

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:** July 28, 2016

**TO:** Office of Commission Clerk (Stauffer)

**FROM:** Division of Economics (Guffey) *SKG EJD LR*  
Office of the General Counsel (Leathers) *EL*

**RE:** Docket No. 160126-EI – Petition for approval of modifications to the approved premier power tariff and the government underground tariff and for approval of new government cost recovery contract, by Duke Energy Florida, LLC.

**AGENDA:** 08/09/16 – Regular Agenda – Tariff Filing – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** 8-Month Effective Date: 1/18/2017  
(60-Day Suspension Date Waived by the Utility until 8/9/2016)

**SPECIAL INSTRUCTIONS:** None

RECEIVED-FPSC  
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COMMISSIONER  
CLERK

### Case Background

On May 18, 2016, Duke Energy Florida, LLC (DEF or the company) filed a petition for approval of modifications to its approved premier power service rider (PPS rider) and local government underground cost recovery tariff (underground tariff), and for approval of a new local government underground cost recovery contract. The primary purpose of the PPS rider is to provide back-up supply of electricity service in the event normal electricity supply is interrupted.

Staff issued one data request to DEF on May 27, 2016, for which responses were received on June 7, 2016. On May 24, 2016, DEF provided, by email, its waiver of the Commission's 60-day deadline, as set forth in Section 366.06(3), Florida Statutes (F.S.), through August 9, 2016. The

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tariff pages with proposed changes are contained in Attachment A of this recommendation. The Commission has jurisdiction over this matter pursuant to Sections 366.05(1) and 366.06, F.S.

## Discussion of Issues

**Issue 1:** Should the Commission approve DEF's petition for approval of modifications to its approved PPS rider and underground tariff and for approval of a new local government underground cost recovery contract?

**Recommendation:** Yes, the Commission should approve DEF's petition for approval of modifications to its approved PPS rider and underground tariff and for approval of a new local government underground cost recovery contract. (Guffey)

**Staff Analysis:** DEF has proposed three modifications to its tariff: (1) allow interruptible and curtailable customers to take service under the PPS rider; (2) clarifications to the underground tariff; and (3) add a new local government underground cost recovery contract form. The three revisions are discussed in detail below.

### PPS Rider Modification

The PPS rider is available on a voluntary basis to commercial customers who require on-site generators to serve as back-up electric supply. Pursuant to the PPS rider, DEF installs, operates, and maintains back-up power generators at the customer's premises and customers are responsible for the cost of the back-up generation. The PPS rider is designed for customers such as hospitals, municipal water and wastewater facilities, and financial institutions. The PPS rider was first approved in 2001 as an experimental tariff for five years.<sup>1</sup> In 2006, the Commission approved modifications and extended the tariff for an additional five years.<sup>2</sup> In 2011, the PPS rider became a permanent tariff.<sup>3</sup>

Currently, the PPS rider is available only to customers taking service under a firm rate schedule. DEF is proposing modifications to its PPS rider tariff Sheet Nos. 6.370 and 6.371 to allow customers taking service under the interruptible and curtailable tariffs to also participate in the PPS rider. In response to staff's data request, DEF explained that there are customers on the interruptible and curtailable tariffs who have sensitive manufacturing and operational processes and need backup generation to support power quality. DEF further explained that interruptible/curtailable customers have the option to install their own back-up generation on the customer's side of the meter. However, under certain situations, due to the configuration of facilities it may be more advantageous to the customer from an operational perspective to install a back-up system on the company's side of the meter through the PPS rider.

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<sup>1</sup> Order No. PSC-01-1648-TRF-EI, issued August 13, 2001, in Docket No. 010373-EI, *In re: Petition for approval to provide optional Premier Power Service Rider, Rate Schedule PPS-1, for general service customers by Florida Power Corporation.*

<sup>2</sup> Order No. PSC-06-1037-TRF-EI, issued December 18, 2006, in Docket No. 060480-EI, *In re: Petition by Progress Energy Florida, Inc. for approval of modification and extension of experimental Premier Power Service Rider, Rate Schedule PPS-1, and for approval of revised Premier Power Service Contract.*

<sup>3</sup> Order No. PSC-11-0481-TRF-EI, issued October 25, 2011, in Docket No. 110269-EI, *In re: Petition by Progress Energy Florida, Inc. for approval of modification to make the current experimental Premier Power Service Rider, Rate Schedule PPS-1 permanent.*

### **Underground Tariff Modification**

The underground tariff provides local governments with an optional mechanism for the recovery of the costs of converting overhead electric service to underground service through a fee on DEF's electric bill. The local government underground tariff was approved in 2002.<sup>4</sup> The tariff provides for the calculation of an annual recovery amount, which is the amount collected by DEF through a fee added to individual customer electric bills and remitted to the local government that undertook the conversion project. Only customers on whose behalf the conversion was made would pay the fee.

