

**BEFORE THE FLORIDA  
PUBLIC SERVICE COMMISSION**

In re: Florida Power & Light Company's  
Petition for Approval of Voluntary Solar  
Partnership Pilot Program and Tariff

Docket No. 14-\_\_\_\_\_

Filed: April 2, 2014

**Petition for Approval of FPL's Voluntary Solar Partnership Pilot Program and Tariff**

Florida Power & Light Company ("FPL" or the "Company"), pursuant to Sections 366.06 and 366.075, Florida Statutes (2014), respectfully petitions the Florida Public Service Commission (the "Commission") for (i) approval of FPL's three-year voluntary, community-based solar partnership pilot program ("VSP Program"), which facilitates customer participation in the construction and operation of commercial-scale, distributed solar photovoltaic ("PV") facilities commencing January 2015 and (ii) approval of the associated VSP experimental rider, reflected in Original Tariff Sheet No. 8.930 attached as Exhibit "A." The Commission has authority pursuant to Section 366.075, Florida Statutes (2014), "to approve rates on an experimental or transitional basis for any public utility to encourage energy conservation or to encourage efficiency." In support of this Petition, FPL states:

**Introduction and Background**

1. The Petitioner's name and address:

Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, FL 33408

2. FPL requests that any pleading, motion, notice, order or other document filed or submitted in this proceeding be served upon the following individuals:

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3. In this petition, FPL seeks approval of the VSP Program and associated VSP experimental rider, which will offer all FPL customers an opportunity to participate voluntarily in a program designed to contribute to the construction and operation of solar generation facilities<sup>1</sup> located in communities throughout FPL’s service territory. The renewable energy generated from these solar facilities will help power all FPL customers and displace energy that would otherwise be produced from non-renewable fossil fuels.

4. The overarching goal of the VSP Program is to test the viability of a voluntary program that will make participation in the development of solar energy affordable and accessible to a broad range of customers. The Company believes the program is feasible and will be attractive to customers but is uncertain what the level of customer interest will be. FPL expects that data gathered during the pilot period will help inform FPL’s decision regarding the appropriate direction for the VSP Program thereafter.

### **I. Solar Options for FPL Customers**

5. For many customers, stand-alone, customer-owned or leased solar generation facilities are not feasible options. Such solar facilities can require significant upfront capital costs, as well as long-term expenses and liabilities. Even beyond cost considerations, rooftop

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<sup>1</sup> The terms “solar generation facilities” and “solar projects,” as used in this Petition, refer to PV facilities.

installations are available only for certain property owners. FPL customers who reside in rental properties and those who reside in multi-unit dwellings or townhomes are necessarily excluded. Others may not be in a position to install solar facilities on their own property, due to aging rooftops or because they are located in areas where shading or rooftop orientation is not suitable for on-site solar power. Still other customers may find rooftop installations aesthetically unappealing or do not wish to risk any modifications to their roof, even if they might otherwise wish to support solar projects.

6. Moreover, solar installations cannot easily be relocated from one location to another so they are an unlikely option for customers who do not intend to remain in the same home or place of business for many years.

7. The VSP Program is part of FPL's effort to explore offering feasible and attractive options to promote solar power in Florida. As described in detail below, the VSP Program is designed to allow a wide range of FPL customers to participate in projects that generate clean, renewable solar power. Throughout the three-year pilot period, FPL will evaluate the level of customer interest and participation to determine the appropriate direction for the program thereafter.

## **II. Description of FPL's VSP Program**

8. The VSP Program is designed to provide FPL customers an additional flexible opportunity to support the development of solar power. Through the VSP Program, a wide population of customers can contribute to the environmental benefits of solar power.

