

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for limited proceeding to
approve second solar base rate adjustment
(SoBRA), effective January 1, 2019, by Tampa
Electric Company.

DOCKET NO. 20180133-EI
ORDER NO. PSC-2018-0492-PHO-EI
ISSUED: October 5, 2018

PREHEARING ORDER

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on September 26, 2018, in Tallahassee, Florida, before Commissioner Donald J. Polmann, as Prehearing Officer.

APPEARANCES:

JAMES D. BEASLEY AND JEFF WAHLEN, ESQUIRES, Ausley Law Firm,
P.O. Box 391, Tallahassee, Florida 32302
On behalf of Tampa Electric Company (TECO).

JON C. MOYLE AND KAREN PUTNAL, ESQUIRES, Moyle Law Firm, P.A.,
118 North Gadsden Street, Tallahassee, Florida 32301
On behalf of Florida Industrial Power Users Group (FIPUG).

J.R. KELLY AND CHARLES J. REHWINKEL, ESQUIRES, 111 W. Madison
Street, Room 812, Tallahassee, Florida 32399
On behalf of Office of the Public Counsel (OPC)

WALT TRIERWEILER AND KURT SCHRADER, ESQUIRES Florida Public
Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida
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On behalf of the Florida Public Service Commission (Staff).

MARY ANNE HELTON, ESQUIRE, Deputy General Counsel, Florida Public
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KEITH HETRICK, ESQUIRE, General Counsel, Florida Public Service
Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
Florida Public Service Commission General Counsel

PREHEARING ORDER

I. CASE BACKGROUND

On June 29, 2018, Tampa Electric Company (TECO) filed its amended Petition for a Limited Proceeding to Approve Second SoBRA Effective January 1, 2019, as contemplated by the 2017 Amended and Restated Stipulation and Settlement Agreement (2017 Agreement) and Order No. PSC-2017-0456-S-EI, issued November 27, 2017. On June 5, 2018, the Commission entered Order No. PSC-2018-0288-FOF-EI in Docket No. 20170260-EI, approving TECO's First SoBRA, consisting of two solar projects (Balm and Payne Creek) totaling approximately 145 megawatts (MW). In this docket, TECO seeks approval of (a) the Second SoBRA specified in subparagraph 6(b) of the 2017 Agreement and (b) the associated tariff changes necessary to implement the Second SoBRA. The Second SoBRA, if approved, will provide cost recovery for five solar projects (Lithia, Grange Hall, Peace Creek, Bonnie Mine, and Lake Hancock) totaling approximately 260.3 MW.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, Florida Statutes (F.S.). This hearing will be governed by said Chapter and Chapters 366.05, and 366.06, in addition to Chapter 120, F.S., and Rules 25-6, 25-9, 25-22, 25-30 and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing that has not been filed as prefiled testimony or prefiled exhibits, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to three minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

Each witness whose name is preceded by a plus sign (+) will present direct and rebuttal testimony together.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
Mark D. Ward	TECO	1, 2, 3, 4, 5, 7
R. James Rocha	TECO	1, 2, 5, 7
William R. Ashburn	TECO	1, 6, 7

VII. BASIC POSITIONS

TECO: The Commission should approve the five proposed projects which comprise Tampa Electric's Second SoBRA pursuant to the 2017 Agreement approved by the Commission in Order No. PSC-2017-0456-S-EI. The five projects in the company's Second SoBRA satisfy the cost-effectiveness test specified in the 2017 Agreement. The projected installed cost of each project is under the \$1,500 per kW_{ac} installed cost cap established in such order, and taken together the projected installed cost of the seven projects in the 2018 and 2019 SoBRA Tranches falls below the \$1,475 per kW_{ac} installed cost threshold specified in subparagraph 6(c) of the 2017 Agreement, as reflected in the testimony of witness Ward.

The Commission should also approve the annual revenue requirement of \$46,045,000 for the five projects comprising the Second SoBRA, as reflected in witness Rocha's Direct Testimony, as well as the base rate increases needed to collect the estimated annual revenue requirement for the five solar projects in the Second SoBRA, as reflected in the testimony of witness Ashburn.

