

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: December 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ward, Coston, Draper) *JGH*
Office of the General Counsel (Brownless) *JBC*

RE: Docket No. 20200218-EI – Joint petition for approval of intermittent electric standby power agreement, by Tampa Electric Company, Duke Energy Florida, and Mosaic Fertilizer, LLC.

AGENDA: 01/05/21 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brown

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On September 17, 2020, Tampa Electric Company (Tampa Electric), Duke Energy Florida, LLC (Duke), and Mosaic Fertilizer, LLC (Mosaic) (jointly Petitioners) filed a joint petition for approval of an amendment to their intermittent electric standby power agreement. The agreement was originally approved in Order No. PSC-15-0414-PAA-EI (2015 order) to allow Tampa Electric to provide intermittent standby power to Mosaic's South Pasture Beneficiation Plant.¹ Mosaic is in the business of mining and processing phosphate and manufacturing fertilizer. Mosaic has operations in the service territories of Tampa Electric, Duke, and other utilities

¹ Order No. PSC-15-0414-PAA-EI, issued October 1, 2015, in Docket No. 20150177-EI, *In re: Joint petition by Tampa Electric Company, Duke Energy Florida, and Mosaic Fertilizer, LLC, for approval of intermittent electric standby power agreement.*

Docket No. 20200218-EI
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within the state. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Commission approve the proposed amendment to the intermittent electric standby power agreement between Tampa Electric, Duke, and Mosaic?

Recommendation: Yes. The Commission should approve the proposed amendment to the current intermittent electric standby power agreement between Tampa Electric, Duke, and Mosaic, effective on the date of a final Commission order approving the amendment. The amended agreement is consistent with the Commission's policy of encouraging agreements, promotes renewable energy, and has no immediate impact on Tampa Electric's and Duke's general body of ratepayers. (Ward, Coston, Draper)

Staff Analysis: The current agreement as approved in the 2015 order and the proposed amendment address the supply of electric service to certain Mosaic facilities located in Hardee County. Specifically, the Mosaic facilities at issue are the South Pierce Generating Facilities (South Pierce), the South Pasture Beneficiation Plant (South Pasture), the Bartow Generating Facilities (Bartow), and the South Fort Meade Beneficiation Plant (South Fort Meade). The current agreement allows Tampa Electric to provide intermittent standby power to Mosaic during infrequent periods when generation from the South Pierce facility is not sufficient to serve the South Pasture load.

The proposed amendment would expand Mosaic's ability to utilize its self-generated renewable energy to serve its own facilities by adding the provision of electricity from Mosaic's Bartow facility, which generates power, to Mosaic's South Fort Meade facility. Under the proposed amendment, Tampa Electric would also provide intermittent electric standby power to Mosaic's South Fort Meade facility when generation from the South Pierce or Bartow facilities is not sufficient. The amendment would become effective on the date of a final Commission order approving the amendment. The proposed amendment is shown in Attachment A of the recommendation.

Description of Mosaic's Facilities

Maps of the current Mosaic facilities and the facilities and associated changes to Mosaic's operations that would be accomplished by the proposed agreement are shown in Attachment B, pages 1 and 2, of the recommendation. The South Pierce and South Pasture facilities were at issue in the 2015 order; the proposed amendment addresses the provision of electricity to the Bartow and South Fort Meade facilities.

South Pierce

South Pierce is a qualifying cogeneration facility² which consists of two steam-turbine generators that generate electricity from waste heat captured during the fertilizer production process. Mosaic uses the electricity generated to self-serve the South Pierce facility and directs the excess electricity generated to serve the full load of the South Pasture plant. As addressed in

² Rule 25-17.080, Florida Administrative Code (F.A.C.), defines the criteria a small power producer must meet to qualify as a cogeneration facility. Pursuant to Rule 25-17.082, F.A.C., each investor-owned utility shall purchase electricity produced and sold by qualifying facilities at rates which have been agreed upon by the utility and qualifying facility or at the utility's published tariff.

the 2015 order, in the event generation from the South Pierce facility is not sufficient to serve the South Pasture load, Tampa Electric provides standby power to the South Pierce facility. Tampa Electric only serves the load at South Pasture when the South Pierce cogeneration is off-line for repair or maintenance, or the combined load of the South Pierce and South Pasture facilities exceeds the output of the South Pierce cogeneration facility. Such intermittent electric service is characterized as standby service. The South Pierce and South Pasture plant are connected via a transmission line owned by Mosaic and located on Mosaic-owned property. The South Pierce facility is located in Tampa Electric's service territory.

