

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for a limited proceeding to
approve second solar base rate adjustment, by
Duke Energy Florida, LLC.

DOCKET NO. 20250134-EI
ORDER NO. PSC-2026-0064-PAA-EI
ISSUED: March 18, 2026

The following Commissioners participated in the disposition of this matter:

GABRIELLA PASSIDOMO SMITH, Chairman
GARY F. CLARK
MIKE LA ROSA
BOBBY PAYNE
ANA ORTEGA

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING DUKE ENERGY FLORIDA, LLC'S PETITION FOR
APPROVAL OF SECOND SOLAR BASE RATE ADJUSTMENT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

By Order No. PSC-2024-0472-AS-EI, issued November 12, 2024, we 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.

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, our decision is limited based on the 2024 Settlement regarding the reasonableness and cost-effectiveness of the solar generation projects.

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.*

We have jurisdiction pursuant to Sections 366.06, 366.076, and 366.92, Florida Statutes.

Decision

I. DEF's Second SoBRA Tranche

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 lists the capacity, location, estimated in-service dates, estimated rate effective date, and the estimated installed cost for each project. We note 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
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 cumulative present value of revenue requirements (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 our 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 our 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 our 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.

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 shall be approved for inclusion in base rates through the SoBRA mechanism.

II. Annual Revenue Requirement

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 we 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 is 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 reflects each individual project's calculated revenue requirement.

Table 2
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.)

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

III. Administrative Authority to Approve Tariffs

Witness Olivier stated in her testimony that DEF will file the rate adjustments and tariff sheets for our 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.

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.

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

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Petition for a limited proceeding to approve second solar base rate adjustment, filed by Duke Energy Florida, LLC, is approved as set forth herein. It is further

ORDERED that Commission staff shall have administrative authority to approve tariffs and associated charges for the Second SoBRA Tranche as they are submitted by Duke Energy Florida, LLC. DEF shall also submit a letter to this Commission declaring the commercial operation date of each solar facility prior to any base rate changes going into effect. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that 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 shall be issued. This docket shall remain open pending DEF's letters confirming commercial operation. Once these letters have been received, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 18th day of March, 2026.



ADAM TEITZMAN

Commission Clerk

Florida Public Service Commission

2540 Shumard Oak Boulevard

Tallahassee, Florida 32399

(850) 413-6770

www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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 that is available under Section 120.57, 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 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.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on April 8, 2026.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.