

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: May 2, 2019

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Doherty, Guffey) *AD S.K.G. EAD JAV*
Office of the General Counsel (Crawford) *JSC*

RE: Docket No. 20190048-EI – Petition for approval to amend street lighting, outdoor lighting and LED lighting pilot tariffs, by Florida Power & Light Company.

AGENDA: 05/14/19 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 60-day suspension date waived by the utility until 05/14/2019

SPECIAL INSTRUCTIONS: None

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2019 MAY -2 AM 10:11
COMMISSION CLERK

Case Background

On February 20, 2019, Florida Power & Light Company (FPL or utility) filed a petition for approval to amend its street lighting (SL-1), outdoor lighting (OL-1), and LED lighting pilot (LT-1) tariffs. The proposed tariff revisions are designed to establish monthly charges for lighting facilities that are not contained in FPL's lighting tariffs (i.e., non-standard lighting).

With FPL's acquisition of the City of Vero Beach (COVB) electric utility system, the Commission granted FPL approval to charge its approved rates and charges to the COVB customers upon the closing date of the Asset Sale and Purchase Agreement between FPL and

COVB.¹ The Asset Sale and Purchase Agreement closed on December 17, 2018, and FPL started billing the former COVB customers its rates and charges.

FPL conducted an analysis of COVB's former tariffs and outdoor lighting and determined that 30 percent of the fixtures and poles previously served by COVB constitute non-standard lighting. The non-standard lighting previously served by COVB is made up of 19 fixtures types and three pole types that are not offered under FPL's lighting tariffs. Therefore, FPL does not have existing rates in its tariff to apply to the former COVB non-standard lighting customers. The remaining 70 percent of the lighting facilities in the former COVB service territory constitute standard lighting and is billed under FPL's tariffs.

On February 27, 2019, FPL provided a letter waiving the 60-day file and suspend provision on Section 366.06(3), Florida Statutes (F.S.), until the May 14, 2019 Agenda Conference. On March 1, 2019, staff issued its first data request to FPL for which responses were received on March 11, 2019. On April 26, 2019, FPL filed amended tariffs adding language regarding the calculation of the maintenance charges for non-standard lighting and to clarify that for the LT-1 tariff, the proposed new special provision applies to poles only. The proposed tariff sheets in legislative format, as amended on April 26, 2019, are shown in Attachment A to this recommendation. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, F. S.

¹ Order No. PSC-2018-0566-FOF-EU, issued on November 30, 2018, in Docket No. 20170235-EI, *In re: Petition by Florida Power & Light Company (FPL) for authority to charge FPL rates to former City of Vero Beach customers and for approval of FPL's accounting treatment for City of Vero Beach transaction.*

Discussion of Issues

Issue 1: Should the Commission approve FPL's proposed changes to its SL-1, OL-1, and LT-1 tariffs as shown in Attachment A?

Recommendation: Yes. The Commission should approve the proposed changes to FPL's SL-1, OL-1 and LT-1 tariffs as shown in Attachment A to this recommendation. The proposed revisions allow FPL to bill the former COVB customers with non-standard lighting and respond to customers' future requests for special fixtures or poles. The general body of ratepayers will be protected as non-standard lighting customers will be responsible for all costs associated with their lighting facilities. The revised tariffs should become effective on May 14, 2019. (Doherty, Guffey)

Staff Analysis: Currently, FPL offers lighting service under its SL-1, OL-1, and LT-1 tariffs. The SL-1 and OL-1 tariffs include specific fixtures and poles a customer can choose from. The charges for each fixture are comprised of three components: a fixture charge, a maintenance charge, and an energy charge. The LT-1 tariff provides customers with Light Emitting Diode (LED) fixture options and flexible payment methods; however, the LT-1 tariff contains specific poles a customer can choose from.² Pole charges vary by type of pole (e.g., concrete, wood, fiberglass)

FPL proposed to add a special provision to its SL-1, OL-1, and LT-1 tariffs to allow FPL to determine monthly charges for customers with non-standard lighting. Pursuant to the special provision, FPL would apply a facilities charge factor of 1.63 percent to the average installed cost of the lighting facilities to determine the fixture or pole charge. The calculation of the 1.63 facilities charge factor is shown in Exhibit G to the petition and includes a return, depreciation, and property taxes. The facilities charge factor assures recovery of the lighting facilities investment.

FPL explained that it does not know the average installed costs of the former COVB lighting facilities as COVB did not have sufficient records to support such calculation. To determine the average installed cost of the former COVB non-standard lighting facilities, FPL used the current estimated value of the facilities. While the proposed tariff revisions initially apply to the former COVB non-standard lighting customers, FPL stated that the special provision would apply to all customers who request a fixture or pole that is not included in FPL's existing tariffs. FPL stated that any requested lighting facilities would need to meet FPL's reliability standards.