South Pasture

The South Pasture plant produces fertilizer products and is currently served by Tampa Electric under the intermittent electric standby power agreement approved in the 2015 order. The South Pasture plant is located in Peace River Electric Cooperative's (Peace River) service territory. Prior to approval of the current agreement, Duke provided service to the South Pasture plant because the facility requires service at transmission level and Peace River does not have transmission level facilities in the area. Pursuant to the current agreement, which provided for Tampa Electric to provide standby power to the South Pasture load, Duke no longer provides standby power to the South Pasture plant, because only one utility can be connected to the Mosaic facilities at a time. Commission approval of the current agreement was necessary to allow Tampa Electric to provide standby service to South Pasture which is located in an area Duke is permitted to serve.

Bartow

Bartow is a qualifying cogeneration facility which consists of two steam-turbine generators that generate renewable energy from waste heat captured during the fertilizer production process. Mosaic uses the electricity generated to self-serve the South Fort Meade facility and sells any excess energy to Tampa Electric under the as-available COG-1 tariff. Tampa Electric provides standby service to Bartow, which is located in Tampa Electric's service territory.

South Fort Meade

The South Fort Meade plant produces fertilizer products and is currently served by Duke under the Interruptible General Service rate schedule. South Fort Meade is located in Peace River's service territory; however, pursuant to a territorial agreement between Duke and Peace River, Duke provides service to South Fort Meade because the facility requires service at transmission level.³ The Petitioners state that Peace River has read the amended agreement and Peace River's consent to approval and implementation of the amended agreement is attached as Exhibit C to the petition.

Mosaic's Transmission Lines

Mosaic owns a 10-mile 69 kilovolt transmission line that connects the South Pierce facility to the South Pasture facility. As shown in Attachment B, page 2 of 2, to the recommendation, Mosaic plans to extend this transmission line to connect the South Pierce and Bartow facilities to the South Pasture and the South Fort Meade facilities. Mosaic stated that they plan to have this

³ Order No. PSC-2019-0048-PAA-EU, issued January 28, 2019, in Docket No. 20180159-EU, *In re: Joint petition for approval of amendment to territorial agreement in Hardee, Highlands, Polk, and Osceola Counties, by Peace River Electric Cooperative and Duke Energy Florida, LLC.*

extension, which is known as the *South Pasture South Fort Meade Tie Line*, completed by the third quarter of 2021. The transmission line will be owned by Mosaic and solely located on Mosaic-owned property, with the exception of crossings of public right of ways, such as roads. This type of arrangement is referred to as self-service.

Proposed Amendment

The primary purpose of the proposed amendment is to expand Mosaic's ability to utilize its renewable energy to serve its own facilities by connecting the Bartow generating facility, once construction of the new transmission line is complete, to the South Pasture and South Fort Meade facilities. If the amendment is approved and the transmission line extension completed, Tampa Electric would also be able to provide intermittent standby power to Bartow and South Fort Meade. Commission approval of the proposed amendment is required, because the South Fort Meade facility is currently served by Duke. As discussed in the 2015 order, only one utility can be connected electrically to the Mosaic facilities at a time.

The Petitioners explained that the infrequent circumstance under which Tampa Electric would provide standby power to the South Pasture or South Fort Meade facilities is when the generating South Pierce or Bartow facilities are de-rated or offline for repair or maintenance, or when the South Pasture or South Fort Meade load exceeds the output of the South Pierce and Bartow facilities.

