

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: February 19, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Sanchez, Ellis, King, Ramos) *TB*
Division of Accounting and Finance (Dasher, Gatlin, Mason, Vogel) *MC*
Division of Economics (Ward) *CP*
Office of the General Counsel (Bloom) *JSC*

RE: Docket No. 20250134-EI – Petition for a limited proceeding to approve second solar base rate adjustment, by Duke Energy Florida, LLC.

AGENDA: 03/03/26 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Ortega

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

By Order No. PSC-2024-0472-AS-EI, issued November 12, 2024, the Florida Public Service Commission (Commission) approved Duke Energy Florida, LLC's (DEF or Company) 2024 Settlement Agreement (2024 Settlement).¹ Paragraph 16 of the 2024 Settlement allows for the inclusion, in base rates, of up to 900 megawatts (MW) of solar generation through a Solar Base Rate Adjustment (SoBRA). Pursuant to the 2024 Settlement, DEF will construct approximately 300 MW, per calendar year, of solar generation that must meet certain criteria for inclusion in base rates.

¹ Order No. PSC-2024-0472-AS-EI, issued November 12, 2024, in Docket No. 20240025-EI, *In re: Petition for rate increase by Duke Energy Florida, LLC.*

Docket No. 20250134-EI

Date: February 19, 2026

On November 6, 2025, DEF filed a limited proceeding for approval of four solar projects, collectively known as the Second SoBRA Tranche. These solar projects include: Jumper Creek in Sumter County, Turnpike in Osceola County, Lonesome Camp in Osceola County, and Banner in Columbia County with a combined total capacity of approximately 300 MW. As each of the solar facilities is below 75 MW, the Commission's decision is limited based on the 2024 Settlement regarding the reasonableness and cost-effectiveness of the solar generation projects.

The Commission has jurisdiction pursuant to Sections 366.06, 366.076, and 366.92, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission approve DEF's Second SoBRA Tranche, which includes the Jumper Creek, Turnpike, Lonesome Camp, and Banner solar projects?

Recommendation: Yes. The Second SoBRA Tranche: 1) lowers DEF’s system Cumulative Present Value Revenue Requirements (CPVRR) by approximately \$117.5 million; 2) shows benefits beginning in 2033; 3) has a total benefit to cost ratio of 1.165; and, 4) is 100 percent dedicated to serving DEF’s retail load. Therefore, the Second SoBRA Tranche is reasonable and cost-effective in accordance with the criteria of subparagraph 16(c) of the 2024 Settlement and should be approved for inclusion in base rates through the SoBRA mechanism. (Sanchez)

Staff Analysis: In its petition, DEF proposes the addition of four solar generating facilities, with three facilities rated at 74.9 MW, and one rated at 74.5 MW. Table 1-1 lists the capacity, location, estimated in-service dates, estimated rate effective date, and the estimated installed cost for each project. Staff notes that the installed costs of each project below are inclusive of transmission network upgrades associated with the facilities, which ranged from \$1.5 million for Jumper Creek to \$53.3 million for Turnpike. These upgrades are necessary for designated resource status and for a new switching station that will serve as the Turnpike site’s point of interconnection.

**Table 1-1
 Second SoBRA Tranche Projects**

	Jumper Creek	Turnpike	Lonesome Camp	Banner
Size (MW)	74.9	74.9	74.9	74.5
County	Sumter	Osceola	Osceola	Columbia
In-Service Date	June 2026	December 2026	February 2027	March 2027
Rate Effective Date	July 2026	January 2027	March 2027	April 2027
Installed Cost (\$M)	\$123.3	\$191.9	\$166.5	\$125.7

Source: Document No. 14969-2025

Subparagraph 16(c) of the 2024 Settlement states that the reasonableness and cost-effectiveness of the SoBRA project(s) shall be evaluated based only on whether the projects in the SoBRA will (1) lower the projected system CPVRR as compared to a system CPVRR without the solar projects (also known as the ‘base case’); (2) whether the CPVRR of the solar projects show positive benefits that exceed costs within ten years; (3) whether the solar projects meet a 1.15 to 1 benefit to cost ratio; and (4) whether the solar projects are 100 percent dedicated to serve DEF’s retail load.

The CPVRR compares the cost of the added generation, transmission, operations and maintenance (O&M), and other expenses of the proposed solar project(s) to the avoided traditional generation, transmission, fuel, and O&M expenses that would otherwise have been incurred if the facilities had not been constructed. In response to staff’s first data request, DEF

produced resource plans for both the SoBRA case and the Base Case used as part of its analysis, including additions of solar, batteries, combined cycle, and combustion turbines as future units.

Exhibit No. BMHB-4 of DEF's petition shows a net system benefit of \$117.5 million over the life of the Second SoBRA Tranche. In response to staff's first data request, DEF provided the annual values for each category. The data indicates that, on a CPVRR basis, the solar projects become cost-effective in 2033 and provide a lower projected system CPVRR due to lowered fuel costs, lower generation capital costs due to the deferral of a combustion turbine unit, and additional production tax credits (PTCs), meeting the first and second requirements. Exhibit BMHB-4 shows that the projects provide an approximate \$661.4 million in avoided costs (including fuel, emissions, O&M, gas transportation, and capital) and \$167.3 million of PTCs for an approximate total of \$828.6 million in benefits. This compares to the approximately \$711.1 million cost of the solar projects (including fuel, emissions, O&M, gas transportation, and capital), resulting in a benefit to cost ratio of 1.165 which satisfies the third requirement of the 2024 Settlement. Finally, DEF stated in its response to staff's first data request that the solar projects will be included in DEF's overall system service provided to all retail customers and will not be included in any stratified sale to a wholesale customer, meeting the fourth and final requirement.

