



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

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2           **CHAIRMAN BROWN:** And now we are moving on. We  
3 will get done -- I think you said before 12:00? I think  
4 the next two items will go much more swiftly.

5           We are on Issue 5, Gulf Power.

6           Orlando's back.

7           **MR. WOOTEN:** Good afternoon, Commissioners.

8           **CHAIRMAN BROWN:** Good afternoon.

9           **MR. WOOTEN:** Orlando Wooten, once again, with  
10 Commission staff.

11           Item 5 is a petition for approval of an energy  
12 purchase agreement between Gulf Power Company and Morgan  
13 Stanley. The agreement obligates Morgan Stanley to  
14 deliver to Gulf a fixed number of megawatt hours over  
15 the term of the 20-year agreement. The agreement also  
16 requires Morgan Stanley to provide Gulf with renewable  
17 attributes associated with a 94-megawatt portion of the  
18 Kingfisher Wind Farm. The agreement is similar to the  
19 previous Kingfisher Wind Farm agreement that was  
20 approved by the Commission in 2015, which approved  
21 renewable attributes associated with the 178-megawatt  
22 portion of the Kingfisher Wind Farm. No customer  
23 comments have been filed in this docket.

24           Sierra Club has filed comments in the docket  
25 file and wishes to address the Commission. Staff and

1 the utility are available for any questions, and OPC is  
2 also present.

3 **CHAIRMAN BROWN:** Thank you, Mr. Wooten. I  
4 know Sierra and SACE -- I believe Sierra -- this letter  
5 came from Sierra and SACE; is that correct?

6 **MR. WOOTEN:** Yes, joint comments.

7 **CHAIRMAN BROWN:** All right. Gulf, would you  
8 like to reserve your comments for after Sierra/SACE?

9 **MR. GRIFFIN:** Thank you, Madam Chairman,  
10 Commissioners. Steve Griffin with the Beggs & Lane law  
11 firm here on behalf of Gulf Power. With me, Sybelle  
12 Fitzgerald, the Gulf Power generation resource planning  
13 manager. And, yes, we would like to reserve our  
14 comments.

15 **CHAIRMAN BROWN:** Thank you. Thank you so  
16 much. And we do have a copy. Greetings. I appreciate  
17 you coming out here today. So I know all the  
18 Commissioners have a copy of it. You can have a few  
19 moments to address the Commission.

20 **MS. KUNKEL:** Great. Thank you, Madam Chair.  
21 And I apologize, I'm a little under the weather, so I  
22 don't sound as fabulous. But I'm only here today to  
23 represent Sierra Club, even though SACE did sign on to  
24 the comments.

25 Sierra Club supports the PPA agreement because

1 wind energy is cheap, reliable, and clean. As they  
2 detailed in their comments, they're excited this PPA  
3 will bring more inexpensive, non-polluting electricity  
4 to Gulf's customers. Integration of renewables can help  
5 lower the dependence on expensive fossil fuels, insulate  
6 from price shocks, and reduce regulatory uncertainty.  
7 However, as further detailed in the comments, this  
8 Commission should have all of the information concerning  
9 the availability of renewable generation when it makes  
10 these types of decisions.

11           Accordingly, we ask the Commission to require  
12 Gulf to conduct an RFI and subsequent RFP to invest in  
13 renewable generation within its market area. These  
14 measures will provide a more accurate depiction of the  
15 renewable resources available in Gulf's own backyard.  
16 Florida has the potential to be a renewable energy  
17 powerhouse, but despite the tremendous resources, the  
18 state has lagged behind its neighbors in investing in  
19 clean energy. In Alabama and Georgia, Gulf's sister  
20 subsidiaries are already well on their way to building  
21 out the renewable capacity that will power their states  
22 into the 21st Century. In 2015, 100 percent of Alabama  
23 Power's new generation was from solar. In Georgia,  
24 another sister company recently committed to procure  
25 1.6 gigawatts of renewable generation.

1           The first step in catching up is to know what  
2 resources exist. An RFI is the most practical,  
3 expeditious way of doing so. The Commission should take  
4 several steps to ensure that the RFI and subsequent RFP  
5 process are structured to best capture the potential for  
6 investing in renewables.

7           First the request should focus on  
8 cost-effective generation, not filing a specific  
9 capacity need. Investing in renewables benefits  
10 customers even without a capacity need by reducing fuel  
11 and other variable costs.

12           Second, the request should look for generation  
13 of various sizes. This will better reflect the nature  
14 of renewable projects that may be distributed across a  
15 wide area.

16           And, third, the request should emphasize best  
17 practices, like long-term contracts which reflect the  
18 long-term cost of infrastructure rather than short-term  
19 need.

