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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of: DOCKET NO. 20200064-EI  
  
PETITION FOR A LIMITED  
PROCEEDING TO APPROVE FOURTH  
SOBRA, BY TAMPA ELECTRIC  
COMPANY.  
\_\_\_\_\_ /

PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
ITEM NO. 3

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

DATE: Tuesday, November 3, 2020

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

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## 1 P R O C E E D I N G S

2 CHAIRMAN CLARK: Next is Item No. 3. Mr.  
3 Futrell, if you could introduce the item, please.

4 MR. FUTRELL: Thank you, Mr. Chairman. Good  
5 morning, Commissioners. Mark Futrell with staff.

6 Item 3 is staff's recommendation on Tampa  
7 Electric Company's petition for approval of its  
8 fourth solar base rate adjustment. TECO's petition  
9 seeks approval to recover costs associated with  
10 45.7 megawatts of the Durrance Project, a solar  
11 photovoltaic facility to be in service by  
12 January 2021. Staff's analysis is that the  
13 capacity from the Durrance Project is  
14 cost-effective for the system as a whole and it's  
15 installed cost equal to the \$1,500-per-kilowatt  
16 limit established in the 2017 settlement agreement.  
17 The estimated annual revenue requirement is  
18 approximately 7.5 million, which is below the  
19 allowable 10.2 million amount. Staff, therefore,  
20 recommends approval of the fourth solar SoBRA  
21 project and its associated tariffs. The Office of  
22 Public Counsel would like to address the  
23 Commission. Representatives of the utility are  
24 available for questions, as is staff.

25 CHAIRMAN CLARK: Thank you, Mr. Futrell. Mr.

1           Rehwinkel, are you on the line?

2                   MR. REHWINKEL: Yes, good morning, Mr.  
3           Chairman and Commissioners. Appreciate the  
4           opportunity to speak, and I will be brief. The  
5           Public counsel has been monitoring this Tampa  
6           Electric Company fourth SoBRA filing and have found  
7           no reason to contest the petition for approval of  
8           this fourth and final tranche 45.7 megawatts of  
9           solar generation. Consistent with the 2020  
10          settlement we entered into this year, in which the  
11          Commission approved in its June 30, 2020 order,  
12          Public Counsel is satisfied that Tampa Electric has  
13          met the specific criteria needed for eligibility to  
14          seek approval for the fourth SoBRA. While we have  
15          raised no specific objections and any order  
16          approving this project should not reflect that the  
17          Public Counsel affirmatively supports this tranche,  
18          we acknowledge that Tampa Electric has met the  
19          requirements of the 2017 agreement, as it pertains  
20          to this project. We will continue to be engaged in  
21          and monitor the true-up process for the projects  
22          implemented under that 2017 agreement, and we'll  
23          work to have solar projects in the future  
24          reflect -- reflected in rate base the true --  
25          reflect in rate base the true competitive costs of

1 construction and operation of solar generation, and  
2 that it is designed to meet the actual and prudent  
3 demand-driven needs of customers.

4 Commissioners, I want to end by commending  
5 Tampa Electric Company for their transparency in  
6 the solar generation project filing that they made  
7 under the 2017 agreement. And, further, for  
8 fulfilling their obligation under the 2017  
9 settlement agreement. Thank you, Commissioners.

10 CHAIRMAN CLARK: Thank you very much, Mr.  
11 Rehwinkel. Ms. Rusk or Mr. Wahlen, are you on the  
12 line? Would you like to address the Commission?

13 MR. WAHLEN: Yes. Thank you, Commissioner  
14 Clark. Good morning, Commissioner. Tampa Electric  
15 appreciates staff's thorough work in preparing its  
16 recommendation to approve our fourth SoBRA and we  
17 urge the Commission to accept it. We also  
18 appreciate the Office of Public Counsel  
19 acknowledging Tampa Electric's proposed fourth  
20 SoBRA meets the requirements in our 2017 agreement.  
21 We believe the 2017 agreement created a useful  
22 regulatory framework for Tampa Electric and its  
23 customers. If you approve the staff recommendation  
24 today, the Commission will have approved four  
25 SoBRA's for Tampa Electric, totaling 600 megawatts

1 of solar capacity. That amounts to about  
2 seven percent of Tampa Electric's total generating  
3 capacity.