The current and the proposed agreement include a 3,500 Megawatt-hour annual cap on the amount of standby power Tampa Electric can provide to Mosaic. If the cap is exceeded, Mosaic would disconnect the South Pasture and South Fort Meade facilities from its generation facilities and connect the two facilities to Duke. The purpose of the negotiated cap is to ensure that Tampa Electric's standby service is infrequent and intermittent. Once Mosaic has purchased a certain amount of electricity from Duke as outlined in paragraph 6 of the proposed agreement, Mosaic will reconnect its facilities and the cap will be reset to zero.

Conclusion

As noted in the 2015 order, the Florida Supreme Court found that an individual does not have the right to service by a particular utility merely because the individual deems it advantageous.⁴ However, the proposed amendment to the agreement for intermittent standby power is confined to unique and limited circumstances as presented by the facts of this case. The amended agreement maintains the current territorial boundaries for Tampa Electric and Duke, while allowing Mosaic to self-generate power to serve its South Pasture and South Fort Meade loads.

Staff recommends that the Commission should approve the proposed amendment to the current intermittent electric standby power agreement between Tampa Electric, Duke, and Mosaic, effective on the date of a final Commission order approving the amendment. The proposed amended agreement is consistent with the Commission's policy of encouraging agreements, promotes renewable energy, and has no immediate impact on Tampa Electric's and Duke's general body of ratepayers.

⁴ Storey v. Mayo, 217 So. 2d 304 (Fla. 1968)

Issue 2: Should this docket be closed?

Recommendation: Yes. If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. (Brownless)

Staff Analysis: If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.

EXHIBIT B

**FIRST AMENDMENT TO
INTERMITTENT ELECTRIC STANDBY POWER AGREEMENT**

THIS FIRST AMENDMENT TO THE INTERMITTENT ELECTRIC STANDBY POWER AGREEMENT (“First Amendment”) is made as of the 16th day of September 2020, by and between Duke Energy Florida, Inc. (“DEF”), Tampa Electric Company (“Tampa Electric”) and Mosaic Fertilizer, LLC (“Mosaic”) (collectively the “Parties”).

BACKGROUND:

A. The Parties previously entered into an “Intermittent Electric Standby Power Agreement” that was approved by the Florida Public Service Commission (“Commission”) on October 1, 2015 (the “Agreement”).

B. The Parties desire to modify and amend the Agreement as more fully set forth herein. In essence, the Amendment modifies and amends the Agreement to expand Mosaic’s ability to utilize Mosaic-generated renewable energy to serve its own facilities in ways not presently authorized under the Agreement. Presently, the Agreement addresses Mosaic’s South Pierce Generating Facility and the provision of electricity to Mosaic’s South Pasture Beneficiation Plant. The Amendment would include the provision of electricity from Mosaic’s Bartow Generating Facility to Mosaic’s South Fort Meade Beneficiation Plant and/or Mosaic’s South Pasture Beneficiation Plant. The Amendment would also include the provision of electricity from Mosaic’s South Pierce Generating Facility to Mosaic’s South Fort Meade Beneficiation Plant.

AGREEMENT:

1. Definitions. Any capitalized terms used herein that are not otherwise defined shall have the same meaning as set forth in the Agreement.

2. Modifications to the Agreement. The following modifications and amendments are hereby made to the Agreement:

a. Paragraph 1 of the Agreement is hereby amended such that the following two definitions are added as follows:

1(j). **Bartow Generating Facilities** means: A Mosaic-owned 78 MW nameplate capacity qualifying facility generating station which consists of two steam-turbine generators that generate renewable energy from waste heat captured during the production of sulfuric acid used in the integrated phosphate fertilizer production processes.

