

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: September 21, 2017

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Doherty, Draper) *RD ESD PR B*
Division of Engineering (Ellis, Wooten) *W*
Office of the General Counsel (Mapp) *RM JSC*

RE: Docket No. 20170181-EI – Petition for expedited approval of temporary territorial variance, by Tampa Electric Company.

AGENDA: 10/03/17 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Polmann

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

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Case Background

On August 25, 2017, Tampa Electric Company (TECO) filed a petition for an expedited approval of a temporary territorial variance (variance). The variance will enable TECO to provide temporary electric service to Mosaic Fertilizer, LLC's (Mosaic) Peacock 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 Peacock facility is 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 Peacock mining facility.

TECO and Duke responded to staff's first data request on September 18, 2017. The map and legal description of the Peacock 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 variance are shown in Exhibit C of the petition. FPL also has the ability to serve Mosaic; however, FPL does not have substations that are close to the Peacock facility and would need to invest in system upgrades. Therefore, FPL provided their consent to the proposed variance.

In 2007, the Commission approved a similar temporary territorial variance allowing TECO to provide electric service to Mosaic's Altman facility in Manatee County.³ The Altman facility is located in PRECO's service territory; however, PRECO does not have the facilities to serve the Altman facility. The Commission has jurisdiction pursuant to Section 366.04, F.S.

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.

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-07-0906-PAA-EI, issued November 8, 2007, in Docket No. 070546-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. 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 Peacock facility, TECO should report to the Commission on an annual basis regarding the status of the temporary service through its conclusion. TECO should file its first status report in the docket file in October 2018, or sooner if concluded. (Doherty, Wooten)

Staff Analysis: The proposed variance addresses the supply of electric service to Mosaic's Peacock facility located in Manatee County. The Peacock facility is an industrial phosphate mining operation and associated pump operation, and takes service at 69 kilovolt (kV) transmission level. Once the mining has been completed in a particular area, the facility moves to another mining location.

The Peacock facility added within the last year 20 to 25 megawatts (MWs) of load. The increase in load is causing adverse voltage conditions on PRECO's distribution facilities, as both the Peacock mining facility and PRECO distribution system are connected to the same two substations. PRECO contacted Duke in September 2016 and reported the adverse voltage effects on its system. Duke and Mosaic discussed its operations to find ways to reduce the voltage issues to PRECO. Duke stated that no feasible or cost effective solution was identified.

According to TECO's petition, Mosaic has indicated that it needs to continue taking service at the Peacock facility to accommodate its phosphate mining operations. TECO asserts in the petition that it can provide immediate electric service to the Peacock facility from an existing meter just over the Manatee/Hillsborough County border, which is in TECO's service territory. TECO has indicated that it does not need to invest in any additional facilities to serve the Peacock facility and has sufficient capacity to serve the load. TECO also stated that the Peacock facility load will not create voltage issues for TECO. Based on the assertions made in the petition, staff believes the proposed variance will not cause a decrease in the reliability of electrical service to the existing or future ratepayers of TECO and the adjacent utilities (FPL, PRECO, and Duke).

It is TECO's intention to serve the Peacock facility until the mining at that facility is complete, at which point, the temporary variance will no longer be necessary. TECO will file a final status report to indicate that TECO is no longer providing service to the Peacock facility. Mosaic's mining plans are subject to change; however, TECO stated that Mosaic expects the mining activity at the Peacock facility to continue for a period of approximately six months to a year.

While TECO will serve the Peacock facility to meet the facility's immediate need for electric service, Duke stated that it started the preliminary work to construct a new substation and eight miles of 230 kV transmission lines. The Duke project will support Mosaic's projected future mining load and also eliminate the voltage issues in the area. Duke stated that additional customers could also benefit in the future with the new substation and transmission line. The Duke project is expected to be completed by May 2019.

Conclusion

Based on the petition and responses to staff's data request, 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 Peacock 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 October 2018, 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. (Mapp)

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.