20           So to summarize, we support Gulf's investment  
21 in clean energy, including the proposed PPA at issue in  
22 this docket, but urge Commissioners not to overlook the  
23 opportunities to build out clean renewable energy  
24 infrastructure within the state as well. And thank you.

25           **CHAIRMAN BROWN:** Thank you, and I hope you

1 feel better.

2 Mr. Griffin.

3 **MR. GRIFFIN:** Thank you, Madam Chair. And  
4 just briefly, I'll try to keep it at a high level.  
5 We've been here for a while.

6 **CHAIRMAN BROWN:** We've got a lot of stamina  
7 back here. We can keep on going.

8 **MR. GRIFFIN:** Then we can keep on going, if  
9 that's your prerogative obviously. But there's a lot to  
10 the proposal that Ms. Kunkel just laid out. What has  
11 happened in Georgia and Alabama, I can't speak to the  
12 intricacies of how that has taken place, but I do know  
13 that it didn't take place in the course of a proceeding  
14 like this. They have integrated resource planning  
15 proceedings that occur annually or tri-annually. I'm  
16 not even sure. But my point is that the purpose for  
17 which we are here today is to consider the Kingfisher  
18 energy purchase agreement. And to the extent that we  
19 were to stray beyond that, we would object to that.  
20 That's a fairly broad policy consideration to direct a  
21 utility to go out and engage an RFI and a mandatory RFP,  
22 which would result in mandatory acquisitions of  
23 renewable energy. And given the fact, frankly, that  
24 these comments were not even filed with this Commission  
25 until late Friday afternoon, we were a bit caught

1 offguard by it, to say the least. But it is a policy  
2 consideration that we would object to having considered  
3 at this moment in time.

4 Just as a matter of principle, I would tell  
5 you that our position at this point in time is that it's  
6 not necessary. In the last two years, Gulf Power  
7 Company has come to this Commission with multiple  
8 innovative renewable energy projects involving the  
9 military, involving another wind agreement at this same  
10 facility, involving community solar, and so I think it's  
11 fair to say that the company has its finger on the pulse  
12 of the marketplace. They're actively engaged in  
13 discussions with multiple renewable developers. And to  
14 the extent that they identify superior opportunities for  
15 our customers from a cost-effectiveness standpoint, they  
16 transact upon those and they bring them here for your  
17 approval, as evidenced by the fact that we're here today  
18 and we have been in the recent past.

19 So high-level comments. To the extent there  
20 are additional questions or concerns, we'll be happy to  
21 address those. Thank you.

22 **CHAIRMAN BROWN:** Thank you so much.

23 Commissioners? Commissioner Edgar.

24 **COMMISSIONER EDGAR:** Thank you, Madam Chair.

25 I think you just answered the question I was

1 going to ask, but I'm going to ask it a slightly  
2 different way anyway to make sure that I'm clear.

3 In the letter that was -- that the Sierra  
4 representative has described to us and has discussed, it  
5 was submitted by SACE and the Sierra Club. I'm looking  
6 specifically at -- do you have it in front of you?

7 **MR. GRIFFIN:** I do.

8 **COMMISSIONER EDGAR:** Okay. I'm looking  
9 towards the bottom of page 3 of the letter. And first  
10 of all, let me say, because I'm not -- I don't want to  
11 cause any larger concern than what I would want to  
12 cause, which is I do agree with your comments that the  
13 request is beyond the scope of the item that is before  
14 us and takes into -- would take into account a number of  
15 other steps and policy considerations, et cetera, et  
16 cetera. I agree with that. But I am -- wanted to come  
17 back to this point.

18 In the last paragraph at the bottom of page 3,  
19 in the first sentence it says basically, my words from  
20 this language, that the intent would be for Gulf to  
21 obtain pricing information for renewable energy under a  
22 number of different scenarios. And my understanding is  
23 that that is information and a process that, in a  
24 different way, the company already goes through and  
25 already has that type of information for analysis. Is



1 that a correct statement?

2 **MR. GRIFFIN:** That's absolutely correct.  
3 That's part of every analytical decision we make when  
4 looking at potential projects and specific types of  
5 renewable energy. And so there are various scenarios  
6 and sensitivities that are run on various size  
7 facilities, interconnection costs, transmission  
8 infrastructure capabilities. And so, yes, I mean, it's  
9 all part of the analysis.

10 One other point that I neglected to mention is  
11 that what they are asking you for here today is  
12 conditional approval. So if the Commission does not  
13 agree to force the company into this mandatory RFP, then  
14 what I hear them saying is that you ought not to approve  
15 the Kingfisher EPA. And if that's the case, I would  
16 point out that there is a provision in the energy  
17 purchase agreement that allows either party to  
18 essentially walk away from it if the Commission attaches  
19 qualifications or conditions to the approval order.

