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DIVISION OF ECONOMIC REGULATION  
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# Public Service Commission

June 10, 2008

Ms. Jessica Cano, Esquire  
700 Universe Boulevard  
Juno Beach, Florida 33408

**Re: Docket No. 080265-EU – Florida Power & Light Company’s Petition for Approval of Net Metering Tariff and Standard Interconnection Agreements**

Dear Ms. Cano:

After reviewing the filing by Florida Power & Light Company (FPL) in the above docket in response to PSC Order No. PSC-08-0161-FOF-EI, staff has the following questions. For ease of reference, the items of interest are listed in the order as they appear in the FPL filing. Please provide a written response to each question by June 24.

Upon receipt of your response, staff may schedule a meeting or conference call to discuss the responses and any revisions necessary to the proposed standard interconnection agreements or tariffs filed in this docket.

## Tier 1

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1. Item 3: Tier 1 does not contain a provision as in Tier 2 (Item 3.6) where the policy for obtaining deficient information from the customer is outlined. If this is not an omission, please indicate the reason for the exclusion.
2. Item 4.1 indicates the conditions for conducting an inspection of the customer’s equipment. The second sentence in this item seemingly indicates that FPL would conduct such an inspection only in the event of an emergency or hazardous condition, is this correct? Please indicate how item 4.1 complies with subsections (5)(b) and (7)(d) of rule 25-6.065, F.A.C. (“the rule”).
3. Item 6.2 lists the conditions for disconnection. In addition to the language stated in subsection (6)(c), the agreement indicates that the listed reasons are “by way of illustration not limitation.” Please explain this interpretation of subsection (6)(c) of the rule, and provide examples of other reasons for disconnection.

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4. Item 7.1 tracks the language of subsection (5)(b). Item 7.2 appears to be in addition to this language. Please explain the difference between item 7.1 and 7.2. Please provide examples of when item 7.2 would apply. Please provide reasoning behind the 60 day requirement.
5. Item 7.4 indicates that the “interconnection agreement which applies in instances described in Sections 7.1, 7.2, and 7.3 above shall be determined by the maximum output of the generation system(s) which is connected to the FPL meter.” Please explain how this provision complies with subsection (2)(b) of the rule. Would a Customer moving from Tier 1 to Tier 2, or Tier 1 to Tier 3, be required to pay an additional application fee and/or interconnection study charge?
6. Item 8.1 states that “the customer shall indemnify, hold harmless and defend FPL from and against any and all liability, proceedings, suits, cost or expense for loss, damage or injury to persons or property...” Please explain the difference in language between this item and subsection (5)(d) of the rule, particularly the intention of the term “defend.”
7. Item 8.2 indemnity language is not identical to the indemnity language in item 8.1. Please explain the difference in language between these two items.
8. Item 11.1 states that the customer “shall retain any renewable energy certificates produced by the customer-owned renewable generation equipment,” as opposed to the rule language in subsection (9) that states the customer “shall retain any renewable energy certificates associated with the electricity produced by their customer-owned renewable generation equipment.” Please explain the difference in language for this item.
9. Item 12.2 addresses the retail purchase or sale of electricity. Please address whether this language is found in FPL’s existing tariff, and if so, please provide the location of this language within the tariff.
10. Item 15.1 addresses the termination of interconnection agreements. Please describe the application of this provision in cases when the system owner sells the residence upon which the system is installed, leaving the system to be owned and maintained by a new owner. Also, please describe application of this provision in cases when the system owner retains ownership of the system although residence is occupied by a renter or new owner. Please distinguish between the usage of the term “isolate” and “disconnect” as presented in item 15.1, as the two terms are used seemingly interchangeably. After completion of the requirements indicated in item 15.1, would FPL confirm the disconnect has been properly completed?

## **Tier 2**

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1. Item 3.1 requires the customer to provide a written report that the customer-owned renewable generation complies with IEEE 1547, IEEE 1547.1, and UL 1741 standards. Please describe the process by which a customer might obtain this report, or indicate whether the certification sticker issued with the system would be sufficient for this provision.

