZIANO: I'm sorry. At what point  
6 do you pay off the distribution costs? Does that ever happen?

7 MR. TRAPP: They're -- they are depreciated over the  
8 life of the facilities. And when the life is over, they are  
9 replaced and you re-depreciate the new cost. So, no, the cost  
10 never goes away. You always have -- as long as you've got a  
11 facility there, you've got to pay for it.

12 MR. BOTTCHEER: Well, I agree the distribution cost is  
13 there and that is something that is being utilized in going to  
14 the method that I am talking about.

15 Now the thing is that there is, within the billing  
16 structure there is the base charges. And I would like for them  
17 to perhaps explain how much of the actual recovery of the  
18 distribution cost occurs from the actual rate versus the base  
19 charges that are in the bill. And that's, that's one aspect of  
20 it.

21 The other aspect I want to make clear is when you  
22 have somebody that's going to invest, and we're at the marginal  
23 level on the bioenergy side of things to get people to invest.  
24 And when you have the single entity, in the case I'm using  
25 here, Suwannee Farms, they want to make the investment but they

1 have a distribution problem which may cause them not to make  
2 the investment. But it's a single entity. The same people  
3 that are pulling in power on one part of their property are the  
4 same people investing in the renewable energy. It's the same  
5 entity. And so I think that has to be taken into  
6 consideration.

7           And as far as the distribution costs, one thing  
8 that's happened, and this is true, I know, in just a couple of  
9 recent drops, I don't know how much recovery they're trying to  
10 get, the utilities, but for a fairly short distance it was a  
11 \$3,000 connection fee. There is a fair amount of the cost that  
12 has to be paid to get the initial connection. And I understand  
13 that not all of it is there and there's some down the road, but  
14 I can't emphasize how important this issue is if we want to get  
15 agriculture and some of the other businesses that have  
16 distributed power involved in this.

17           And I think, you know, as a Commission you're at a  
18 point now to where, you know, this issue of energy and getting  
19 renewable, other sources is so critical to our future that we  
20 can't, we can't look at some of these monetary -- perhaps  
21 there's going to be a little bit of that distribution cost, I'm  
22 sure, and I can -- I'm confident it's being overemphasized how  
23 much that is, but would have to be redistributed through  
24 whatever rate mechanism. But the benefits to sit here and say,  
25 oh, they can do it, they can go out there and spend a quarter

1 of a million dollars, which is what it would take for my client  
2 to do the internal redistribution system, to say, well, do that  
3 in order to get credit of this, when it can be done from a  
4 simple billing. Because you -- the power -- the utility will  
5 lose that power that's being used locally anyway. It really  
6 will not change their revenue at all. And I can sit down and  
7 go back through this again because the assumption would be that  
8 if we don't do the interconnection, yes, they're going to  
9 recoup all their costs. But we can do the interconnection  
10 because of the -- the penalty is so great for not allowing this  
11 to happen, we're going to put those expenditures out there and  
12 the utility will see the same condition as if they went to a  
13 net accounting adjustment.

14 MS. GERVASI: Commissioners, if I may, Rosanne  
15 Gervasi with the Office of General Counsel. I don't know that  
16 we can fix all of these concerns within the current net  
17 metering and interconnection rule. And the reason being is  
18 that Rule 25-6.102(3), which is the conjunctive billing rule,  
19 expressly states that conjunctive billing shall not be  
20 permitted. Bills for two or more points of delivery to the  
21 same customer shall be calculated separately for each such  
22 point of delivery.

23 So I think that in order to open up this discussion  
24 we might need to open up rulemaking on the conjunctive billing  
25 rule, which, of course, would require a notice of rule

1 development within that rule. We certainly don't want to have  
2 two rules that are in conflict with each other.

3 CHAIRMAN EDGAR: Thank you, Ms. Gervasi.

4 Okay. Let's go ahead and get through the rest of it,  
5 and then we can come back and see what other, what other  
6 questions we have. And we are getting toward the end, I know.

7 Ms. Webb.

8 MS. WEBB: Thank you. Moving on to Subsection (9),  
9 the renewable energy certificate section, it was suggested  
10 earlier that this subsection be removed altogether. That would  
11 mean that this proposed amendment would not address ownership  
12 of renewable energy certificates associated with customer-owned  
13 renewable generation.

14 Staff believes that neglecting to assign ownership  
15 within the language of this rule would leave the customer to  
16 negotiate with the utility when he goes to interconnect his  
17 renewable generating system. We believe that it's important to  
18 outline the requirements of -- to outline the ownership of  
19 these renewable energy certificates.

20 After reviewing the procedures that are outlined for  
21 other states, of the states that address renewable energy  
22 certificate ownership within their net metering loss, each of  
23 them assigns it to the customer. I'll pause there if you have  
24 any questions in that section.

25 CHAIRMAN EDGAR: Commissioners?



1 Commissioner McMurrrian.

2 COMMISSIONER McMURRIAN: Thanks. Ms. Webb, I think  
3 we talked a little bit about this this morning, but I guess the  
4 concern I have is assuming we eventually put in place an RPS,  
5 not we as in us, however that's done, let's say, let's say the  
6 state has an RPS and let's say it's an aggressive RPS,  
7 shouldn't we be concerned about the impact on the ratepayer of,  
8 of the need for a utility to perhaps buy RECs at that point?  
9 And is there, is there much possibility that at that point that  
10 RECs will have skyrocketed in a sense because a lot of  
11 customers out there, particularly some large customers would  
12 own these RECs and potentially the cost would go up? And I  
13 guess I'm just concerned about, you know, is there going to be  
14 a big impact on that end if we -- and I know that requires a  
15 lot of assumptions, but I think, I think I have to think about  
16 it, quite frankly.

17 MS. WEBB: There is a possibility the price could  
18 escalate. There's also a possibility the price would not  
19 escalate. Within the body of this proposed amendment there are  
20 places where subsidies are contained, and providing this  
21 renewable energy certificate to a customer is added value to  
22 that customer. We're attempting again to balance the interests  
23 of ratepayers with encouraging renewable generation. And it's,  
24 as Mr. Trapp suggested earlier, it's a question of to what  
25 extent we'd like to go. At this time staff has determined

1 based on reviewing the policies of other states that this is  
2 the most appropriate avenue for Florida.

3 CHAIRMAN EDGAR: Commissioner Argenziano.

4 COMMISSIONER ARGENZIANO: Just repeating it to make  
5 sure I get it right. By placing the ownership with the  
6 customer of the REC, that is the incentive.

7 MS. WEBB: Yes, ma'am.

8 COMMISSIONER ARGENZIANO: Okay. Thank you.

9 CHAIRMAN EDGAR: Commissioners, any other comments?

10 Ms. Clark.

11 MS. CLARK: Madam Chairman, you know, the point we're  
12 making is I think you need to consider very carefully the  
13 ownership of RECs when more than avoided costs or subsidies are  
14 provided. And my concern is what I would call the tyranny of  
15 small decisions, that you incrementally make these decisions  
16 that overall you would not make. And it, and it seems to me  
17 when the customer does all the investment and is responsible  
18 for bringing this thing online, yes, I think that they should  
19 have that renewable energy credit to do with as they choose.  
20 But in this instance and in those instances where other  
21 customers are providing incentives through the subsidies and  
22 through the avoided costs, shouldn't they get something in  
23 return? Should they have to be paying twice for that renewable  
24 energy, which in a sense you do through the subsidies and then  
25 through having to buy the RECs.

1           We're simply suggesting, look at it as an overall  
2 policy. At what point should some or all of those RECs be  
3 shifted to the customers, the general customers who have, in  
4 fact, paid some of the cost of that renewable energy?

5           CHAIRMAN EDGAR: Thank you.

6           Okay. Ms. Webb.

7           MS. WEBB: Are we satisfied with renewable energy  
8 certificates?

9           CHAIRMAN EDGAR: We are moving on.

10          MS. WEBB: The next subsection is reporting  
11 requirements. Staff is recommending that investor-owned  
12 utilities, municipal utilities and the electric cooperatives  
13 provide the progress reports to the Commission for the purposes  
14 of statewide reporting on customer-owned renewable generation.  
15 And this would provide generation data for the Commission in  
16 determining the extent that this rule has enabled renewable  
17 generation in Florida.

18          Subsection (11) reminds the reader of the  
19 Commission's existing dispute resolution processes. And that  
20 completes the text of our proposed amendment.

21          CHAIRMAN EDGAR: Thank you. Thank you to all of our  
22 staff. I know probably all of us have some comments and maybe  
23 even a couple more questions. So Commissioner Carter.

24          COMMISSIONER CARTER: I've just got one. It may seem  
25 insignificant, but what's magical about April 1? About

1 reporting, what's magical about the date of April 1? Is there  
2 something on our calendar or something within the statute or --  
3 you know, I can do a lot with April 1 being April Fools'.

4 CHAIRMAN EDGAR: Or are there reports due on that  
5 day? They're due all year long.

6 MR. FUTRELL: Yeah. We do typically have other  
7 reports due around that time frame, the Ten-Year Site Plan.  
8 And the idea is that it would give the utilities time at the  
9 end of the calendar year to, to summarize the data from the  
10 calendar year. So it would be effective as of December 31st  
11 and would give them time to prepare the report.

12 COMMISSIONER CARTER: Thank you.

13 CHAIRMAN EDGAR: Commissioner Skop.

14 COMMISSIONER SKOP: Thank you, Madam Chair. I have  
15 approximately ten minutes of just notes and concerns. Again,  
16 the way I organized it was more in line with the way staff  
17 articulated it in Pages 1 through 21. I'd be happy to defer if  
18 you'd want to take a lunch break at the appropriate time to ask  
19 those after lunch or I can go through them now.

20 CHAIRMAN EDGAR: Commissioners, what is, what is the  
21 will of the body? In all candor, I -- okay. Is there a need  
22 for a stretch or anything? Everybody okay? Everybody is  
23 hanging in there. Okay. We're going to keep moving.

24 Commissioner Skop.

25 COMMISSIONER SKOP: Thank you, Madam Chair.

1           If I could direct staff's attention to Page 8 of the  
2 staff recommendation at the top of the page, please. I agree  
3 with staff that PW Ventures is controlling before the  
4 Commission. And in light of the staff discussion, which I also  
5 support, I think that the transparency of the agreements to the  
6 extent that staff refers to customer-owned and the need for the  
7 customer record to contract and purchase and lease or for the  
8 operation and maintenance of onsite renewables, perhaps it's  
9 just a concern that I alone share. But, again, I think the  
10 transparency of such agreements is, is very important.

11           For instance, I could envision the case where  
12 sophisticated contractual agreements and financial transactions  
13 can serve as a proxy for circumventing the rule and the  
14 requirements of PW Ventures. So in that regard, particularly  
15 for the large scale generation at the commercial level like  
16 Tier 2 and particularly Tier 3, I would respectfully suggest  
17 that perhaps the IOUs might be provided discretionary review  
18 authority of such agreements for commercial applications prior  
19 to interconnection. I don't know if anyone shares that  
20 viewpoint, but I thought that was something to put out there  
21 because if there's an opportunity to arbitrage something,  
22 people are going to find a way to do it. And when you look at  
23 somebody being a synthetic provider of electricity, there's a  
24 lot to be gained there. So, again, I just think that it's  
25 important under the regulatory compact to protect the monopoly

1 that's granted to the IOUs to the extent that there's no funny  
2 business and then people availing themselves of the opportunity  
3 to put something on someone's roof, and then behind the scenes  
4 through convoluted agreements do something that does not  
5 comport with the precedent that's binding upon this Commission.  
6 So that's just a comment in passing.

7           Just Page 9 of the uniform tariff, the staff  
8 recommendation -- actually first and foremost, let me, let me  
9 go back because I'm remiss. First and foremost, I got ahead of  
10 myself, I wanted to commend staff for their hard work and  
11 dedication with respect to the proposed amendments to the rule  
12 before us. You guys worked extremely hard. And when there's  
13 many different stakeholders, it's often difficult to build  
14 consensus, and you guys have done a tremendous job of trying to  
15 take everyone's concern and mold it. And I know that there's  
16 been a few comments today and I'll have a few comments, but,  
17 again, I wanted to go forward and first and foremost thank you  
18 guys for the hard work that you've done.

19           Getting back into Page 9 of the uniform tariff, the  
20 second to the last paragraph, it states that the IOUs should  
21 review the models that have been developed by NARUC and IREC.  
22 They -- my perspective is they may wish to review those. I  
23 have not reviewed them myself. But I don't know how readily  
24 applicable the models are to Florida, and even staff notes that  
25 more Florida-specific experience and development in

1 interconnection would be beneficial. So, again, instead of  
2 making it a mandate, maybe more permissive that that's  
3 something they might want to go look at as referenced as a, as  
4 a best practice for developing interconnection agreements.

5 On Page 10 for the customer qualifications and fees,  
6 we did have the Commission workshop, and I want to thank staff  
7 for incorporating the concern that came up with respect to the  
8 gross power rating not exceeding 90 percent of the service  
9 rating for the customer, and also addressing my concern about  
10 the oversizing of the system. Because, again, when you're  
11 talking up to 2 megawatts there could be a propensity for  
12 abuse. And, again, we want to be fair to everyone.

13 The other concern is on Page 11 that I had, and I  
14 want to apologize if my comments during the Commissioner  
15 workshop caused any confusion with respect to my concerns  
16 regarding the Tier 1 category in the small PV rule. I guess my  
17 perception is that if the goal of Tier 1 is to facilitate the  
18 deployment of distributed renewable energy generation at the  
19 residential level, then perhaps it may be more appropriate to  
20 increase the Tier 1 cap slightly.