DEF is proposing minor modifications to its underground tariff Sheet Nos. 4.124 and 4.125 to reformat the formula for the annual recovery amount and to correct cross-references to other sections in DEF's local government underground tariff. DEF is not proposing to change the calculation of the annual recovery amount.

### **New Local Government Underground Cost Recovery Contract**

DEF's third request is to seek approval for a new local government underground cost recovery contract form (tariff Sheet Nos. 7.000 and 7.060 through 7.063). Although Section 12.06(7) of the currently approved underground tariff discussed above refers to a cost recovery form, DEF currently does not have an approved standard contract form in its tariff. Accordingly, DEF is requesting approval of this new form, which tracks the requirements of the underground tariff and establishes the specific terms and conditions for underground capital cost recovery. In its response to staff's first data request, DEF stated that the company has not contracted with any local governments for underground cost recovery to date. The company has had discussions with local governments regarding overhead to underground conversion projects; however, none of the local governments have requested to execute a cost recovery contract to date.

### **Conclusion**

Staff has reviewed DEF's proposed tariff modifications and responses to staff's data request and believes the proposed modifications are reasonable. Also, because customers who request service under the PPS rider are responsible for the cost of the back-up generation, the general body of ratepayers is protected. Therefore, staff recommends approval of DEF's petition for approval of modifications to its approved PPS rider and underground tariff, and for approval of a new local government underground cost recovery contract.

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<sup>4</sup> Order No. PSC-02-1629-TRF-EI, issued November 25, 2002, in Docket No. 020993-EI, *In re: Petition for approval of Local Government Underground Cost Recovery tariff by Florida Power Corporation.*

**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 pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Leathers)

**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 pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.



SECTION NO. IV  
 FOURTH-FIFTH REVISED SHEET NO. 4.124  
 CANCELS THIRD-FOURTH REVISED SHEET NO. 4.124

Page 5 of 6

**12.06 LOCAL GOVERNMENTAL UNDERGROUND COST RECOVERY**

**(1) Eligibility**

Underground cost recovery in accordance with the provisions of this Section 12.06 is available at the option of those municipal and county governments (local governments) located within the Company's retail service area who have entered into a contract with the Company pursuant to Section 12.05 of this Part XII for the conversion of existing overhead distribution facilities to underground facilities.

**(2) Annual Recovery Amount**

(a) An eligible local government may receive an Annual Recovery Amount collected by the Company through a Governmental Undergrounding Fee added to the electric bills of the Company's customers located in an Underground Assessment Area within the boundaries of the local government. The local government's Annual Recovery Amount shall be calculated in accordance with the following formula:

$$\text{Annual Recovery Amount} = \frac{(FC + GC) * I}{1 - (1 / (1 + I)^n)} - \frac{(FC + GC) * I}{1 + I}$$

Where:

FC = Facility Charge, as defined in Paragraph 12.05(2)(b) of this Part XII.

GC = Governmental Cost, which consists of the following costs incurred by the local government:

1. a surcharge based on the lesser of 10 percent of the Facility Charge or \$50,000, to reimburse the Company for a portion of its initial programming costs to implement the customer billing processes required by this Section 12.06;
2. reimbursement of the Company for its additional programming costs required to bill customers in the local government's specific Underground Assessment Area;
3. ancillary costs of the local government related to its undergrounding project, such as right-of-way acquisition, preparation and restoration costs, and financing costs; and
4. at the local government's option, (i) the total cost charged by electrical contractor(s) selected and hired by the local government to convert customer facilities (such as service entrances and meter bases) to receive underground service for all residential customers requiring such conversion, or (ii) a portion of the total cost charged by such electrical contractor(s) (based on a minimum average charge per customer determined by the local government), to convert customer facilities to receive underground service for all commercial/industrial customers requiring such conversion, or both (i) and (ii).

n = The Number of years over which the Facility Charge and Governmental Cost is to be recovered by the local government, which shall not exceed a maximum of 20 years.

I = The Interest rate on the bonds or other financial instruments utilized by the local government to finance the Facility Charge and Governmental Cost, adjusted for financing costs.

