State of Florida

Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 8, 2018

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: Samantha Cibula , Office of the General Counsel

RE: Docket No. 20010982-EU

Please file the attached materials in the docket file listed above.

Thank you.

Attachment

THOMAS FEENEY
Speaker

THE FLORIDA LEGISLATURE

JOINT ADMINISTRATIVE PROCEDURES COMMITTEE

CARROLL WEBB, EXECUTIVE DIRECTOR
AND GENERAL COUNSEL
Room 120, Holland Building
Tallahassee, Florida 32399-1300
Telephone (850) 488-9110

December 18, 2001

Ms. Christiana T. Moore
Associate General Counsel
Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0862

RE: Public Service Commission Rule No 25-6.065

Dear Ms. Abbott:

According to our records, the above-styled rule was noticed in the Florida Administrative Weekly on **October 12, 2001.**

Paragraph 120.54(3)(e), F.S., requires that rules be filed for adoption not more than 90 days from the date of the original notice unless specified circumstances prevail. The 90-day period for filing the rules expires on **January 10, 2002.**

If you intend to adopt the rules, we remind you that paragraph 120.54(3)(d) F.S., requires that if the rules have not been changed since they were filed with the Committee, or if they contain only technical changes, you must file a notice to that effect with this Committee at least 7 days prior to filing the rules for adoption. If any change has been made in the rules, other than a technical change, you must publish a notice, and file a copy with the committee, at least 21 days prior to filing the rules for adoption.

If the rules are not filed within 90 days, and if an exception is not applicable, you must notice withdrawal of the rules. Any further action to adopt the rules must comply with the rulemaking procedures of s. 120.54, F.S. Please advise us of any exceptions which apply to the rules so that we may keep our records current.

Sincerely,

Carroll Webb

Carroll Webb
Executive Director
and General Counsel

#126178
CW:yw C:\DATA\WP61\25-690DA

LEAF
Legal Environmental Assistance Foundation

1114 Thomasville Road, Suite E
Tallahassee, Florida 32303-6290
Tel: (850) 681-2591
Fax: (850) 224-1275
www.leaf-envirolaw.org
leaf@leaf-envirolaw.org

October 30, 2000

TO: Chris Moore
FR: Deb Swim Deb

By facsimile transmission to: 413-6099 (5 pp)

RE: Small PV System Interconnection Rule Draft

As noted when we spoke, LEAF is concerned the rule proposal would allow a utility to chose to install an hourly recording meter rather than the current approach (in 25-17.082(2)(b), FAC), which allows the small PV system owner to chose a singe "net" meter.

Net metering provides important, encouragement for small PV systems. With a single "net" meter, electricity from small PV systems is reimbursed at an amount equal to retail rates (when meter runs backward), whereas with an hourly recording meter the small PV system receives a lesser amount (avoided costs). Net metering is not costly since only a small amount of electricity would be exported by small PV systems. There is also a cost justification for allowing such small PV systems to "net meter" -- i.e., likely sales to the utility are less than the cost of installing and administering a second billing system. (Let me know if you'd like further documentation on this point). Prior PSC rulings have used such cost differentials to justify net metering for small PV systems (see attached PSC documents).

These are reasons the great majority of state's have adopted net metering.. Detailed net metering information and information about other states is available a the Department of Energy's website: http://www.eren.doe.gov/greenpower/netmetering/ or at the National PV Consumer website: http://www.spratley.com/ncp/pvr2/#t3.

I hope you find this information helpful. As things progress, LEAF will provide more "official" detailed comments. In the meantime if you'd like further documentation, or if you have questions or comments, please let me know.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Adoption of Tariffs filed pursuant to Rules 25-17.80 through 25-17.89 regarding cogenerators and small power producers.	DOCKET NO. 810296-EU ORDER NO. 10943 ISSUED: 6-28-82

The following Commissioners participated in the disposition of this matter:

JOSEPH P. CRESSE, Chairman
GERALD L. GUNTER
JOHN R. MARKS, III
KATIE NICHOLS
SUSAN W. LEISNER

FINAL ORDER

BY THE COMMISSION:

In Order No. 9970 (April 22, 1981), the Commission adopted rules establishing the obligation of electric utilties to purchase electricity from cogenerators and small power producers (hereinafter cogenerators and small power producers are referred to as Qualifying Facilities or QFs). Rules 25-17.80 through .89, F.A.C., require the utilities to interconnect with any QF willing to pay the cost of interconnection and meet system safety standards, to buy energy from them, and sell energy to them.