9. Participation in the VSP Program is entirely voluntary and will be available to all FPL customers – residential, commercial and industrial – taking service under all metered rate classes. Under the VSP Program, each voluntary participant will elect to make monthly

contributions of \$9.00 (or about thirty cents a day) at the time the participant pays the monthly electric bill. The VSP rider will be offered on a month-to-month basis. Customers may enroll or cancel their enrollment at any time by notifying FPL. Moreover, upon customer request, participation can be continued to a new service address if the customer moves within FPL's service territory.

10. The VSP Program will be open for enrollment in January 2015, with billing for the monthly contributions to start in May 2015, once necessary billing system modifications are complete. The pilot will remain in effect for three years, through December 2017.

11. Because FPL's system is highly efficient, the cost of commercial-scale distributed solar facilities – regardless of who owns and operates them – exceeds the fuel and environmental savings that they create. As a result, it is important that solar PV programs for voluntary participants be structured in a way that provides for the participants to bear the excess revenue requirements associated with the solar facilities, rather than requiring non-participants to subsidize them. Under the VSP Program, every participant will contribute to FPL's construction and operation of solar generation facilities, with the intent that over the pilot period the participant contributions will cover FPL's net revenue requirements for the facilities (revenue requirements minus avoided fuel and emission costs resulting from their electric production).<sup>2</sup> The objective is that there are no remaining costs for the facilities to be borne by non-participating customers at the end of the three-year pilot.

12. Each quarter, VSP Program participants will receive a report describing the amount of energy the program produced. At any time, all customers will be able to go to the

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<sup>2</sup> The amount of electricity actually produced from the solar facilities during any given month depends on factors such as geographic location and weather. Under normal weather conditions, each 100 kW of solar PV panels installed under this program is expected to generate 151,000 kWh of renewable energy per year.

program website and see how much electricity is produced from the solar facilities and the corresponding fuel and environmental benefits. Participation in the VSP Program will not result in any changes to participants' monthly electric bill other than the voluntary contributions.

13. To demonstrate FPL's commitment to the program, FPL will begin construction of the solar projects in January 2015, in advance of receiving contributions. The first 300 kW will be comprised of two to five individual projects that are each 50 kW to 100 kW in size. For these initial projects, FPL will construct and operate ground mount systems or rooftop installations on structures such as commercial parking canopies in several metropolitan areas throughout FPL's service territory. To the extent possible, the solar projects will be located in high visibility areas to further educate about and promote solar energy in Florida.

14. Enrollment will dictate the amount of solar capacity installed: greater participation results in more solar construction. FPL will size future projects based on actual and projected customer participation. By proceeding in this manner, FPL aims to build only projects that are financially supportable through participant contributions.

15. FPL will offer an additional incentive to encourage enrollment during the three-year pilot period. To enhance the connection to Florida, the environment and the communities where these projects will be built, shareholders of NextEra Energy, Inc. ("NEE"), FPL's parent company, will contribute through the NEE Foundation a total of \$200,000 to non-profit organizations dedicated to environmental protection or community development. This amount approximates the average of the annual after-tax net income that the VSP Program would generate, assuming 13,500 participants.<sup>3</sup> Participants will choose from a list of Florida-based non-profit organizations, or local chapters of national non-profit organizations that are located in

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<sup>3</sup> As shown on Exhibit B, this is what FPL projects under the "high participation" scenario. The NEE Foundation will contribute this amount irrespective of actual participation.

or near the communities where the projects are constructed. The NEE Foundation will contribute proportionately to the selected organizations based on the percentage of overall votes received from the participating customers.

### **III. The VSP Program Will Test Customer Appetite for Expanded Solar Options**

16. FPL believes that there is value in providing a mechanism for customers who cannot afford or do not have an appropriate location for rooftop solar so that they, too, can participate voluntarily in solar projects. However, the Company remains unsure of (i) how many customers will enroll in the VSP Program, (ii) how much revenue the voluntary contributions will generate, and (iii) the cost of securing customer participation. Accordingly, FPL seeks approval of the VSP Program as a three-year pilot to gather data addressing these issues. Data from the pilot will help FPL evaluate the level of customer interest and participation to determine the appropriate direction for the program thereafter.

