

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric Company)
for Approval of Waiver of CIAC Rule No.)
25-6.064 F.A.C. for Certain New Electric)
Vehicle Recharging Stations.)
_____)

DOCKET NO. _____

FILED: January 6, 2020

**PETITION OF TAMPA ELECTRIC COMPANY
FOR APPROVAL OF WAIVER OF CIAC RULE NO. 25-6.064 F.A.C
FOR CERTAIN NEW ELECTRIC VEHICLE RECHARGING STATIONS**

Tampa Electric Company ("Tampa Electric" or "the company"), pursuant to Sections 120.521 and 366.04, Florida Statutes, and Rule 28-104.002, Florida Administrative Code, petitions the Florida Public Service Commission ("the Commission") for a waiver of the five year estimation period in Rule 25-6.063, Florida Administrative Code, and as grounds therefore, states:

1. Tampa Electric is an investor owned electric utility subject to the Commission's jurisdiction pursuant to Chapter 366, Florida Statutes. Tampa Electric serves retail customers in Hillsborough and portions of Polk, Pinellas and Pasco Counties in Florida. The company's principal offices are located at 702 N. Franklin Street, Tampa, FL 33602.

2. The persons to whom all notices and other documents should be sent in connection with this docket are:

James D. Beasley
jbeasley@ausley.com
J. Jeffry Wahlen
jwahlen@ausley.com
Malcolm N. Means
mmeans@ausley.com
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
(850) 224-9115
(850) 222-7560 (fax)

Paula K. Brown
regdept@tecoenergy.com
Manager, Regulatory Coordination
Tampa Electric Company
(813) 228-1444
(813) 228-1770 (fax)
Post Office Box 111
Tampa, FL 33601

BACKGROUND

3. Electric vehicles (“EVs”) present many benefits to Florida in general and to Tampa Electric’s customer base, including reduced tailpipe emissions, reduced reliance on petroleum-based fuels, and a new and potentially beneficial electric load over which to spread fixed costs.” There are multiple Florida Statutes that not only support actions to facilitate and benefit EVs, but also aim to reduce reliance on petroleum fuels in Florida. *See, e.g.* §§ 366.81, 366.94, 377.601, 377.815, 403.42, 627.06535, Fla. Stat.

4. One of the known barriers to growth of the EV market is the lack of public- and place-of-employment based fast charging stations. Fast charging stations, which operate at a higher voltage connection to the local utility, greatly reduce the time required to recharge an EV and thus make ownership of an EV much more convenient and appealing to members of the public who are considering switching from a petroleum based liquid fueled vehicle to an EV. There are several barriers to more widespread development of higher voltage fast chargers, but a major one is the initial cost to extend primary voltage power lines to the location where the fast charger would be most convenient to attract current and potential EV owners.

5. Rule 25-6.064 Florida Administrative Code (“the Rule”) addresses contributions in aid of construction (“CIAC”) for installation of new or upgraded facilities. The purpose of the Rule is to establish a uniform procedure to calculate CIAC payments from customers who request new or upgraded facilities, but for whom the new or upgraded facilities will cost more than four (4) times the expected base revenue increase associated with the new or upgraded facilities. These payments are intended to reduce potential cross-subsidy between the load associated with the new or upgraded facilities and existing customers taking service from existing facilities. A copy of the Rule is attached hereto as **Exhibit "A"** and made a part hereof.

6. While the Rule provides a beneficial approach to reducing potential cross-subsidy, it also presents a barrier to the development of high-voltage EV chargers. The Rule requires that the credit provided by Tampa Electric be four times the expected annual base revenues to be received. Subsection (2)(c) of the Rule requires that the “expected annual base energy and demand charge revenues shall be estimated for a period ending not more than 5 years after the new or upgraded facilities are placed in service.” Subsection (6) then states that “...each utility shall use its best judgement in estimating the total amount of annual revenues which the new or upgraded facilities are expected to produce.”

7. For a high-voltage EV charger, those revenues are likely very low when the charger is first installed, partly as it takes considerable time to make its market presence known to attract customers, but also partly because there are not yet many EVs on the road to take advantage of fast chargers. This low initial revenue means a minimal credit against what is often a substantial line extension cost to hook up such a fast charger, representing an imposing barrier.

WAIVER REQUEST

8. In order to remove the barrier to development of more fast charging EV stations, Tampa Electric requests that the Commission approve new tariff language addressing the calculation of the base energy and demand revenues associated with new EV fast charger line extensions for Tampa Electric’s Tariff. While the Rule currently requires a revenue estimation period of 5 years, this language would substitute an estimation period of 10 years to be used in application of the CIAC portion of Tampa Electric’s Tariff (Tariff Sheet Nos. 5.105 through 5.106). Tampa Electric will use its best estimates to calculate the highest base revenues expected to be received from each station during that 10-year period.