1(k). **South Fort Meade Beneficiation Plant** means: The Mosaic-owned phosphate beneficiation facility located in Hardee County (Section 25 Township 32S

Range 25E) which processes mined phosphate materials in the production of fertilizer products.

b. Paragraph 1(e) of the Agreement is hereby amended and restated in its entirety as follows:

1(e). **South Pasture South Fort Meade Tie Line** means: The extension of a Mosaic-owned 69 kV transmission line which has or will connect Mosaic's South Pierce Generating Facilities and Mosaic's Bartow Generating Facilities with Mosaic's South Pasture Beneficiation Plant and Mosaic's South Fort Meade Beneficiation Plant;

c. Paragraph 1(i) of the Agreement is hereby amended and restated in its entirety as follows:

1(i). **Tampa Electric Intermittent Electric Standby Power 12 Month Cap** means: Up to 3,500 MWh annually of Tampa Electric-supplied and Mosaic-purchased intermittent standby electricity that will flow through the South Pierce Bartow Standby Interruptible Service Meter, and that will be transferred by Mosaic to the South Pasture Beneficiation Plant or the South Fort Meade Beneficiation Plant over the South Pasture South Fort Meade Tie-Line. The 3,500 MWh is an annual cap, calculated monthly from the Effective Date of this Agreement and each twelve months thereafter, unless the start month of the twelve month period is changed pursuant to the process for exceedance of the cap set forth in paragraph 6.

d. Paragraph 3 of the Agreement is hereby amended and restated in its entirety as follows:

3. Point of Provision of Intermittent Electric Standby Power: Tampa Electric will provide Intermittent Electric Standby Power under this Agreement to Mosaic for use by Mosaic at the South Pasture Beneficiation Plant and South Fort Meade Beneficiation Plant through Tampa Electric's South Pierce Standby Interruptible Service Meter or Tampa Electric's Bartow Standby Interruptible Service Meter and such electric power will be delivered by Mosaic to the South Pasture Beneficiation Plant or the South Fort Meade Beneficiation Plant by Mosaic's South Pasture-South Fort Meade Tie Line.

e. Paragraph 4 of the Agreement is hereby amended and restated in its entirety as follows:

4. Calculation and Reporting of Intermittent Electric Standby Power: Intermittent Electric Standby Power supplied by Tampa that flows through the South Pierce Service Meter or the Bartow Service Meter, and that will be purchased and transferred by Mosaic to the South Pasture Beneficiation Plant or the South Fort Meade Beneficiation Plant over the South Pasture South Fort Meade Tie-Line,

will be determined and calculated monthly by DEF based on hourly data. The calculation will be made by calculating the amount, if any, by which the combined/aggregated South Pasture Beneficiation Plant load as measured on the Fort Green 3 Substation Meter and the South Fort Meade Beneficiation Plant load as measured on the Mosaic South Pierce Central Energy Substation Meter exceeds the combined/aggregated Mosaic-owned South Pierce total generation as measured by Tampa Electric on the South Pierce Generator Meter, measured on an hourly basis, and the Mosaic-owned Bartow total generation as measured by Tampa Electric on the Bartow Generator Meter. DEF shall provide to Mosaic and Tampa Electric a monthly report reflecting the cumulative Intermittent Electric Standby Power provided to Mosaic during the 12 calendar months preceding the month in which the report is submitted. The determination of whether the Tampa Electric Intermittent Electric Standby Power 12 Month Cap has been exceeded will be made by reference to the cumulative Intermittent Electric Standby Power reflected in the monthly reports provided by DEF. Tampa Electric agrees to provide hourly South Pierce Generation Facilities data and Mosaic agrees to permit DEF access to the Fort Green 3 Substation Meter to facilitate DEF's acquisition of interval data and the determinations and calculations of Tampa Electric Intermittent Standby Electric Power flows to the South Pasture Beneficiation Plant. The same information will be provided for the South Fort Meade Beneficiation Plant. Stated differently, at any point in time, when the combined generation output of the Bartow Generation Facilities and the South Pierce Generation Facilities exceeds the combined load of the South Pasture Beneficiation Plant and the South Fort Meade Beneficiation Plant, Mosaic is consuming no Tampa Electric Intermittent Standby Electric Power and thus no Tampa Electric Intermittent Standby Electric Power is counted against the Tampa Electric Intermittent Standby Electric Power Annual Cap. DEF shall provide the Parties with an annual report detailing the amount of Tampa Electric supplied Intermittent Standby Electric Power provided to the South Pasture Beneficiation Plant and the South Fort Meade Beneficiation Plant.