As directed by the rules, the utilities filed cogeneration tariffs. Because the first round of tariffs submitted by the utilities differed from the rules in material respects, they were rejected by the Commission in Order No. 10198 (August 11, 1981). Order No. 10198 contained a sample tariff and estimated energy purchase prices for the immediately succeeding six month period, and directed the companies to file tariffs conforming to the sample tariff or request a hearing on the sample tariff or the estimated purchase prices.

All of the utilities requested a hearing and Florida Power & Light Company (hereinafter FPL) and Florida Power Corporation (hereinafter FPC) submitted tariffs. In Order No. 10331 (October 12, 1981), we approved FPC's tariff, rejected FPL's tariff, denied the request of Tampa Electric Company (hereinafter TECO), Gulf Power Company (hereinafter GPC), Resources Recovery-Dade County (hereinafter RRD), an intervenor, and FPC for a hearing but made them all parties to a hearing granted FPL. Order No. 10331 also set forth the issues to be considered at the hearing granted FPL. Those issues, plus other issues that surfaced during the course of the hearing, will be discussed in subsequent portions of this Order. The hearing was set for February 11, 1982.

In the interval between the issuance of Order No. 10331 and the February hearing, TECO filed a petition seeking authorization to recover energy payments made to QFs through the Fuel and Purchased Power Cost Recovery Clause. In Order No. 10451 (December 15, 1981), the Commission authorized TECO and any other utility who made energy payments to QFs before the February hearing to recover them through the Fuel and Purchased Power Cost Recovery Clause, pending the outcome of the February hearing.

on the system. Therefore, the costs of maintaining the interconnection may be recovered from the QFs as long as they are shown on the tariff as a separate charge.

Metering

Construction of a large QF (100 kw or greater) requires a substantial investment; in comparison, the cost of an hourly recording meter is minimal. Because the hourly decremental fuel cost may be significantly different from the average decremental fuel cost and in view of the comparatively small cost of sophisticated metering, large QFs must be equipped with hourly recording meters. Small QFs have the option of either a standard kilowatt hour meter, a dual kilowatt hour time of day meter, or an hourly sales meter.

Capacity Payments

The Commission's present rule on capacity credits, 25-17.80(3)(a)-(r), provides that a utility and a QF that has 70% equivalent availability shall negotiate a capacity credit according to six criteria:

1. kw capacity of the QF;
2. capacity factor of the QF;
3. dispatching reliability of the QF;
4. feasibility of coordinating scheduled outages;
5. availability of QF's capacity during the utility's peaks; and
6. technological similarities of the QF and the utility.

There are two major problems with the present rule. First, the companies that are governed by the rule have interpreted it in two very different ways. Some of the utilities have interpreted Rule 25-17.82(3)(a) and (b), F.A.C., to mean that a QF must demonstrate that reasonable grounds exist to anticipate that its capacity contribution will allow a utility to avoid capacity construction, and that such avoidance will have a net cost beneficial effect before the QF is entitled to a capacity credit. Other utilities have interpreted the rule to mean that it is reasonable to anticipate that a QF with 70% equivalent availability will allow a utility to avoid capacity construction and that such avoidance will have a net cost beneficial effect, and, therefore, that any QF with 70% equivalent availability is entitled to a capacity credit.

Second, the rule provides very little guidance to utilities about what level of capacity credits the Commission considers reasonable and prudent. On the one hand, the Commission has encouraged the utilities to go out and negotiate capacity credits, but, on the other, the Commission has not provided enough guidance to the utilities to allow them to negotiate with reasonable confidence that they will be able to recover the capacity payments they agree to make to QFs from the other ratepayers.