21 And as an illustrative example, I could give two, but  
22 basically the PV solar arrays at the PSC, those are over 10 kW  
23 in rating. I think they're actually about 18 kW. But my  
24 concern is that you may have large homeowners that have the  
25 extra land or something like that that have huge houses, that

1 have the wealth and are environmentally conscious enough to  
2 want to go do this on a larger scale. And on the  
3 inverter-based technology, I think the cap at 10 kW, my  
4 concern, I think Commissioner Argenziano raised this previously  
5 in the Commissioner staff workshop, was the insurance  
6 requirement. Because, again, I think that if you can  
7 incentivize by not having that additional cost of carrying  
8 general liability insurance, there may be some benefit there.

9           So I would respectfully ask staff to kind of take a  
10 look at perhaps tweaking the cap at Tier 1 from 10 kW maybe up  
11 to 18 kW or 16 or 14 or 12 or whatever staff felt more  
12 appropriate. But I do think some flexibility there for going  
13 over 10 kW would be appropriate. And that's kind of consistent  
14 with some comments that we've heard today. And I do apologize  
15 if my past comments have caused any confusion with respect to  
16 my position in that area. But I do think that that should be  
17 tweaked up slightly, certainly under 20. 25 I think is too  
18 much because you get into a larger power provider and there's  
19 some issues that go with that and some liabilities. But I just  
20 wanted to express that.

21           Moving forward, on Page 13 at the top, and I think  
22 Commissioner Carter as well as Commissioner McMurrin have kind  
23 of addressed these concerns and I commend them for doing so,  
24 with respect to the annual inspections, one of the concerns I  
25 had was that reasonable notice would be appropriate, but also



1 too with property interest it seems to me that some sort of  
2 voluntary consent agreement between the customer and the IOU  
3 would be appropriate as a prerequisite for interconnection.  
4 Not to make additional requirements, but there may be times for  
5 safety, as Cayce has mentioned also, the fire department or  
6 what have you may have to get in there and look at things or  
7 just -- excuse me. That's getting into a different story. But  
8 there may be times where the IOU needs to go in and inspect  
9 something for whatever reason, and I think that it's important  
10 to work out or flesh out that issue, as Commissioner Carter has  
11 raised.

12           With respect to indemnification on Page 13 and 14, at  
13 the top of Page 14 it speaks to the IOUs and that  
14 indemnification is already covered within the existing retail  
15 service tariffs. And, you know, I have heard instances where  
16 there have been faults or what have you that have caused  
17 damage. And so getting to Commissioner Argenziano's point, I  
18 can't envision PV harming the grid, but I might envision the  
19 case where the grid could harm the PV without certain  
20 protective measures that I think would be a critical part of  
21 any PV system that would be sold. So, again, I have seen  
22 customer complaints with neutral faults where it has caused  
23 some significant property damage in the residential side. And,  
24 again, I think certain protective devices would be incumbent  
25 within the PV system themselves to prevent that from happening.

1           With respect to liability insurance coverage on  
2 Page 14 and 15, again, my concern on Tier 1, having the  
3 exemption from the insurance and hoping that that would be  
4 covered under the existing homeowner's policy, bumping that  
5 Tier 1 cap up a little bit higher I think avails consumers of  
6 the benefit of not having to go out and purchase a \$1 million  
7 general liability policy for something that's still relatively  
8 small in nature. I think Progress at their Solar Wise event  
9 that they had recently unveiled an 8 kW array and it was pretty  
10 small. So I could envision a homeowner with sufficient desire  
11 to do so to, easily wanting to go beyond 10 kW, and I think  
12 that we ought to encourage that. If that's the goal of Tier 1  
13 is to encourage or deploy distributed renewable energy  
14 generation at the residential level, I think that's a good  
15 thing.

16           With respect to the manual disconnect switch, I think  
17 that there's been some -- I do believe it's an important safety  
18 measure, and I'll skip through that briefly and address it at  
19 the end in terms of the costs.

20           I do like the staff recommendation though about the,  
21 in the absence of having a safety switch, which, again, from a  
22 product liability perspective I would think that any, any  
23 provider of a PV system would want to include that as part of  
24 the cost of the system. But in the absence of that, the staff  
25 recommendation to have the IOU notify the customer of

1 disconnection with the door hanger and then necessitating the  
2 requirement to flip the switch back on when they're done is a  
3 good thing to the extent that it supports the net metering.

4 I'm trying to cover all of this with my red tabs  
5 here, so please bear with me. And I know I've missed one about  
6 the -- actually, let me see. It might be right here. Actually  
7 it's right here.

8 Okay. Finally with respect to the renewable energy  
9 certificates, I think RECs are a contentious issue at best, as  
10 we've heard today on a couple of points; first and foremost the  
11 subsidy argument made by the IOUs, but, secondly, the overall  
12 benefit to the state. And I think what's implicated is the  
13 ownership of RECs is at issue. And we may -- and I tend to  
14 agree with the IOU position that we may want to address this at  
15 some appropriate time in the future and bifurcate it rather  
16 than trying to undertake the property owner or property  
17 interest in the RECs themselves.

18 On one hand, you know, I could look at DSM rebates  
19 suggesting or implicating the fact that maybe the utilities  
20 would be the best owner of the property interest since it was a  
21 subsidy on behalf of all the ratepayers to encourage DSM  
22 through the rebates. On the flip side of that, you know, the  
23 state does offer some rebates, so you could make an argument  
24 there that maybe there's a state interest that's implicated.  
25 But, you know, I am equally sensitive of the desire by the IOUs

1 to aggregate in-state RECs from distributed generation to  
2 comply with the yet to be determined RPS. But typically the  
3 way I've seen it is that the generator typically owns the RECs  
4 themselves unless the PPA or the power purchase agreement  
5 assigns it to the offtakers.

6 But with respect to RECs I do want to address one  
7 issue, again, because they are a contentious issue. And this  
8 goes to the -- I think I've addressed the subsidy issue on the  
9 part that the IOUs have made. But with respect to the benefit  
10 to the state, in some instances out-of-state RECs is  
11 essentially tantamount to buying thin air to the extent that  
12 it's otherwise, a poor substitute for otherwise developing  
13 in-state renewable resources. And so I have some, some  
14 concerns there because, again, we need to do, with limited  
15 resources do what's best for the state. And I recognize that  
16 RECs will be an important aspect of the RPS requirement because  
17 we don't have unlimited renewable resources in Florida, but  
18 certainly I do have a preference for in-state RECs and  
19 certainly I am sensitive to the desire on behalf of some of the  
20 stakeholders to aggregate those for compliance with the RPS.  
21 But enough on RECs though. I would just propose that perhaps  
22 we bifurcate them or address the ownership aspect at a  
23 different point in time, because I think that they're important  
24 to the rule but I think the jury is still out on who owns the  
25 property interests there.

1           But, again, I can see the arguments for making a case  
2 that they should inure to the benefit of the utilities to the  
3 extent that a lot of these programs are financed under or  
4 subsidized under -- or provided rebates under the existing DSM  
5 measures that the utilities have implemented at this Commission  
6 and my colleagues have all approved many times.

7           I think finally on Page 22 right, right below the --  
8 or within the renewable energy certificate section they talk --  
9 or staff recommends that any cost or equipment required to  
10 certify RECs that are retained by the customer should be borne  
11 by that customer. I had looked at that as going back from a  
12 net metering to kind of a dual meter type of thing where you  
13 have a circular argument. And I know that on Page, Page 5  
14 staff had delineated the, the differences between dual metering  
15 and net metering. And to the extent that with dual metering  
16 the value of excess energy is credited to customers' bills each  
17 month based on the IOU's avoided cost rate -- and I have heard  
18 some comments from some of the stakeholders stating that some  
19 stakeholders are comfortable with that and others are not,  
20 they'd rather do it on an annual basis. But I just kind of  
21 wondered -- you know, we went from a net metering to a dual  
22 metering thing to keep track of who owns the TRECs or the RECs  
23 themselves. And I just kind of think that, you know, that may  
24 be even another reason in itself to defer the discussion on  
25 that for a more appropriate point in time until we can resolve

1 at least some of those issues or address some of those issues.  
2 And, let's see, hopefully I want to cover everything so I'm not  
3 remiss.

4 Finally, on Appendix B -- and hopefully, Chairman  
5 Edgar, I'm making good time here and I haven't exceeded my ten  
6 minutes. I'm trying to warp drive through this. But on Page  
7 40 that --

8 CHAIRMAN EDGAR: I've got 18 minutes, but who's  
9 counting.

10 (Laughter.)

11 COMMISSIONER SKOP: 18? Really? Oh, okay. I'm  
12 trying to do it right. I'm trying to do it right.

13 CHAIRMAN EDGAR: Take all the time you need, really.

14 COMMISSIONER SKOP: No. I'm trying to get through  
15 this briefly because, again, I do, I do want to commend staff  
16 for an excellent job. Again, my primary concerns are the  
17 Tier 1 cap and the renewable, I mean, the renewable energy  
18 credits, and this is pretty much my only big concerns.

19 But with respect to Page 40, I think Commissioner  
20 McMurrian raised this issue, and the FPL estimate of the cost  
21 of the manual disconnect switch versus the TECO estimate on  
22 Page 41, which I think includes the meter and the disconnect  
23 switch. You know, I don't know how complicated the costs or  
24 what have you would be with a disconnect. Perhaps it could be  
25 as simple as just a meter -- I mean, not a meter but a pole

1 breaker that would be a disconnect. That way you'd  
2 electrically isolate the PV system similar to what you'd have  
3 on an air handler. I've got one of those. I just walk in,  
4 flip the thing and yank the thing out, thingamajig, whatever it  
5 is, and that seems to work. And I don't know how expensive  
6 that would be, but, again, I think some of the issue associated  
7 with that is that what is the value of the disconnect switch?  
8 I think from a safety perspective, and I think Ms. Clark raised  
9 that issue, that that value is pretty high, as well as locating  
10 that very proximate to the meter so that the IOUs can get to  
11 that or emergency providers or responders can get to that to  
12 isolate it electrically, if necessary and proper to do so.

13           With respect to who's supposed to bear the cost, it  
14 depends on what the accurate reflection of the cost is. And  
15 with respect to the numbers on Page 40, I just wanted to ask if  
16 staff has had any opportunity to evaluate whether those numbers  
17 are an overprojection of what the true cost should be. I mean,  
18 would it be as simple as \$40 to put in an interconnection? And  
19 I just wanted to raise that issue.

20           CHAIRMAN EDGAR: Cayce.

21           MR. HINTON: Yeah. Commissioner, the numbers that I  
22 see on Page 40 fall within the range that has been discussed  
23 within the workshops. Like I said, I've heard anything from  
24 \$300 to \$1,200 during this process.

25           COMMISSIONER SKOP: Okay.

1 MR. HINTON: So that's within that range.

2 COMMISSIONER SKOP: Okay. Very well. Like I said, I  
3 do think it is -- from a PB, excuse me, a PV provider, you  
4 know, I would, I would kind of wonder whether that disconnect  
5 switch would be part of the PV system that was sold to the  
6 consumer to begin with. But in the absence of that, again, I  
7 think that's another issue particularly from a safety  
8 standpoint that's important. But who is to bear the cost of  
9 that and where should that disconnect be? And I think  
10 Commissioner Carter raised the issue and then there was some  
11 discussion with respect to the need to have that proximate to  
12 the meter for -- and I think, Cayce, you raised that issue. So  
13 that's the only other thing I wanted to touch on. With that,  
14 Madam Chair, thank you very much.

15 CHAIRMAN EDGAR: Thank you, Commissioner Skop.

16 Commissioners, if there are additional questions for  
17 our staff or the other parties who have participated and given  
18 us comments and suggestions, this would be an appropriate time,  
19 I think, to raise those.

20 Before I ask to see if there are some, and I'm sure  
21 there are, you know, I guess I would like to just comment and  
22 again thank our staff, as others have done, but recognize that  
23 in any rulemaking, especially one like this where we really are  
24 looking at things a little differently than maybe as a, as a  
25 state we have in the past and that we are trying to, in my



1 opinion anyway, move some policy initiatives forward, that it  
2 is very difficult to have every word and every line and every  
3 paragraph be completely word for word exactly what everybody  
4 would like. But I do think our staff has done an excellent  
5 job, as they usually do, in taking the comments that we have  
6 given over time and the comments of all the participants, both  
7 at the workshops and in writing, and trying to put them all  
8 together into a proposal that makes sense coherently with the  
9 different pieces working together. And so I, as I know others  
10 have, commend them for that.

11           And I guess I would just give this word of caution,  
12 speaking only for myself, of course, I am hopeful that we can  
13 move the initiative forward and not get too hung up. The  
14 details are important, absolutely, we want them to be right, we  
15 want them to work, I know, but I would hope that we would keep  
16 in mind the goal that we're trying to do and realize that there  
17 will be opportunities to revisit some of these issues at future  
18 points, and also as we address other issues that are certainly  
19 related.

20           So with that general comment from my perspective are  
21 there some more specific comments or questions that we'd like  
22 to pose?

23           Commissioner Carter.

24           COMMISSIONER CARTER: No questions to -- just a  
25 procedural perspective, Madam Chair, on how you want to proceed

1 with what we have here. The reason I'm asking that question is  
2 that from staff's perspective, the item on Page 34, the  
3 highlighted shading, staff said they had no problem with that  
4 information. The information from Mr. Bottcher, staff said  
5 they did have a problem with that. We've talked about some  
6 other information as well that was presented to us. For an  
7 example, I don't know what staff's perspective was on -- except  
8 for Subsection (9), which was the renewable energy  
9 certificates, staff would -- rather than go with Ms. Clark's  
10 position, staff was saying they would stay where they are on --  
11 and I'm just trying to kind of put it all, my mind around where  
12 we are in terms of what staff had recommended so we have some  
13 kind of perspective on where we are and what we're looking at  
14 so we all know we're looking at the same thing.