- f. Paragraph 5 of the Agreement is hereby amended and restated in its entirety as follows:

5. **Authorized Charges:** DEF is authorized to include an additional monthly charge of \$200.00 to Mosaic's account maintained for the Mosaic South Pasture Beneficiation Plant Interruptible Standby account and the Mosaic South Fort Meade Beneficiation Plant Interruptible Standby account to compensate DEF for its reasonable costs and expenses associated with monitoring, calculating and reporting Tampa Electric Intermittent Standby Electric Power flows as described in paragraph 4 of the Agreement. DEF is further authorized to charge Mosaic in accordance with its current Commission approved Rate Schedule, SS 2, Interruptible Standby Service or any successor rate schedule, associated with the new DEF South Pasture Standby Service Meter that will be used to measure DEF service to South Pasture Beneficiation Plant, and the DEF South Fort Meade Standby Service Meter that will be used to measure DEF service to the South Fort

Meade Beneficiation Plant, whenever standby electrical service is transferred from Tampa Electric to DEF.

- g. Paragraph 6 of the Agreement is hereby amended and restated in its entirety as follows:

6. Exceedance of Tampa Electric Intermittent Standby Electric Power 12 Month Cap: If the Tampa Electric Intermittent Standby Electric Power 12 Month Cap is exceeded during any month as reflected in monthly reports submitted by DEF pursuant to paragraph 4, within 30 days of issuance of subject report, and Mosaic's reasonable verification and confirmation of same within 15 days of receipt of such information, Mosaic will disconnect the South Pasture Beneficiation Plant from the South Pierce Generation Facility and connect the South Pasture Beneficiation Plant to the DEF South Pasture Standby Service Meter. Mosaic will then purchase (at a minimum) an amount of Standby Service MWh from DEF that equals or exceeds the total amount of Tampa Electric Intermittent Electric Standby Power MWh consumed during the relevant 12 month period during which the Tampa Electric Intermittent Standby Electric Power 12 Month Cap was measured and exceeded. When the Standby Service MWh from DEF has met or exceeded that prior service from Tampa Electric, Mosaic will reconnect the South Pasture Beneficiation Plant to the South Pasture Tie Line. Upon reconnection of the South Pasture Beneficiation Plant to the South Pasture Tie Line, the Tampa Electric Intermittent Electric Standby Power 12 Month Cap will be reset to zero (0) MWh, and the 12 month period for measuring exceedances will be restarted. The parties will use their normal billing cycles for the purposes of gathering data and preparing reports as set forth in this Agreement. These provisions will also apply to the South Fort Meade Beneficiation Plant and the 12 Month Cap remains at level as set forth in Section 1 above.

- h. Paragraph 7 of the Agreement is hereby amended and restated in its entirety as follows:

7. Notification of Additions to the South Pasture South Fort Meade Tie Line and Material Changes to the South Pierce Generating Facilities or the Bartow Generating Facilities: Mosaic will timely notify Duke and Tampa Electric prior to adding any electric loads in Hardee County to the South Pasture South Fort Meade Tie Line which are remote from the South Pasture Beneficiation Plant or the South Fort Meade Beneficiation Plant and not capable of being measured by the Fort Green 3 Substation Meter or the substation meter measuring service to South Fort Meade Beneficiation Plant (and thus included in DEF's monthly calculation of Tampa Electric Intermittent Standby Electric Power as detailed in paragraph 4.) Mosaic will timely notify DEF and Tampa Electric prior to adding any additional Mosaic load of 6 MW or greater served through or from the South Pasture Beneficiation Plant or served through or from the South Pasture Beneficiation Plant. Mosaic will timely notify Duke and Tampa Electric prior to making any permanent material changes to the electric generating capacity of the South Pierce

Generating Facilities of the Bartow Generating Facilities, which either increases or decreases the output of the units by 6 MW or greater of either generating facility, and will notify Duke and Tampa Electric should major outages of a more permanent nature be planned or occur (e.g., extended outages or derations of the units or the sulfuric acid plants that provide the steam to run the units). Notwithstanding the foregoing, however, such notification will not increase or have any impact on the amount of the Tampa Electric Intermittent Electric Standby Power 12 Month Cap set forth in section I(i).