2. Item 3.6 indicates that FPL may elect to inspect the customer-owned renewable generation system. Please indicate whether this refers to the initial inspection addressed under subsection (5)(b) of the rule, or if this provision is intended to allow the utility on-going inspection opportunities. Please also indicate why this provision is included for Tier 2 alone.
3. Item 4.1 addresses the initial inspection addressed under subsection (5)(b) of the rule. Items 4.3, 4.4, and 4.5 indicate that the customer may be subject to on-going inspection. This language appears to fall outside the scope of the rule. Please indicate how on-going inspection requirement complies with subsection (5)(b) and (7)(d) of the rule and why it is necessary.
4. Item 6.2 indicates that the customer “shall be solely responsible to disconnect the customer-owned renewable generation and customer’s other equipment if conditions on the FPL distribution system could adversely affect the customer-owned renewable generation.” Please clarify how the customer will know the customer needs to isolate the system – will FPL provide contemporaneous notice to the customer when isolation is required? Further, please clarify whether this language serves to notify the customer that FPL is not responsible for damage to the customer’s system, or if FPL is requiring interconnected customers to disconnect during troublesome conditions on the grid. If the customer is required to disconnect during these conditions, please explain the involved process from notifying the customer of grid issues to notifying the customer that reconnection may occur. Please also note whether additional interconnection application must be made in this event.
5. Item 6.3 lists the conditions for disconnection. In addition to the language stated in subsection (6)(c), the agreement indicates that the listed reasons are “by way of illustration not limitation.” Please explain this interpretation of subsection (6)(c) of the rule, and provide examples of other reasons for disconnection. Additionally, the following language seemingly exceeds the authority granted to FPL pursuant to subsection (6)(a)-(b): “FLP has the right to disconnect the customer-owned renewable generation at any time.” Please explain this requirement.
6. Item 7.1 tracks the language of subsection (5)(b). Item 7.2 appears to be in addition to this language. Please explain the difference between item 7.1 and 7.2. Please provide examples of when item 7.2 would apply. Please provide reasoning behind the 60 day requirement.
7. Item 7.4 indicates that the “interconnection agreement which applies in instances described in Sections 7.1, 7.2, and 7.3 above shall be determined by the maximum output of the generation system(s) which is connected to the FPL meter.” Please explain how this provision complies with subsection (2)(b) of the rule.
8. Item 8.1 states that “the customer shall indemnify, hold harmless and defend FPL from and against any and all liability, proceedings, suits, cost or expense for loss, damage or injury to persons or property...” Please explain the difference in language between this item and subsection (5)(d) of the rule, particularly the intention of the term “defend.”
9. Item 8.2 indemnity language is not identical to the indemnity language in item 8.1. Please explain the difference in language between these two items.

10. Item 9.1 & 9.2. Please explain whether a new interconnection agreement and application fee would be required after the assignment of this agreement.
11. Item 10.1. Please explain how FPL will know whether the customer fails to renew the required insurance policy.
12. Item 11.1 states that the customer "shall retain any renewable energy certificates produced by the customer-owned renewable generation equipment," as opposed to the rule language in subsection (9) that states the customer "shall retain any renewable energy certificates associated with the electricity produced by their customer-owned renewable generation equipment." Please explain the difference in language for this item.
13. Item 12.2 addresses the retail purchase or sale of electricity. Please address whether this language is found in FPL's existing tariff, and if so, please provide the location of this language within the tariff.
14. Item 15.1 addresses the termination of interconnection agreements. Please describe the application of this provision in cases when the system owner might leave the system with a residence to be occupied by a new owner.
15. Item 16.1. If the tariff is amended, please explain whether the customer will be required to pay an application fee when signing a new interconnection agreement.
16. Please address whether the customer would be provided with a copy of the associated pages of the tariff with the interconnection agreement.
17. Please explain why the application review for Tier 2 consists of one hour of labor at \$40 per hour, while the application review for Tier 3 consists of three hours of labor at \$50 per hour.
18. Please explain why the processing of meter change request for Tier 2 consists of one hour of labor at \$20 per hour, while the processing of meter change request for Tier 3 consists of two hours of labor at \$40 per hour.
19. Please indicate whether the fees listed in the application cost justification include payroll loading fees, and if so, please explain.

### **Tier 3**

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1. Item 1.1 describes the point of interconnection to be where the customer's wiring is connected to the lugs in the metering cabinet where FPL's meter is located. Please explain how this differs from usual practice, and why it is important to define this in only for Tier 3.