9. The Commission’s draft “Review of the 2019 Ten-Year Site Plans of Florida’s Electric Utilities” estimates an addition of 5,916 EVs in Tampa Electric’s service territory over the period 2018-2023.¹ The same Review shows an addition of 12,451 EVs over the period 2023-2028. In other words, the growth rate for EV adoption is expected to greatly accelerate over the next ten years. Given the current projections of the increase expected in EVs over the 10 year period, it is expected that moving from a 5-year to a 10-year estimation period this will result in a larger revenue credit to be applied in the formula provided in the Rule, thus removing a substantial barrier to the development of new high voltage EV chargers now and assisting in the development of the EV market overall.

10. Much as the Commission has approved the application of net metering and Tampa Electric implemented a net metering tariff (NM-1, Tariff Sheet Nos. 3.255 – 3.265) to remove a barrier to customer-owned solar development and encourage a new market for solar, this waiver request will reduce a barrier to EV and fast charging infrastructure development now and encourage a growing market for EVs. Encouraging market development for EVs meets the statutory directives identified in paragraph 3 above as well as spurring development of EVs that may someday be a valuable resource to Tampa Electric’s general body of ratepayers, both for environmental reasons (less vehicle emissions) and as a source of energy storage and load shaping to meet future energy infrastructure and energy control mechanisms.

11. Tampa Electric proposes that this waiver be put into effect for a period of 5 years in order to determine whether it has a beneficial impact on the EV market and also to give time for the EV charging infrastructure market to develop and grow to such point that this waiver can be removed – either because it is no longer necessary to spur development of fast EV charging

¹ See Table 2. Available at <http://www.psc.state.fl.us/Files/PDF/Agendas/InternalAffairs/lapdfs/IA-10-17-19.pdf>.

infrastructure or because the technology no longer needs such support to enable the chargers to be placed into service.

STANDARD FOR RULE WAIVER

12. Section 120.542, Florida Statutes, recognizes that “[s]trict application of uniformly applicable rule requirements can lead to unreasonable, unfair, and unintended results in particular instances.” As a result, the statute authorizes agencies to “grant variances and waivers to requirements of their rules.” § 120.542(1), Fla. Stat.

13. Under Section 120.542, a rule variance or waiver “shall be granted” when a petitioner demonstrates: (1) that the purpose of the underlying statute will be or has been achieved by other means; and (2) when application of a rule would create a substantial hardship or would violate principals of fairness. § 120.542(2), Fla. Stat. Both requirements are met here.

14. The CIAC Rule implements Sections 366.03, 366.05(1), and 366.06(1), Florida Statutes. Section 366.03 bars utilities from giving “any undue or unreasonable preference to any person...” Section 366.05(1) authorizes the Commission to “prescribe fair and reasonable rates and charges...” Finally, Section 366.06(1) gives the Commission “the authority to determine and fix fair, just, and reasonable rates that may be requested, demanded, charged, or collected by any public utility for its service.” These statutes grant the Commission broad discretion in setting utility rates. Although the proposed rule waiver substitutes a different time period for calculating the amount of CIAC due, it will not result in an undue or unreasonable preference and will not impair the ability of the Commission to prescribe fair, just and reasonable rates. As the EV market develops, high-voltage chargers will constitute a new source of load, creating kilowatt-hours of consumption over which to spread the costs of Tampa Electric’s system. Thus, despite any initial cross-subsidization that may occur, the result will be providing a reasonable preference for fast

charging infrastructure in these early market development years of EVs and be beneficial for Tampa Electric's ratepayers now and into the future. The selection of a further advanced period to calculate the expected base revenues simply defers the period such a subsidy is in place for the period before the four years of base revenues actually occurs. At that point, the subsidy ends and the purposes of the rule are implemented.

15. Strict application of the CIAC Rule would create a substantial hardship. The term "substantial hardship" is defined as a "demonstrated economic, technological, legal, or other type of hardship to the person requesting the variance or waiver." § 120.542(2), Fla. Stat. Use of only a five-year estimation period in the CIAC Rule raises the initial cost to establish new high-voltage fast chargers, which in turn discourages adoption of EVs. This creates a significant barrier to achieving the reduced emissions, reduced reliance on petroleum-based fuels, and potential load growth in Tampa Electric's service territory that would benefit ratepayers. Given the projected acceleration in EV adoption rate over the next ten years, moving to a 10-year estimation period would lower the CIAC barrier for construction of new high-voltage EV chargers.