(b) In no event shall the Annual Recovery Amount exceed the amount that would have been recoverable over the most recent 12-month period for which actual customer billing data is available, using the maximum Governmental Undergrounding Fee permissible under Paragraph (a) or (b) of this Section 12.06

**(3) Underground Assessment Area**

The local government shall establish the geographic boundaries of an Underground Assessment Area based on a determination, in its discretion, that the electric customers located within these boundaries benefit sufficiently from the underground conversion project in question to warrant the payment of a Governmental Undergrounding Fee to recover the costs of the conversion project. The Underground Assessment Area so established may consist of all or any contiguous portion of the area within the local government's corporate limits, and may overlap all or portions of other Underground Assessment Areas previously established by the local government.

(Continued on Next Page)

ISSUED BY: Javier J. Portuondo, Director, Rates & Regulatory Strategy – FL

EFFECTIVE: April 28, 2013



SECTION NO. IV  
FOURTH FIFTH REVISED SHEET NO. 4.125  
CANCEL ~~THIRD FOURTH~~ REVISED SHEET NO. 4.125

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**(4) Governmental Undergrounding Fee**

- (a) The Company will bill a monthly Governmental Undergrounding Fee to electric customers located in the Underground Assessment Area established by the local government. The Governmental Undergrounding Fee shall be based on a uniform percentage of customers' total net charges for electric service calculated to produce the Annual Recovery Amount, net of regulatory assessment fees, if any. Except as provided in Paragraph 3.2(b) of this Section 12.06, the total Governmental Undergrounding Fee billed to a customer's account (irrespective of the number of Underground Assessment Areas in which the customer may be located) shall not exceed the lesser of (i) 15 percent of the customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 5,000 kilowatt-hour increment of consumption for ~~commercial/industrial-non-residential~~ customers. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer.
- (b) The application of a Governmental Undergrounding Fee based on a higher percentage or maximum monthly amount than specified in Paragraph 3.4(a) of this Section 12.06 shall require approval of the Florida Public Service Commission.
- (c) The Governmental Undergrounding Fee shall be recalculated for each 12-month period during its effectiveness following the initial annual period. The recalculation shall be based on the Company's most current projections for the upcoming period, and shall include a true-up adjustment based on the difference between projected and actual recovery for the prior 12-month period.

**(5) Optional Utility Financing**

At the option of the local government, the Company will provide financing for the Facility Charge and Governmental Cost of the undergrounding project, subject to any limitation on the funds made available for such purpose at the Company's discretion. Upon request, the Company will advise the local government at the time the binding cost estimate is presented pursuant to Paragraph 12.04(2) of this Part XII whether sufficient funds are available at that time to finance the cost of the undergrounding project. The interest rate applicable to such optional financing will be determined by the Company commensurate with normal risk considerations such as the creditworthiness of the local government, the total cost subject to financing, the expected duration of the undergrounding project, and any other identifiable risks associated with financing the project.

**(6) Customer Notification**

At least 30 days prior to the execution of an Local Government Underground Capital Cost Recovery Contract pursuant to Subsection (7) of this Section 12.06, the local government shall mail a notice to each electric customer located within the proposed Underground Assessment Area stating its intention to recover the cost of the underground conversion project in question through a Governmental Undergrounding Fee on the customer's electric bill. The notice shall include, at a minimum, (i) a description of the underground conversion project, (ii) an estimate of the Governmental Undergrounding Fee (as a percentage of total net electric charges) and the maximum monthly amount, (iii) the month in which billing of the Fee is expected to commence, (iv) the number of years over which the Fee is to be imposed, and (v) a postage-prepaid form on which the customer may submit comments to the local government.

**(7) Underground Cost Recovery Contract**

The local government shall enter into a contract with the Company, the form of which has been approved by the Florida Public Service Commission or its staff, establishing the specific terms and conditions for underground capital cost recovery consistent with the provisions of this Section 12.06.

ISSUED BY: Javier J. Portuondo, Director, Rates & Regulatory Strategy – FL  
EFFECTIVE: April 29, 2013