2. Item 2.4 states that in the event the customer-owned renewable generation does not pass the Fast Track Screens and the customer elects to proceed with an interconnection study, the customer shall be required to pay a deposit of the lesser of fifty percent of good faith estimated interconnection study costs or earnest money of \$1,000. Please indicate whether this requirement is duplicated from somewhere within FPL's existing tariff, or if this requirement has been created for Tier 3 interconnection customers. Please confirm that the deposit requirements and earnest money are not required for customers in Tiers 1 and 2.
3. Item 3.1 requires the customer to provide a written report that the customer-owned renewable generation complies with IEEE 1547, IEEE 1547.1, and UL 1741 standards. Please describe the process by which a customer might obtain this report, or indicate whether the certification sticker issued with the system would be sufficient for this provision.
4. Item 3.3 requires the customer to provide FPL with a one-line diagram depicting the customer-owned renewable generation and metering equipment. Please explain the reason for this requirement and why it is necessary for Tier 3 systems alone.
5. Item 4.1 addresses the initial inspection addressed under subsection (5)(b) of the rule. Items 4.3, 4.4, and 4.5 indicate that the customer may be subject to on-going inspection. This language appears to fall outside the scope of the adopted rule. Please indicate how on-going inspection requirement complies with subsection (5)(b) and (7)(d) of the rule and why it is necessary.
6. Item 6.2 indicates that the customer "shall be solely responsible to disconnect the customer-owned renewable generation and customer's other equipment if conditions on the FPL distribution system could adversely affect the customer-owned renewable generation." Please clarify whether this language serves to notify the customer that FPL is not responsible for damage to the customer's system, or if FPL is requiring interconnected customers to disconnect during troublesome conditions on the grid. If the customer is required to disconnect during these conditions, please explain the involved process from notifying the customer of grid issues to notifying the customer that reconnection may occur. Please also note whether additional interconnection application must be made in this event.
7. Item 6.3 lists the conditions for disconnection. In addition to the language stated in subsection (6)(c), the agreement indicates that the listed reasons are "by way of illustration not limitation." Please explain this interpretation of subsection (6)(c) of the rule, and provide examples of other reasons for disconnection. Additionally, the following language "FLP has the right to disconnect the Customer-owned renewable generation at any time." apparently exceeds the authority granted to FPL pursuant to subsection (6)(a)-(b). Please explain this requirement.
8. Item 7.1 tracks the language of subsection (5)(b). Item 7.2 appears to be in addition to this language. Please explain the difference between item 7.1 and 7.2. Please provide examples of when item 7.2 would apply. Please provide reasoning behind the 60 day requirement.

9. Item 7.3 indicates that the “interconnection agreement which applies in instances described in Sections 7.1, 7.2, and 7.3 above shall be determined by the maximum output of the generation system(s) which is connected to the FPL meter.” Please explain how this provision complies with subsection (2)(b) of the rule.
10. Items 8.1 and 8.2 require Tier 3 customers to pass through a screening process as part of the interconnection study process. Please provide copies of the screens with descriptions adequate to explain the necessity of each screen.
11. Item 8.1 discusses the interconnection study process “Fast Track Screens.” Please explain or define the following phrases used when describing the “Fast Track Screen” process: “exceeds an acceptable level of impact to the FPL electric system”, “prudent utility practice”, “shall not exceed established industry criteria.”
12. Item 8.3.1. seemingly suggests that a Tier 3 customer would not be subject to interconnection study fees if that customer passes the Fast Track Screens. Is this correct?
13. Item 8.3.3. states that interconnection study fees shall be based on FPL’s actual costs and will be invoiced to the customer after the study is completed and delivered and will include a summary of FPL’s professional time. This seemingly indicates that the interconnection study fees would be variable/open-ended, is this correct? If the fee would be variable, would the customer be granted an estimate of the charges before the study is conducted? Please describe how a variable interconnection study fee would comply with subsections (4)(g) and (4)(h) of the rule. Please explain whether each interconnection study fee charged would be subject to review by the PSC.
14. Item 9. Please indicate whether the cost responsibility provisions outlined under item 9 are consistent with FPL’s existing tariff or if these provisions have been created for Tier 3 customers. Please explain whether the charges and costs would be subject to review by the PSC prior to upgrading FPL’s distribution system.
15. Item 10.1 states that “the customer shall indemnify, hold harmless and defend FPL from and against any and all liability, proceedings, suits, cost or expense for loss, damage or injury to persons or property...” Please explain the difference in language between this item and subsection (5)(d) of the rule, particularly the intention of the term “defend.”
16. Item 10.2 indemnity language is not identical to the indemnity language in item 8.1. Please explain the difference in language between these two items.
17. Item 11.1 defines the limitation of liability under the interconnection agreement. Please explain why liability limitation is outlined in Tier 3 alone.
18. Item 12.1 & 12.2. Please explain whether a new interconnection agreement and application fee would be required after the assignment of this agreement.