16. This request also complies with Rule 28-104.002 – the Commission's waiver rule – because it contains all of the contents required by subsection (2) of that Rule. *See* R. 28-104.002(2), F.A.C.

CONCLUSION

17. Attached hereto as **Exhibit "B"** is Tampa Electric Company's Original Tariff Sheet No. 5.105 in redlined and clean format with the proposed change to Tampa Electric's Tariff that will allow the change from 5 to 10 years to be put into practice for the proposed circumstances regarding high voltage EV charging line extensions.

18. Tampa Electric is not aware of any disputed issues of material fact regarding the matters addressed herein or the relief requested.

WHEREFORE, Tampa Electric requests that the Commission approve the company's proposed tariff language as described in this petition and as set forth in redlined and clean format proposed tariff sheets in **Exhibit "B"**.

DATED this 6th day of January, 2020.

Respectfully submitted,



JAMES D. BEASLEY
J. JEFFRY WAHLEN
MALCOLM N. MEANS
Ausley McMullen
Post Office Box 391
Tallahassee, FL 32302
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

EXHIBIT “A”

25-6.064 Contribution-in-Aid-of-Construction for Installation of New or Upgraded Facilities.

(1) Application and scope. The purpose of this rule is to establish a uniform procedure by which investor-owned electric utilities calculate amounts due as contributions-in-aid-of-construction (CIAC) from customers who request new facilities or upgraded facilities in order to receive electric service, except as provided in Rule 25-6.078, F.A.C.

(2) Contributions-in-aid-of-construction for new or upgraded overhead facilities (CIAC_{OH}) shall be calculated as follows:

CIAC _{OH}	=	Total estimated work order job cost of installing the facilities	-	Four years expected incremental base energy revenue	-	Four years expected incremental base demand revenue, if applicable
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(a) The cost of the service drop and meter shall be excluded from the total estimated work order job cost for new overhead facilities.

(b) The net book value and cost of removal, net of the salvage value, for existing facilities shall be included in the total estimated work order job cost for upgrades to those existing facilities.

(c) The expected annual base energy and demand charge revenues shall be estimated for a period ending not more than 5 years after the new or upgraded facilities are placed in service.

(d) In no instance shall the CIAC_{OH} be less than zero.

(3) Contributions-in-aid-of-construction for new or upgraded underground facilities (CIAC_{UG}) shall be calculated as follows:

CIAC _{UG}	=	CIAC _{OH}	+	Estimated difference between cost of providing the service underground and overhead
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(4) Each utility shall apply the formula in subsections (2) and (3) of this rule uniformly to residential, commercial and industrial customers requesting new or upgraded facilities at any voltage level.

(5) The costs applied to the formula in subsections (2) and (3) shall be based on the requirements of Rule 25-6.0342, F.A.C., Electric Infrastructure Storm.

(6) All CIAC calculations under this rule shall be based on estimated work order job costs. In addition, each utility shall use its best judgment in estimating the total amount of annual revenues which the new or upgraded facilities are expected to produce.

(a) A customer may request a review of any CIAC charge within 12 months following the in-service date of the new or upgraded facilities. Upon request, the utility shall true-up the CIAC to reflect the actual costs of construction and actual base revenues received at the time the request is made.

(b) In cases where more customers than the initial applicant are expected to be served by the new or upgraded facilities, the utility shall prorate the total CIAC over the number of end-use customers expected to be served by the new or upgraded facilities within a period not to exceed 3 years, commencing with the in-service date of the new or upgraded facilities. The utility may require a payment equal to the full amount of the CIAC from the initial customer. For the 3-year period following the in-service date, the utility shall collect from those customers a prorated share of the original CIAC amount, and credit that to the initial customer who paid the CIAC. The utility shall file a tariff outlining its policy for the proration of CIAC.

(7) The utility may elect to waive all or any portion of the CIAC for customers, even when a CIAC is found to be applicable. If however, the utility waives a CIAC, the utility shall reduce net plant in service as though the CIAC had been collected, unless the Commission determines that there is a quantifiable benefit to the general body of ratepayers commensurate with the waived CIAC. Each utility shall maintain records of amounts waived and any subsequent changes that served to offset the CIAC.

(8) A detailed statement of its standard facilities extension and upgrade policies shall be filed by each utility as part of its tariffs. The tariffs shall have uniform application and shall be nondiscriminatory.

(9) If a utility and applicant are unable to agree on the CIAC amount, either party may appeal to the Commission for a review.

