

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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FPSC - COMMISSION CLERK

In the Matter of:

DOCKET NO. 20190138-EC

PETITION BY PEACE RIVER
ELECTRIC COOPERATIVE, INC.
TO ESTABLISH TEMPORARY
TARIFFS FOR CUSTOMERS
PREVIOUSLY SERVED BY DUKE
ENERGY FLORIDA, LLC.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 8

COMMISSIONERS
PARTICIPATING: CHAIRMAN ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY

DATE: Tuesday, August 6, 2019

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

REPORTED BY: DANA W. REEVES
Court Reporter and
Notary Public in and for
the State of Florida at Large

PREMIER REPORTING
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1 P R O C E E D I N G S

2 CHAIRMAN GRAHAM: Item No. 8.

3 MS. GUFFEY: Good morning, Commissioners.
4 Sevini Guffey for Commission staff. Item 8 is
5 Peace River Electric Coop, or PRECO's, request to
6 establish temporary tariffs to be applied to
7 customers who were previously served by Duke
8 Energy, Florida, LLC. In January of this year,
9 approximately 2,750 Duke customers in Hardee and
10 Polk counties were transferred to PRECO service
11 territory. The temporary tariffs are for a period
12 of three years and will be applicable to transfer
13 residential and commercial customers. PRECO should
14 withdraw these temporary tariffs by the completion
15 of the three-year period, which is August 1st 2022.
16 No customer comments were filed in this docket and
17 staff recommends approval of PRECO's proposed
18 temporary tariffs. Staff and Mr. Vann for PRECO is
19 available to answer questions the Commission may
20 have.

21 CHAIRMAN GRAHAM: Thank you, staff.
22 Commissioners, any questions of staff on Item No.
23 8? Commissioner Brown.

24 COMMISSIONER BROWN: Thank you. Ms. Guffey,
25 can you explain the rationale for -- behind

1 establishing a temporary tariff?

2 MS. GUFFEY: The company, PRECO, explained
3 that to reduce rate shock or to make it more easy
4 on the customers, that they want to have this
5 temporary tariff.

6 COMMISSIONER BROWN: Is this achieving the
7 full cost of service, though? And is somebody else
8 subsidizing the remaining costs that would
9 ordinarily be achieved under the tariff that's in
10 place?

11 MS. DRAPER: Commissioner, this is Elizabeth
12 Draper with staff. The revenues over which the
13 Commission does not have jurisdiction with regards
14 to PRECO. However, PRECO did compare the revenues
15 they would achieve under the customers who choose
16 to stay in the Duke rates versus if they were moved
17 to the PRECO rates right away are not that
18 different, so the utility can handle this. We did
19 look at cost of service issues since these are
20 temporary tariffs designed to assist customers to
21 transition.

22 COMMISSIONER BROWN: Three years is a long
23 transition. I mean, one year would make --

24 MS. DRAPER: And the utility's initial filing
25 was actually five years. And staff in discussions

1 with PRECO, the utility agreed to reduce it to
2 three years because staff felt five years was too
3 long. So the utility agreed to make it three
4 years.

5 CHAIRMAN GRAHAM: Have we ever approved a
6 temporary tariff like this?

7 MS. DRAPER: No. We believe that's the first
8 of this nature, which is why we brought it to the
9 agenda and not administratively approve it.

10 COMMISSIONER BROWN: Thank you for doing that.

11 MS. CRAWFORD: If I may, the rule also asks
12 that staff, in looking at tariffs otherwise known
13 regulated companies like cooperatives, look to see
14 whether it generates rates that are unduly
15 discriminatory. And, in this case, given there is
16 a very marginal disparity currently between the
17 Duke rate and the PRECO rate, we felt that it
18 wasn't unduly discriminatory. And, again, since it
19 does help foster -- encourage customer acceptance
20 of the transfer, and that PRECO has represented
21 they will work actively with the customers to
22 identify an earlier transition, if possible, to the
23 PRECO rate, staff was comfortable recommending
24 approval in this instance.

25 COMMISSIONER BROWN: And you think three years

1 is a temporary period of time?