15 CHAIRMAN EDGAR: Commissioner Carter, thank you for  
16 that. And I think you've done a good job of kind of wrapping  
17 that up. As we all know, we are at the -- and, of course, our  
18 legal counsel will correct me if I get this wrong -- but we are  
19 at that point in the process where we have proposed, proposed  
20 language in front of us. And if we want to move forward to the  
21 next step in that rulemaking process, we will need an  
22 affirmative vote to do so. However, we do have the opportunity  
23 to make language changes at this point and still move forward,  
24 but that has to be done with specificity as to wording and  
25 language.

1           As you described, Commissioner Carter, my  
2 understanding is that we had some suggested language change  
3 which was read into the record and deals with the standby  
4 charge issue that is in Subsection (8)(h), I believe, on Page  
5 34. There seemed to be, I'm not trying to over, overstate it,  
6 but I think there seemed to be some consensus on that language  
7 change from our staff, and I think I saw nods across the bench  
8 here. As you've described, Mr. Bottcher and Mr. Walmsley had  
9 suggested some language on Section (8) that we did hear some  
10 concerns from our staff and also from our legal counsel as to  
11 whether we were in the proper procedural posture to be able to  
12 address that. That certainly carries weight with me. And then  
13 Susan Clark had offered us a couple of different unnumbered  
14 pages with some suggestions. And if there are questions from,  
15 from Commissioners, we can certainly address those. So to  
16 re-sum your sum up, I think that's where we are.

17           Commissioner Skop.

18           COMMISSIONER SKOP: Thank you, Madam Chair.

19           Just one quick question to staff with respect to one  
20 of my comments on Page 28, Attachment A, with respect to  
21 Line 3, on Tier 1 a 10 kW or less, what is staff's position  
22 with respect to the ability to tweak that number upward  
23 somewhere?

24           MR. HINTON: The Commission has discretion to do  
25 whatever they'd like to do at this point in the game. You

1 know, you have our recommendation before you and you can, you  
2 can tweak that how you desire.

3 COMMISSIONER SKOP: Okay. Thank you.

4 CHAIRMAN EDGAR: Commissioner Carter.

5 COMMISSIONER CARTER: Madam Chairman, the reason I  
6 was asking you that is that I do think that we need to move  
7 forward so that the process can move and people have an  
8 opportunity to be heard as we go forward in promulgating this  
9 rule.

10 We are -- as I see it, the rule from my perspective  
11 and what staff has done and our discussion today and where we  
12 are is that I think we struck the proper balance in terms of  
13 encouraging interconnection and net metering of customer-owned  
14 regeneration facilities. We've kind of struck a balance  
15 between what, what it should cost to do that being paid by the  
16 general body of ratepayers. So obviously we want to  
17 incentivize people, but we don't want to incentivize to such a  
18 point to where, you know, we put an extraordinary burden on the  
19 general body of ratepayers. And I think that generally staff  
20 in the recommendation that we have before us have done that,  
21 particularly in light of what we've had today.

22 The only thing that I was concerned about, Madam  
23 Chairman, and I obviously want to move forward today, is I did  
24 have -- I didn't hear staff's feedback in terms of -- I do know  
25 that on Subsection (9), I guess that would be Page, the last

1 page of Ms. Clark's report or recommendations, but I didn't  
2 hear staff's feedback on the rest of the other four, I guess  
3 it's four other pages, and I'd be interested in hearing that.

4 CHAIRMAN EDGAR: Okay. We'll look to our staff. And  
5 I think, Mark, if you could, the document that Ms. Clark had  
6 passed out that has a couple of different pages attached  
7 together. And I think, Commissioner Carter, if I'm hearing you  
8 right, you'd like to ask staff to address the suggested changes  
9 on the first one --

10 COMMISSIONER CARTER: First four pages. Yes, ma'am.

11 CHAIRMAN EDGAR: -- two, three pages, I believe. The  
12 fourth one is the standby charge that we've, that we've  
13 addressed. Okay?

14 COMMISSIONER CARTER: Got it. Thank you.

15 CHAIRMAN EDGAR: Okay. The first three pages, could  
16 you briefly, Mark or Cayce or Karen, whoever would like to,  
17 kind of give us your brief feedback on those requested or  
18 suggested changes?

19 MR. FUTRELL: The first one is Section -- Subsection  
20 (5)(b). This is dealing with the inspections. And the  
21 language that they would like to see added to Subsection (5)(b)  
22 is "upon reasonable notice and at reasonable times the utility  
23 may at its own expense inspect the customer equipment and  
24 protective apparatus." And I think we had some extensive  
25 discussions about this. Again, this is something that could be

1 potentially worked out in the tariff filings. We're not saying  
2 inspections aren't appropriate all the times. We certainly are  
3 concerned about any extensive use of inspections that could  
4 raise concerns of customers. We also had discussions about  
5 coming on to the customer's property and any potential  
6 incidents that could happen there.

7           You know, we feel like we've tried to strike a  
8 balance in our rule amendments of recognizing inspections at  
9 the front end and then during any changes. And then we also  
10 have built in safety requirements of the safety codes to ensure  
11 that these systems operate properly. But, again, this is  
12 something we could certainly look at in the tariff approval  
13 process.

14           CHAIRMAN EDGAR: Okay. So I think what I'm hearing  
15 you say is that, to repeat, that realizing that if this rule  
16 goes forward or something very close to it, that then it will  
17 be back before us to approve the tariffs for the fees and  
18 related costs that are part of, part of the rule, and that that  
19 would be a time to, to further add maybe some specificity or  
20 clarity on a couple of different points.

21           One, just to throw this out, would be if -- language  
22 maybe similar to this, but maybe to add the requirement that  
23 the equipment owner be present at an, at an inspection that is  
24 at a reasonable time and is reasonable because I'm all for  
25 reasonableness. But that might, might just be one additional

1 suggestion to address some of the concerns that I think we've  
2 all, all heard and expressed about private property and  
3 liability and those sorts of things. So just a thought.

4 Mark.

5 MR. FUTRELL: Okay. Ready to move on to the next  
6 page?

7 CHAIRMAN EDGAR: Commissioner Carter.

8 COMMISSIONER CARTER: I've got nothing but --

9 MR. FUTRELL: I'm sorry.

10 CHAIRMAN EDGAR: It's low blood sugar. (Laughter.)  
11 Commissioner, you need to hit your button, I think.

12 Thank you.

13 COMMISSIONER CARTER: What is your actual  
14 recommendation upon this language here? I'm trying to kind of  
15 bring this in for a landing.

16 MR. FUTRELL: We're recommending that -- to deny this  
17 particular language and address these concerns about  
18 inspections in the tariff approval process.

19 CHAIRMAN EDGAR: So at, at a subsequent step in the  
20 process, I think.

21 Commissioner McMurrian, did you have a question?

22 COMMISSIONER McMURRIAN: Well, yes. Thank you,  
23 Chairman.

24 I guess I was trying to follow if we were inserting  
25 about with the equipment owner present, would that be -- have

1 we figured out where we would put that, Mark, Mr. Futrell?

2 CHAIRMAN EDGAR: My suggestion, which I'm not wed to  
3 at all, but would be just kind of at the end "upon reasonable  
4 notice and at reasonable times the utility may at its own  
5 expense inspect the customer equipment and protective apparatus  
6 with the equipment owner present."

7 COMMISSIONER McMURRIAN: Oh, okay.

8 CHAIRMAN EDGAR: Yes, Commissioner Argenziano.

9 COMMISSIONER ARGENZIANO: I think that's a step in  
10 the right direction, but it doesn't take care of all my  
11 concerns with liability issues and the fact that the utility is  
12 now entering upon the customer's private property with their  
13 private generating unit. So I have some concerns there.

14 I actually like the language the way it is, the way  
15 staff had it. I think you addressed the concerns. You know,  
16 by having someone there is better. But if it's something that  
17 the utility finds to be urgent, that's not going to solve the  
18 problem. So, you know, voluntary agreements or some way. But  
19 as I said before, and I don't want to just go on about it, but  
20 we're not requiring insurance because we don't think there's  
21 real problems associated with these small units. And, and, you  
22 know, we don't think, really don't think, from what I gather,  
23 that there's going to be such a tremendous amount of problems.  
24 So I have to wonder why the utility has to go up there and  
25 inspect it to begin with. So I have -- that may help, but it



1 doesn't solve all my problems with the liability issue and  
2 private property rights.

3 CHAIRMAN EDGAR: So, Commissioner Argenziano, am I  
4 hearing you correctly that your preference at this time would  
5 be the language that staff had proposed originally without any  
6 changes, with the understanding that, again, some of these  
7 issues will have further discussion and further opportunity for  
8 --

9 COMMISSIONER ARGENZIANO: Sure. Absolutely. Yes.

10 CHAIRMAN EDGAR: Okay. Okay.

11 MS. CLARK: Madam Chairman, just so I'm clear.

12 CHAIRMAN EDGAR: Ms. Clark.

13 MS. CLARK: The issue of inspection is something that  
14 can be addressed in the tariff filings. This rule should not  
15 be interpreted to preclude addressing it in the tariffs.

16 CHAIRMAN EDGAR: I think we're saying the same thing,  
17 I think we all are, but I want to again make sure that I'm not  
18 presupposing too much. Okay. So my answer, just for me, is  
19 yes.

20 Okay. Mark, the second page, please.

21 MR. FUTRELL: Okay. Second section, they're  
22 suggesting Subsection (6)(a) where they are striking the  
23 sentence that says "inverter-based Tier 1 customer and  
24 renewable generation system shall be exempt from this  
25 requirement unless the manual disconnect switch is installed at

1 the investor-owned utility's expense." Again --

2 CHAIRMAN EDGAR: Commissioner Carter. Sorry, Mark.  
3 Commissioner.

4 COMMISSIONER CARTER: This part -- thank you, Madam  
5 Chairman.

6 I think Cayce went on extensively saying that these  
7 are the types of units that we actually have experience in and  
8 that's why we put in the language to grant the exemption there  
9 because these are the ones that we actually have experience in.  
10 And so I would be, I would be less likely to want to remove  
11 that because this is something we actually have experience in  
12 doing. We probably need to do what we do best. So I would  
13 have heartburn with taking that out.

14 CHAIRMAN EDGAR: Thank you, Commissioner Carter.

15 Commissioners, any other comments on this suggested  
16 change at this time? Seeing none. Mark, did you have  
17 additional comment? I didn't mean to cut you off.

18 MR. FUTRELL: No. Just that staff's recommending we  
19 retain the language as written. We feel there's adequate  
20 protections there.

21 CHAIRMAN EDGAR: Thank you.

22 Yes, sir.

23 MR. CODDINGTON: Just a quick comment. I did want to  
24 highlight the fact that most systems do have between six and  
25 nine separate means of disconnecting the system, which would

1 effectively disconnect from the grid. And, you know, those  
2 have been effectively, you know, proven on these small systems  
3 over the years. And so there are a number of means to get that  
4 system disconnected if there were an emergency.

5 I just finished writing a white paper for the  
6 Department of Energy on this particular issue, and it's been --  
7 you know, there's just a lot of great technology that's gone  
8 into this and a lot of input from utilities on the codes and  
9 standards that have been adopted, and those have very  
10 effectively addressed the concerns with disconnecting these  
11 systems. So I appreciate it. Thank you.

12 CHAIRMAN EDGAR: Thank you, Mr. Coddington. Thank  
13 you for that additional comment.

14 Mark.

15 MR. FUTRELL: The next comments they have is they  
16 would recommend that Subsection (8)(f) of the rule be deleted  
17 in its entirety. This is the section that essentially is the  
18 heart of the net metering subsection that allows the customer  
19 to carry forward any excess generation credits to offset usage  
20 in future months. And staff feels that this section should be  
21 retained in the rule as this is what net metering is all about,  
22 allowing the customer to take advantage of the seasonal nature  
23 of the generation and better match the generation with their  
24 load. We recommend this language be retained.

25 CHAIRMAN EDGAR: Commissioners, any further

1 discussion or question on that point? Seeing none. None.

2 Okay.

3 Commissioner Carter, did you have --

4 COMMISSIONER CARTER: This is (8)(h). Did we do that  
5 already?

6 CHAIRMAN EDGAR: (8)(h), we are -- if indeed that's  
7 where we go, is being addressed in the language that staff had  
8 put forth with the shading, the separate page.

9 COMMISSIONER CARTER: Okay. Thank you.

10 CHAIRMAN EDGAR: And we had talked about that kind of  
11 working together, I think. Okay.

12 Okay. Commissioners, questions?

13 Commissioner McMurrian.

14 COMMISSIONER McMURRIAN: Yes. Thank you, Chairman.  
15 I asked a number of questions regarding the costs throughout  
16 our discussion today and I do have several concerns about that.  
17 Like most issues we decide there's a balance to be struck, and  
18 I think staff has proposed something workable and timely  
19 despite those lingering concerns I have.

20 I did want to come back to the issue about the RECs  
21 and the issue of bifurcating that out. I think I would be more  
22 comfortable doing that as well. I know Commissioner Skop  
23 proposed that. Again, I think we've talked a lot about the  
24 costs that are embedded in this rule and about some of the  
25 subsidies involved and how that, how balancing -- I'm sorry.

1           CHAIRMAN EDGAR: I'm sorry. I was just saying it was  
2 Section (9). I'm talking to myself. I apologize. I didn't  
3 mean to interrupt you.

4           COMMISSIONER McMURRIAN: I was just saying I realize  
5 it's a balance on those things where we, where we have some  
6 subsidies built in. We're also balancing that with the need to  
7 move this forward and to promote renewable technologies in the  
8 state, so I agree with that. But I guess I would feel more  
9 comfortable with what we're proposing if we were to separate  
10 the REC issue out. I guess I just don't feel like at this  
11 point that I have the information I need to decide -- perhaps  
12 not forevermore because we can always change a rule in the  
13 future, but whether or not to award the RECs to the customer or  
14 the utility. And perhaps maybe even as we look at it going  
15 forward maybe there's some way to share those. I don't, I  
16 don't know. I think that it does also promote renewable  
17 generation to give them to the customer. At the same time I  
18 have these lingering concerns about what we're, what position  
19 we would be in if there is some kind of RPS. So I agree with  
20 Commissioner Skop that I think for me I would be more  
21 comfortable in bifurcating that issue out and taking it up at a  
22 later time when we continue to look at renewable promotion.