OPC: Tampa Electric Company seeks approval of its second solar project for inclusion as a specific, discrete adjustment to base rates pursuant to the 2017 Settlement Agreement approved in Order No. PSC-2017-0456-S-EI. Paragraph 6 of the Settlement Agreement provides many criteria for eligibility under the streamlined, limited proceeding base rate freeze exception provided therein. While the 2019 (or second SoBRA installment) appears to be consistent with the 2017 Settlement Agreement, there are aspects related to 5.0 MW of the Lake Hancock Project that do not appear to meet the letter or intent of paragraph 6(b) of the agreement.

Citizens intend to conduct limited cross-examination at hearing intended to hold the Company to its burden to demonstrate compliance with the Settlement's terms. At this point it has not been conclusively demonstrated that the burden has been met for all aspects of the 2019 SoBRA.

FIPUG: Tampa Electric Company seeks approval of its second solar project for inclusion as a specific, discrete adjustment to base rates pursuant to the 2017 Settlement Agreement approved in Order No. PSC-2017-0456-S-EI. Paragraph 6 of the Settlement Agreement provides many criteria for eligibility under the streamlined, limited proceeding base rate freeze exception provided therein.

FIPUG intends to conduct cross-examination at hearing intended to hold the Company to its burden to demonstrate compliance with the Settlement's terms and otherwise prove that base rates should be increased for the solar projects in question.

STAFF: Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

VIII. ISSUES AND POSITIONS

ISSUE 1: **Are the 2019 SoBRA projects proposed by TECO each eligible in their entirety for treatment pursuant to paragraph 6 of the 2017 Agreement?**

TECO: Yes. The 2019 SoBRA projects totaling 260.3 MW proposed by TECO each meet in their entirety all of the eligibility requirements for treatment pursuant to paragraph 6 of the 2017 Agreement. 250 MW of this total is the base amount of capacity specified in paragraph 6(b) of the 2017 Agreement. 5.3 MW is allowable in the Second SoBRA as unused capacity carried forward from the First SoBRA. The remaining 5 MW is the 2% variance specified in paragraph 6(c) of the 2017 Agreement and is allowable because building all 49 MW of the Lake Hancock project capacity, but including only 32 MW of that capacity in the

Second SoBRA, accommodates efficient planning and construction of the Lake Hancock project that includes the projected delivery of greater fuel savings from the entire project. Tampa Electric witness Ward's Direct Testimony describes in detail the characteristics of the five projects which qualify them for cost recovery via the company's Second SoBRA, as well as their projected in-service dates and installed cost per kW_{ac}. Tampa Electric witness Rocha uses the projected installed project costs to calculate the annual revenue requirement for the Second SoBRA. Further, Tampa Electric witness Ashburn uses the annual revenue requirement described in witness Rocha's testimony to develop the proposed customer rates for the Second SoBRA. All of these efforts were performed consistent with the requirements of paragraph 6 of the 2017 Agreement.

OPC: No. At this point, TECO has not demonstrated that the 5.0 MW associated with 2% of the Lake Hancock Project meets the letter and intent of the 2017 Settlement Agreement. The Commission should disallow the costs related to that increment of the requested cost recovery for that project.

FIPUG: No. Tampa Electric has not met its burden of demonstrating compliance with all applicable terms of the 2017 Settlement Agreement and that the projects are otherwise warranted.

STAFF: Staff has no position pending evidence adduced at the hearing.

ISSUE 2: Are the 2019 SoBRA projects proposed by TECO cost effective pursuant to subparagraph 6(g) of the 2017 Agreement?