4 The 2017 agreement also lead to two base rate  
5 reductions, totaling a little over 106 million  
6 dollars to reflect changes to federal and state  
7 corporate income taxes and storm cost recovery for  
8 the company in the amount of about 91 million  
9 dollars for four named storms all without a base  
10 rate increase or a storm surcharge appearing on the  
11 customer's bills. We think the 2017 agreement has  
12 worked as intended and appreciate the cooperation  
13 of the Office of Public Counsel and the other  
14 consumers, parties, as we have implemented these  
15 terms. And, with that, Tampa Electric requests  
16 that you approve staff recommendation on Item No.  
17 3. Thank your very much. We're available for  
18 questions.

19 CHAIRMAN CLARK: Thank you very much, Mr.  
20 Wahlen.

21 Commissioners, any question for Mr. Rehwinkel  
22 or Mr. Wahlen? Commissioner Brown.

23 COMMISSIONER BROWN: Thank you. And I agree  
24 with Mr. Wahlen that the 2017 settlement agreement  
25 really did create a very useful framework for us

1 approving these different SoBRA projects that  
2 really bolstered our solar projection arrays in  
3 Florida. That being said, I just want to ask the  
4 question of TECO regarding the owners' costs for  
5 this fourth SoBRA project. I'm curious, I think it  
6 includes several TECO new employees assigned to the  
7 solar projects, is that correct? Manage it?

8 MR. WAHLEN: That would be, I believe, a  
9 question for Ms. Rusk. I believe the answer is  
10 yes, but she probably knows the details better than  
11 I do.

12 COMMISSIONER BROWN: Ms. Rusk.

13 MS. RUSK: Good morning, Commissioner. Yes,  
14 it does include the cost of a couple of employees  
15 who were hired subsequent to our last base rate  
16 case and whose duties are solely to work on these  
17 projects.

18 COMMISSIONER BROWN: How many new employees  
19 were required to be retained for the four SoBRA  
20 projects in total?

21 MS. RUSK: The primary one was the director of  
22 renewables who was hired to manage all of these  
23 costs, and then there were just a couple of staff  
24 members who were later added. And so their time  
25 was charged to -- not their full salary, of course,

1 but any time they spent on the project was  
2 included, as well. And that is the same way that  
3 we did our first three tranches of the solar, as  
4 well.

5 COMMISSIONER BROWN: Thank you, Ms. Rusk. And  
6 there is no overlap in terms of the development  
7 costs and the owners' costs, because I know that  
8 those employees are hired to -- and consultants are  
9 hired to assist in development under the owners'  
10 costs, but there's also a category for development.

11 MS. RUSK: No. Development would be solely  
12 the EPC contractors.

13 COMMISSIONER BROWN: Thank you. Appreciate  
14 that clarification. And if there are no other  
15 questions, I would move the staff recommendation on  
16 all issues.

17 CHAIRMAN CLARK: Thank you, Commissioner  
18 Brown. Commissioner Fay has a question.

19 COMMISSIONER FAY: Thank you, Mr. Chairman,  
20 and I think this question might be for staff, but  
21 I'm a big fan of these solar projects. I think  
22 there's different cost-effectiveness approaches  
23 that can be applied to these, but it looks like in  
24 this recommendation the specific fourth unit  
25 doesn't have any avoided unit costs depending on, I

1           guess, how it's calculated holistically. So maybe  
2           can someone on staff maybe explain to me how this  
3           still satisfies that method, even though there's  
4           not an avoided cost?

5           CHAIRMAN CLARK: Mr. Futrell.

6           MR. PHILLIPS: Yeah, this is -- I'm sorry.  
7           Did I cut anyone off? Sorry. This is Donald with  
8           engineering. Basically from staff's understanding,  
9           it was the intention of the parties in the  
10          stipulation that -- or in the settlement agreement  
11          that the 600 megawatt -- basically it's a  
12          cumulative value that the 600 megawatts total would  
13          avoid a unit. However, the individual SOBRA's  
14          would not. So they have to be taken holistically  
15          and this was agreed upon by the parties in the  
16          stipulations in the previous SOBRA's, and staff is  
17          essentially taking their word on that. I don't  
18          know if there's any other details that I'm missing  
19          here that someone else would like to add in.