The proffered justification for capacity credits is that the capacity contribution made by a QF will enable a utility to defer or avoid construction of additional generating capacity and that, if a QF is compensated for making the deferral or avoidance possible, enough QFs will come on line to allow the utility to

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Amendment of Rules 25-17.80 through 25-17.89 relation to cogeneration.	)	DOCKET NO. 820406-EU ORDER NO. 12634 ISSUED: 10-27-83

The following Commissioners participated in the disposition of this matter:

JOSEPH P. CRESSE
JOHN R. MARKS, III
KATIE NICHOLS

FINAL ORDER

BY THE COMMISSION:

Background

In 1978 the Public Utility Regulatory Policies Act (PURPA) was enacted as part of a group of measures known as the National Energy Act. Certain provisions of PURPA established a federal policy encouraging cogeneration and small power production and required the Federal Energy Regulatory Commission and state regulatory commissions to implement that policy through the exercise of their regulatory authority over electric utilities. In March 1980, FERC issued its regulations. Tracking PURPA, the federal regulations established an obligation on the part of electric utilities to buy electricity from and sell electricity to cogenerators and small power producers who met certain fuel efficiency standards, hereinafter referred to as Qualifying Facilities (QFs). These transactions were to be conducted at rates which were just, reasonable, in the public interest, and non-discriminatory to QFs. FERC concluded that if rates for the purchase of electricity from QFs by utilities were set at full avoided cost for both energy and capacity, the rates would meet the criteria just mentioned and cogeneration and small power production would be encouraged to the maximum extent possible. FERC required state regulatory commissions to implement its regulations within one year. Thus, in April 1981, the Florida Public Service Commission adopted Rule 25-17.80 through Rule 25-27.89, Florida Administrative Code[1]. These rules, inter alia, required investor-owned electric utilities in Florida to buy energy at a rate which reflected the full decremental fuel cost avoided by the utility by the purchase of energy from QFs. A capacity credit was apparently required if a QF's operation was sufficiently reliable to anticipate that its capacity contribution would result in the avoidance of additional capacity construction by an electric utility. The level of any capacity payment was to be negotiated according to six criteria relating to the size and operational characteristics of the QF. Several controversies arose in connection with the implementation of the original rules. Hearings were held on each utility's tariff and a protracted dispute between Florida Power and Light Company and Resources Recovery, Dade County, Inc., was brought to us for resolution. In the course of resolving these questions, in Dockets Nos. 810296-EU and 820114-EU, we made several further

[1] In Florida Power & Light Co., Inc. v FPSC, (Case No. 60,671, March 17, 1983), the Florida Supreme Court ruled that the rules were invalid because the Commission lacked statutory authority to adopt them. The appeal is still pending. The issue it presents has been laid to rest with the passage of Section 366.05(9), Florida Statutes, which specifically empowers the Commission to set rates for cogenerators and small power producers.

small power producer would further the objectives of economically reducing Florida's dependence on oil and the economic deferral of utility power plant expenditures. We included this provision with small power producers in excess of 80 MW in mind.

Rule 25-17.82, The Utility's Obligation to Purchase

This rule has several parts. First, it imposes an obligation to purchase electricity produced and sold by a QF on the utility. The transaction must occur at rates which have been agreed to by the QF and the utility or pursuant to the utility's tariff. [Rule 25-17.82(1)].

The rule requires each utility to file a tariff for the purchase of energy and capacity from QFs which complies with these rules. Because the rules we have now adopted contain far more explicit guidelines than the original rules, we envision little, if any, difference from one tariff to the next.

The rule codifies our decision in Docket No. 810296-EU concerning the meters required for QFs. Because the cost of an hourly recording meter is relatively small for a QF over 100 KW, and the gains in precision are relatively great, we have required hourly recording meters for large QFs. Smaller QFs, 100 KW or less, should have several meter options: hourly recording meters, dual kilowatt-hour TOD meters, or standard kilowatt-hour meters. [Rule 25-17.82(2)]. Note however, that in Rule 25-17.825, the precision of hourly avoided costs paid to a QF is linked to the precision of the QF's meter.

Because FERC requires it, this rule gives the QF the prerogative to be billed on either a simultaneous purchase and sale or net bill basis. The methodology for calculating a QF's bill under either option has been included to preclude future disputes. [Rule 25-17.82(3)]. We have codified in this rule our decision in Docket No. 820114 that a QF's election of a billing format can be changed only at yearly intervals. We have added a further refinement in that a change in billing formats must coincide with the next Fuel and Purchased Power Cost Recovery Factor billing period and it must not contravene the provisions of any tariff or contract under which the QF is receiving service. Limiting a QF to an annual change in billing formats essentially shifts some of the risk of estimating fuel costs to the QF.