19. Item 13.1. Please explain how FPL will know whether the customer fails to renew the required insurance policy.
20. Item 14.1 states that the customer "shall retain any renewable energy certificates produced by the customer-owned renewable generation equipment," as opposed to the rule language in subsection (9) that states the customer "shall retain any renewable energy certificates associated with the electricity produced by their customer-owned renewable generation equipment." Please explain the difference in language for this item.
21. Item 15 is found only in Tier 3. Please explain the different treatment of the tiers. Please explain whether the charges and costs would be subject to review by the PSC.
22. Item 16.2 addresses the retail purchase or sale of electricity. Please address whether this language is found in FPL's existing tariff, and if so, please provide the location of this language within the tariff.
23. Item 19.1 addresses the termination of interconnection agreements. Please describe the application of this provision in cases when the system owner might leave the system with a residence to be occupied by a new owner. Please indicate whether a new interconnection study would be required with a change of ownership.
24. Item 20.1. If the tariff is amended, please explain whether the customer will be required to pay an application fee when signing a new interconnection agreement.
25. Please explain why the application review for Tier 2 consists of one hour of labor at \$40 per hour, while the application review for Tier 3 consists of three hours of labor at \$50 per hour.
26. Please explain why the processing of meter change request for Tier 2 consists of one hour of labor at \$20 per hour, while the processing of meter change request for Tier 3 consists of two hours of labor at \$40 per hour.
27. Please indicate whether the fees listed in the application cost justification include payroll loading fees, and if so, please explain.

#### **Amended Tariff Language**

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1. Please address whether the customer would be provided with a copy of the associated pages of the tariff with the interconnection agreement.
2. Is it correct that customers would be ineligible for time of use rates under net metering?
3. Conjunctive billing is not addressed in the interconnection agreement or amended tariff language. Should this change as a result of HB 7135?

4. The amended language states that in the last billing cycle month of each calendar year, any unused credits for excess kWh generated will be *credited* to the next month's billing cycle. The rule language states that at the end of each calendar year, the utility shall *pay* the customer for an unused energy credits. Please describe FPL's understanding of the two terms "credit" and "pay" and indicate whether the customer would be free to choose end-of-year compensation in the form of a check. Please also indicate how the use of the term "credit" differs from the amended language addressing when a customer closes the account, and "any of the customer's unused credits for excess kWh generated will be *paid* to the customer..."
5. Please indicate whether the language addressing customer charges and demand charges may be found in FPL's existing tariff language, and if so, please indicate where in the tariff that language may be found.
6. Involuntary Termination of the Net Metering Interconnect Agreement. Staff notes that there appears to be no procedure allowing the FPL to initiate involuntary termination of the net metering interconnect agreement for breach by the customer within the proposed tariffs or the rule, other than perhaps subsection (11), covering Dispute Resolution. Should such a situation arise, please explain how FPL would initiate an involuntary termination of the net metering interconnect agreement.

Please file the response to these questions in the above referenced docket file. If you have any questions regarding the information requested above, feel free to contact me at (850) 413-6992 or via email at [kwwebb@psc.state.fl.us](mailto:kwwebb@psc.state.fl.us).

Sincerely,



Karen Webb  
Economic Analyst

cc: Division of Legal Services (M. Brown, Saylor)  
Division of Economic Regulation (Futrell, Kummer, Draper)  
✓Office of Commission Clerk (Docket No. 080265-EU)  
Natalie Smith, Florida Power & Light  
Lynne Adams, Florida Power & Light