20          CHAIRMAN CLARK: Commissioner Fay.

21          COMMISSIONER FAY: Yep. Go ahead.

22          MR. REHWINKEL: This is Charles Rehwinkel.

23          COMMISSIONER FAY: Oh, I apologize, Charles.

24          I didn't mean to give you the go-ahead. That's the  
25          Chairman's role, not someone on staff.



1           CHAIRMAN CLARK:  You're recognized, Mr.  
2           Rehwinkel.

3           MR. REHWINKEL:  Thank you.  And I would like  
4           to confirm what -- as a signatory, I would like to  
5           confirm what Donald said.  This issue was raised, I  
6           believe, in the second tranche where it was sort of  
7           in midstream versus in light of the evaluation of  
8           the avoided unit.  In the 2017 settlement  
9           agreement, there were two different calculations of  
10          limitations on the SoBRA's.  One was -- with just  
11          on megawatts and another was on revenue  
12          requirements for at least illustration purposes.  
13          There was -- there was a spreading out of the  
14          SoBRA's over a period of years to have a smoothing  
15          effect on rates and that was not intended to  
16          require that there be a specific avoided unit  
17          increment identified in each year.  So I can  
18          confirm that our intention, and I believe it really  
19          is resident in the stipulation itself, was that the  
20          avoided unit analysis would be more on a cumulative  
21          basis than an individual tranche basis.

22          COMMISSIONER FAY:  And I appreciate that.  I  
23          think as a holistic approach that makes a lot of  
24          sense, and I know that these -- the different  
25          stages of SoBRA's in the past will have different

1 quantities of generation implemented and sometimes  
2 the specific phase and/or unit doesn't trigger that  
3 avoided cost threshold and it should mean that as a  
4 whole that it can't be triggered. So I appreciate  
5 Office of Public Counsel clarifying that as part of  
6 their -- the settlement that was their intent, that  
7 it would be applied that way. And, with that, I'm  
8 comfortable with it and would feel comfortable  
9 supporting Commissioner Brown's motion she put  
10 forth.

11 CHAIRMAN CLARK: Thank you, Commissioner Fay.  
12 All right. We have a motion. Commissioner  
13 Polmann.

14 COMMISSIONER POLMANN: Thank you, Mr.  
15 Chairman. I also support the item before us. I  
16 just wanted to add a comment and that this goes to  
17 the larger picture. I certainly appreciate, as  
18 others have indicated, that these solar projects  
19 are well-regarded and the efforts that the utility  
20 has put forward in implementing these is much  
21 appreciated. I want to respect and honor that.

22 There's a lot of support for solar statewide,  
23 as everyone knows and has acknowledged. There have  
24 been a number of questions raised among all of  
25 these projects as they come forward and over the

1 course of time as we have approved the various  
2 tranches, there have been a couple of questions  
3 similar to those that have been noted here today,  
4 and I just want to offer the perspective that as we  
5 move forward in the coming years with additional  
6 solar capacity, I'm not exactly sure how to suggest  
7 that the utilities examine the cost factors, the  
8 comparison and so forth, and the whole notion of  
9 implementing these types of projects in tranches  
10 and over an extended period of time, but I  
11 challenge the utilities, as well as the solar  
12 industry, to assist the Commission in serving the  
13 public interest with regard to the cost analysis.  
14 We all appreciate that the cost for solar  
15 implementation continues to decline and a  
16 settlement approach or a stipulated approach that  
17 sets a cost target at one point in time and then  
18 relies upon that to any degree raises a few  
19 questions. I do recognize that we haven't really  
20 relied upon that, but it has raised some questions,  
21 and I just want to offer the fact that the  
22 commitment that extends over a number of years, as  
23 we look forward, is a factor in how questions come  
24 forward and there are some public concerns about  
25 that. But, again, I do appreciate the strong

1           efforts and the broad view here. I do support this  
2           absolutely. I appreciate the opportunity to  
3           participate here in the comments, Mr. Chairman.  
4           Thank you very much.

5                   CHAIRMAN CLARK: Thank you very much,  
6           Commissioner Polmann. Any other questions for any  
7           of the members of staff? All right. Commissioner  
8           Brown's motion we have. We have Commissioner Fay's  
9           second. Any discussion on the motion?

10                   (No comments made.)

11                   CHAIRMAN CLARK: All in favor say, aye.

12                   (Chorus of ayes.)

13                   CHAIRMAN CLARK: All opposed?

14                   (No comments made.)

15                   CHAIRMAN CLARK: Motion carries.

16                   (Agenda item concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA )  
COUNTY OF LEON )

I, DANA W. REEVES, Professional Court Reporter, certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages, numbered 2 through 12, are a true and correct record of the aforesaid proceedings.

I further certify that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 16th day of November, 2020.



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DANA W. REEVES  
NOTARY PUBLIC  
COMMISSION #GG970595  
EXPIRES MARCH 22, 2024