TECO: Yes. As explained by Tampa Electric witness Rocha and based on the company's plans to build at least 550 MW of solar as described in the answer to Staff's Interrogatory 12A (revised September 27, 2018), the five projects covered by the Second SoBRA lower the company's projected system cumulative present value of revenue requirement ("CPVRR") as compared to such CPVRR without the solar projects; therefore, the projects covered by the Second SoBRA satisfy the cost-effectiveness test in the 2017 Agreement. Without objection from Tampa Electric, the parties and the Commission may reserve their rights to take appropriate action if at least 550 MW is not built out.

OPC: Yes, assuming TECO builds at least 550 MW of solar projects. The OPC reserves its right to take positions to the contrary in a future proceeding if the entire project is not built out and the Commission should reserve its jurisdiction to take appropriate action in a future proceeding if the entire project (at least 550 MW) is not built out.

FIPUG: No. Tampa Electric has not met its burden of demonstrating compliance with all applicable terms of the 2017 Settlement Agreement.

STAFF: Staff has no position pending evidence adduced at the hearing.

ISSUE 3: **Are the projected installed costs of each of the 2019 SoBRA projects proposed by TECO less than or equal to the Installed Cost Cap of \$1,500 per kW_{ac} pursuant to subparagraph 6(d) of the 2017 Agreement?**

TECO: Yes. As explained by Tampa Electric witness Ward, the projected installed costs of the five projects are as follows:

<u>Project Name</u>	<u>Projected Installed Cost (per kW_{ac})</u>
Lithia Solar	\$1,494
Grange Hall Solar	\$1,437
Peace Creek Solar	\$1,492
Bonnie Mine Solar	\$1,464
Lake Hancock Solar	\$1,494

These installed costs are lower than the \$1,500 per kW_{ac} Installed Cost Cap pursuant to subparagraph 6(d) of the 2017 Agreement

OPC: Yes, they appear to be less than or equal to the Installed Cost Cap of \$1,500 per kW_{ac} pursuant to subparagraph 6(d) of the 2017 Agreement.

FIPUG: No. Tampa Electric has not met its burden of demonstrating compliance with all applicable terms of the 2017 Settlement Agreement.

STAFF: Staff has no position pending evidence adduced at the hearing.

ISSUE 4: **Is the projected average capital cost of the 2018 and 2019 SoBRA projects proposed by TECO less than or equal to \$1,475 per kW_{ac} pursuant to subparagraph 6(c) of the 2017 Agreement?**

TECO: Yes. The projected average capital cost of the 2018 and 2019 SoBRA projects is less than or equal to \$1,475 per kW_{ac} pursuant to subparagraph 6(c) of the 2017 Agreement.

OPC: Yes, they appear to be projects with projected average capital cost for 2018 & 2019 of less than or equal to \$1,475 per kW_{ac} pursuant to subparagraph 6(c) of the 2017 Agreement.

FIPUG: No. Tampa Electric has not met its burden of demonstrating compliance with all applicable terms of the 2017 Settlement Agreement.

STAFF: Staff has no position pending evidence adduced at the hearing.

ISSUE 5: What are the estimated annual revenue requirements associated with TECO's 2019 SoBRA projects?

TECO: The estimated annual revenue requirement including incentive associated with Tampa Electric's 2019 SoBRA projects is \$46,045,000 including the incentive specified in the 2017 Agreement. This amount is calculated by Tampa Electric witness Rocha using the projected installed costs of the five projects in Tampa Electric witness Ward's Direct Testimony and in accordance with the revenue requirement cost recovery provisions of the 2017 Agreement.

OPC: The Commission should not allow the incremental costs and associated revenue requirement of approximately \$880,000 attributable to the 5.0 MW/2% variance of the Lake Hancock Project

FIPUG: The Commission should not allow incremental costs and associated revenue requirements attributable to the 5.3 MW/2% variance of the Lake Hancock project.

STAFF: Staff has no position pending evidence adduced at the hearing.

ISSUE 6: What are the appropriate base rates needed to collect the estimated annual revenue requirement for the solar projects in the 2019 SoBRA?