17. FPL intends to actively encourage enrollment in the VSP Program during the pilot period. FPL plans to promote the program through various means, including by email and online, in order to reach customers, generate awareness and encourage participation. Depending on customer response, additional marketing channels may be added to encourage enrollment. In order to maximize the share of customer contributions that goes toward solar development, FPL proposes to record below the line any portion of annual marketing and administrative expenses that exceeds 20 percent of the revenues collected from participants that year.

18. Near the end of the pilot period, FPL will report to the Commission the data gathered from the VSP Program. FPL will describe the participation levels attained and how the associated revenue compares to the cost to operate the program. This data will provide guidance regarding whether the VSP Program can be self-sustaining so that non-participants do not bear

the incremental revenue requirements associated with the VSP Program projects. FPL will evaluate the level of customer interest and participation to determine the appropriate direction for the program thereafter. Whether FPL continues active enrollment efforts beyond the pilot period will depend on customer response.

#### **IV. Cost Recovery**

19. Unlike the existing Demand Side Management (“DSM”) solar pilot programs, the VSP Program is structured so that it does not depend on subsidies from non-participating customers. Specifically, it is structured so that: (a) the voluntary participants’ contributions over the three-year pilot period are intended to cover the portion of revenue requirements associated with building and operating solar facilities under the program that exceeds the fuel and emission costs that those facilities avoid; and (b) the general body of customers is therefore responsible only for an amount of revenue requirements equal to the avoided fuel and emissions costs, resulting in no net impact to them. FPL will size the solar projects based on the level of participation, such that participant contributions will approximate the project revenue requirements net of estimated avoided fuel and emissions costs.

20. As explained above, FPL is unsure what the customer participation levels will be. Attached as Exhibit “B” are two sample illustrations of the revenues and revenue requirements resulting from the VSP Program. The low participation case assumes that there are 7,800 participants by the third year, while the high participation case assumes that number will be 13,500 participants. Exhibit “B” shows that the general body of customers is projected to be held harmless over the three-year pilot and that the share of participant contributions used for marketing and administrative expenses will not exceed 20 percent.

## V. Summary of VSP Program Benefits

21. The VSP Program will benefit both participants and non-participants. The benefits are outlined below.

22. *Benefits to participants.* The VSP Program offers the following benefits to participants:

- a. The program is entirely voluntary.
- b. The VSP Program offers a low-cost way to participate in solar projects. Participants are free to terminate and restart their participation at any time.
- c. The VSP Program provides an opportunity to support solar for customers who do not want installations on their own rooftops.
- d. The program is open to all customers – apartment owners, renters, seasonal residents, etc. – owning a house with a roof or open land is not necessary.

23. *Benefits to all customers.* The VSP Program offers the following benefits to FPL's general body of customers:

- a. Unlike FPL's existing DSM solar pilot programs, such as the rebate program, the VSP Program does not rely upon subsidies from non-participants. Rather, the program is structured such that contributions from participating customers together with the fuel and emissions savings from the program's solar facilities will cover the revenue requirements for those facilities.
- b. Local non-profit organizations and communities will benefit from the annual contributions from the NEE Foundation during the pilot period.
- c. FPL will issue Requests for Proposals and commits to award the construction work to contractors located in the areas where each of the facilities is located. The construction of solar projects will support the economy in those communities.
- d. The projects also are projected to result in increased property taxes (paid as part of the revenue requirements that the participant contributions cover), which will generate additional revenues for the communities.
- e. Locating the solar projects in multiple, high visibility areas will promote and help educate the general body of customers about solar energy.