Rulemaking Authority 366.05(1), 350.127(2) FS. Law Implemented 366.03, 366.05(1), 366.06(1) FS. History—New 7-29-69, Amended 7-2-85, Formerly 25-6.64, Amended 2-1-07.

EXHIBIT “B”



~~FOURTH THIRD~~ REVISED
SHEET NO. 5.105
CANCELS ~~THIRDSECOND~~
REVISED SHEET NO. 5.105

Continued from Sheet No. 5.100

2.6.1 CONTRIBUTION IN AID OF CONSTRUCTION

The company recognizes its obligation to furnish electric service to customers throughout its entire service area, but necessarily must reserve the right to require a contribution in aid of construction (CIAC) when the additional distribution investment is not considered prudent. A CIAC will normally be required when the cost of the facilities required to serve a customer are in excess of those normally provided by the company. CIAC fees are intended to protect the general body of ratepayers from subsidizing special requests.

If the company considers the prospects of securing additional revenue from additional distribution investment to be favorable, (i.e. in public road right-of-way, other customers and/or additional load) such payment, or portion thereof, may be waived.

When a CIAC is required, the customer shall deposit with the company the specified amount prior to the company commencing construction. The company will install, own, and maintain the electrical distribution facilities up to the company designated point of delivery. Any payment by the customer under the provisions of this policy will not convey to the customer any rights of ownerships.

CIAC for the installation of new or upgraded overhead facilities (CIAC_{OH}) will be calculated as follows:

$$CIAC_{OH} = \begin{matrix} \text{Total estimated work order} \\ \text{job cost of installing the} \\ \text{facilities} \end{matrix} - \begin{matrix} \text{Four years expected} \\ \text{incremental base} \\ \text{energy charge revenue} \end{matrix} - \begin{matrix} \text{Four years expected} \\ \text{incremental base} \\ \text{demand charge revenue} \end{matrix}$$

The cost of the service drop and meter shall be excluded in the total estimated work order job cost for new overhead facilities.

The net book value and cost of removal, net of the salvage value, for existing facilities shall be included in the total estimated work order job cost for upgrades to those existing facilities.

An ~~For most projects~~, investment allowance equal to four years expected annual base energy and demand charge revenue shall be estimated for a period not more than five (5) years after the new or upgraded facilities are placed in service. ~~For electric vehicle fast charger projects including associated line extensions, the estimate shall be for four (4) years over not more than ten (10) years after the fast chargers are placed in service.~~

In no instance shall the CIAC_{OH} be less than zero.

Continued to Sheet No. 5.106



Continued from Sheet No. 5.100

2.6.1 CONTRIBUTION IN AID OF CONSTRUCTION

The company recognizes its obligation to furnish electric service to customers throughout its entire service area, but necessarily must reserve the right to require a contribution in aid of construction (CIAC) when the additional distribution investment is not considered prudent. A CIAC will normally be required when the cost of the facilities required to serve a customer are in excess of those normally provided by the company. CIAC fees are intended to protect the general body of ratepayers from subsidizing special requests.

If the company considers the prospects of securing additional revenue from additional distribution investment to be favorable, (i.e. in public road right-of-way, other customers and/or additional load) such payment, or portion thereof, may be waived.

When a CIAC is required, the customer shall deposit with the company the specified amount prior to the company commencing construction. The company will install, own, and maintain the electrical distribution facilities up to the company designated point of delivery. Any payment by the customer under the provisions of this policy will not convey to the customer any rights of ownerships.

CIAC for the installation of new or upgraded overhead facilities (CIAC_{OH}) will be calculated as follows:

$$\text{CIAC}_{\text{OH}} = \begin{array}{l} \text{Total estimated work order} \\ \text{job cost of installing the} \\ \text{facilities} \end{array} - \begin{array}{l} \text{Four years expected} \\ \text{incremental base} \\ \text{energy charge revenue} \end{array} - \begin{array}{l} \text{Four years expected} \\ \text{incremental base} \\ \text{demand charge revenue} \end{array}$$

The cost of the service drop and meter shall be excluded in the total estimated work order job cost for new overhead facilities.

The net book value and cost of removal, net of the salvage value, for existing facilities shall be included in the total estimated work order job cost for upgrades to those existing facilities.

For most projects, investment allowance equal to four years expected annual base energy and demand charge revenue shall be estimated for a period not more than five (5) years after the new or upgraded facilities are placed in service. For electric vehicle fast charger projects including associated line extensions, the estimate shall be for four (4) years over not more than ten (10) years after the fast chargers are placed in service.

In no instance shall the CIAC_{OH} be less than zero.

Continued to Sheet No. 5.106