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# Public Service Commission

December 11, 2015

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**STAFF'S FIRST DATA REQUEST**  
via email

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**Re: Docket No. 150248-EG - Petition for Approval of community solar pilot program, by Gulf Power Company**

Mr. McGee and Mr. Griffin:

By this letter, Commission staff requests the following information from Gulf Power Company (Gulf). Please note that all references to paragraph numbers in the data request refer to paragraph numbers in the petition filed in this proceeding.

1. Please explain how Gulf's community solar program will be marketed and provide a copy of the marketing materials.
2. Please explain why Gulf's choice for this program is a 1 megawatt (MW) facility rather than a different sized facility.
3. Where will the Initial Facility be located and how long does Gulf expect construction to take?
4. How will Gulf determine whether an additional solar facility will be constructed, e.g., once the Initial Facility is fully subscribed, what number of potential new subscriptions will Gulf require to begin construction?

5. If the number of pre-enrollment subscriptions is insufficient to cover the projected annual revenue requirements of the Initial Facility, does Gulf plan to continue the build of the Initial Facility? Who will assume the risk for any unrecovered costs?
6. If, at any point during the initial five-year term, the number of subscriptions are insufficient to cover the projected annual revenue requirements, who will assume the risk for unrecovered costs?
7. If, after the initial term of the program is complete, Gulf decides to close the community solar program, please explain how and from whom Gulf will recover the remaining costs.
8. Will the Initial Facility (and any other additional facilities) be eligible for the federal solar investment or production tax credits? If yes, where will this credit be recorded?
9. How does the cost per watt of the proposed community solar pilot program compare to the cost per watt for Gulf's utility-scale solar facilities being constructed for the Navy and Air Force?
10. Please explain how the \$99 and \$89 subscription fees were determined.
11. The petition states customers can purchase multiple subscriptions. Footnote 1 (paragraph 10) states per-customer subscriptions can be capped. How will Gulf determine when individual customer subscriptions will be capped?
12. Please clarify whether customers will be assessed a subscription fee once every 12 months per subscription. Does this mean that a given customer will receive a renewal bill 12 months from when he paid his initial bill?
13. Paragraph 11 states that Gulf plans to levelize the projected annual revenue requirements over a 35-year asset life. Does this mean that the \$270,000 annual revenue requirement is a 35-year average? If yes, what are the underlying inflation factors used, and their basis, for each cost category?
14. Please provide the derivation of each year's revenue requirement over the 35 years, and the computation of the levelized annual revenue requirement.
15. Explain whether or not Gulf believes Commission approval of this petition for a community solar program authorizes Gulf to construct multiple solar facilities if the original solar facility is fully subscribed.
16. What is the expected installed cost of the 1 MW facility?
17. Please refer to paragraph 12. Provide a breakdown and explanation of all costs associated with the Initial Facility that resulted in the levelized annual revenue requirement of

approximately \$270,000. The response should also include each cost's percentage of the annual revenue requirement.

18. Are any administrative costs included in projected annual revenue requirements? If yes, please explain the type of administrative cost, state the annual amount and as a percentage of the annual revenue requirement.
19. Please explain whether or not there is a maximum number of subscriptions for this solar facility.
20. Typically, utilities determine the revenue requirement for a service or offering, and then determine cost-based rates sufficient to recover the revenue requirement. It appears that Gulf first posited rates and then determined the number of subscribers sufficient to cover the annual levelized revenue requirement. If this is correct, please explain why Gulf chose this approach and whether it yields cost-based rates.
21. Please refer to paragraph 13.
  - a. Please provide a copy of the RFP that Gulf issued for the engineering procurement, construction, operation and maintenance of the Initial Facility.
  - b. Please provide a summary of the responses to the RFP.
  - c. Please identify the criteria used to select the qualifying bidder, and the relative weights applied.
22. Does Gulf intend to outsource operations and/or maintenance? If yes, for how many years does Gulf intend to outsource operations and/or maintenance?
23. When does Gulf intend to begin construction of the 1 MW solar photovoltaic facility?
24. Please refer to paragraph 15 and describe the methodology used to determine the energy output of the 1 MW solar facility. If Gulf Power Company used a model to determine this, please provide the name of the model.
25. Please provide the methodology used to calculate the solar-weighted avoided energy cost.
26. Is the 746 kWh number fixed or will it be updated annually based on actual output and actual subscriptions?
27. Does Gulf believe that the kWh amount associated with each subscription should be stated in the tariff for purpose of customer clarity? If no, please explain why.
28. Please describe if Gulf could utilize actual output from the Initial Facility and actual as-available energy rates to provide rebates to participants in the voluntary solar pilot program.
29. How does the projected solar-weighted average annual avoided energy cost in this docket differ from Gulf's average annual avoided energy cost?