TECO: The appropriate base rates needed to collect the estimated annual revenue requirement for the solar projects in the 2019 SoBRA are those reflected in the redlined and clean tariffs set forth as Documents Nos. 6 and 7 of witness Ashburn's Exhibit No.4 (WRA-1), revised September 24, 2018, which are incorporated herein by reference.

OPC: The Commission should not allow the incremental costs and associated revenue requirement of approximately \$880,000 attributable to the 5.0 MW/2% variance of the Lake Hancock Project.

FIPUG: The Commission should not allow incremental costs and associated revenue requirements attributable to the 5.3 MW/2% variance of the Lake Hancock project.

STAFF: Staff has no position pending evidence adduced at the hearing.

ISSUE 7: Should the Commission approve the tariffs for TECO reflecting the base rate increases for the 2019 projects determined to be appropriate in these proceedings?

TECO: Yes. For all the reasons provided in the company's Petition, and in the supporting 2017 Agreement, complete with amended tariff sheets and the other appendices filed with the company's Petition, the Commission should approve the revised tariffs for Tampa Electric reflecting the base rate increases for the 2019 projects comprising the company's Second SoBRA effective with the first meter reading in January 2019.

OPC: Yes, subject to the Commission not allowing the incremental costs and associated revenue requirement attributable to the 5.0 MW/2 percent variant of the Lake Hancock Project and subject to the contingency associated with Issue 2.

FIPUG: The Commission should not allow incremental costs and associated revenue requirements attributable to the 5.3 MW/2% variance of the Lake Hancock project.

STAFF: Staff has no position pending evidence adduced at the hearing.

ISSUE 8: Should the docket be closed?

TECO: Yes. Once all issues in this docket are resolved, the docket should be closed.

OPC: No.

FIPUG: No. Tampa Electric has not met its burden of demonstrating compliance with all applicable terms of the 2017 Settlement Agreement. The docket should remain open until a final true-up based on actual costs is determined by the Commission.

STAFF: Staff has no position pending evidence adduced at the hearing.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
			<u>Direct</u>
R. James Rocha	Tampa Electric Company	RJR-1	Demand and Energy Forecasts; Fuel Price Forecast; Revenue Requirements for Second SoBRA (revised August 8, 2018); Cost effectiveness Tests for Second SoBRA
William R. Ashburn	Tampa Electric Company	WRA-1	Development of Second SoBRA Base Revenue Increase by Rate Class(revised July 5, 2018) ; Base Revenue by Rate Schedule (Revised); Rollup Base Revenue by Rate Class (Revised); Typical Bills Reflecting Second SoBRA Base Revenue Increase (Revised); Determination of Fuel Recovery Factor for Second SoBRA; Redlined Tariffs Reflecting Second SoBRA Base Revenue Increase (Revised); Clean Tariffs Reflecting Second SoBRA Base Revenue Increase (Revised). Except as specified, all of the revisions were filed 9/24/18)

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Mark D. Ward	Tampa Electric Company	MDW-1	Lithia Solar Project Specifications and Projected Costs; Grange Hall Solar Project Specifications and Projected Costs; Peace Creek Solar Project Specifications and Projected Costs; Bonnie Mine Project Specifications and Projected Costs; Lake Hancock Project Specifications and Projected Costs

Parties and staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

There are no proposed stipulations at this time.

XI. PENDING MOTIONS

There are no pending motions at this time.

XII. PENDING CONFIDENTIALITY MATTERS

Tampa Electric currently has six pending confidentiality requests in this docket, filed June 29, August 1, August 23, and September 13, 2018.

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages including attachments and shall be filed at the same time.

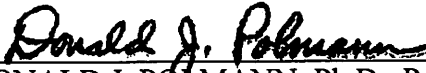
XIV. RULINGS

Opening statements, if any, shall not exceed five minutes per party.

It is therefore,

ORDERED by Commissioner Donald J. Polmann, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Donald J. Polmann, as Prehearing Officer, this 5th day of October, 2018.



DONALD J. POLMANN, Ph.D., P.E.
Commissioner and Prehearing Officer
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

WLT

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.