SECTION NO. VII  
~~FOURTEENTH~~ ~~FIFTEENTH~~ REVISED SHEET NO. 7.000  
 CANCELS ~~THIRTEENTH~~ ~~FOURTEENTH~~ REVISED SHEET NO. 7.000

| INDEX OF STANDARD CONTRACT AND OTHER AGREEMENT FORMS |  |                      |
|--|--|----------------------|
| FORM NO.   | DESCRIPTION  | SHEET NO.            |
| Form No. 1   | Contract, Form No. 1 (after 11/21/98, applicable only to a Customer who requires this type form be executed for service under Rate Schedule LS-1, Lighting Service. Form No. LS-1HPS shall normally be used for application for service under LS-1). | 7.010 - 7.011        |
| Form No. 2   | Contract Form No. 2 (applicable when service is provided under Company General Service Rate Schedules and special contract terms or investments in special facilities are required and furnished by the Company to provide service to the Customer). | 7.020 - 7.021        |
| IS-2 DISC  | Interruptible General Service Rate Schedules IS-2 and ISI-2 Risk Disclosure  | 7.025                |
| CS-2 DISC  | Curtailable General Service Rate Schedule CS-2 and CSI-2 Risk Disclosure   | 7.027                |
| Form No. b   | Contract, Form No. b (applicable when a contract is made between the Company and the Customer to cover advances by the Customer for construction).   | 7.030                |
| DVLP DISC  | Agreement for Electric Service Between Duke Energy Florida, Inc. (the "Utility") and _____ (the "Applicant") (applicable when a developer requests the Company to install a distribution system for a new development).                              | 7.050                |
| <u>MUNI UC</u>                                       | <u>Local Government Underground Cost Recovery Contract (applicable when a Local Government wishes to contract with the Company to provide for recovery of costs to underground service).</u>   | <u>7.060 - 7.063</u> |
| PEH LSA  | Leave Service Active Agreement (applicable to Customers who wish service to be left active on rental units, regardless if they are occupied or not).   | 7.070 - 7.071        |
| 3RD PR1  | Request for Third Party Notification (applicable to Customers who request the Company to notify another person that their bill is overdue).  | 7.090                |
| LS-1   | Lighting Service Contract.   | 7.110 - 7.113        |
| PEH IOU  | Application for IOU Rate (applicable to Customers requesting time of use rates).   | 7.120                |
| PEH GSLM   | Rate Schedule GSLM-1 Customer Agreement (applicable to Customers requesting General Service Load Management).  | 7.150                |
| MSLR MIR   | Standard Letter Agreement (applicable to master metered Customers indicating understanding of rules and regulations affecting resale of electricity).  | 7.160                |
| EQP RNIL   | Standard Letter Agreement (applicable to Customers who request additional facilities at their service location).   | 7.170                |
| GUAR CNTR  | Guarantee Contract (applicable when a third party guarantees payment for another individual's billing).  | 7.180                |
| SIRI LIS   | Agreement to Purchase and Sell Street Lighting System and to Furnish and Receive Electric Service  | 7.190 - 7.192        |
| RES DEP  | Residential Deposit Release - Releases current customer's deposit to new customer who then assumes responsibility for all payments of account.   | 7.220 - 7.221        |
| PWR PAY  | Power Pay - Customers bill is automatically paid from their checking account.  | 7.230                |
| CISR   | Contract Service Arrangement for service under the Commercial/Industrial Service Rider.  | 7.250 - 7.253        |
| PPS  | Premier Power Service - Contract signed by the customer requesting backup service through the Premier Power Service rate schedule.   | 7.270 - 7.273        |
| NMRG - Tier 1  | Standard Interconnection Agreement for Tier 1 Customer Owned Renewable Generation  | 7.310 - 7.313        |
| IC APP - Tier 1                                      | Application for Interconnection for Tier 1 Customer Owned Renewable Generation   | 7.317 - 7.317        |
| NMRG - Tier 2  | Standard Interconnection Agreement for Tier 2 Customer Owned Renewable Generation  | 7.320 - 7.323        |
| NMRG - Tier 3  | Standard Interconnection Agreement for Tier 3 Customer Owned Renewable Generation  | 7.330 - 7.333        |
| IC APP - Tier 2,3                                    | Application for Interconnection for Tier 2 and 3 Customer Owned Renewable Generation   | 7.337 - 7.337        |
| ECON DEV   | Economic Development Rider Service Agreement   | 7.500                |
| ECON RE-DEV  | Economic Re-Development Rider Service Agreement  | 7.510                |

ISSUED BY: Javier J. Portuondo, Director, Rates & Regulatory Strategy - FL  
 EFFECTIVE: October 17, 2013



SECTION NO. VII  
~~THIRD FOURTH REVISED SHEET NO. 7.060~~  
CANCELS ~~SECOND THIRD REVISED SHEET NO. 7.060~~

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**RESERVED FOR FUTURE USE**

**DUKE ENERGY FLORIDA, LLC  
LOCAL GOVERNMENT UNDERGROUND COST RECOVERY CONTRACT**

This Local Government Underground Cost Recovery Contract ("Contract") is made this \_\_\_\_\_ day of \_\_\_\_\_ ("Effective Date"), by and between \_\_\_\_\_ (hereinafter called the "Local Government"), located at \_\_\_\_\_ and Duke Energy Florida, LLC, a limited liability corporation organized and existing under the laws of the State of Florida (hereinafter called the "Company").