20 **COMMISSIONER EDGAR:** That was not my  
21 understanding of -- I hear you. That was not my  
22 understanding of the information or the request that was  
23 contained in the letter.

24 Would you like to speak to that briefly?

25 **MS. KUNKEL:** Yes. I mean, we certainly are

1 supporting the PPA. What we're asking for, in order to  
2 get a better understanding of what Florida's potential  
3 is, is to look at all of the opportunities of ways to  
4 gather information so that we can continue to build on  
5 the RFI -- to continue to build on the renewable  
6 energies. I mean, we have said this over and over  
7 again. Gulf is doing a great job when it comes to  
8 looking at ways to do, you know, the solar  
9 installations: their previous PPA on the wind, this PPA.  
10 We want other utilities to look at Gulf. But what we're  
11 saying is go the step further, meet what is happening in  
12 their sister subsidiaries in Georgia and Alabama, and  
13 let's look at ways to increase renewable energies by  
14 looking at an RFI, by looking at RFPs, so that we're not  
15 just looking at how do we meet need? We're looking at  
16 ways to increase the access to renewable energy overall.

17 **COMMISSIONER EDGAR:** All right. Thank you.

18 Thank you for that clarification. And that is in  
19 keeping with my understanding.

20 I would just say that I know we're all -- I  
21 believe that everybody up here is supportive of all of  
22 the utilities and our staff and all interested groups  
23 continuing to gain additional information and analysis  
24 and -- for renewable energy for this state on a  
25 go-forward basis. But, again, I come back to the item

1 that is before us, and at the appropriate time, Madam  
2 Chair, I would like to make a motion in support of the  
3 staff recommendation.

4 **CHAIRMAN BROWN:** Thank you. I have a couple  
5 of questions for the utility. And absolutely, I am of  
6 the same mind. I am very supportive of this arrangement  
7 and Gulf's initiative to continue to seek new renewable  
8 energy projects in a creative fashion, and I think this  
9 is one of them.

10 And this is a 94-megawatt commitment; correct?  
11 And that would power how many additional residential  
12 homes? Is there -- do you have the equivalent of that?

13 **MR. GRIFFIN:** I know it's about approximately  
14 3 percent of our projected jurisdictional sales for  
15 2017. I would have to speculate as to how many homes.  
16 I mean, in excess of 30,000.

17 **CHAIRMAN BROWN:** But the bulk capacity, I  
18 guess, with the previous commitment would equal, with  
19 this, 298 megawatts; is that correct?

20 **MR. GRIFFIN:** That's for the entire Kingfisher  
21 facility. And so there are 13 units that are not  
22 designated for Gulf Power, so it's a little bit shy of  
23 298. But it's close.

24 **CHAIRMAN BROWN:** Are you looking to pursue  
25 more at that location too?

1           **MR. GRIFFIN:** Not at this time.

2           **CHAIRMAN BROWN:** Not at this time? Well, I  
3 want to thank you for your efforts and, again, your  
4 creativity in attracting it. It seems like there will  
5 be immediate customer savings as soon as this comes  
6 online. So I think -- I applaud you for those efforts.

7           And, Commissioner Edgar, now is a great time.

8           **COMMISSIONER EDGAR:** I move approval of the  
9 staff recommendation, Madam Chair.

10          **COMMISSIONER PATRONIS:** Second.

11          **CHAIRMAN BROWN:** All those in favor.

12                 (Vote taken.)

13                 All right. Thank you. The item passes.

14                 (Agenda item concluded.)

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1 STATE OF FLORIDA )  
 : CERTIFICATE OF REPORTER  
2 COUNTY OF LEON )

3  
4 I, LINDA BOLES, CRR, RPR, Official Commission  
Reporter, do hereby certify that the foregoing  
5 proceeding was heard at the time and place herein  
stated.

6  
7 IT IS FURTHER CERTIFIED that I  
stenographically reported the said proceedings; that the  
8 same has been transcribed under my direct supervision;  
and that this transcript constitutes a true  
transcription of my notes of said proceedings.

9  
10 I FURTHER CERTIFY that I am not a relative,  
employee, attorney or counsel of any of the parties, nor  
11 am I a relative or employee of any of the parties'  
attorney or counsel connected with the action, nor am I  
12 financially interested in the action.

13 DATED THIS 18th day of October, 2016.

14  
15 LINDA BOLES

16 \_\_\_\_\_  
LINDA BOLES, CRR, RPR  
17 FPSC Official Hearings Reporter  
(850) 413-6734