While we have preserved the right of a QF to sell electricity to a utility on a simultaneous purchase and sale basis, we are not happy with it. Selling on a simultaneous purchase and sale basis constitutes a fiction that a QF is selling all of its electrical output to a utility and purchasing from the utility all the electricity it needs to serve its own load. This is not, in fact, what happens. Regardless of the billing format, given the physical properties of electricity, a QF will always serve its own load, feeding only its own excess electricity to the utility's grid. Whether a QF is selling on a net bill or simultaneous purchase and sale basis, the physical flow of electricity is the same; the difference lies in the location of the meter and the computation of the number of units sold by a QF at marginal cost. Because retail rates at which a QF purchases electricity are based on a utility's average cost, a QF selling on a simultaneous purchase and sale basis can "sell" electricity it needs to meet its own load to a utility at the utility's marginal cost and "buy" that amount of electricity back at a utility's average cost. We find this practice inequitable. It is particularly troublesome when

State of Florida

Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: September 25, 2001
TO: Blanca S. Bayó, Director of Commission Clerk and Administrative Services
FROM: Christiana T. Moore, Division of Appeals
RE: Docket No. 010982-EI - Proposed Rule 25-6.065, F.A.C., Interconnection of Small Photovoltaic Systems

Attached for filing in the above docket is a two-page attachment to the Statement of Estimated Regulatory Cost (SERC) for Rule 25-6.065, F.A.C. The SERC itself was attached to the staff recommendation that was filed on September 6, 2001, however, the attachment to the SERC was inadvertently omitted from the filing. The staff recommendation is Item 3 on the October 2, 2001, agenda.

cc: Chairman Jacobs
Commissioner Baez
Commissioner Deason
Commissioner Jaber
Commissioner Palecki
William Talbott
Dr. Mary Bane
Harold McLean
David Smith
Joe Jenkins
Lee Colson
Jim Dean
Craig Hewitt
Marlene Stern

TABLE 1 Costs for Implementing Proposed Rule 25-6.065

		ESTIMATE	
NON-RECURRING COST (Occur once per customer when they install SPS)			
1 Cost to receive and file required agreements, certifications,and proofs.		$19	Technical Aide at district field engineering offices
A. Customer certification of compliance with IEEE 929		one time	Keep records and generate work order to
B. Customer certification of compliance with IEEE 1262-1995, IEC 61215, or IEC 61646		per cust	schedule any inspection or meter placement
C. Customer certification of compliance with UL 1741			1 hour per customer @ loaded cost
D. Customer certification of compliance with UL 1703			
E. Customer certification of compliance with all applicable local codes			
F. Proof of insurance			
G. "Hold harmless" agreement			
2 Cost to track receipt of above items and send written notice to customer that the above certifications and proofs have been received, or not received by date certain		$0	Included in #1 above
3 Costs to provide appropriate forms to customers seeking to interconnect an SPS		$8 one time per cust	Technical Clerk at district field engineering offices Print and mail to customer or advise customer on how to obtain information on web site. 0.5 hour per customer @ loaded cost
4 Cost to inspect isolation switch		$25 one time per cust	Assoc. Field Service Tech at district field engineering offices 1 hour per customer @ loaded cost
5 Cost for time to install dual metering equipment		$65 one time per cust	2 Person meter installation crew (Lineman and Apprentice) 1 hour of crew time @ loaded cost
6 Costs for additional record keeping (showing customer owned energy sources on circuit maps) at tagging and dispatch centers to allert linemen to prescence of customer owned energy sources on distribution circuits		$35 one time per cust	Drafting to revise circuit maps 1.5 hour per customer @ loaded cost
7 Cost of additional long term record storage		$2 one time per cust	Cost of putting into long term storage Microfilm & store 4 documents with the work order for meter placement
RECURRING COSTS (Occur on a yearly basis)			
8 Cost to read meter and calculate bill for dual metered customers (incremental above normal costs)		$10 per yr per cust.	Extra meter reading time Mtr. Serv. Rep. 2 min per customer per mo @ loaded cost
Note: If program growth justifies automation of hand billing process, recurring cost will be greatly reduced.		$154 per yr per cust.	Hand calculation of bill, tracking bill credits (if any) Special Billing. 30 min per customer per mo @ loaded cost
9 Capital cost of additional equipment for dual metering		$14 per yr per cust.	Annual capitalized cost for dual metering equipment
10 Costs for additional time and effort for tagging and obtaining clearances required when working on affected distribution circuits		$2 per yr per cust.	Lineman is delayed 15 min. per SPS circuit worked Assume each SPS circuit needs work every 5 yrs. Average cost per year over 5 years Assume each SPS is on a separate circuit
11 Cost of periodically checking for insurance coverage		$23 per yr per cust.	Sr. Admin. Spec.for checking once per year per customer 1 hour per customer @ loaded cost
ONE TIME SET-UP COSTS			
12 Cost to prepare requirement for isolation switch	One time cost Cost spread over 5 yr.	$534 $107	Engineering labor and management review
13 Cost to prepare forms and "hold harmless" agreement	One time cost Cost spread over 5 yr.	$981 $196	Legal and risk management review
14 Cost to set up billing procedures to handle new rate	One time cost Cost spread over 5 yr.	$427 $85	Technical labor and management review To set up hand billing for new rate