**WITNESSETH:**

**WHEREAS**, the Local Government is located within Company's retail service area and is therefore subject to Company's *General Rules and Regulations Governing Electric Service* (the "Tariff") on file with the Florida Public Service Commission; and

**WHEREAS**, pursuant to Section 12.05 of the Tariff, the Local Government has executed a contract (the "Conversion Contract") with Company for the conversion of existing overhead distribution facilities to underground facilities (the "Conversion"); a copy of which is attached hereto as Attachment A; and

**WHEREAS**, the Local Government has paid, or otherwise arranged optional utility financing with, the Company the amount set forth in the Conversion Contract with the Company; and

**WHEREAS**, given the Local Government's option to execute the Conversion Contract with Company, the Local Government (pursuant to Section 12.06 of the Tariff) now seeks cost recovery to reimburse it for some or all of the costs to convert the facilities that are the subject of the Conversion Contract.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements expressed herein, the Company and the Local Government agree as follows:

**A. Definitions:**

- "Annual Recovery Amount" shall mean \$ \_\_\_\_\_, which is the amount of annual money collected by the Company through a Governmental Undergrounding Fee added to the electric bills of the Company's customers located in an Underground Assessment Area within the boundaries of the Local Government. As set forth in Section 12.06 of the Company's tariff, the Annual Recovery Amount shall be calculated in accordance with the following formula:

$$\text{Annual Recovery Amount} = ((FC + GC) * I) / (1 - (1 / (1 + I)^n))$$

The components of this Annual Recovery Amount formula are further defined in this Definitions section.

- "Facility Charge" or "FC" shall be defined consistent with Section 12.05(2) of the Tariff, and for this Contract has a value of \$ \_\_\_\_\_.

- "Governmental Cost" or "GC" shall mean the sum of the following costs incurred by the Local Government in connection with this Conversion:

(a) A surcharge of \$ \_\_\_\_\_, which (i) shall be based on the lesser of ten percent (10%) of the Facility Charge or \$50,000; and (ii) shall be assessed to reimburse Company for a portion of Company's initial programming costs to implement customer billing processes under Section 12.06 of the Tariff.

(b) Reimbursement to the Company of \$ \_\_\_\_\_, for Company's additional programming costs required to bill customers in the Underground Assessment Area.

(c) Ancillary costs of \$ \_\_\_\_\_, which shall be based on the Local Government's costs related to the Conversion project (such as right of way acquisition, preparation, restoration and financing costs); and

(Continued on next page)

ISSUED BY: Javier J. Portuondo, Director, Rates & Regulatory Strategy - FL

EFFECTIVE: April 29, 2013

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SECTION NO. VII  
ORIGINAL SHEET NO. 7.06

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(d) At Local Government's option, costs of \$ \_\_\_\_\_ for: (i) the total cost charged by electrical contractor(s) hired by the Local Government to convert customer facilities (such as service entrances and meter bases) to receive underground service for all residential customers requiring such conversion and/or (ii) a portion of the total cost charged by such electrical contractor(s) (based on a minimum average charge per customer determined by the local government), to convert customer facilities to receive underground service for all commercial/industrial customers requiring such conversion.

4. "Governmental Undergrounding Fee" shall mean the monthly charge billed to electric customers located in the Underground Assessment Area.

5. "Interest Rate" or "I" shall mean \_\_\_\_\_ percent, which shall represent the interest rate on the bonds or other financial instruments utilized by the Local Government to finance the Facility Charge and Governmental Cost, adjusted for financing costs.

6. "Number of Years" or "n" shall mean \_\_\_\_\_, which shall represent the number of years over which the Facility Charge and the Governmental Cost is to be recovered by the Local Government. The Number of Years shall not exceed twenty (20) years.

7. "Underground Assessment Area" shall mean that certain area as specified by the Local Government (in its sole discretion) and as depicted on the map attached hereto as Attachment B to this Contract (and incorporated by its reference) which: i) consists of all or any contiguous portion of the area within the Local Government's corporate limits; and ii) may overlap all portions of other Underground Assessment Areas previously established by the Local Government.

