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| State of Florida  pscSEAL | | 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: | February 21, 2019 | | |
| TO: | Office of Commission Clerk (Teitzman) | | |
| FROM: | Division of Economics (Guffey)  Office of the General Counsel (Simmons) | | |
| RE: | Docket No. 20190023-EI – Petition for approval of modifications to rate schedule LS-1, lighting service, by Duke Energy Florida, LLC. | | |
| AGENDA: | 03/05/19 – Regular Agenda – Tariff Filing – Interested Persons May Participate | | |
| COMMISSIONERS ASSIGNED: | | | All Commissioners |
| PREHEARING OFFICER: | | | Administrative |
| CRITICAL DATES: | | | 03/18/19 (60-Day Suspension Date) |
| SPECIAL INSTRUCTIONS: | | | None |

Case Background

On January 17, 2019, Duke Energy Florida, LLC (DEF or utility), filed a petition for approval of modifications to its Lighting Service (LS-1) rate schedule. Specifically, DEF proposed to close the metal halide and sodium vapor fixture options for new installations, add new Light Emitting Diode (LED) fixtures, and add new pole options. The proposed tariffs are shown in legislative format in Attachment 1 to this recommendation.

On February 8, 2019, DEF responded to staff’s first data request. The Commission has jurisdiction over this matter pursuant to Section 366.06, Florida Statutes.

Discussion of Issues

Issue 1:

 Should the Commission approve DEF's proposed modifications to its LS-1 rate schedule as shown in Attachment 1?

Recommendation:

 Yes. The Commission should approve DEF’s proposed modifications to its LS-1 rate schedule as shown in Attachment 1. The proposed new LED fixture and pole options are cost based and expand the fixture and pole options available to customers. Closing the current metal halide and sodium vapor options for new installations allows DEF to recognize energy efficiencies and technological improvements in the lighting industry. The revised tariffs should become effective on March 5, 2019. (Guffey)

Staff Analysis:

 DEF’s LS-1 rate schedule is available to customers for the purpose of lighting roadways and other outdoor areas. DEF proposed four revisions to its LS-1 rate schedule which are discussed below.

First, DEF proposed to close the metal halide fixture options for new installations. Existing metal halide lighting customers can continue to use them until either the fixture or the ballast, or both, fails. The ballast regulates the current to the lamps and provides voltage to start the lamps. At the time of fixture or ballast failure, the metal halide fixture will be replaced with a comparable LED fixture and applicable monthly rates will apply. LED fixtures do not require a ballast to regulate the current.

DEF explained that the Energy Independence and Security Act of 2007 requires that ballasts installed in metal halide fixtures meet higher energy efficiency standards, and as of early 2017, certain metal halide lamps of certain wattages cannot contain a probe-start ballast. DEF stated that metal halide fixtures and ballasts have been gradually phased out in order to meet the Energy Independence and Security Act of 2007 guideline requirements; therefore, manufacturers no longer produce metal halide fixtures.

Second, DEF proposed to close the sodium vapor fixture options for new installations. Although the Energy Independence and Security Act of 2007 does not limit the production of ballasts for sodium vapor fixtures, manufacturers are now primarily producing LED fixtures. DEF contends that the market is moving towards higher energy efficiency lighting technology and customers also prefer LED lighting.

Existing sodium vapor lighting customers can continue to use them until the fixture fails or the damaged fixture needs repair along with the replacement of the ballast. At that time, DEF explained that it will work with the customer to find a sodium vapor fixture that matches what is currently in the neighborhood or replace the sodium vapor fixture with a comparable LED fixture. DEF stated that as manufacturers continue to transition away from sodium vapor lights towards LED fixtures, finding a matching sodium vapor fixture may become increasingly difficult.

Third, in order to expand the fixture and pole options available to customers, DEF proposed to add several new LED fixtures and pole options to its existing offerings. The proposed new fixtures and poles are shown in revised Tariff Sheet Nos. 6.2811, 6.2812, 6.282 and 6.2821.

The utility provided cost support information for the newly introduced LED fixtures and poles. The charges for the LED fixtures are comprised of three components: a fixture charge, a maintenance charge, and a non-fuel energy charge, consistent with DEF’s other lighting options. The fixture charges were developed based on material, design, labor, storage, and vehicle costs associated with the installation multiplied by the currently approved 1.59 percent fixture rental rate to determine the monthly fixture charge. The maintenance charges were developed based on DEF’s estimated maintenance cost for the components (e.g., driver, photo control, luminaire) of the fixtures. The non-fuel energy charge is determined by multiplying the estimated kilowatt-hour usage by fixture type by the currently approved non-fuel energy charge for lighting service (2.547 cents per kilowatt-hour). All other Commission-approved LS-1 recovery clause factors will be applied to the estimated usage.

The monthly pole charges were developed based on the material costs and DEF’s labor rates to install a pole multiplied by the currently approved 1.82 percent pole rental rate. The new pole types are aluminum or concrete.

Finally, DEF proposed to update Note 2 under Notes to Per Unit Charges on revised tariff sheet No. 6.283. The proposed revision will make the note more applicable to LED lighting fixtures, which do not contain ballasts, and state that the wattage ratings may vary with lamp configuration.

Conclusion

Staff reviewed the petition, data responses, and the necessary cost support information submitted by DEF, and believes the charges are reasonable and appropriate. The proposed new LED fixture and pole options are cost based and expand the fixture and pole options available to customers. Closing the current metal halide and sodium vapor options to new customers allows DEF to recognize energy efficiencies and technological improvements in the lighting industry. Staff recommends that DEF’s proposed modifications to its LS-1 rate schedule as shown in Attachment 1 be approved. The revised tariffs should become effective on March 5, 2019.

Issue 2:

 Should this docket be closed?

Recommendation:

 If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Simmons)

Staff Analysis:

 If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protests. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