24. In sum, the VSP Program offers a low-cost, accessible option for a wide population of FPL customers to participate in solar programs. FPL will use the three-year pilot period (2015-2017) to explore customer appetite for an offering of this nature and to determine whether participation supports the costs associated with operating the program and generating enrollment. To that end, FPL will actively encourage enrollment in the program and, over the three-year pilot period, will record below the line all annual marketing and administrative expenses that exceed 20 percent of the annual revenue collected. Before the end of 2017, FPL will report the VSP Program's participation levels, revenues and costs to determine if the Company should continue offering the program and under what terms.

25. Original Tariff Sheet No. 8.930 sets forth the terms of participation in the VSP Program. It is designated as an experimental rate. Section 366.075, Florida Statutes (2014), authorizes the Commission "to approve rates on an experimental or transitional basis for any public utility to encourage energy conservation or to encourage efficiency." The purpose of the VSP Program is to encourage energy efficiency, and the Commission should approve Original Tariff Sheet No. 8.930 consistent with Section 366.075. As discussed above, FPL intends to begin billing customers for their voluntary contributions in May 2015, so the requested effective date for the tariff sheet is May 1, 2015. Original Tariff Sheet No. 8.930 appears in Exhibit "A" in both legislative and clean formats.

WHEREFORE, FPL respectfully requests that the Commission (i) approve the VSP Program as a three-year pilot, (ii) authorize FPL to commence customer enrollment for the VSP Program in January 2015 and (iii) approve Original Tariff Sheet No. 8.930, attached as Exhibit “A,” as an experimental rate to become effective May 1, 2015.

Respectfully submitted,

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By: s/ Maria Jose Moncada  
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# **EXHIBIT A**

VOLUNTARY SOLAR PARTNERSHIP RIDER  
(OPTIONAL PILOT PROGRAM)

RATE SCHEDULE: VSP

AVAILABLE:

In all territory served by FPL (“the Company”) to customers receiving service under any FPL metered rate schedule. This voluntary solar partnership pilot program (“VSP Program”, “the Pilot”) provides customers an opportunity to participate in a program designed to construct and operate commercial-scale, distributed solar photovoltaic facilities located in communities throughout FPL’s service territory. Service under this rider shall terminate December 31, 2017, unless extended by order of the Florida Public Service Commission (“FPSC”), or terminated earlier by the Company upon notice to the FPSC.

APPLICATION:

Available upon request to all customers in conjunction with the otherwise applicable metered rate schedule.

LIMITATION OF SERVICE:

Any customer under a metered rate schedule who has no delinquent balances with the Company is eligible to elect the VSP Program. A customer may terminate participation in the VSP Program at any time and may be terminated from the Pilot by the Company if the customer becomes subject to collection action on the customer’s service account.

CHARGES:

Each voluntary participant shall agree to make a monthly contribution of \$9.00, in addition to charges applied under the otherwise applicable metered rate schedule. Customer billing will start on the next scheduled billing date upon notification of service request. The VSP Program contribution will not be prorated if the billing period is for less than a full month.

Upon participant’s notice of termination, no VSP Program contribution will be assessed in the billing period in which participation is terminated.

TERM OF SERVICE:

Not less than one (1) billing period.

SPECIAL PROVISIONS:

Upon customer request, program participation may continue at a new service address if the customer moves within FPL’s service territory.

RULES AND REGULATIONS:

Service under this rider 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 provisions of this schedule and said “General Rules and Regulations for Electric Service” the provisions of this rider shall apply.

VOLUNTARY SOLAR PARTNERSHIP RIDER  
(OPTIONAL PILOT PROGRAM)