TABLE 2 Summation of Costs for Implementing Proposed Rule 25-6.065 Over the Initial Five Year Period

YEAR	1	2	3	4	5
NEW CUST.	2	2	2	2	2
CUM. CUST.	2	4	6	8	10
ITEM NO.					
1	$39	$39	$39	$39	$39
2	$0	$0	$0	$0	$0
3	$16	$16	$16	$16	$16
4	$51	$51	$51	$51	$51
5	$129	$129	$129	$129	$129
6	$70	$70	$70	$70	$70
7	$4	$4	$4	$4	$4
Total Non-Recurring Per year	**$308**	**$308**	**$308**	**$308**	**$308**
8	$21	$41	$62	$82	$103
	$308	$616	$924	$1,233	$1,541
9	$29	$57	$86	$115	$143
10	$4	$8	$12	$16	$20
11	$47	$93	$140	$186	$233
Total Recurring Per year	**$408**	**$816**	**$1,224**	**$1,632**	**$2,040**
12	$107	$107	$107	$107	$107
13	$196	$196	$196	$196	$196
14	$85	$85	$85	$85	$85
Total Levelized Set-Up Cost Per Year	**$388**	**$388**	**$388**	**$388**	**$388**

Total Per Year All Costs	**$1,105**	**$1,512**	**$1,920**	**$2,328**	**$2,736**
Cumulative Costs All Costs	**$1,105**	**$2,617**	**$4,537**	**$6,866**	**$9,602**

LAKELAND ELECTRIC

Mr. Lee Colson
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0862

January 31, 2001

Dear Mr. Colson:

Lakeland Electric would like to thank you for the opportunity to offer comments regarding the Proposed Rule, 25-6.065, on Interconnection of Small Photovoltaic Systems (SPS). As I am sure you are aware, Lakeland Electric is keenly interested in this technology and has been very active in its development and implementation. Lakeland Electric has developed working relationships with both technology suppliers and the Florida Solar Energy Center for the development, testing and implementation of these and other solar related technologies. Lakeland Electric has 20 SPS's up and running on its system along with 29 Solar Water Heating systems and 20 Solar Powered Street Lights.

Lakeland Electric would like to offer the following comments regarding SPS's for consideration as you develop a final rule. At the workshop on January 10, there was discussion regarding redundant disconnect switches. It is Lakeland Electric's opinion that the redundant disconnect switches are a good idea. The location of the switch does not necessarily need to be located off site, but should located in close proximity of the metering equipment and equally accessible as the metering equipment. The incremental cost of an additional disconnect device is well worth the investment when equipment damage, injury or even loss of life is considered.

Another topic of discussion was the need for dual metering because of meter error introduced due to a meter running backwards. Based on our research with our metering staff and the manufacturers of the meters Lakeland Electric uses, this is simply not true. Our information indicates that there is no appreciable or measurable error introduced by running a meter backwards, i.e.; an SPS putting energy back into the grid. From Lakeland Electric's perspective, we would most likely install dual metering on most SPS's for the first few years to gain better insight to customer usage and SPS performance.