To determine the maintenance charges for non-standard lighting fixtures, FPL would use the approved maintenance cost for a fixture with the same wattage. For wattages that fall between two existing wattages, the maintenance charge will be averaged based on the two existing wattages. All other Commission-approved street lighting energy charges and cost recovery factors, such as fuel, will apply.

² Order No. PSC-17-0115-TRF-EI, issued March 28, 2017, in Docket No. 160245-EI, *In re: Petition for approval of a new optional pilot LED streetlight tariff, by Florida Power & Light Company.*

Former COVB Customer Bill Impacts and Notification

In its response to staff's data request, FPL stated that 83 former COVB customers are served by non-standard lighting. These customers are comprised of one governmental customer, 81 commercial customers, and one residential customer. Since the Asset Sale and Purchase Agreement closed on December 17, 2018, FPL has been billing these 83 former COVB lighting customers pursuant to the proposed tariff, subject to refund or recovery of the difference pending the outcome of this proceeding. FPL has three lighting tariffs (SL-1, OL-1, and LT-1), while COVB had only one tariff for all lighting customers. By performing field surveys, FPL is able to identify the appropriate FPL tariff for all former COVB lighting customers.

With the proposed tariff revisions, an estimated 63 customers have seen their lighting bill decrease and 20 customers have seen their bill increase. Customer monthly bill decreases range from \$0.39 to \$326.61 a month, while the increases range from \$1.32 to \$786 a month. FPL explained that the customer (a condominium association) who saw the \$786 increase had a note in COVB's billing file that referenced an agreement with COVB to pay a non-tariffed rate. FPL explained that when it contacted the customer, the customer was unaware that it was being billed less than the COVB tariffed rate. FPL represented it is working with the customer to reduce its lighting bill.

FPL further explained that other former COVB customers experienced increases in their bills, because COVB charged the customers for an incorrect fixture. FPL has corrected this error from the COVB billing and is charging the lighting customers for the actual fixture provided. FPL stated that all former COVB non-standard lighting customers whose lighting bill increased by more than \$8.00 were contacted by phone call or by an in person visit. To date, the commission has not received any customer comments or complaints regarding the requested tariff amendments.

It is incumbent on public utilities to charge only those rates filed with and approved by the Commission, pursuant to Section 366.06, F.S. Staff recognizes the unique circumstances surrounding FPL's acquisition and provision of service to the COVB customers, and that the majority of customers affected by the proposed tariff will experience a rate decrease. However, FPL should be cautioned to charge only those rates reflected in its Commission-approved tariffs, and that it is authorized to change such rates only after securing the Commission's approval.

Conclusion

The Commission approved a similar lighting tariff for Gulf Power Company (Gulf) in Gulf's 2001 rate case³ in response to customers requesting more fixture or pole options. More recently, the Commission approved Tampa Electric Company's (TECO) optional customer specified

³ Order No. PSC-02-0787-FOF-EI, issued June 10, 2002, in Docket No. 010949-EI, *In re: Request for rate increase by Gulf Power Company*.

lighting tariff to allow TECO to respond to customer requests for special fixtures or poles in a timely and efficient manner.⁴

Staff has reviewed FPL's petition and supporting documentation and believes the addition of the Special Provision to the SL-1, OL-1, and LT-1 tariffs is reasonable and appropriate. The Commission should approve the proposed changes to FPL's SL-1, OL-1, and LT-1 tariffs as shown in Attachment A to this recommendation. The proposed revisions allow FPL to bill the former COVB customers with non-standard lighting and respond to customers' future requests for special fixtures or poles. The general body of ratepayers will be protected as non-standard lighting customers will be responsible for all costs associated with their lighting facilities. The revised tariffs should become effective on May 14, 2019.

⁴ Order No. PSC-2019-0063-TRF-EI, issued February 18, 2019, in Docket No. 20180222-EI, *In re: Petition for approval of customer specified lighting tariff by Tampa Electric Company.*

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff 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. (Crawford)

Staff Analysis: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff 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.

FLORIDA POWER & LIGHT COMPANY Thirty-~~Sixth~~^{Seventh} Revised Sheet No. 8.716
 Cancels Thirty-~~Fifth~~^{Sixth} Revised Sheet No. 8.716

(Continued from Sheet No. 8.715)

REMOVAL OF FACILITIES:

If Street Lighting facilities are removed by either Customer request or termination or breach of the agreement, the Customer shall pay FPL an amount equal to the original installed cost of the removed facilities less any salvage value and any depreciation (based on current depreciation rates as approved by the Florida Public Service Commission) plus removal cost.