3. No Other Modifications. Except as specifically amended or modified hereby, all the terms, covenants, and conditions of the Agreement shall remain in full force and effect and are hereby ratified and affirmed. In the event of a conflict between the terms of this First Amendment and the Agreement, the terms of this First Amendment shall control.
4. Presentation of Agreement to the Commission. The Parties agree to file an executed copy of this Amendment with the Commission for review and approval as expeditiously as possible, and to support the Commission's timely approval of this Amendment without modification.
5. Counterparts. This First Amendment may be executed in any number of counterparts, but all such counterparts when taken together shall constitute one and the same instrument. Facsimile and Portable Document Format ("PDF") signatures shall be binding on the parties hereto.

[Signature page to follow.]

SIGNATURE PAGE TO
FIRST AMENDMENT TO INTERMITTENT ELECTRIC STANDBY POWER AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Steam Sales Agreement to be executed on their behalf by duly authorized representatives, all as of the Effective Date first set forth above.

Duke Energy Florida

By: _____ Date: _____

Print Name:

Title:

Tampa Electric Company

By: /s/ Frank Busot Date: 09/04/2020

Print Name: Frank Busot

Title VP Regulatory Affairs

The Mosaic Company

By: _____ Date: _____

Title

SIGNATURE PAGE TO
FIRST AMENDMENT TO INTERMITTENT ELECTRIC STANDBY POWER AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Steam Sales Agreement to be executed on their behalf by duly authorized representatives, all as of the Effective Date first set forth above.

Duke Energy Florida



By:

Date: 9/4/2020

Print Name: Catherine Stempien

Title: State President, Florida

Tampa Electric Company

By: _____ Date: _____

Print Name:

Title

The Mosaic Company

By: _____ Date: _____

Title

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SIGNATURE PAGE TO
FIRST AMENDMENT TO INTERMITTENT ELECTRIC STANDBY POWER AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Steam Sales Agreement to be executed on their behalf by duly authorized representatives, all as of the Effective Date first set forth above.

Duke Energy Florida

By: _____ Date: _____

Print Name:

Title:

Tampa Electric Company

By: _____ Date: _____

Print Name:

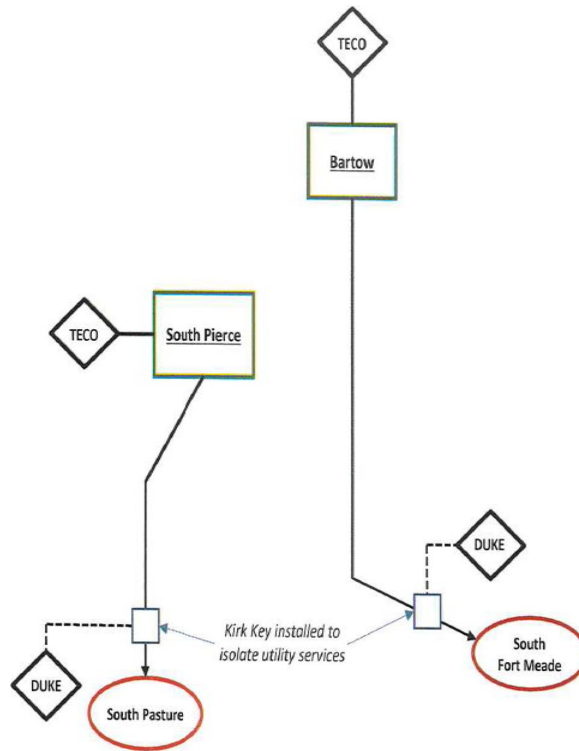
Title

The Mosaic Company

By: DocuSigned by:
Chris Martus
C42E43B99C534FC... Date: 9/16/2020

Title Vice President Procurement

South Pierce to South Pasture and Bartow to South Fort Meade



South Pierce and Bartow Combined