Conclusion

The Second SoBRA Tranche: 1) lowers DEF's system CPVRR by approximately \$117.5 million; 2) shows benefits beginning in 2033; 3) has a total benefit to cost ratio of 1.165; and, 4) is 100 percent dedicated to serving DEF's retail load. Therefore, the Second SoBRA Tranche is reasonable and cost-effective in accordance with the criteria of subparagraph 16(c) of the 2024 Settlement and should be approved for inclusion in base rates through the SoBRA mechanism.

Issue 2: What is the estimated annual revenue requirement associated with DEF’s Second SoBRA Tranche which includes the Jumper Creek, Turnpike, Lonesome Camp, and Banner solar projects?

Recommendation: The estimated annual revenue requirement associated with DEF’s Second SoBRA Tranche is \$53 million. (Dasher)

Staff Analysis: Pursuant to the 2024 Settlement, DEF was authorized to establish a SoBRA mechanism to recover the costs associated with constructing 300 MW of solar generation annually, from 2025 through 2027. The SoBRA mechanism allows DEF to file a petition for approval of groups of solar generation projects in separate dockets, filed closer to their respective in-service dates, in order to ensure more accurate and current cost projections.

The Company, in its second SoBRA, requested the Commission approve an annual revenue requirement based on the projected installed cost of four projects: Jumper Creek Solar Center, Turnpike Solar Center, Lonesome Camp Solar Center, and Banner Solar Center. The estimated in-service dates for the facilities are June 2026 (Jumper Creek), December 2026 (Turnpike), February 2027 (Lonesome Camp), and March 2027 (Banner). The projected annual revenue requirement includes the Clean Energy Connection expansion revenues of \$7.5 million, pursuant to the 2024 Settlement subparagraph 16(a).

The revenue requirement for DEF’s SoBRA was based on a projected plant cost to determine rate base and the required net operating income. The net operating income includes O&M expenses, depreciation expenses, financing costs, insurance costs, and taxes, as well as a debit of \$7.5 million included in the Jumper Creek Solar Center, for the Clean Energy Connection, which results in an increase in the revenue requirement. The proposed annual revenue requirement associated with DEF’s Second SoBRA is \$53 million, based on a total rate base of \$573.2 million and a net operating income of \$39.5 million. Table 2-1 reflects each individual project’s calculated revenue requirement.

Table 2-1
DEF Second SoBRA Annual Revenue Requirement (\$000)

	Jumper Creek	Turnpike	Lonesome Camp	Banner
Rate Base	\$120,909	\$173,250	\$155,511	\$122,900
Rate of Return	6.670%	6.700%	6.700%	6.700%
NOI Required	<u>8,065</u>	<u>11,608</u>	<u>10,419</u>	<u>8,234</u>
NOI Achieved	(4,277)	655	1,045	1,510
NOI Deficiency/Excess	<u>12,341</u>	<u>10,953</u>	<u>9,375</u>	<u>6,724</u>
NOI Multiplier	1.344	1.344	1.344	1.344
Revenue Requirement	<u>\$16,583</u>	<u>\$14,717</u>	<u>\$12,596</u>	<u>\$9,035</u>

Source: Prepared Direct Testimony and Exhibit of DEF witness Olivier, Exhibit MJO-1 (Amended 1/13/26.)

Conclusion

The estimated annual revenue requirement associated with DEF’s Second SoBRA Tranche is \$53 million.

Issue 3: Should the Commission give staff administrative authority to approve tariffs and associated charges for DEF's Second SoBRA Tranche, which includes the Jumper Creek, Turnpike, Lonesome Camp, and Banner solar projects?

Recommendation: Yes. The Commission should grant staff administrative authority to approve the tariffs and associated charges as they are submitted by DEF. DEF should file tariffs and supporting calculations two months prior to the effective date of each SoBRA. DEF should also submit a letter to the Commission declaring the commercial operation date of each solar facility prior to any base rate changes going into effect. (Ward)

Staff Analysis: Witness Olivier stated in her testimony that DEF will file the rate adjustments and tariff sheets for Commission confirmation approximately two months prior to the effective date of each of the rate adjustments. The expected rate adjustment effective dates for the solar projects are July 2026 (Jumper Creek), January 2027 (Turnpike), March 2027 (Lonesome Camp), and April 2027 (Banner).

Witness Olivier provided preliminary approximate base rate increases on the 1,000 kWh residential bill for the four solar projects as follows: Jumper Creek, \$0.49; Turnpike, \$0.42; Lonesome Camp, \$0.36; and Banner, \$0.26. Witness Olivier additionally stated that each of the solar projects will provide a fuel savings of approximately \$0.17 per solar plant on the 1,000 kWh residential bill.

Conclusion

The Commission should grant staff administrative authority to approve the tariffs and associated charges as they are submitted by DEF. DEF should file tariffs and supporting calculations two months prior to the effective date of each solar rate base adjustment. DEF should also submit a letter to the Commission declaring the commercial operation date of each solar facility prior to any base rate changes going into effect.

Issue 4: Should this docket be closed?

Recommendation: No. This docket should remain open pending DEF's letters confirming commercial operation. Once these letters have been received, this docket should be closed administratively. (Bloom)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. This docket should remain open pending DEF's letters confirming commercial operation. Once these letters have been received, this docket should be closed administratively.