2 MS. CRAWFORD: Again, this was just based on
3 PRECO's request. I am confident, based on what
4 PRECO has represented to us, that they will work to
5 transition the bulk of customers long before that
6 three-year period runs. However, especially since
7 it's the low-end users who are going to be the most
8 affected by this, it seemed reasonable to me to
9 allow that additional amount of time for them to
10 adjust usage and adapt to the new rate that they'll
11 be asked to take.

12 COMMISSIONER BROWN: So if we do approve this
13 item as presented, will that language be
14 incorporated into the order?

15 MS. CRAWFORD: I can do so, if you'd like.

16 COMMISSIONER BROWN: Thank you.

17 CHAIRMAN GRAHAM: Commissioner Clark.

18 COMMISSIONER CLARK: Thank you, Mr. Chairman.
19 Just to follow on to Commissioner Brown, a couple
20 points. The rate differential is actually lower
21 for PRECO than it is for Duke right now, is that
22 correct?

23 MS. DRAPER: Commissioner, it depends on the
24 usage. For a residential customer, a residential
25 customer who uses less than 900 kilowatt hours will

1 be better off under the current Duke rates.

2 COMMISSIONER CLARK: Based on the typical
3 1,000-hour comparison we would normally do, though,
4 it's basically the PRECO customer's about a
5 dollar -- a 1,000 cheaper, correct?

6 MS. DRAPER: It's a dollar difference. I
7 don't remember which way it's going, but it's very
8 similar to a 1,000-kilowatt-hour bill, but it's the
9 low-usage residential customer would benefit on the
10 Duke.

11 COMMISSIONER CLARK: And the only reason the
12 low-usage customers would benefit, because of the
13 difference in the actual facilities charge for the
14 two customers -- one has, I recall, \$9 and the
15 other one's about \$24. So if you begin to look
16 at -- your normal customers are going to use
17 somewhere in the 11 to 1,200 average residential
18 kilowatt-hour usage. Most of those, under the
19 PRECO rate, would actually benefit because of the
20 lower-per-kilowatt-hour charge after the base
21 charge is -- the facilities charge is calculated,
22 correct?

23 MS. DRAPER: That's absolutely correct. And
24 PRECO represented to staff that some of those
25 low-usage customers that would be impacted at a

1 higher PRECO customer charge is like a barn or a
2 seasonal customer like this. And the
3 1,000-kilowatt-hour difference is \$1 and it's
4 higher for Duke customers, so to answer your prior
5 question.

6 COMMISSIONER CLARK: Thanks.

7 CHAIRMAN GRAHAM: Mr. May, do you have
8 anything to add to either one of those answers?

9 MR. MAY: No, Mr. Chairman. I'm just here to
10 answer any questions. I think staff adequately
11 covered them.

12 CHAIRMAN GRAHAM: Any other questions of staff
13 for the applicant on Item No. 8?

14 (No comments made.)

15 CHAIRMAN GRAHAM: Seeing none, I'll entertain
16 a motion.

17 COMMISSIONER CLARK: Move staff
18 recommendation.

19 COMMISSIONER POLMANN: Second.

20 CHAIRMAN GRAHAM: It's moved and second, staff
21 recommendation on Item No. 8. Any further
22 discussion?

23 (No comments made.)

24 CHAIRMAN GRAHAM: Seeing none, all in favor
25 say, aye.

1 (Chorus of ayes.)

2 CHAIRMAN GRAHAM: Any opposed?

3 (No comments made.)

4 CHAIRMAN GRAHAM: By your action you've
5 approved that motion. Thank you very much.

6 (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DANA W. REEVES, Professional Court
Reporter, do hereby certify that the foregoing
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I FURTHER CERTIFY that I am not a relative,
employee, attorney or counsel of any of the parties, nor
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attorney or counsel connected with the action, nor am I
financially interested in the action.

DATED THIS 12th day of August, 2019.



DANA W. REEVES
NOTARY PUBLIC
COMMISSION #FF968527
EXPIRES MARCH 22, 2020