MONTHLY RATE:

Luminaire Type	Lamp Size		kWh/Mo. Estimate	Charge for FPL-Owned Unit(S)				Charge for Customer-Owned Unit(S) ****	
	Initial Lumens/Watts			Fixtures	Maintenance	Energy Non-Fuel **	Total ***	Relamping/ Energy	Only
High Pressure Sodium Vapor	6,300	70	29	\$4.11	\$1.97	\$0.88	\$6.96	\$2.86	\$0.88
" "	9,500	100	41	\$4.18	\$1.98	\$1.25	\$7.41	\$3.24	\$1.25
" "	16,000	150	60	\$4.31	\$2.01	\$1.83	\$8.15	\$3.85	\$1.83
" "	22,000	200	88	\$6.53	\$2.55	\$2.68	\$11.76	\$5.20	\$2.68
" "	50,000	400	168	\$6.59	\$2.56	\$5.11	\$14.26	\$7.64	\$5.11
" "	* 27,500	250	116	\$6.94	\$2.77	\$3.53	\$13.24	\$6.27	\$3.53
" "	* 140,000	1,000	411	\$10.46	\$4.97	\$12.50	\$27.93	\$17.51	\$12.50
Mercury Vapor	* 6,000	140	62	\$3.25	\$1.76	\$1.89	\$6.90	\$3.66	\$1.89
" "	* 8,600	175	77	\$3.31	\$1.76	\$2.34	\$7.41	\$4.11	\$2.34
" "	* 11,500	250	104	\$5.50	\$2.53	\$3.16	\$11.19	\$5.71	\$3.16
" "	* 21,500	400	160	\$5.47	\$2.49	\$4.87	\$12.83	\$7.37	\$4.87

- * These units are closed to new FPL installations.
- ** The non-fuel energy charge is 3.042 ¢ per kWh.
- *** Bills rendered based on "Total" charge. Unbundling of charges is not permitted.
- **** New customer-owned facilities are closed to this rate effective January 1, 2017.

Charges for other FPL-owned facilities:

Wood pole used only for the street lighting system	\$5.20
Concrete pole used only for the street lighting system	\$7.11
Fiberglass pole used only for the street lighting system	\$8.42
Steel pole used only for the street lighting system *	\$7.11
Underground conductors not under paving	4.026 ¢ per foot
Underground conductors under paving	9.835 ¢ per foot

The Underground conductors under paving charge will not apply where a CIAC is paid pursuant to section "a)" under "Customer Contributions." The Underground conductors not under paving charge will apply in these situations.

SPECIAL PROVISION:

Where the Company provides facilities other than those listed above, the monthly charges, as applicable shall be computed as follows:

- Facilities Charge: 1.63% of the Company's average installed cost of the pole, light fixture, or both.
- Maintenance Charge: FPL shall use the maintenance charges in this tariff for fixtures that fall under the special provision based on wattage. If a special provision fixture falls between two wattages, the maintenance charge will be averaged between those two existing wattages.
- Non-Fuel Energy Charge: 3.042 ¢/kWh

(Continued on Sheet No. 8.717)

Issued by: Tiffany Cohen, Director, Rates and Tariffs
 Effective: April, 2019

FLORIDA POWER & LIGHT COMPANY

Thirty-~~Second~~^{Third} Revised Sheet No. 8.726
Cancels Thirty-~~First~~^{Second} Revised Sheet No. 8.726

(Continued from Sheet No. 8.725)

Charges for other Company-owned facilities:

Wood pole and span of conductors:	\$11.76
Concrete pole and span of conductors:	\$15.89
Fiberglass pole and span of conductors:	\$18.67
Steel pole used only for the street lighting system *	\$15.89
Underground conductors (excluding trenching)	\$0.090 per foot
Down-guy, Anchor and Protector	\$10.69

For Customer-owned outdoor lights, where the Customer contracts to relamp at no cost to FPL, the monthly rate for non-fuel energy shall be 3.247¢ per kWh of estimated usage of each unit plus adjustments.

Conservation Charge	See Sheet No. 8.030.1
Capacity Payment Clause	See Sheet No. 8.030.1
Environmental Charge	See Sheet No. 8.030.1
Fuel Charge	See Sheet No. 8.030.1
Storm Charge	See Sheet No. 8.040
Franchise Fee	See Sheet No. 8.031
Tax Clause	See Sheet No. 8.032

SPECIAL PROVISION:

Where the Company provides facilities other than those listed above, the monthly charges, as applicable shall be computed as follows:

Facilities Charge: 1.63% of the Company's average installed cost of the pole, light fixture, or both.