23           CHAIRMAN EDGAR: Commissioner Argenziano.

24           COMMISSIONER ARGENZIANO: When, when you talk about  
25 bifurcating the RECs, are you talking about for the Tier 1

1 customer or are you making a separation from the Tier 1 to a  
2 Tier 2 and 3?

3 COMMISSIONER McMURRIAN: Commissioner, I believe it  
4 would be, you know, as proposed just deleting the whole  
5 subsection on renewable energy certificates. So I think that  
6 that would apply to all three tiers. I see Mr. Futrell  
7 nodding.

8 MR. FUTRELL: That's correct. That's correct,  
9 Commissioner.

10 COMMISSIONER ARGENZIANO: So then you're saying then  
11 in our proposal today that would not even be addressed or  
12 you're bifurcating it to split the credit between the customer  
13 and the utility.

14 COMMISSIONER McMURRIAN: Actually I was, I was  
15 proposing to bifurcate it, and I think that's what Commissioner  
16 Skop, and he can correct me if that's what, if that's  
17 incorrect, what he was proposing is to put it off for  
18 discussion at a later point, not necessarily throwing out any  
19 sharing now, because I'm not sure exactly how that would work.  
20 I would be uncomfortable doing that now. But I think that we  
21 could look at the RECs at a later time. In the meantime, as I  
22 understand it, from what I think Ms. Webb said, in the meantime  
23 it would be up for the customers to negotiate with the utility.  
24 So with the rule going into place and with what's currently in  
25 place with the PV rule, that would be the way it would be done

1 until we decide at some later time, I guess, between the  
2 customer and the utility or some kind of sharing of that.

3 COMMISSIONER ARGENZIANO: Okay. So I'm sorry. I  
4 totally -- I was thinking you were talking about bifurcating  
5 the credit, not the bifurcation -- I've got you. I agree. We  
6 need, we need more time to deal with that issue. I agree with  
7 that.

8 COMMISSIONER McMURRIAN: Thank you.

9 CHAIRMAN EDGAR: Okay. So, Commissioner McMurrian,  
10 what you're suggesting right now for discussion is to remove  
11 Section (9), just pull the language out, with the understanding  
12 that we will be having other discussions about renewable energy  
13 certificates and credits and all sorts of things related to  
14 numerous issues. And then, and then this is, to make sure I  
15 understand, that that issue would be an individual  
16 consumer-by-consumer negotiation with each utility? How much  
17 of a burden, additional burden would that be?

18 MR. HINTON: Unknown.

19 MR. FUTRELL: There's certainly -- RECs are being  
20 sold by renewable generators in the state today and there are  
21 markets and there's verification, private verification groups  
22 that will ensure that RECs are being produced and that there  
23 are markets out there to establish value. So that's being done  
24 today. So it would take effort on the customer's part to go  
25 down that path, but that is being done today.

1           CHAIRMAN EDGAR:  And I guess -- thank you, Mark.  
2  And, again, just, just for discussion, as I'm, you know, trying  
3  to understand all the ramifications for myself as well, if  
4  indeed the will of the body is to maybe pull that language out,  
5  and realizing that we have, you know, with the benefit of staff  
6  and all interested parties, additional discussion down the  
7  road, I can go that direction.  But I guess I also want to  
8  raise that concern on my part anyway that we are -- in my mind  
9  I am and we are trying to promote the development and make it  
10 easier for the customer.  And sometimes those negotiations can  
11 be, just because they are technical and all of that, it can be  
12 difficult to move that forward for those of us who never have  
13 enough hours or enough time.  So just, just a thought.

14           Commissioner Argenziano.

15           COMMISSIONER ARGENZIANO:  Madam Chair, I kind of  
16 rethought that.  And staff mentioned before that other states  
17 were doing it the way staff has recommended it here.  I, I  
18 understand the need for further discussion, but I'm afraid that  
19 that is the incentive to go forward and to keep things moving.  
20 So I may have taken a reverse position on bifurcating that out  
21 right now because I think that that's important to the customer  
22 and it's probably a hardship on the customer to get into those  
23 kind of negotiations.  So I, I don't agree with the bifurcation  
24 at this time.

25           CHAIRMAN EDGAR:  Okay.  And, Commissioner Skop, I



1 know you've been patient, so please jump in.

2 COMMISSIONER SKOP: Thank you, Madam Chair. And,  
3 again, to address Commissioner Argenziano's concerns as well as  
4 Commissioner McMurrian's, what I would advocate is merely on  
5 Attachment A, Page 34, striking Lines 17 through 22, which is  
6 Section (9) in its entirety. And my rationale for that, and  
7 I've come up with some additional rationale to address Chairman  
8 Edgar's concerns, is that again there are some issues I think  
9 that need to be resolved there to who has the appropriate  
10 property interest in the RECs.

11 Now in the case of the consumer, merely determining  
12 today that the RECs inure to the benefit of the consumer, I  
13 think it's a good thing in principle but not in practice. And  
14 my rationale for that is two-fold. First and foremost, to be  
15 able to certify the RECs, as staff has articulated in its staff  
16 recommendation, is going to require that the consumer absorb  
17 the cost of the second meter to track and certify the RECs.  
18 That cost will probably exceed the cost of the revenues that  
19 might be generated from the RECs. I don't have personal  
20 knowledge of that, but I suggest that the meter would be  
21 expensive. I haven't priced them lately, but that is a  
22 concern.

23 But moreover too, as Chairman Edgar raised, you know,  
24 I'm having problems envisioning that the consumer is going to  
25 be in a position to negotiate with a sophisticated party to

1 sell the RECs. I do think that there will be some sort of  
2 standard language where the utilities aggregate those and work  
3 something out there. But, again, you know, I don't know if  
4 it's a point of contention, but I would just merely advocate  
5 removing Section (9) on Page 34 from Lines 17 through 22 for  
6 the reasons articulated. And that's just my own personal view.  
7 And I do respect the will of the majority if we decide to go in  
8 a different direction. And, like I say, my only other concern,  
9 and I can just get that out there, would be -- because I know  
10 we wanted to make changes with specificity. I think I said  
11 that right but I always have trouble pronouncing that. But on  
12 Page 28 of Attachment A, Lines 3 and Lines 4, I would also  
13 reasonably propose that Tier 1 maybe be set at 14 kW or less  
14 and Tier 2 greater than 14 kW to address the concern of maybe  
15 perhaps bumping up the Tier 1 and facilitating the deployment  
16 of more distributed generation at the residential level. I  
17 think that would be also a good thing in line with what  
18 Commissioner Argenziano raised about facilitating the adoption  
19 of distributed solar and such. Thank you.

20 CHAIRMAN EDGAR: Okay. Commissioner Skop, for my  
21 benefit, the changes that you're suggesting, I want to make  
22 sure I've got it in the right place.

23 Page 28, Lines 3 and 4, and could you tell me again  
24 what the suggested change that you would like to put out there  
25 is?

1           COMMISSIONER SKOP: Yes, ma'am. For Line 3 on Page  
2 28 of Attachment A, Tier 1 would be defined, it would strike  
3 "10" and insert "14." And on Page 4 it would also -- I mean,  
4 excuse me, on Page --

5           CHAIRMAN EDGAR: Line 4?

6           COMMISSIONER SKOP: On Line 4, on Line 4 under Tier 2  
7 it would also reflect striking "10" and inserting "14." So it  
8 would read, the proposed revised language would be on Line 3,  
9 "Tier 1, 14 kW or less," and on Line 4, "Tier 2, greater than  
10 14 kW and less than or equal to 100 kW; or."

11          CHAIRMAN EDGAR: Okay. Thank you.

12          Commissioners. Commissioner Argenziano.

13          COMMISSIONER ARGENZIANO: I'm in agreement with the  
14 Page 28 suggestion but not with the Page 34.

15          CHAIRMAN EDGAR: Okay. And comments from  
16 Commissioner Argenziano.

17          Commissioner Carter, did you have additional comment  
18 as well?

19          COMMISSIONER CARTER: I was just going to make a  
20 comment that on 28 that was different because what I'd heard  
21 the Chairman and Commissioner Argenziano were saying is that  
22 this probably may not be the best time to bifurcate this. So  
23 the recommendation to strike Section (9) -- I think that moving  
24 forward there's plenty opportunities for any affected parties  
25 to make their voices known, so I'm going to probably agree with

1 the Chairman and Commissioner Argenziano that maybe we should  
2 leave that in there. I mean, I like on Page 28 those changes  
3 bumping it up to 14 kWs, but maybe we need to leave this in on  
4 Section (9) and go forward and see what shakes out from it.

5 CHAIRMAN EDGAR: Okay. And that's the language in  
6 Section (9) on Page 34, and you're saying that at this moment  
7 anyway you're more comfortable with the staff recommended  
8 language as it has been put before us.

9 MS. CLARK: Madam Chairman, if I could just --

10 CHAIRMAN EDGAR: Ms. Clark.

11 MS. CLARK: -- address a comment that you made with  
12 regard to the customers not being in a position to know about  
13 the RECs or negotiate. I think what you'll find is the  
14 customers will be engaging people who know about the incentives  
15 that are available, the possibility of the RECs. So it's  
16 not -- I don't think you'll have an unsophisticated customer.  
17 Or at least if you have an unsophisticated customer, he will  
18 have someone with him who will be able to help him in those  
19 negotiations. So I don't think that should be a concern and  
20 I'll leave it at that.

21 CHAIRMAN EDGAR: Okay. Thank you.

22 Commissioner Argenziano, did you have -- no?

23 COMMISSIONER ARGENZIANO: I'm still concerned.

24 CHAIRMAN EDGAR: Okay. Will you make sure that your  
25 mike is on? I want to make sure that -- thank you.

1           COMMISSIONER ARGENZIANO: You know, I'm just, I'm  
2 still with the same recommendation, leaving staff's  
3 recommendation at this time. And then it seems to me that down  
4 the road we can learn more and change things or --

5           MR. HINTON: Madam Chair?

6           CHAIRMAN EDGAR: Okay. Thank you.

7           Where?

8           MR. HINTON: Right here.

9           CHAIRMAN EDGAR: Cayce.

10          MR. HINTON: I just wanted to make one comment about,  
11 because we talked about negotiations between the customers and  
12 the utility. And part of staff's intent in including this  
13 language, if you don't know who owns it, how are you going to  
14 negotiate for it? If both people are claiming it, what are you  
15 going to do with it? And that was just -- this would establish  
16 they belong to them, you guys go in and negotiate. How are you  
17 going to compensate? How are you going to purchase them?  
18 Staff even specifically mentioned negotiations for the sell of  
19 the RECs and possibly dealing with metering costs through that  
20 process. But staff's intent was just to establish the ground  
21 rules or the framework for negotiations to go forward. If the  
22 utilities are claiming it because of subsidies and the customer  
23 is claiming it because of the capital expenses they've put into  
24 it, then, then that's just a much muddier starting ground for  
25 negotiations from staff's perspective.

1 CHAIRMAN EDGAR: Thank you.

2 Commissioner Skop.

3 COMMISSIONER SKOP: Thank you, Madam Chair. Again,  
4 I'm trying to do some quick math to just kind of put this in  
5 perspective, and I do appreciate the, the various concerns  
6 expressed by my colleagues.

7 With respect to the renewable energy certificates,  
8 I'm just going to use the 10 kW example. If I had a 10 kW  
9 array, and noting that maybe there's eight hours of sunlight a  
10 day in Florida and assume 30 days in a month, that's 240  
11 kilowatt hours, I think, that would be produced. I think I did  
12 my math, there are 2,400 kilowatt hours that would be produced  
13 in a month. And a REC is defined as 1,000 kilowatt hours of  
14 energy. So if you divide, you get 2.4. And essentially if you  
15 multiply it by -- I think some testimony I heard in a recent  
16 renewable workshop, that the cost of a voluntary REC is about  
17 \$4 for wind and solar. That's less than -- or 2.4 times the  
18 4 -- hold on real quick. I'll do some math. I'm an engineer.  
19 I can't work without my calculator. Just under \$10 a month in  
20 terms of --

21 CHAIRMAN EDGAR: I thought you were a lawyer.

22 COMMISSIONER SKOP: I am, and a rocket scientist  
23 sometimes. (Laughter.) I wear different hats. I get  
24 confused. But, like I say, I think the amount --

25 CHAIRMAN EDGAR: No brain surgery, okay?

1           COMMISSIONER SKOP: No. No. That would be  
2 dangerous. As a matter of fact, sometimes I think I need a  
3 lobotomy, but, you know.

4           But, anyway, the subsidy that we're talking about,  
5 the value of the RECs is small for the smaller systems. For  
6 the larger systems, I think that they would be more valuable  
7 and that would be at the commercial aspect. And so that's  
8 something that certainly we can encourage. Again, I have mixed  
9 views on RECs in terms of the ownership interest. But I just  
10 kind of wanted to put that in perspective for the small  
11 residential unit, that the, the subsidy, assuming a \$4 cost of  
12 the voluntary REC is still under \$10. So, so, again, it's -- I  
13 just wanted to put it in perspective. It is incentive, but in  
14 terms of the cost it helps, but it's not a major cost driver,  
15 if you will. Thank you.