**B. Calculation of Annual Recovery Amount:**

The Annual Recovery Amount for this project shall be fixed at \$ \_\_\_\_\_ per year until the Contract is fulfilled and terminated; provided, however in no event shall the Annual Recovery Amount exceed the amount that would have been recoverable over the most recent twelve (12) month period for which actual customer billing data is available using the maximum Governmental Undergrounding Fee under Section 12.06(4) (a) or (b) of the Tariff.

**C. Underground Assessment Area:**

1. The Local Government agrees that it has provided the information contained in Attachment B to reflect the geographic boundaries of the Underground Assessment Area, from which the Company shall assess the Governmental Undergrounding Fee on all electric customers located within these boundaries. The Local Government warrants and represents that it provided these boundaries based on a determination, in its sole discretion, that the electric customers located within these boundaries benefit sufficiently from the underground Conversion project to warrant the payment of a Governmental Undergrounding Fee to recover the costs of the Conversion project.

2. The Local Government represents that it has authority to establish such boundaries and that it has complied with all applicable laws, rules, and regulations with respect to the consideration and setting of said boundaries. The Local Government, to the extent permitted by law without waiving or limiting any defenses of sovereign immunity, shall hold harmless and indemnify the Company for all loss to third parties resulting from the Local Government's selection of the boundaries, except when the loss occurs due to the negligent actions of the Company. Nothing herein shall be intended to serve as a waiver of limitation of Local Government's sovereign immunity defenses as allowed by law.

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ISSUED BY: Javier J. Portuondo, Director, Rates & Regulatory Strategy - FL

EFFECTIVE: \_\_\_\_\_ MUNI UG



SECTION NO. VII¶  
ORIGINAL SHEET NO. 7.062¶

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**D. Governmental Undergrounding Fee:¶**

1. The Governmental Undergrounding Fee shall be based on a uniform percentage of customers' total net charges for electric service calculated to produce the Annual Recovery Amount, net of regulatory assessment fees, if any. Except as provided in Paragraph 4(b) of Section 12.06 of the Tariff, the total Governmental Undergrounding Fee billed to a customer's account shall not exceed the lesser of (i) 15 percent of the customer's total net electric service charges, or (ii) a maximum monthly amount of \$30 for residential customers and \$50 for each 5,000 kilowatt-hour increment of consumption for non-residential customers. The maximum monthly amount shall apply to each line of billing in the case of a customer receiving a single bill for multiple service points, and to each occupancy unit in the case of a master metered customer. For the avoidance of all doubt in calculating the Governmental Undergrounding Fee, the Company will prepare a workpaper showing the calculation of the Governmental Undergrounding Fee (attached hereto as Attachment C and incorporated herein by its reference).¶
2. The parties agree that if the Local Government desires to apply a Governmental Undergrounding Fee based on a higher percentage or maximum monthly amount than specified in paragraph (D)(1) above, then the parties shall jointly petition the Florida Public Service Commission for approval of such increased amount. Absent such approval, the amounts for the Governmental Undergrounding Fee shall not be set above those maximum amounts.¶
3. The Governmental Undergrounding Fee shall be recalculated for each twelve (12) month period during its effectiveness following the initial annual period. The recalculation shall be based on the Company's most current projections for the upcoming period, and shall include a true-up adjustment based on the difference between projected and actual recovery for the prior twelve (12) month period. The first annual true-up period for this Contract shall begin with the first billing cycle for the month following the implementation of the billing for the Governmental Undergrounding Fee.¶
4. No later than the twentieth (20<sup>th</sup>) day of the following month, the Company shall pay the Local Government the aggregated total Governmental Undergrounding Fee that the Company has collected from each customer in the Underground Assessment Area. The monthly payment shall be made by wire transfer. Any monthly payment or any portion thereof made twenty (20) calendar days after the due date without good cause shall be subject to interest at the 30-day commercial paper rate per annum. ¶

¶  
**E. Customer Notification:¶**

1. At least thirty (30) calendar days before the execution of this Contract, the Local Government shall mail a notice to each electric customer located within the proposed Underground Assessment Area stating the Local Government's intention to recover the cost of the underground Conversion project in question through a Governmental Undergrounding Fee on the customer's electric bill. The notice shall include, at a minimum: (i) a description of the underground Conversion project; (ii) an estimate of the Governmental Undergrounding Fee (as a percentage of total net electric charges) and the maximum monthly amount; (iii) the month in which billing of the Governmental Undergrounding Fee is expected to commence; (iv) the number of years over which the Governmental Undergrounding Fee is to be imposed; and (v) a postage-prepaid form on which the customer may submit comments to the Local Government. The actual notice sent to the customers is attached to this Contract as Attachment D.¶
2. The Local Government warrants and represents that it has timely completed the obligation referenced in the above paragraph by timely mailing the requisite notice to all required customers.¶