There was quite a bit of discussion about "risk". Lakeland Electric feels that risk issues need to be broken into categories such as worker safety, property damage from physical equipment installation and maintenance as well as property damage associated with

501 E. Lemon St. ✦ Lakeland, Florida 33801
Phone: 863.834.6300 ✦ Fax: 863.834.6344

power quality issues and other categories that may arise before any discussions about financial limits can be determined. It is suggested that risk issues would be more effectively dealt with through specifically worded contracts between the utility and the individual owner of the SPS. The contracts should be composed so as not to be intimidating yet very clear as to what responsibilities are for each entity involved. The rule itself would merely set global boundaries so that risk issues would not be used to frustrate or stymie the installation and operation of SPS's.

The last issue we would like to address is the discussion that took place regarding pricing of the excess energy, whether at full retail or at COG tariffs. We feel that this for the most part a moot issue on several grounds. In the first place, if net metering is employed, this is a moot issue in that the likelihood of an SPS producing more energy than what the customer uses in the monthly billing cycle is so remote that it should render the issue closed. Because of the small size of the SPS's being discussed, if this happens the utility wasn't making any money on the customer in the first place and this occurrence allows that customer to provide benefit to the grid. The second point, regardless of whether there is excess energy back to the grid or the energy produced is displacement energy against the customers bill, the energy produced by the SPS can be treated as "Green Power" which will command a higher than full retail rate. The utility should take on the role of "Marketer" for the Green Power Energy produced and thus the energy becomes another product of profitability for the utility.

In closing, one last point, utilities in general will not be comfortable incorporating privately owned SPS's as Distributed Generation (DG) facilities until they embrace this whole ideology in the first place. Ideological motives cannot be easily legislated, but developing business systems, products and services that represent the interests of all parties becomes a lot easier. Utilities need to look at DG technologies, such as SPS's, as products, services and profit centers that benefit the customer, the utility and society as a whole.

If you have any questions, comments or would like to discuss this with us please feel free to contact us. Should you or any of the PSC Staff and Commission find yourselves in the Lakeland area, please stop by. We will gladly meet with you and can arrange some site visits of our solar sites.

Respectfully,

Paul H. Elwing

xc: Jeff Curry

One Energy Place
Pensacola, Florida 32520

850.444.6111

GULF POWER
A SOUTHERN COMPANY

February 6, 2001

Lee R. Colson
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: Interconnection of Small Photovoltaic Systems, Proposed Rule 25-6.065, F.A.C.
Gulf Power Company Post-Workshop Comments

Dear Mr. Colson:

Gulf Power Company submits these post-workshop comments as a result of the workshop held on January 10, 2001. These comments focus on issues arising from the interconnection of small photovoltaic systems (SPS). Other distributed generation sources may have the same and other issues not addressed with respect to small photovoltaic systems. Gulf reserves the right to take additional and/or different positions with respect to other types of distributed generation sources as information on them becomes available. Underlying Gulf's comments is Gulf's support of the long-standing Commission policy that the entity causing an expense should bear the cost of that expense. The customer requesting interconnection of a SPS should bear the cost of that interconnection and any additional cost either to the utility or to the other customers of that utility imposed as a result of that interconnection.

Some of the workshop participants favor "net metering" through the use of a single meter operating in both the forward and reverse directions. A standard residential meter is not sufficient to adequately measure the exchange of power between the SPS and the utility. Meter accuracy in reverse is not the same as the level of accuracy achieved when the meter operates in its intended forward direction. The rule should allow a utility to require the installation of a second meter to accurately measure the exchange of power between the SPS and the utility. The cost of the metering of an SPS should be the responsibility of the customer requesting the interconnection of the SPS.

The proposed rule appears to place an obligation on the utility to inspect and certify the SPS. The inspection and certification of an SPS should be carried out by local authorities. A certificate of occupancy or other similar document from a local inspection officer should be presented to a utility by the customer as a prerequisite for interconnection of the SPS. All obligation to meet local codes and certification requirements should be the sole responsibility of the customer.