30. Please explain whether the credit amount will be updated each year based on the number of subscriptions (in addition to facility output and avoided costs).
31. For the sample calculation in paragraph 15, what capacity factor is assumed for the solar facility?
32. Please provide the average capacity factor of a solar photovoltaic facility in the Gulf service area, of similar size to that Gulf intends to construct.
33. If a customer terminates a subscription, will his monthly bill credits cease immediately?
34. Please refer to paragraph 16. To illustrate the impact on the fuel clause, please provide Schedule E-1 for 2016 as approved in the recent fuel hearing (Docket No. 150001-EI) and a revised hypothetical Schedule E-1 for 2016 assuming the proposed program is in effect and the avoided energy cost associated with the output of the solar facilities is recovered through the fuel clause.
35. Has the Commission previously approved recovery of solar-weighted avoided energy costs associated with the output of solar facilities through the Fuel and Purchased Power Cost Recovery Clause (fuel clause) as proposed in paragraph 16? If yes, please provide order numbers.
36. Please refer to paragraph 16.
  - a. Please clarify whether Gulf is requesting recovery of fixed annual projections of energy prices and output from the facility instead of actual as-available energy deliveries from the Initial Facility. If it is seeking fixed annual projections, please describe how often this value would be updated, what methodology would be used to update the value, and in what proceeding Gulf would seek approval of the updated value.
  - b. Will the avoided energy costs associated with the solar facility's output that is to be recovered from the fuel clause be equal to the annual energy credits to be paid to subscribers?
  - c. If Gulf recovers the projected solar-weighted average annual avoided energy cost associated with the output of solar facilities through the fuel clause, won't this zero out any bill credits received by community solar subscribers? Please explain.
  - d. If this program is run through the fuel clause, how will nonparticipating customers be protected if the actual avoided energy cost is less than the projected avoided energy cost?
  - e. Please explain why it is appropriate for customers who do not participate in the pilot program to pay a portion of the monthly bill credit for participating customers, that is based upon the output of a generating resource that has not been shown to be cost-effective to the general body of ratepayers.
37. Please refer to paragraph number 17.
  - a. How does Gulf intend to "retire" the Renewable Energy Credits (RECs)?

- b. Does Gulf retain ownership of the RECs?
  - c. Does Gulf intend to sell or trade the RECs?
  - d. Are the RECs transferable?"
  - e. How many RECs are expected to be created each year from the 1 MW solar facility associated with this pilot program?
  - f. If Gulf intends to sell the RECs, how will the funds received from the REC sales applied to the project to offset the projected revenue requirement?
38. Please refer to paragraph 18.
- a. How did the market research team determine that a majority of customers are supportive of a solar initiative?
  - b. How many Gulf residential and business customers were contacted regarding their willingness to pay a premium for solar?
  - c. How many residential customers indicated an interest in community solar?
  - d. How many small business customers indicated an interest in community solar?
  - e. What is the statistical significance of the number of customers contacted regarding their support for a solar initiative and the number of ratepayers? What is the margin of error for that statistical significance?
  - f. How was the average annual premium for solar of \$345.60 for residential customers and \$141.00 for small business determined?
39. The following questions refer to Exhibit A, Rate Rider CS:
- a. Can a customer cancel a subscription at any time during the pilot project? If yes, please explain under what circumstances.
  - b. Under what terms or conditions can Gulf terminate a customer's subscription?
40. The following questions refer to Form 29, the five-year participation agreement:
- a. Under what circumstances would Gulf discontinue or terminate this solar program?
  - b. What information does Gulf provide to customers who subscribe for fewer than five years?
  - c. For the purposes of retiring Renewable Energy Credits, does Gulf associate 700 kWhs per subscription?
  - d. If no, how many kWhs are associated per subscription?
  - e. What actions, if any, will Gulf take to enforce the agreement if a customer wishes to cancel the subscription and no longer pay the subscription fee?
41. Please refer to paragraph 25. Please provide a history of participation in the PV Rate Rider Program, including the number of participants annually since the program's inception.
42. Regarding Gulf's photovoltaic (PV) generating systems which are referenced in the petition:
- a. Please specify the major components (e.g. PV modules, PV support structure, energy output modules, etc.) of these PV generating systems.
  - b. Do the different components discussed in question 33(a.) have the same design life? Please explain.