**F. Assignment:¶**

The Local Government shall not assign, delegate or otherwise dispose of all or any portion of the Contract (including any benefits or obligations hereunder) without the prior written consent of the Company. Upon prior written notice and with the consent of Company (such consent not to be unreasonably withheld), the Local Government may assign the Contract. The Company, in Company's sole discretion, may require any Company approved Local Government assignee to execute a new contract and agree to all the requirements of the new contract prior to approval of the assignment request. Any attempted assignment or delegation without the Company's prior written consent shall be ineffective and void. The terms and conditions of this Contract shall be binding upon and inure to the benefit of any and all successors and/or assigns of the Company. The terms and conditions of this Contract shall be binding upon and inure to the benefit of any and all successors and/or approved assigns of the Local Government. Notwithstanding any provision herein, the Agreement shall not confer or be construed in any manner to confer, directly or indirectly, any rights, privileges, benefits, and/or remedies, upon any parties other than the parties hereto and their respective successors and/or permitted assigns.

(Continued on next page)¶

ISSUED BY: Javier J. Portuondo, Director, Rates & Regulatory Strategy - FL¶

EFFECTIVE: \_\_\_\_\_ MUNI UG¶



SECTION NO. VII  
ORIGINAL SHEET NO. 7.063

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**G. Miscellaneous:**

1. In executing this Contract, the Company does not, nor should it be construed to extend its credit or financial support for the benefit of any third parties lending money to or having other transactions with the Local Government or any assignee of this Contract.
2. This Contract shall be governed by and construed and enforced in accordance with the laws, rules and regulations of the State of Florida and the Tariff as may be modified, revised, supplemented, changed, or amended from time to time. In the event of any conflict between the terms of this Contract and the provisions of the Tariff, the provisions of the Tariff and any applicable Florida Public Service Commission rules shall control, as hereafter revised, amended, or supplemented.
3. The Tariff and associated technical terms and abbreviations, general rules and regulations and standard electric service requirements, as may be applicable, are incorporated by reference.
4. This Contract contains the entire agreement of the Company and Local Government relating to the subject matter herein and supersedes all previous and contemporaneous agreements, understandings, usages of trade, courses of dealing or representations, either written or oral, heretofore in effect between the Company and the Local Government.
5. This Contract may only be modified by a written agreement signed by both the Company and the Local Government expressly modifying the Contract. All provisions of the Contract providing for indemnification or limitation of or protection against liability shall survive the termination, cancellation, or expiration of the Contract.
6. This Contract shall terminate when the Company has fully collected the Government Cost and the Facility Charge from customers located in the Underground Assessment Area.

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IN WITNESS WHEREOF, the Local Government has executed this Contract the day and year first written above.

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LOCAL GOVERNMENT \_\_\_\_\_ COMPANY \_\_\_\_\_

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Signature of Local Government or Authorized Representative \_\_\_\_\_ Signature of Company Representative \_\_\_\_\_

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Printed Name of Local Government Representative \_\_\_\_\_ Printed Name of Company Representative \_\_\_\_\_

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Title of Authorized Representative \_\_\_\_\_ Title of Company Representative \_\_\_\_\_

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ISSUED BY: Javier J. Portuondo, Director, Rates & Regulatory Strategy - FL

EFFECTIVE: \_\_\_\_\_ MUNI UG



SECTION NO. VI  
~~FOURTH-FIFTH~~ REVISED SHEET NO. 6.370  
CANCELS ~~THIRD-FOURTH~~ REVISED SHEET NO. 6.370

Page 1 of 2

RATE SCHEDULE PPS-1  
GENERAL SERVICE – PREMIER POWER SERVICE RIDER

Availability:

Available throughout the entire territory served by the Company.

Applicable:

This Rider is applicable on a voluntary basis to a customer with a minimum measured demand of 50 kW taking service under General Service-non-residential Rate Schedules GS-1, GST-1, GSD-1, GSDT-1, or GSLM-1, CS-1, CS-2, CS-3, CST-1, CST-2, CST-3, IS-1, IS-2, IST-1, or IST-2 when the customer contracts with the Company to own, install, operate and maintain generation on the customer's premises for the primary purpose of providing a back-up supply of electric service in the event normal electric supply is interrupted. The applicable General Service-non-residential Rate Schedule with which this Rider is used is modified only as required by the terms hereof.