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# **EXHIBIT B**

**FLORIDA POWER & LIGHT**  
**ESTIMATED VSP PROGRAM REVENUE REQUIREMENT INFORMATION**  
**HIGH PARTICIPATION CASE**

		<u>2015</u>	<u>2016</u>	<u>2017</u>	
Participant Contribution (\$/month)		\$9.00	\$9.00	\$9.00	
Number of Participants at Year End		4,400	9,800	13,500	
Cumulative Capacity (kW)		600	1,500	2,400	
M&C and G&A as % of total revenues		20%	20%	20%	
<b>In Thousands (000)</b>					<b>Total Pilot Period</b>
<b>Estimated Retail Base Impact:</b>					
<u>Estimated Capital Costs</u>					
A. VSP Program Average Rate Base		\$1,465	\$2,866	\$4,332	
B. Pre Tax Rate of Return (based on authorized ROE midpoint of 10.5%)		12.27%	12.27%	12.27%	
C. Debt & Equity Return on Rate Base	A * B	\$180	\$352	\$531	\$1,063
<u>Estimated Operating Costs</u>					
D. Depreciation		\$197	\$262	\$336	\$795
E. O&M (Maintenance, Marketing, G&A)		\$36	\$170	\$284	\$490
F. Other (Property taxes, Insurance)		\$8	\$10	\$30	\$48
G. Estimated Retail Base Revenue Requirements	C + D + E + F	\$421	\$794	\$1,181	\$2,396
H. Estimated Voluntary Customer Contribution		\$159	\$769	\$1,259	\$2,187
I. Estimated Net Retail Base Revenue Requirements	G - H	\$262	\$25	(\$78)	\$209
<u>Estimated Retail Clause Impact:</u>					
J. Estimated System Fuel & Emissions Savings		\$23	\$81	\$132	\$236
<u>Estimated Net Impact:</u>					
K. Estimated Net Impact to All Customers	I - J	\$239	(\$56)	(\$210)	(\$27)

Note: FPL's Average Net Income Available for Common Shareholders over the three year period in this illustrative case is \$186,000

**FLORIDA POWER & LIGHT**  
**ESTIMATED VSP PROGRAM REVENUE REQUIREMENT INFORMATION**  
**LOW PARTICIPATION CASE**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	
Participant Contribution (\$/month)	<b>\$9.00</b>	<b>\$9.00</b>	<b>\$9.00</b>	
Number of Participants at Year End	<b>2,400</b>	<b>5,300</b>	<b>7,800</b>	
Cumulative Capacity (kW)	<b>100</b>	<b>200</b>	<b>350</b>	
M&C and G&A as % of total revenues	<b>20%</b>	<b>20%</b>	<b>20%</b>	
<b>In Thousands (000)</b>				<b>Total Pilot Period</b>
<b><u>Estimated Retail Base Impact:</u></b>				
<b><u>Estimated Capital Costs</u></b>				
A. VSP Program Average Rate Base	\$920	\$1,013	\$1,115	
B. Pre Tax Rate of Return (based on authorized ROE midpoint of 10.5%)	12.27%	12.27%	12.27%	
C. Debt & Equity Return on Rate Base	A * B	\$113	\$124	\$137
				\$374
<b><u>Estimated Operating Costs</u></b>				
D. Depreciation	\$176	\$187	\$201	\$564
E. O&M (Maintenance, Marketing, G&A)	\$18	\$85	\$145	\$248
F. Other (Property taxes, Insurance)	\$16	\$15	\$16	\$47
G. <b>Estimated Retail Base Revenue Requirements</b>	C + D + E + F	\$323	\$411	\$499
				\$1,233
H. <b>Estimated Voluntary Customer Contribution</b>		\$86	\$414	\$704
				\$1,204
I. <b>Estimated Net Retail Base Revenue Requirements</b>	G - H	\$237	(\$3)	(\$205)
				\$29
<b><u>Estimated Retail Clause Impact:</u></b>				
J. <b>Estimated System Fuel &amp; Emissions Savings</b>		\$4	\$11	\$19
				\$34
<b><u>Estimated Net Impact:</u></b>				
K. <b>Estimated Net Impact to All Customers</b>	I - J	\$233	(\$14)	(\$224)
				(\$5)

Note: FPL's Average Net Income Available for Common Shareholders over the three year period in this illustrative case is \$67,000