The proposed rule addresses the issue of liability by requiring general liability coverage in the amount of $100,000. Gulf believes that this amount should be $1,000,000 and that the utility should be named as an additional insured on the policy. Regardless of the amount of coverage required, a hold harmless or indemnity provision should be added to the rule to properly place the risk of interconnecting a SPS on the customer requesting such interconnection. Finally, the proposed rule states that a homeowner's policy satisfies the insurance coverage requirement. This language should be removed because insurance policies are not uniform. What is covered under one policy may not be covered under another policy from a different company. Some insurers may require a separate policy or a rider on an existing policy. The rule should provide that the customer has the obligation to provide to the utility prior to interconnection adequate proof of insurance coverage. Part of that proof requirement should be the ongoing requirement to provide proof to the utility of coverage at all times. The insurance policy should require that the insurance company provide notice to the utility if the policy terminates or lapses.

The procedures for interconnection, including applicable codes and time lines for interconnection, should be specified in the rule. All certifications regarding the SPS installation, safety, and operation should be the responsibility of the customer. Industry standards and industry recognized codes should and do appear to guide the proposed rule. The process for interconnection of a SPS should account for the fact that the interconnection of SPS is not a routine function of utilities at this time. As more experience in this area is gained, the process should become more efficient. Requirements for processing timelines should take into account that this is a new area for the utilities while balancing the need for the customer to timely interconnect their SPS. The proposed rule should use language that requires interconnection in a reasonable period of time rather than setting a specific period such as ten days. Once the interconnection of SPS becomes a typical utility function, a more specific time period may be beneficial.

Gulf appreciates this opportunity to comment on the proposed rule. Staff's research and direction in this rule development has provided a good starting point for discussion on this matter. Gulf is available for further discussions on this topic through the undersigned.

Sincerely,

Susan D Ritenour

Susan D. Ritenour
Assistant Secretary and Assistant Treasurer

lw

cc: Beggs and Lane
J. A. Stone, Esquire

Florida Power
A Progress Energy Company

JAMES A. McGEE
ASSOCIATE GENERAL COUNSEL

February 06, 2001

Mr. Lee Colson
Division of Safety & Electric Reliability
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Proposed Rule Development; Rule 25-6.065,
Interconnection of Small Photovoltaic Systems.

Dear Mr. Colson:

As reqested by Staff at the conclusion of the Rule Development Workshop, held January 10, 2001 in the subject matter, enclosed is Florida Power Corporation's Post-Workshop Comments.

Please feel free to contact me if you or other Staff members assigned to this proposed rule development should have any questions regarding the enclosed comments.

Very truly yours,

James A. McGee

JAM/scc
Enclosure

cc: Mr. Jim Dean, Division of Policy
Analysis & Intergovernmental Liason

Divison of Records and Reporting

One Progress Plaza, Suite 1500 • Post Office Box 14042 • St. Petersburg, Florida 33733-4042
Phone: 727.820.5184 • Fax: 727.820.5519 • Email: james.mcgee@pgnmail.com

PROPOSED RULE DEVELOPMENT
RULE 25-6.065, INTERCONNECTION
OF SMALL PHOTOVOLTAIC SYSTEMS

FLORIDA POWER CORPORATION'S POST-WORKSHOP COMMENTS

Florida Power listened with interest to the comments of the participants at the January 10th rule development workshop and continues its consideration of the issues raised. At this juncture, however, Florida Power has not formulated any definitive proposals or positions concerning the proposed rule development and, instead, offers several preliminary observations.

With respect to the amount of liability insurance to be required of the interconnecting customer, the comments of Florida Power & Light appeared well founded. In particular, FPL offered a reasonable middle ground with its suggestion (as Florida Power understood it) that a reduction in insurance coverage might be acceptable if coupled with additional language limiting the utility's liability.

With respect to the issue of net metering, Florida Power is concerned with its potential divisiveness and an impediment to consensus it presents. PV advocates seem to view net metering as the ultimate litmus test for progressive regulation, and if it truly were a key to encouraging PV use, one could understand the adamant resistance of these PV advocates to utilities and cost-of-service purists who see net metering as a blatant example of cross-subsidization and a disturbing precedent for the broader subject of distributed generation. However, the information available to Florida Power suggests the amount of excess energy produced by small PV systems is so little that any incentive provided by net metering of this energy is inconsequential and not worth the lost opportunity for consensus that reasonable alternatives to net metering might provide.

Florida Power looks forward to reviewing the post-workshop comments of others and to further participation in this proceeding.

2/6/01