16           CHAIRMAN EDGAR: Thank you.

17           Commissioner Argenziano? Okay.

18           Yes, sir.

19           MR. TOTH: Bill Toth with All Source Energy. In  
20 regards to the sophistication of the customers, one of our  
21 biggest challenges is educating the customers on the various  
22 things that are out there available to them. They don't know  
23 unless someone like us who comes to these things is with them  
24 educating them on these. So the notion that a normal homeowner  
25 is going to be sophisticated enough to even know what a REC is,

1 much less negotiate its value, is a stretch at best.

2           The other thing I'd like to bring up is if you take a  
3 look at the cost of the overall system that the homeowner or  
4 the business is putting on their building as opposed to the  
5 cost for a meter, who's bearing the larger portion of the cost  
6 for that renewable energy? Certainly the person buying the  
7 system who's putting out eight, ten, 15, \$100,000 depending on  
8 the size of the system, and we're quibbling over a \$1,200 meter  
9 versus a \$10,000 system, and the \$1,200 meter owns the REC as  
10 opposed to the \$10,000 or \$100,000 system, that doesn't seem  
11 equitable to me. Thank you.

12           CHAIRMAN EDGAR: Thank you, sir. And, I'm sorry, I'm  
13 not sure I got your last name. Could you repeat it or spell  
14 it?

15           MR. TOTH: Bill Toth, T-O-T-H.

16           CHAIRMAN EDGAR: T-O-T-H. Thank you.

17           MS. GERVASI: And, Commissioners, Rosanne Gervasi.  
18 Just for clarification, as I recall, there was discussion on  
19 Page 34 of the proposed rule to remove some language on  
20 Line 11. Well, that would be Line 11 on the new attachment  
21 that was handed out. It's actually -- it's the language to  
22 remove "for non-generating customers." And my recollection is  
23 that everybody agreed that we could live with that change.

24           CHAIRMAN EDGAR: Rosanne, are you talking about the  
25 language in Paragraph H?



1 MS. GERVASI: Yes.

2 CHAIRMAN EDGAR: And we're almost there. Hang on  
3 because we're almost, I think anyway, we're almost there.

4 MS. GERVASI: Okay.

5 CHAIRMAN EDGAR: Okay. Commissioners, further  
6 discussion, and then maybe we can parse it down.

7 Commissioner McMurrian.

8 COMMISSIONER McMURRIAN: Thank you. I think this  
9 will be my last time on this topic. And in Mr. Toth's  
10 comments, I'm not sure it is equitable either. I understand  
11 the points you're making. I just, I really don't know what the  
12 right answer is now. That's my, that's my concern.

13 But as Commissioner Skop said, I will go along with  
14 the will of the Commission. And if we believe it's better to  
15 move this forward along now and include Section (9), then I can  
16 do that. I just do have ongoing concerns. And some of it, to  
17 be quite frank, is looking down the road, if we do have an RPS  
18 and we find ourselves in some way re-looking at this language,  
19 it seems like it may be very difficult to change it the other  
20 way. And I guess that's some of my concern is that to now  
21 award it to the customer and then down the road maybe there is  
22 some argument that perhaps the utility should receive at least  
23 some of them or some kind of different method, that it may be  
24 difficult to go back that way. And I guess that's some of the  
25 reason why I was thinking that it may be better to bifurcate

1 and consider that in the context of our future deliberations on  
2 renewables. But, again, I'm willing to go along with the will  
3 of the Commission, but that's, that's where my concerns are.

4 I don't want anything to be difficult for the  
5 customer. I do want to promote renewable generation, as the  
6 Legislature has laid out for us to do. But that's my concern  
7 and I just wanted to make sure everyone understood that. So I  
8 hope that's been helpful.

9 As to the change in the kilowatt, the 10 kilowatt to  
10 14 kilowatt, I guess I have some concerns about that, and I  
11 haven't really heard from staff about what, what they believe  
12 that would do. Because I'm concerned about some of the costs  
13 and the subsidies, and I think that the 10 kilowatt is a good  
14 way to get started. And I know that staff decided not to go as  
15 far as the 25 kilowatt, and we heard good comments and from a  
16 lot of parties about why 25 kilowatts would work and would move  
17 it forward. I think there were also some good reasons not to  
18 quite go that far. I don't have as much concern about going to  
19 14, but I do have some concern about moving off of something  
20 that seems to be a good dividing line that FERC has used and we  
21 have used in the past. Thank you.

22 CHAIRMAN EDGAR: Can we ask our staff to respond to  
23 some of those thoughts and questions?

24 MR. HINTON: Sure. Well, you know, like I said,  
25 10 kilowatts is neat and I like neat. But I don't know if

1 going to 14 is going to have much impact. I really don't  
2 foresee it as being a problem.

3 CHAIRMAN EDGAR: And maybe I should know exactly what  
4 the difference is in practical purposes on the ground, on a  
5 roof, or between, say, 13 and 14, but I'm not sure that I do.  
6 So are you saying -- I don't want to put words in your mouth,  
7 but I guess my question is the difference from 10 to 14, with  
8 that do you see potential harm or problem or do you see  
9 potential benefit?

10 MR. HINTON: Well, I think you would be including  
11 potentially larger systems within the exemptions and incentives  
12 that are applied to Tier 1. So I, I think it would be of  
13 benefit to customers that may desire to install a larger  
14 system. If they've got -- you know, if it's a residential  
15 system with a very large roof or wants to install something  
16 over their pool or what have you, maybe they'll now have the  
17 ability to install four additional KW and still fall within the  
18 Tier 1 exemption.

19 CHAIRMAN EDGAR: I'm pretty sure my roof isn't that  
20 large, but.

21 Commissioner Skop.

22 COMMISSIONER SKOP: Thank you, Madam Chair. And just  
23 to touch upon Cayce's and Commissioner McMurrin's concerns and  
24 responses accordingly.

25 Again, my thought there was, again, if the goal of

1 Tier 1 is to facilitate the deployment of distributed renewable  
2 energy generation at the residential level, then I think it may  
3 be appropriate to tweak that up slightly to the extent that  
4 they avail themselves and not having to have the liability  
5 insurance for the larger array. And I think that promotes and  
6 that's consistent, I think, with legislative intent to promote  
7 deployment of renewables, particularly solar, in Florida. So I  
8 don't see a lot of harm, but I do see some benefits to the  
9 extent that I don't have to carry a million dollars of general  
10 liability insurance if I want to add 4 kW. So it's basically,  
11 you know, adding two additional 2 kW arrays, which is not a lot  
12 of space, it's some, but I do think that there's some incentive  
13 there.

14           With respect to the comment -- and, again, being on  
15 the far side I couldn't hear the, the gentleman at the end,  
16 Mr. --

17           CHAIRMAN EDGAR: Toth.

18           COMMISSIONER SKOP: Toth? Okay. I guess your points  
19 that you made are extremely well-taken, and, again, it's -- I'm  
20 looking at some other issues, but it is a bit of a struggle to  
21 me because, again, typically the generator owns the RECs unless  
22 there is a PPA that assigns them to the power offtaker. So I  
23 am sympathetic there.

24           I guess two -- or one concern and then a question in  
25 response to what you posed. Assuming that the credits are

1 assigned to the individual customers, one of the problems I see  
2 perhaps is that you're going to need some sort of third-party  
3 aggregator or I see opportunity for third party aggregators to  
4 come in outside of the IOUs to try and collect those things  
5 from the various customers, which I think would add perhaps an  
6 additional level of cost that would have to ultimately be  
7 absorbed by the general body of ratepayers to the extent that  
8 if these RECs were collected and aggregated to meet a future,  
9 yet to be determined RPS type of thing, then having it -- at  
10 the customer level they do need to be aggregated somehow some  
11 way. And if a third party does that, there might be that  
12 additional level of cost, which, again, I think that maybe you  
13 could get into some equity issues to the extent that you're  
14 aggregating for a company to meet its RPS requirement and  
15 that's coming across but you're getting it from a few.

16           But I guess outside of that concern, and feel free to  
17 respond to that because I know that you feel, as I do, very  
18 passionate about renewables, but the question I have is, goes  
19 into the DSM type. Because, again, there are, there are  
20 subsidies that the utilities use to, to help subsidize the cost  
21 of the PV arrays and other things that may be encompassed  
22 within the DSM. And I'm not precluding it to or limiting it  
23 strictly to PV, but that's historically been, you know,  
24 something that's available under DSM and also incentivized at  
25 the state level with a rebate. So, again, just I'd like to

1 hear how you would -- I know you stated adamantly that the  
2 customer should own them, and I agree with that in principle.  
3 But, again, I'm tempering it, and as Commissioner McMurrian has  
4 raised the issues about if it's coming out of DSM, then how do  
5 you address that issue? Because there is some subsidization  
6 issue. If the customer purchased it on a stand-alone basis, by  
7 all means the customer should own the RECs. Not a problem with  
8 that.

9 MR. TOTH: On DSM, could you tell me what that  
10 acronym means?

11 COMMISSIONER SKOP: I'm sorry, sir. It's demand-side  
12 management. So it's some of the conservation efforts that the  
13 utilities propose, and they're subject to the RIM test and  
14 other tests that come before the Commission, and we approve  
15 them as part of conservation measures. So typically under  
16 those programs, if you were a consumer and you bought a PV  
17 array for your home, like some of the discounts are  
18 substantial, I'm going to use GRUs because I can talk about  
19 them, but essentially I think that there was a huge subsidy  
20 where a cost of a \$30,000 array like between the federal tax  
21 incentives and some other incentives in the state and GRU  
22 incentives under their demand-side management programs brought  
23 that cost of the array almost to, from, say it was \$36,000, it  
24 would be like 16 or \$18,000 off of the purchase price or  
25 \$16,000 off the purchase price. Some of the things are very

1 substantial, so --

2 CHAIRMAN EDGAR: Commissioner Skop, I'm sorry, and I  
3 apologize because I try very hard not to interrupt. However, I  
4 have been advised that we need to take about a five-minute  
5 technical --

6 COMMISSIONER SKOP: I'm sorry.

7 CHAIRMAN EDGAR: No. That's okay. Technical break.  
8 So I would ask everybody to bear with us because we're coming  
9 in for a landing very soon. Mr. Toth, please, please stay with  
10 us. And we will come back at five after by the clock on the  
11 wall. Thank you.

12 (Recess taken.)

13 Okay. We are going to get started again. Thank you  
14 all once again for your patience.

15 Okay. I have had -- we're going to finish the line  
16 that we were on, or at least come close to finishing it, and  
17 then I know there are a couple of people who would like to make  
18 a few additional brief comments. And I'm going to ask our  
19 staff to respond to a few things here in a minute as well. And  
20 then, Commissioners, just for planning purposes, my thinking is  
21 that maybe -- sometimes we wrap it all together, sometimes we  
22 take some things individually. In this instance it might work  
23 better, but we'll see, to take up the, maybe some suggested  
24 language changes kind of one by one and address them that way  
25 and see where that takes us. And I think with all of that we

1 can move forward here fairly quickly.

2           So, Commissioner Skop, thank you for letting me break  
3 in. I apologize. And you were posing some questions.

4           COMMISSIONER SKOP: Thank you, Madam Chair. And like  
5 I say, I just wanted to ask about the subsidies. My  
6 understanding on the subsidy level, and, again, this is part of  
7 the issue that I have, but they can be as high as \$5 a watt, so  
8 they can add up kind of quickly. And, again, I'm trying to  
9 refer to a GRU example I saw in the Gainesville Sun recently,  
10 but it was a very substantial subsidy. So at those levels when  
11 they come out of the ratepayer, body of ratepayers and such  
12 like that, and also the state, then I think that the property  
13 interests may become blurred. But I would ask you to briefly  
14 respond to that.

15           But also I do see your point, because as a developer  
16 I would want to own the RECs because I'd want to sell them.  
17 And viewing, you know, viewing the consumer as a developer by,  
18 by wanting to facilitate the deployment of solar, I can easily  
19 see that point. And so if you could briefly respond, I would  
20 greatly appreciate it.

21           MR. TOTH: Okay. And thank you. Bill Toth again  
22 with All Source Energy. Basically you brought up two issues  
23 here, if I understand the question right. One is dealing with  
24 the rebates and so-called subsidies. The other one is dealing  
25 with the REC trading and oversight. Am I correct?



1 COMMISSIONER SKOP: Yes, sir.

2 MR. TOTH: Okay. Dealing with the rebates, I believe  
3 it's, for commercial in Florida the rebate is \$4 a watt up to  
4 \$100,000. For residential it's \$4 a watt up to \$20,000. Going  
5 back to one of the comments, that's why you find most of your  
6 residential around 5 kilowatts. They max out their rebate.

7 The tax credit from the federal government is  
8 30 percent with no maximum on it. And, yes, these are  
9 incentives to produce solar or -- well, and these are solar.  
10 Okay? These are solar rebates. I don't know what they are for  
11 some of the other ones. I know what they are for the solar.

12 And we always are going back and forth with the costs  
13 directly associated between the consumer and the utility.  
14 There are some costs or subsidies that are overlooked or have  
15 been basically overlooked in our discussions in my opinion.  
16 What -- by -- are you familiar with how the EPA promulgates its  
17 air regulations?

18 COMMISSIONER SKOP: Not exactly, sir.

19 MR. TOTH: Ten to the minus six, ten to the minus  
20 seven deaths. All right. They know they're going to kill  
21 one in a million, one in 10 million people by allowing this  
22 pollution to occur. By reducing that pollution through the  
23 clean energy, what's the reduction in medical costs? We know  
24 there's millions of asthma attacks caused every year by  
25 pollution. How much in Medicare and Medicaid is saved by

1 reducing these pollutants? That's an indirect cost savings to  
2 the public in both their personal medical costs and Medicare  
3 and Medicaid to the government. So that's a subsidy to the  
4 government that's kind of overlooked in these discussions.