Maintenance Charge: FPL shall use the maintenance charges in this tariff for fixtures that fall under the special provision based on wattage. If a special provision fixture falls between two wattages, the maintenance charge will be averaged between those two existing wattages.

Non-Fuel Energy Charge: 3.247 ¢/kWh

TERMOFSERVICE:

Not less than one year. In the event the Company installs any facilities for which there is an added monthly charge, the Term of Service shall be for not less than three years.

If the Customer terminates service before the expiration of the initial term of the agreement, the Company may require reimbursement for the total expenditures made to provide such service, plus the cost of removal of the facilities installed less the salvage value thereof, and less credit for all monthly payments made for Company-owned facilities.

WILLFULDAMAGE:

In the event of willful damage to these facilities, FPL will provide the initial repair of each installed item at its expense. Upon the second occurrence of willful damage, and subsequent occurrence to these FPL-owned facilities, the Customer will be responsible for the cost for repair or replacement.

RULESANDREGULATIONS:

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

COMPANY-OWNEDFACILITIES:

Company-owned luminaires normally will be mounted on Company's existing distribution poles and served from existing overhead wires. The Company will provide one span of secondary conductor from existing secondary facilities to a Company-owned light at the Company's expense. When requested by the Customer, and at the option of the Company, additional spans of wire or additional poles or underground conductors may be installed by the Company upon agreement by the Customer to use the facilities for a minimum of three years and pay each month the charges specified under MONTHLYRATE.

MONTHLYRATE

The Customer will make a lump sum payment for the cost of changes in the height of existing poles or the installation of additional poles in the Company's distribution lines or the cost of any other facilities required for the installation of lights to be served hereunder.

(Continued on Sheet No. 8.727)

Issued by: Tiffany Cohen, Director, Rates and Tariffs

Effective: April, 2019

FLORIDA POWER & LIGHT COMPANY

~~Fourth~~ ~~Cancels Fifth~~ Revised Sheet No. 8.737
~~Fourth~~ ~~Cancels Fifth~~ Revised Sheet No. 8.737

(Continued from Sheet No. 8.736)

Maintenance per Fixture (FPL Owned Fixture and Pole)	\$1.82
Maintenance per Fixture for FPL Fixtures on Customer Pole	\$1.27
LED Conversion Recovery	\$1.03

Notes:

The non-fuel energy charge is 3.042¢ per kWh.
Bills rendered based on "Total" charge. Unbundling of charges is not permitted.

Charges for other FPL-owned facilities:

Wood pole used only for the street lighting system	\$5.20
Standard Concrete pole used only for the street lighting system	\$7.11
Round Fiberglass pole used only for the street lighting system	\$8.42
Decorative Tall Fiberglass pole used only for the street lighting system	\$17.77
Decorative Concrete pole used only for the street lighting system	\$14.43
Underground conductors	4.026 ¢ per foot

SPECIAL PROVISIONS:

Where the Company provides poles other than those listed above, the monthly charges, as applicable shall be computed as follows:

Facilities Charge: 1.63% of the Company's average installed cost of the pole.

BILLING

During the initial installation period:
Facilities in service for 15 days or less will not be billed;
Facilities in service for 16 days or more will be billed for a full month.

WILLFUL DAMAGE:

Upon the second occurrence of willful damage to any FPL-owned facilities, the Customer will be responsible for the cost incurred for repair or replacement. If the lighting fixture is damaged, based on prior written instructions from the Customer, FPL will:

- a) If a commercially available and FPL approved device exists, install a protective shield. The Customer shall pay \$280.00 for the shield plus all associated costs. However, if the Customer chooses to have the shield installed before the second occurrence, the Customer shall only pay the cost of the shield; or
- b) Replace with a like unshielded fixture. For this, and each subsequent occurrence, the Customer shall pay the estimated costs of the replacement fixture; or
- c) Terminate service to the fixture. In this case, the lighting facilities will be removed from the field and from billing; the customer will pay the lighting facilities charges for the remaining period of the currently active term of service plus the cost to remove the facilities.

Option selection shall be made by the Customer in writing and apply to all fixtures which FPL has installed on the Customer's behalf on the same account. Selection changes may be made by the Customer at any time and will become effective ninety (90) days after written notice is received.

(Continued on Sheet No. 8.738)

Issued by: Tiffany Cohen, Director, Rates and Tariffs
Effective: April 1, 2019