- c. Do the different components discussed in question 33(a.) have the same service life? Please explain.
  - d. Do the different components discussed in question 33(a.) have the same warranty? Please explain.
43. The Commission has previously approved a 30-year life expectancy for utility scale solar PV facilities.<sup>1</sup> Please discuss Gulf's support for estimating a 35-year life for its planned solar facility.
44. Do any of the solar components of the planned generating unit come with a manufacturer's warranty? If so, please identify all such components and associated warranty durations.
45. Do any of the services provided by the construction contractor/installer of the planned generating unit come with a guarantee/warranty? If so, please identify all such services and associated guarantee/warranty durations.
46. For the purposes of the following request, please refer to paragraph 11. Here it is outlined that additional solar facilities may be constructed if the Initial Facility becomes fully subscribed. How would Gulf both record and report (to the Commission) any additional facilities if such facilities are constructed and placed into commercial operation?
47. For the purposes of the following request, please refer to paragraph 12.
- a. What is the levelized annual revenue requirement if Gulf assumes a 30-year life for the 1 MW Initial Facility?
  - b. Please provide the estimated number of customers (for all three subscription price level distributions referenced in this paragraph) needed to fully subscribe the Program if a 30-year life is assumed for the 1 MW Initial Facility, as opposed to a 35 year life. Please show all work/calculation steps.
48. For the purposes of the following request, please refer to paragraph 22. What actions, if any, does Gulf anticipate it will take regarding plant depreciation in the event that Gulf determines to close/discontinue the program as a result of the pilot period evaluation?
49. For the purposes of the following request, please refer to paragraph 26. Gulf indicates that it will record plant investments within FERC accounts 340-346 "Other Power Generation." FERC accounts 340-346 are as follows:
- 340 Land and land rights
  - 341 Structures and improvements
  - 342 Fuel holders, producers, and accessories
  - 343 Prime movers
  - 344 Generators

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<sup>1</sup> Order No. PSC-08-0731-PAA-EI, issued November 3, 2008, in Docket No. 080543-EI, In re: Request for approval to begin depreciating new technology solar photovoltaic plant sites for DeSoto and Space Coast Solar Energy Centers over a 30-year period, effective with in-service dates of units, by Florida Power & Light Company.

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345 Accessory electric equipment  
346 Miscellaneous power plant equipment

For each of these accounts:

- a. Please provide a description of the plant assets Gulf intends to book to each account and indicate the respective life expectancy.
  - b. Please identify the solar components or the associated equipment that will be booked, and indicate the respective life expectancy.
50. Please discuss how Gulf intends to recover costs associated with dismantling (to include any possible environmental and site restoration) any facility constructed under its community solar program.

Please file all responses electronically no later than Monday, January 4, 2016 via the Commission's website at [www.floridapsc.com](http://www.floridapsc.com) by selecting the Clerk's Office tab and electronic Filing Web Form. Please feel free to call me at (850) 413-6540 if you have any questions.

Thank you.

*/s/Sue Ollila*

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