Character of Service:

Continuous service, alternating current, 60 cycle, single-phase or three-phase, at the Company's standard distribution voltage available.

Limitation of Service:

Standby or resale service is not permitted hereunder. Service under this rate is subject to the Company's currently effective and filed "General Rules and Regulations Governing Electric Service."

Monthly Service Payment:

The Monthly Service Payment under this Rider is in addition to the monthly rate determined under the applicable General Service-non-residential Rate Schedule and other riders, if applicable, and shall be calculated based on the following formula:

$$\text{Monthly Service Payment} = \text{Capital Cost} + \text{Expenses}$$

Where:

Capital Cost equals a carrying cost times the levelized plant investment based upon the estimated installed cost of facilities. The carrying cost includes the cost of capital, reflecting current capital structure and most recent approved return on common equity; income taxes; property taxes; general plant; administrative and general plant-related expenses; and intangible plant. Any replacement cost expected to be incurred during the Contract Period will also be included. Any special equipment installed by the Company that is not necessary to support back-up service to the customer shall not be included in the Monthly Service Payment.

Expenses shall be levelized over the Contract Term and shall include: Company operations and maintenance (O&M) expenses times a carrying cost that is inclusive of administrative and general and labor expenses related to O&M and cash working capital; third-party expenses for operations and maintenance, warranties, or insurance; fuel expense, based upon an estimate of the cost of fuel consumed for normal back-up operation and testing, less a credit based upon the system average cost of fuel and purchased power included in retail tariffs; inventory cost associated with fuel, materials, and supplies times a carrying cost that recovers the cost of capital and income taxes; depreciation expense, adjusted for the estimated salvage value at the end of the Contract Term; deferred income taxes; and customer accounting, customer service and information, program administration, and sales expenses. Any expenses incurred in operating the on-site generation for other than normal back-up operation and testing shall not be included in the Monthly Service Payment.

Installation cost will be recovered over the initial Contract Term. Pricing of capital-related costs and expenses shall be based upon no shorter than 10 years from the equipment's original in-service date and the resulting Monthly Service Payment shall include an upward adjustment for Contract Terms that expire prior to 10 years from this in-service date.

(Continued on Page No. 2)

ISSUED BY: Javier J. Portuondo, Director Rates & Regulatory Strategy – FL

EFFECTIVE: April 28, 2013



SECTION NO. V  
~~FOURTH-FIFTH~~ REVISED SHEET NO. 6.371  
CANCELS ~~THIRD-FOURTH~~ REVISED SHEET NO. 6.371

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RATE SCHEDULE PPS-1  
GENERAL SERVICE – PREMIER POWER SERVICE RIDER

(Continued from Page No. 1)

**Definition of Services:**

Services provided under the terms of this Rider shall be provided by an on-site generator supplied by the Company for the purpose of continuing the supply of electricity to the customer's site in the event the normal electric supply is interrupted. In cases where the customer's total electric requirement exceeds the generation capability, the customer shall arrange its electrical requirements to ensure that the electrical requirement to be supplied when normal service is interrupted will not be greater than the generation capacity. The minimum generator capacity supplied by the Company under this rider shall be not less than 50 kW.

The Company shall have the right to operate the on-site generator at all times it deems appropriate, including, but not limited to, for the purposes of testing of the generator to verify that it will operate within required parameters, and dispatching the generator to assist in meeting system demand or for other system benefits. The generator and appropriate transfer switching shall be electrically connected on the Company's side of the billing meter; therefore, billing for generation provided during normal back-up operation and testing shall continue to be billed under the applicable ~~General Service-non-residential~~ Rate Schedule based ~~on~~ solely upon consumption registered on the Company's billing meter.

**Minimum Monthly Bill:**

The minimum monthly bill shall be the customer's minimum bill under the applicable ~~General Service-non-residential~~ Rate Schedule, plus the Monthly Service Payment under this Rider.

**Terms of Payment:**

Bills rendered hereunder are payable within the time limit specified on the bill at Company-designated locations.

**Term of Service:**

Service under this Rider shall be for the term specified in the Premier Power Service Contract.

**Service Contract:**

The Company and the customer shall execute a Premier Power Service Contract that will state the amount of the customer's Monthly Service Payment determined in accordance with this Rider, the Contract Term, and other terms and conditions pertinent to providing Premier Power Service.

ISSUED BY: Javier J. Portuondo, Director Rates & Regulatory Strategy – FL

EFFECTIVE: ~~April 28, 2013~~