5 I was here when Charley came through and I know there  
6 were houses a few blocks from me that didn't have power for  
7 weeks. It wasn't because their house was destroyed, it was  
8 because the grid system or the generator of the utility was  
9 down. Had they had these distributed on-site generation, how  
10 many of those people would have been able to stay in their  
11 homes as far as increased disaster capability? How much is  
12 this worth? In promoting some of these things, they're  
13 promoting other types of activities that benefit in a financial  
14 way to the community at large, to the ratepayers in person.  
15 You know, having a geographically dispersed energy production  
16 system, what does that do for increased national security and  
17 increased energy security from terrorist attacks? On I think  
18 it was Page 39 they talk about lost revenues from the solar.  
19 Well, that kind of translates directly to reduced transmission  
20 cost, doesn't it? If they're not having to produce that  
21 energy, if they don't have those customers, isn't that the  
22 amount being saved in transmission costs also? Isn't that a  
23 factor in this?

24 And in regard to some of the other technologies out  
25 there like biomass, if we don't turn that biomass into methane

1 and fertilizer, we're going to put it in a landfill. We've  
2 only got so much of that. We're turning something that is a  
3 waste into something that's energy and then a product, a  
4 fertilizer. What does that do for the community at large? How  
5 much is that worth? How much are all of these benefits that  
6 the ratepayers and the public at large receiving from all of  
7 these other positive attributes that aren't directly related to  
8 the financial situation between the utility and the customer?  
9 Okay? All of these things are being overlooked.

10           So I think there are many positive attributes to this  
11 as far as rebates and subsidies go. I think the subsidies, if  
12 we take a look at them and put a financial on some of these  
13 things, especially dealing with the medical costs, might be  
14 offsetting each other.

15           The other one dealing with direct trading and  
16 oversight. If you take a look at the comments at the last one,  
17 I am the one who made the last comment that we should not be  
18 shortsighted in this and should take a long-term approach to  
19 solving these problems. You're assuming that a third party  
20 system is going to be paid for by the ratepayers. That doesn't  
21 necessarily have to be that way. We're in the process of  
22 developing the RPS now. I've been involved in the workshops.  
23 However we decide to do that or however you decide to do that  
24 based on comments, however it works out, it doesn't necessarily  
25 have to be a cost to the utility or to the ratepayers.

1           The, the program itself, the REC program part of the,  
2 you know, it doesn't cost -- in the stock market, the stock  
3 market doesn't cost people outside of the market. The traders  
4 make their money off the trade. There are other models out  
5 there that we possibly could be looking at as opposed to the  
6 utilities and the ratepayers bearing all this expense.

7           COMMISSIONER SKOP: Thank you, sir. And if I could  
8 just stop you there. Again, I do believe that all your points  
9 are well-taken. And, again, as a developer of a project, and  
10 I've been in that capacity, I actually would want to own the  
11 RECs because I would want to sell them to support my project.  
12 So, again, viewing the consumer as a developer, your point is  
13 exactly well-taken.

14           Again, just some of the concerns that I have that  
15 I've expressed I won't go back into. But, nevertheless, in an  
16 effort to promote compromise, you know, certainly I'm willing  
17 to respect the majority viewpoint of my colleagues and would  
18 respectfully at this point just withdraw my support of the  
19 proposal to remove Section (9). I think that will promote some  
20 compromise and move us into landing. Thank you.

21           CHAIRMAN EDGAR: Thank you, Commissioner Skop. Thank  
22 you, Mr. Toth.

23           Okay. I think we have a few people who would like to  
24 make just a couple of additional comments, and then we'll take  
25 some motions and see if we can get some agreement.

1 Mr. Krasowski.

2 MR. KRASOWSKI: Thank you. My list of comments gets  
3 smaller because I wanted to comment on Paragraph 9, Page 34,  
4 but it's not necessary, I believe, now. Well, maybe just a  
5 little.

6 CHAIRMAN EDGAR: I was going to say, I don't know  
7 that we know that yet, but.

8 MR. KRASOWSKI: Yeah. What am I saying? No. FP&L's  
9 representative here has so eloquently expressed their position.  
10 I'm a ratepayer. Okay? Now if I hadn't taken a specific  
11 interest in these proceedings, in this issue, I don't think I'd  
12 be very well-equipped to negotiate anything with an FP&L  
13 representative. So I think you should make it pretty solid  
14 that these certificates, renewable energy certificates go to  
15 the customer. And even if they don't represent a lot of money,  
16 I think it's a great addition to the promotion of the renewable  
17 energies that people like Mr. Toth and others in the industry  
18 could use to help us get to clean energy. So that's the one  
19 thing.

20 The other thing is Mr. Skop's comment earlier about  
21 tweaking the Tier 1 up to 16 or 18. He referred to, I  
22 believe -- maybe I misunderstood, but I think he was talking  
23 about a certain water heater or PV system that worked at 18  
24 best. But, anyway, I originally support maximizing whatever we  
25 can do to, to accommodate these clean energies, so I would

1 certainly suggest to go along with that.

2           And another comment that was made at that time was  
3 that some of these larger homeowners with more money might be  
4 able to afford something bigger. Let's make this fashionable,  
5 if we have to. You know, if it's cool and neat to have --  
6 whoever has the biggest PV, let them have the biggest PV. You  
7 know how that works in other things. You know, better to have  
8 a bigger PV than a bigger Hummer. Right? So that's -- you  
9 know, I'd just like to certainly encourage going along with  
10 that position. So thank you again.

11           CHAIRMAN EDGAR: Thank you, Mr. Krasowski.

12           And Mr. Keyes.

13           MR. KEYES: Thank you.

14           CHAIRMAN EDGAR: You're welcome.

15           MR. KEYES: Just a few points. I want to concur that  
16 moving the Tier 1 up to 20 or 25 kW makes more sense to me.  
17 That's what some other states have done. I haven't heard of  
18 anything between, going up to between 10 and 20. And also I  
19 just like neat like Mr. Hinton does.

20           But I would hope that you would, you could vote on  
21 whether or not we should have insurance for Tier 2. I brought  
22 up insurance before. And the question was raised before  
23 whether there had ever been any damage or injury caused by  
24 solar energy systems. And to my knowledge it's not just in the  
25 United States there hasn't been any damage or injury; I've not

1 heard of any problems in Germany, which has half the solar in  
2 the world, or Spain or anywhere else. So it seems to be  
3 extremely low risk. So I would ask that on, in Section (5)(e)  
4 on Page 30, it's Lines 13 and 14, we would delete "no more than  
5 \$1 million for Tier 2, and" --

6 CHAIRMAN EDGAR: I'm sorry, Mr. Keyes. I need you to  
7 tell me the place again.

8 MR. KEYES: Sure. It's Section (5)(e), which is on  
9 Page 30.

10 CHAIRMAN EDGAR: Page 30? Okay. Hold on.

11 MR. KEYES: Sorry about that.

12 CHAIRMAN EDGAR: Okay.

13 MR. KEYES: On Line 13 and 14 it would just be a  
14 matter of deleting the phrase "no more than \$1 million for Tier  
15 2, and." And then on Line 15 adding "or Tier 2" after where it  
16 says, "Tier 1," say, "or Tier 2." And if this was done, I  
17 think it would address much of what Commissioner Skop is  
18 suggesting, that for the larger systems, larger even  
19 residential systems, one of the biggest barriers there is  
20 insurance. And so if we just eliminate the insurance  
21 requirement for Tier 2, then we've gotten past that.

22 Moving to the next subject just very briefly on RECs,  
23 I'd just like to point out that they represent -- the idea of  
24 RECs is they represent the environmental attributes of the  
25 asset. Some people refer to it as the bragging rights. And

1 there's a voluntary market out there because people like to buy  
2 these things and be green. Well, the people who actually own  
3 the systems like to be green too. So lots of them don't want  
4 to give up their RECs. So it would seem confounded to make a  
5 law that says -- that doesn't make it clear that they get to  
6 keep them. So I'd encourage you to keep them, and it sounds  
7 like you're leaning that way.

8           A comment on the roll-over of the kilowatt hours from  
9 one month to the next, there's been some discussion about that.  
10 Just one point I want to make out, make there is that if you  
11 have payments from the utility to the customer, potentially  
12 that's taxable income, and that adds a layer of complexity that  
13 you really, that you avoid completely by just having it roll  
14 over from one month to the next. So the IRS has looked at that  
15 and said, no, it's not, getting kilowatt hours of credit that  
16 you get to use the next month isn't taxable income, but it  
17 raises the possibility that it could be taxable income.

18           And finally on the manual disconnect switch, there's  
19 been some talk about, well, the utility could still require it  
20 but you could rate base it. And I would just caution there  
21 that there ought to be some showing of necessity and that that  
22 was a prudent investment on the utility's part. In practice,  
23 the utilities that have lots and lots of solar systems have  
24 discovered that their linemen don't go out and use the switches  
25 ever. And part of that is because there aren't systems in



1 place that show a map of where all the systems are and the  
2 linemen don't have a list of where all the systems are and  
3 where they go to turn them off. And in practice also, the  
4 linemen know that the far greater danger than any solar system  
5 is the plug-in generators, the Honda generators that you can  
6 just plug into your outlets. And so given that risk, they're  
7 already taking precautions to make sure that they're safe and  
8 so they don't worry too much about the solar systems. So if  
9 they do want to require for disconnect switches, I suggest that  
10 in any proceeding, any rate case that they need to be able to  
11 show that they've mapped them and they've shared that  
12 information with the linemen and they've got procedures in  
13 place that the linemen actually use the systems so it's not  
14 just a wasted effort. That's it. Thank you.

15 CHAIRMAN EDGAR: Thank you, Mr. Keyes.

16 Yes, sir. Welcome back.

17 MR. GALLAGHER: Can you hear me okay? My name is  
18 Bill Gallagher with the Florida Solar Energy Industries  
19 Association. And just a couple of points, pretty much really  
20 what Jason has said. But when I was looking at the notes, I am  
21 probably one of the 98 people in the FPL area that have a PV  
22 system, electric system. And I think I had mentioned this  
23 before, that I absolutely love it. When I first put the system  
24 in the meter spun backwards, and that's a thrill. If you don't  
25 have it, I highly suggest it. But shortly thereafter the meter

1 was removed and I was compensated at what I feel to be a very  
2 unfair rate. And I want to thank the Commissioners and staff  
3 for bringing us to this point where it looks like we're going,  
4 we're going to finally be able to get net metering. It's  
5 really, it's a step forward, and we appreciate it.

6 Commissioner Skop's idea about increasing the kW, I  
7 think, I think that's great. I know he said 14 and I know that  
8 Bob said 18, so I'll say 20; whatever, whatever you can get it  
9 up to. I think it's a great idea because this is what  
10 motivates people to make the investment and this is what we  
11 want to do. We want people to go renewable.

12 As far as the RECs, the RECs absolutely should go to  
13 the energy provider. I had someone come in my office this week  
14 coincidentally and they invested in a PV system for their home  
15 in Ormond Beach principally because their relative bought one  
16 in New Jersey. And part of the conversation was, "And also  
17 they get this money, they sell these RECs." This guy was  
18 absolutely excited. I mean, I get pretty excited, but this guy  
19 was, like, really excited. So there's a first-hand experience  
20 that does make a difference. And I think there was some talk  
21 about, oh, it's maybe \$15 a month. Well, that's not probably a  
22 lot to a utility company, but it is a lot to the homeowners  
23 that are investing 15, \$20,000 in these systems. So we'd  
24 definitely like to see the RECs go to them.

25 Another thing was the potential cost to, to meter,

1 you know, the watts for the RECs, and a lot of these inverters  
2 really do that for you. I mean, you can actually go online,  
3 excuse me, and see how many watts your system is producing. So  
4 I don't think that's going to be a, you know, a big, a big  
5 thing.

6 And then probably the last thing is just the end of  
7 the year we feel that, you know, the energy producers should be  
8 compensated at retail rates. I mean, you know, if you think  
9 about it, when we're making this energy, if we're not using it,  
10 it's being sent to, to our neighbor. We're actually powering  
11 our neighbor's house. So I don't see any reason why we can't  
12 be compensated at the end of the year for a retail rate as  
13 opposed to an adjusted rate. That's my comments. Thank you.

14 CHAIRMAN EDGAR: Thank you.

15 And I want to make sure that, that I've covered  
16 everybody. So, Mr. Hansen --

17 MR. HANSEN: I thought Mark Futrell was going to tell  
18 me his conclusion.

19 CHAIRMAN EDGAR: Okay. And I think Mark is prepared  
20 to give us some comments on the comments that you had made  
21 earlier, so let's go there. Mark.

22 MR. FUTRELL: All right. We have addressed the  
23 written comments that we've received, except for Mr. Hansen.  
24 And specifically the end of Mr. Hansen's handout, Page 3, he is  
25 suggesting a revision to staff's proposed language. If you go

1 to Page, Page 33 of the staff recommendation, Line 23,  
2 beginning with "At the end of," he would rewrite that sentence  
3 to read --

4 CHAIRMAN EDGAR: Mark --

5 MR. FUTRELL: I'm sorry.

6 CHAIRMAN EDGAR: Tell me, I'm sorry, where --

7 MR. FUTRELL: Page 33 of the staff recommendation.

8 CHAIRMAN EDGAR: Page 33. And where -- because I'm  
9 seeing Page 34. So I guess I'm looking at the wrong place.

10 MR. FUTRELL: Right. I'm going to read the -- he's  
11 suggested a change.

12 CHAIRMAN EDGAR: Oh, okay. Go ahead. Thank you.

13 MR. FUTRELL: I was just going to reread the sentence  
14 as amended, as he would amend it just to give some context to  
15 it.

16 CHAIRMAN EDGAR: Okay. Thank you.

17 MR. FUTRELL: And so he would rewrite the sentence  
18 beginning on Page 33 of the staff recommendation beginning at  
19 Line 23, and his language would be, "At the end of each  
20 calendar year the investor-owned utility shall pay the customer  
21 for any unused energy credits at an average annual rate based  
22 on the investor-owned utility's normal retail rate for Tier 1,  
23 and pay Tier 2 and 3 at COG-1 as-available energy tariff."

