

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 26, 2018

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Doherty) *RD*
Office of the General Counsel (Schrader) *EJD* *PD* *q/n/jsc*

RE: Docket No. 20180127-EI – Petition for approval of temporary territorial variance, by Tampa Electric Company.

AGENDA: 08/07/18 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brown

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

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Case Background

On June 1, 2018, Tampa Electric Company (TECO) filed a petition for approval of a temporary territorial variance (variance). The variance will enable TECO to provide temporary electric service to Mosaic Fertilizer, LLC's (Mosaic) Four Corners South mining facility outside TECO's approved service territory. TECO is an investor-owned public utility subject to the jurisdiction of the Commission under Chapter 366, Florida Statutes (F.S.). Mosaic is in the business of mining and processing phosphate and manufacturing fertilizer.

Pursuant to a territorial agreement the Commission approved between Duke Energy Florida, LLC¹ (Duke) and Peace River Electric Cooperative (PRECO), the Four Corners South facility is

¹ In 1994, Duke was known as Florida Power Corporation. Subsequently, Florida Power Corporation changed its name to Progress Energy Florida, Inc. in 2003, to Duke Energy Florida, Inc. in 2013, and to Duke Energy Florida, LLC in 2015.

served by Duke.² This 1994 territorial agreement approved Duke's right to serve transmission level customers, such as Mosaic, in PRECO's service territory because PRECO did not have the appropriate facilities to meet Mosaic's transmission level electric needs. The instant petition requests that TECO, instead of Duke, provide temporary service to Mosaic's Four Corners South facility until Duke completes construction of a new transmission line in the region.

TECO and Duke responded to staff's first data request on July 16, 2018. The map and legal description of the Four Corners South facility are attached to the petition in Exhibits A and B. Florida Power & Light Company (FPL), Duke, and PRECO's consent to the approval of the proposed variance are shown in Exhibit C of the petition. FPL also has the ability to serve Mosaic; however, FPL does not have transmission facilities that can serve the Four Corners South facility and would need to invest in system upgrades. Therefore, FPL provided their consent to the proposed variance.

In 2017, the Commission approved a similar temporary territory variance allowing TECO to provide electric service to Mosaic's Peacock mining facility in Manatee County, while Duke constructs a new transmission line to accommodate Mosaic's mining operations and eliminate voltage issues in the area.³ The Commission has jurisdiction pursuant to Section 366.04, F.S.

² Order No. PSC-94-1522-FOF-EI, issued December 12, 1994, in Docket No 940376-EU, *In re: Joint petition for approval of territorial agreement between Florida Power Corporation and Peace River Electric Cooperative, Inc.*

³ Order No. PSC-2017-0385-PAA-EI, issued October 9, 2017, in Docket No. 20170181-EI, *In re: Petition for expedited approval of temporary territorial variance, by Tampa Electric Company.*

Discussion of Issues

Issue 1: Should the Commission approve TECO's petition for a temporary territorial variance?

Recommendation: Yes. The petition for the approval of a temporary territorial variance is in the public interest and should be approved. During the period of its retail electric service to the Four Corners South facility in Hardee County, TECO should report to the Commission on an annual basis regarding the status of such temporary service through its conclusion. TECO should file its first status report in the docket file in August 2019, or sooner if concluded. (Doherty)

Staff Analysis: The proposed variance addresses the supply of electric service to Mosaic's Four Corners South facility located in rural northern Hardee County, Florida. The Four Corners South facility is an industrial phosphate mining operation and associated pump operation. The facility takes service at 69 kV transmission level. Once the mining has been completed in a particular area, the facility moves to another mining location.

The Four Corners South facility will be adding approximately 70 megawatts of load. Duke expects that this increase in load will cause adverse voltage effects on Duke and on PRECO's facilities. Both Duke and PRECO are served from the same transmission line that serves the Four Corners South facility. Mosaic expects the mining activity to cause the adverse voltage beginning October 1, 2018. Duke states that it will be able to serve this additional mining load, without adverse voltage effects, once the new 230 kV line and substation are completed in May 2019.

TECO asserts in the petition that it can provide immediate electric service to the Four Corners South facility from an existing meter located within TECO's electric service territory just over the Manatee/Hillsborough County border in Hillsborough County. TECO also stated that it has sufficient capacity to serve the load. The Four Corners South facility is located 10 miles from TECO's facilities and Mosaic will reimburse TECO for any upgrades needed to provide temporary power service to Mosaic's mining operations. Mosaic owns transmission facilities behind TECO's meter.

TECO states that it is prepared to serve this load beyond May 2019, if Duke is not finished with constructing the 230 kV line. TECO will file a final status report with the Commission to indicate that TECO is no longer providing service to the Four Corners facility.

Conclusion

Based on the assertions made in the petition, staff believes that the proposed variance will not cause a decrease in reliability of electric service to TECO and the adjacent utilities (FPL, PRECO, and Duke). Staff recommends that TECO's petition for a temporary territorial variance is in the public interest and should be approved. During the period of its retail electric service to the Four Corners South facility, TECO should report to the Commission on an annual basis regarding the status of such temporary service through its conclusion. TECO should file its first status report in the docket file in August 2019, or sooner if concluded.

Issue 2: Should this docket be closed?

Recommendation: 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. (Schrader)

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 up on the issuance of a Consummating Order.