24 So the effect of this would be to pay the Tier 1  
25 customers the retail rate at the end of the year for any unused

1 credits. Staff is recommending that all customers be paid for  
2 any unused credit at the as-available energy rate. Again, this  
3 is another example of where the staff has tried to strike a  
4 balance of recognizing the need for net metering which is the  
5 month-to-month crediting of excess generation. At the end of  
6 the year we've sided on paying the customer but paying them  
7 for, at the as-available energy rate. Many states approach  
8 this differently. Some forgive the credits and just it goes  
9 back to zero in many cases, some states continue to roll over  
10 credits in perpetuity, and some pay the as-available energy  
11 rate. We felt like this was a fair compromise to recognize the  
12 value there, but, again, not get into some of the, open up some  
13 more of the subsidization issues that going to full retail  
14 would, would open. And we would recommend that staff's  
15 language as written in the recommendation be maintained.

16 CHAIRMAN EDGAR: Thank you, Mark.

17 Mr. Hansen, do you have additional comment?

18 MR. HANSEN: A distressful one. On the very first  
19 page of your document it talks about the regulatory policy, and  
20 it said that the rate at -- do not exceed avoided costs. And I  
21 asked the question if it was possible for the Public Service  
22 Commission to change this and make it retail rate across the  
23 board. In other words, is there a higher authority or a higher  
24 rule or whatever it is, you know, George Bush or whatever, that  
25 prevents you from doing this? Because the logic is this: If I

1 have a system, for example, that generates 10 kW and I use  
2 10 kW, I'm offsetting one for one. Now if I want to conserve  
3 more energy, okay, and I put a solar hot water heating system  
4 in, I can reduce that to about 7 or 6 kW. But what happens  
5 when I do that? I provide the utility with another 3 kW that I  
6 can only recover 40 percent. They make 150 percent on my new  
7 energy conservation. And when you look at this and you play it  
8 on the board, there's no incentive for the small person  
9 because -- the small utility to conserve energy. Once you put  
10 your system in, if you start conserving energy, you actually  
11 are producing more energy and more money to the utility.  
12 That's what it boils down to. So it's very disappointing.  
13 I've gone through this a couple of times in the other meetings,  
14 but I never have been able to look at what the utilities say  
15 that this costs. They say if we pay retail rates to Tier 1  
16 people, that's going to boost the ratepayers' bill up, and that  
17 just is not true.

18 I went through the Florida Power & Light, FPL, their  
19 costs, what they projected for the next five years, and they  
20 only say that there's going to be about, maybe about 1,000  
21 residents that are going to be participating. And when you  
22 divide this stuff up by 40 million customers, you come out to  
23 less than a penny per month cost. So I can't understand why  
24 the PSC would recommend not paying us retail. I just can't  
25 understand it. Maybe you could shed some light on it for me.

1           CHAIRMAN EDGAR: Mark, can you speak to the higher  
2 power and other related issues?

3           MR. FUTRELL: Certainly. In many of these  
4 subsidization issues you've heard, and I think staff has  
5 commented that the effects would be felt in future rate cases,  
6 metering, those kind of disconnect switches, those kind of  
7 things would be felt in future rate cases and accounted for  
8 there.

9           In this instance when there's these annual credits  
10 paid, that's real dollars coming out of customers at this time  
11 so that the difference between paying the as-available energy  
12 rate, which could range anywhere from 5 to 8 cents per kilowatt  
13 hours, versus the retail rates, which depending upon the  
14 utility could be anywhere from 10 to 15 cents per kilowatt  
15 hour, that differential is going to be paid for by customers  
16 immediately. That's a real impact that will be felt  
17 immediately. And so that's a balance you have to try to decide  
18 what's the best way to navigate through this is what additional  
19 benefits are you going to get from that? Again, we feel like  
20 the main benefit of these systems is to offset consumption and  
21 not turn these into little, to generators and to help them  
22 offset their consumption on a monthly basis. And then if  
23 there's any credits left over, we feel like the as-available is  
24 a fair compensation. It certainly isn't as high as retail,  
25 full retail, but we feel like it's a fair level to be at to

1 help protect the balance of the, excuse me, the balance of  
2 ratepayers.

3 CHAIRMAN EDGAR: Thank you, Mark.

4 And, again, just to restate again the obvious, much  
5 of what we are doing with this, as with many other things, is  
6 trying to find the balance, the appropriate balance, some with  
7 full and complete information and sometimes not full and  
8 complete, but trying to do the best we can.

9 Commissioners, I think that we're probably at about  
10 that point where we can maybe look at some specific language.  
11 I guess my thinking is that maybe if we take some suggested  
12 language changes and we can go ahead and have motions and vote  
13 and see where those go, and then take up the rule at the end  
14 might make the most sense. Do I see some nods? I'm open to  
15 suggestions. So let's try it that way and see how it works.  
16 And I know staff will keep track and let me know if I miss  
17 anything.

18 Okay. I'm going to suggest that we maybe take the  
19 easier one first, and so my suggestion is that we take up on  
20 Page 34. Page 34 has had a lot of discussion, but the  
21 Subsection (h), we had discussion which addresses the standby  
22 charges and we've had discussion and I think perhaps consensus  
23 but let's see, about adding language that had been suggested by  
24 the staff, Line 8, the shaded language for the maximum measured  
25 demand during the billing period. Then coming down to



1 Line 11 and deleting "for non-generating customers." And then  
2 down through Line 15, ending at the period and then adding "the  
3 customer." And that was read into the record earlier.

4 Commissioners, any, any questions? Is that a comma  
5 or is that a period? It's a comma. Thank you.

6 COMMISSIONER CARTER: It's a comma.

7 CHAIRMAN EDGAR: And Commissioner McMurrian is  
8 helping me keep track of the commas too. (Laughter.) Are we  
9 clear? Nods, I'm seeing nods. Okay.

10 Commissioners, is there a motion to make this  
11 suggested language change to the proposed item?

12 COMMISSIONER CARTER: So move.

13 COMMISSIONER SKOP: Second.

14 CHAIRMAN EDGAR: Okay. Is there further discussion  
15 or question? Seeing none, all in favor, say aye.

16 (Unanimous affirmative vote.)

17 Opposed? Okay. We will show that language change  
18 made.

19 Okay. Then that brings, as I'm keeping track, and,  
20 again, if I miss something, we will certainly take it up, but  
21 also on Page 34 we have had discussion about Subsection (9),  
22 which is Lines 17 through 22, the renewable energy certificates  
23 section. We've had some discussion about whether that should  
24 remain as proposed or whether it should be removed. Is there a  
25 motion?

1           COMMISSIONER CARTER: Madam Chairman, I move that the  
2 language delineated in Section (9) on 34 beginning at Line 17  
3 through 22 remain in the document.

4           CHAIRMAN EDGAR: Thank you. Is there a second?

5           COMMISSIONER ARGENZIANO: Second.

6           CHAIRMAN EDGAR: And there is a second. Is there  
7 discussion? Seeing no discussion, okay, all in favor, say aye.

8           (Unanimous affirmative vote.)

9           Opposed? Show it adopted. And that language will  
10 remain as was in the original proposal that came before us in  
11 this item.

12           Okay. Then we have also had some suggested language  
13 changes on Page 28, which addresses the threshold for the  
14 Tier 1 delineation between Tier 1 and Tier 2. Let me get  
15 there. Okay. Is there a motion on the Tier 1, Tier 2  
16 language? No?

17           COMMISSIONER CARTER: So move to Line 3, Tier 1, to  
18 strike "10 kW" to "14 kW." Line 4, Tier 2, strike "10 kW" to  
19 "14 kW."

20           CHAIRMAN EDGAR: Okay. There is a motion, and is  
21 there a second or a question?

22           COMMISSIONER SKOP: Second.

23           CHAIRMAN EDGAR: Okay. There is a motion and there  
24 is a second. Discussion, and which I'll begin while I can.  
25 (Laughter.)

1 I would just like to say I, I hope I have shown and I  
2 hope I've made it clear that I am really, really, really  
3 pleased about the direction that we're going. I've spent a lot  
4 of time, each of us has spent a lot of time on the net metering  
5 issue and trying to think it through. I think it's an  
6 important step forward, and I'm very, very pleased that  
7 hopefully we'll be able to propose some rule language here in a  
8 minute. I'm just not sure in my own mind about the impact from  
9 going from 10 to 14, so I probably am going to fall on this  
10 point with the more, in my mind, cautious approach and the more  
11 known. We deal with 10, our staff has more information about  
12 10, we have more experience about 10 as a threshold. It is  
13 something that we can point to in some other rules both by this  
14 agency and other agencies. So I'm probably going to stick with  
15 10, but I don't want that ever to be interpreted as a lack of  
16 support because I'm very pleased with the direction that we're  
17 heading.

18 Is there further discussion? Commissioner McMurrian.

19 COMMISSIONER CARTER: Madam Chair, before, if I may,  
20 before we begin our discussion on the motion, would it be  
21 proper for us to listen to staff on this? I obviously wanted  
22 to put it in the posture for us to discuss it, but I would like  
23 to hear staff's take on it before we engage in our discussion  
24 on that, if that's proper.

25 CHAIRMAN EDGAR: Okay. If I may, just because I know

1 Commissioner McMurrian was waiting, I've already jumped ahead  
2 of her once. So, Commissioner, if you would have some  
3 comments, please feel free. And then absolutely we will look  
4 to staff and have opportunity for more discussion.

5 Commissioner.

6 COMMISSIONER McMURRIAN: Thank you. And actually  
7 it's along that same line in that I think we've heard a little  
8 bit from them about the 10 versus the 14 and the 25 earlier.  
9 But I did have a question about the statement of estimated  
10 regulatory costs, I believe that's the right acronym, because I  
11 believe the information that's been provided by the parties  
12 that would be affected with respect to the data requests and  
13 all would be based on the 10-kilowatt level. And so I wanted  
14 to know how much leeway do we even have with respect to that?  
15 Would you -- I mean, frankly, if we were to go down the road to  
16 14, legally would you have to redo the whole SERC process? And  
17 I want to move forward.

18 MR. HEWITT: Commissioner, some estimated costs for  
19 metering costs, Tier 1 was \$55, Tier 2 was \$170. Some of those  
20 Tier 2 costs might move it into the Tier 1 cost because you're  
21 moving a larger size customer into the Tier 1, so those costs  
22 could go up. And also the negative impact on the net metering  
23 price would go up in the Tier 1 category approximately one  
24 cent, a little over one cent per kilowatt hour. And the net  
25 effect depends on the number of customers and, of course, the

1 usage.

2 CHAIRMAN EDGAR: Commissioner McMurrian.

3 COMMISSIONER McMURRIAN: Thank you. I'm not  
4 comfortable at this point agreeing with the 14 kilowatt, and  
5 for the same, with the same kind of discussion that Chairman  
6 Edgar explained. I don't want it to be said that I'm not  
7 supportive of this moving forward. I do have some concerns  
8 about the cost, and I guess I'm not comfortable at this point  
9 going to 14 or 25 or 12. I just feel comfortable with 10. And  
10 then we've got the information based on the 10-kilowatt cutoff.  
11 And for me, I just feel comfortable going there. I think that  
12 in the same, with the same discussion about the other  
13 Section (9), I think that we can agree to move forward and have  
14 the customer on those credits. And with respect to this, I  
15 would feel more comfortable sort of leaving it at 10 and moving  
16 forward, and then we can always revisit at some future point if  
17 we see that we're not providing enough incentive for renewable  
18 generation in Florida.

19 CHAIRMAN EDGAR: Thank you.

20 Commissioner Argenziano.

21 COMMISSIONER ARGENZIANO: I thought staff before when  
22 asked said it would be a very negligible difference. Am I  
23 correct?

24 MR. HINTON: I did say that, but I wasn't looking at  
25 the SERC when I said that, so I'll defer to his analysis.

1 MR. HEWITT: Commissioner, Craig Hewitt. To put it  
2 in perspective, FP&L now has, they said they have 98  
3 residential customers and six small commercial customers out of  
4 their whole system. So it's small now. This might grow, of  
5 course, over time, and it depends on how fast and how many  
6 would be -- whether it's significant or not.

7 COMMISSIONER ARGENZIANO: So I guess as of right now  
8 10 to 14 really doesn't make a big difference, but it could in  
9 the future.

10 MR. HEWITT: That's correct. But you'd have to be  
11 talking not hundreds but maybe thousands to really add up.

12 COMMISSIONER ARGENZIANO: Thousands. Okay.

13 CHAIRMAN EDGAR: Commissioner Carter.

14 COMMISSIONER CARTER: Thank you, Madam Chairman. I  
15 want us to at least be able to have this discussion because I  
16 think, as Commissioner Argenziano said, at the time it seemed  
17 like a, kind of a throw-away line. But now that we're in that  
18 and looking at what our financial analysis is based upon, you  
19 know, if all of the, the data, the financial data and the  
20 estimates are based upon 10 kW in Tier 1 and picking up plus,  
21 10 kW plus in Tier 2, I mean, I want to move forward but I want  
22 to move forward based upon the reasons. So if that's what our  
23 analysis is based upon, then I'm less likely to --

24 CHAIRMAN EDGAR: Commissioner Argenziano.

25 COMMISSIONER ARGENZIANO: That's what I was trying to

1 get to. Right now, even though the analysis indicates that  
2 right now with the current customers it is negligible or such a  
3 small difference so it wouldn't make a difference -- the only  
4 time it would make a difference is if there were thousands of  
5 more customers who came --

6 MR. HEWITT: Commissioner, let me add, FPL estimated  
7 that if they had 200 additional customers the first year, it  
8 would be another \$108,641 cost. And it goes up from there as  
9 they add more customers, 200 each year. The next year would be  
10 \$214,000 and then on up. And so the total over five years they  
11 estimated with 200 new customers every year would be  
12 \$1.6 million for that five-year period.

13 COMMISSIONER ARGENZIANO: Over five years. Okay.

14 CHAIRMAN EDGAR: Okay. I guess in my mind -- and,  
15 you know, there's so much that we've been able, I think able to  
16 reach consensus on. I don't want to be overly tripped up about  
17 one, you know, one piece, although it's an important piece  
18 absolutely as part of the framework for the rule. The tier  
19 thresholds are part of the framework for the overall proposed  
20 language. And I guess I'm, again, just more comfortable that,  
21 that we have language and we have some harder data, for lack of  
22 a better term, on the 10. And I would love to say that with  
23 this rule that there will be thousands and thousands of new  
24 residential and small commercial consumers that take advantage  
25 of it. Nothing would thrill me more. I doubt that that's the

1 case. We're moving forward as we can. But in my mind it's  
2 just, it's just a more known and it is, again, more consistent  
3 with some of, some of the other framework rules and  
4 requirements that we have. So I guess that's kind of where I  
5 am. But it's, it's, you know, sometimes a number is a tad  
6 arbitrary, although I hate to say that either.

7 Commissioner Skop.

8 COMMISSIONER SKOP: Thank you, Madam Chair. And,  
9 again, I think that we've heard some testimony from some of the  
10 stakeholders today that would suggest increasing the Tier 1.  
11 And, again, you know, I'm looking at that as we want -- our  
12 policy as articulated not only by the Governor's executive  
13 orders but also by the legislative body of this state is to  
14 encourage the adoption of renewables. And, you know, frankly,  
15 I think that that would encourage homeowners, including those  
16 that are more affluent, to embrace PV solar. Again, the -- in  
17 response to Mr. Krasowski's comment, the comment I was making  
18 was the PV solar array in the parking lot of the PSC. And,  
19 again, that's 18 kW. The reason I made that analogy is for the  
20 basis of size comparison to show what is possible should there  
21 be the removal of the barrier of the cap of Tier 1, and that  
22 moving upward slightly without the requirement of having to  
23 carry \$1 million of general liability insurance as, I think,  
24 one of the other representatives pointed out.

25 So with respect to the cost impact, which, again, I



1 don't seem to have the same data, but maybe I do, you know, one  
2 could easily make the argument, are those cost figures  
3 accurate, are they overinflated or what have you? But at the  
4 end of the day the cost drivers for the additional 4 kW of  
5 installed solar that I'm kind of recommending on the tier would  
6 be simply the energy delivery cost and the cost of the RECs to  
7 purchase them. If they're assigned to the consumer and the  
8 consumer decides to keep them, so be it. If they sell them,  
9 that's a taxable event is another good point that's been  
10 brought out, which further reduces the value of the RECs.

11 But at the end of the day, again, it's a policy  
12 concern. And I think that moving forward with the higher cap  
13 tier is in alignment with some of the comments we had here.  
14 It's not as aggressive as some people have advocated for. It's  
15 more conservative consistent with staff. And I don't think  
16 there's a large impact to the utility. But, again, some of the  
17 Tier 2 costs that are spilling in and based on the economic  
18 analysis that I just heard, looking at the Tier 2 costs,  
19 they're substantially higher than Tier 1, but, again, you know,  
20 Tier 1 goes up to 100 kW. That's one of the Kenetech 56-100  
21 machines I used to manage in Altamont Pass.

22 So, again, is it fair to burden 4 kW at Tier 2 and  
23 include that as a cost for why you shouldn't raise a Tier 1  
24 cap? And I'm just frankly in disagreement with that. But, you  
25 know, I will respect the will of the majority of the

1 Commission. And if we choose not to amend it to 14, so be it.  
2 But, again, I would advocate strongly, consistent with the  
3 Governor's executive orders and the legislative policy of this  
4 state, to do so to encourage the goal. Because, again, as I  
5 previously articulated and I'd like to say it again for the  
6 record, if I could get to it, if the goal of Tier 1 is to  
7 facilitate the deployment of distributed renewable energy  
8 generation at the residential level, then it may be appropriate  
9 in my mind to increase the Tier 1 cap slightly. Thank you.

10 CHAIRMAN EDGAR: Commissioner Skop, where does the  
11 Governor's executive orders address whether the Tier 1 cap  
12 should be 14 or 10?

13 COMMISSIONER SKOP: Madam Chair, it doesn't. But my  
14 recollection is the language has emphasis on wind and solar,  
15 and this would facilitate the addition of solar at the  
16 residential level of distributed generation, which there's been  
17 a lot of talk that that would be beneficial to the state, not  
18 only for reducing transmission congestion, but there would be  
19 other tangible benefits. So, again, I'm just making it merely  
20 as a recommendation, and if it's adopted, so be it. If not, I  
21 gave it my best effort. Thank you.

22 CHAIRMAN EDGAR: Commissioners, further discussion?  
23 Commissioner Carter.

24 COMMISSIONER CARTER: For a question, Madam Chairman?

25 CHAIRMAN EDGAR: Absolutely.

1           COMMISSIONER CARTER: You did -- excuse me. For  
2 staff, you did the numbers in reference to what it would cost  
3 at 10 kV, correct, over five years?

4           MR. HEWITT: Commissioner, I reported what FP&L  
5 estimated.

6           COMMISSIONER CARTER: Which is part of a document,  
7 and obviously we have to go on what's before us; right? And  
8 what's that cost?

9           MR. HEWITT: If FP&L added 200 residential customers  
10 per year, over five years it would be \$1.6 million in lost  
11 revenues. Now let me add, that doesn't say anything about what  
12 it would cost the company to implement the whole process. But,  
13 of course, that's, you know, part of the, part of the process.

14          COMMISSIONER CARTER: Madam Chairman, permission for  
15 a follow-up.

16          CHAIRMAN EDGAR: Commissioner Carter, yes.

17          COMMISSIONER CARTER: Okay. So add another 4 kV.  
18 Can you do the math for that?

19          MR. HEWITT: I could not because I'm not sure what  
20 the costs were that were behind these figures of Tier 1 and  
21 Tier 2. And apparently as you get into a larger size you have  
22 more expensive metering equipment from what I, what they  
23 reported, and so that drives up the cost of those customers  
24 that moved to Tier 1. They still have to have the larger  
25 metering size, for instance. So there's no way to come up with

1 a definite answer with the information we have.

2 COMMISSIONER CARTER: Madam Chairman, I'm just kind  
3 of thinking out loud.

4 CHAIRMAN EDGAR: Commissioner.

5 COMMISSIONER CARTER: I was really trying to get my  
6 head around what that number would be. Not that I distrust  
7 Commissioner Skop's calculator, but I don't know, I don't  
8 know what -- maybe -- is there --

9 COMMISSIONER SKOP: Madam Chair.

10 CHAIRMAN EDGAR: Commissioner Skop.

11 COMMISSIONER SKOP: Thank you, Madam Chair. Just in  
12 light of moving this forward, again, we do have another item on  
13 the agenda, I would just simply at this point move staff's  
14 recommendation as we have adopted and just go with that so we  
15 can bring this to closure. Thank you.

16 CHAIRMAN EDGAR: Well, we have a motion and a second  
17 on the, on the -- before us, so I don't know, I don't know that  
18 we are in that particular posture, Commissioner Skop, although  
19 I appreciate your effort to try to move us along.

20 Commissioner Carter, your motion. Is there further  
21 discussion or do you want to call it up or down? Actually I'll  
22 call it up or down, but.

23 COMMISSIONER CARTER: Commissioner Argenziano --

24 CHAIRMAN EDGAR: Commissioner -- I'm sorry,  
25 Commissioner Argenziano. Did you have further comment?

1           COMMISSIONER ARGENZIANO: Well, I don't -- without  
2 having any numbers or knowing if there would be a larger meter  
3 needed or anything, it's hard for me to say that jumping from a  
4 10 to a 14 is going to be so detrimental. I don't, I don't  
5 think so. I think the incentive is there and people have  
6 expressed their concerns about that. So without having  
7 anything that tells me this is a certain number, this is what  
8 will happen if you go from 10 to 14, then I'm going to pretty  
9 much stick with the 14.

10           CHAIRMAN EDGAR: Commissioners, further discussion?  
11           Commissioner McMurrian.

12           COMMISSIONER McMURRIAN: I'll just, I'll just agree  
13 with Commissioner Argenziano. I don't know what will happen  
14 either. I'm not convinced that going from 10 to 14 is  
15 necessarily going to be detrimental. I guess my thought is I  
16 just don't know. And similar to some other discussions we've  
17 had, I guess I feel like with the way we set out the SERC  
18 process and things, we've got something before us where the  
19 affected utilities and other affected parties, there's an  
20 analysis on what data they've given us and that's all I have  
21 before me now. I appreciate Mr. Hewitt trying to sort of do a  
22 back of the envelope, here's how the numbers would go, but I  
23 don't know exactly how much they would be. And I guess we  
24 don't really delve into this SERC information unless we were in  
25 a hearing posture anyway. So I agree that we can't necessarily

1 hang our hat on the numbers we have before us. Those haven't  
2 all been tested. But it is what we have and it is what the  
3 parties were put on notice to give us feedback on based on the  
4 10 kilowatts. So I guess I'm just uncomfortable at this point,  
5 you know, having, having no information about what would happen  
6 at 14 kilowatts. But I do agree with you, Commissioner  
7 Argenziano, I don't think that we're going to see gloom and  
8 doom if we had a 14 kilowatt limit in there either. I just  
9 feel comfortable staying with the 10 and moving it forward at  
10 this point.

11 CHAIRMAN EDGAR: Thank you. And as I said, I'm  
12 hoping that many will take advantage of, of the framework that  
13 it will be in hopefully in the proposed rule and hopefully  
14 we'll see lots and lots. I don't know that to be the case, but  
15 I sure hope so.

16 Okay. Commissioners, further discussion.

17 Commissioner Carter.

18 COMMISSIONER CARTER: Madam Chairman, I made the  
19 motion because I wanted us to get into a point of discussion on  
20 this. And then, of course, I don't know if I know anymore now  
21 than I did before. (Laughter.) I think I'm probably more  
22 confused now.

23 CHAIRMAN EDGAR: Just hungrier.

24 COMMISSIONER CARTER: Yes. My stomach's growling.

25 But, I mean, I guess I may be in the posture of

1 voting against my own motion because I'm not really sure that  
2 I've heard anything convincing, but I did want to put it out  
3 there so we can, as a body can discuss it and have that. I  
4 know that may sound like a, what is it, Robert's Rules of Order  
5 gone schizophrenic, but, you know, it's probably happened  
6 before.

7 CHAIRMAN EDGAR: Probably.

8 Okay. Commissioners, further, further discussion?  
9 Okay. We had a motion, we had a second. We've had full and  
10 varied discussion, which I always appreciate, and we are  
11 addressing a potential language change on Page 28. All in  
12 favor of the motion, which is to change the language, say aye.

13 COMMISSIONER SKOP: Aye.

14 CHAIRMAN EDGAR: Opposed?

15 COMMISSIONER CARTER: Nay.

16 CHAIRMAN EDGAR: Aye -- aye, nay, aye?

17 COMMISSIONER ARGENZIANO: What you're doing is  
18 backwards.

19 CHAIRMAN EDGAR: Okay. Well, then let's just, let's  
20 just try again because I want to make sure that everybody is  
21 very, very comfortable. So we'll do a do-over. (Laughter.)

22 All in favor of the motion to change the language on  
23 Page 28, say aye.

24 COMMISSIONER SKOP: Aye.

25 COMMISSIONER ARGENZIANO: Aye.

1 CHAIRMAN EDGAR: Okay. All opposed to changing the  
2 language, which would be to leave it as it is in the staff  
3 proposal, say aye. Aye.

4 COMMISSIONER CARTER: Aye.

5 COMMISSIONER McMURRIAN: Aye.

6 CHAIRMAN EDGAR: Okay. I call that as motion fails.

7 Okay. All right. Thank you all for your  
8 participation and cooperation. Okay. Those are the suggested  
9 language changes that I had taken down that I thought we had  
10 had a lot of discussion about, and so it seemed to me like that  
11 would be a good place to start. Are there, Commissioners,  
12 other questions, other discussion, other suggested changes that  
13 anybody would like to raise on the bench?

14 COMMISSIONER CARTER: Madam Chairman, if I may.

15 CHAIRMAN EDGAR: Commissioner Carter.

16 COMMISSIONER CARTER: I think that we've gone through  
17 an exhaustive process, we've had feedback and input from all of  
18 the affected parties and stakeholders, and staff has had  
19 additional workshops and all. And I think that the most  
20 significant thing that we can do today is advance -- I mean,  
21 words -- it may not, it's not a perfect rule but it's a good  
22 rule, you know, to get us where we need to go to. So at this  
23 point in time based upon the revisions that we've made, Madam  
24 Chairman, I would move staff on Issue 3.

25 CHAIRMAN EDGAR: Okay. So we have a motion to move



1 forward on the staff recommendation for Item 3 that would  
2 include Issue 1 and Issue 2. Is there a second?

3 COMMISSIONER SKOP: Second.

4 CHAIRMAN EDGAR: Okay. Any further discussion?  
5 Everybody in favor, say aye.

6 (Unanimous affirmative vote.)

7 Opposed? Show it adopted. And thank you all, thank  
8 you to our staff and thank you to everybody who has  
9 participated in the discussion and the workshops in commenting  
10 to get us to this point. And I wish you all a wonderful late  
11 lunch.

12 (Agenda Item 3 concluded at 2:59 p.m.)

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1 STATE OF FLORIDA )  
2 COUNTY OF LEON )

CERTIFICATE OF REPORTER


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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 28th day of December, 2007.

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