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| State of Florida  pscSEAL | | 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 27, 2017 | | |
| TO: | Office of Commission Clerk (Stauffer) | | |
| FROM: | Division of Economics (Morgan, Guffey, Doherty)  Office of the General Counsel (Brownless) | | |
| RE: | Docket No. 20170216-EI – Petition for approval of curtailable service tariff modifications, by Florida Power & Light Company. | | |
| AGENDA: | 01/09/18 – Regular Agenda – Interested Persons May Participate | | |
| COMMISSIONERS ASSIGNED: | | | All Commissioners |
| PREHEARING OFFICER: | | | Administrative |
| CRITICAL DATES: | | | 60-Day Suspension Date: 03/01/2018 |
| SPECIAL INSTRUCTIONS: | | | None |

Case Background

On October 4, 2017, Florida Power & Light Company (FPL or company) filed a petition requesting modifications to its curtailable service (CS) tariffs. The company is seeking to institute a 30-day notice for customers enrolled in its CS tariffs, including CS Time of Use, to transfer to the Commercial/Industrial Demand Reduction Rider (CDR) tariff. The CS and CDR are optional tariffs for Commercial/Industrial (C/I) customers who are willing to curtail a portion of their demand in exchange for a monthly credit. In addition, FPL proposes to close the CS tariffs to new customers due to a lack of interest.

On October 13, 2017, FPL waived the 60-day suspension deadline through March 1, 2018. Staff issued a data request to FPL on November 13, 2017, and the company responded on November 27, 2017. Also on November 27, 2017, FPL filed a notice of correction to its petition, correcting a scrivener’s error. Staff issued its second data request on December 4, 2017, for which responses were received on December 11, 2017. Attachment A of this recommendation provides the CS tariff pages indicating the proposed changes. The Commission has jurisdiction over this matter pursuant to Sections 288.035 and 366.06, Florida Statutes.

Discussion of Issues

Issue :

 Should the Commission approve FPL’s petition for curtailable service tariff modifications?

Recommendation:

 Yes. The Commission should approve FPL’s proposed curtailable service tariff modifications. Staff believes that this proposal provides load control benefits to the company and ratepayers. C/I customers also benefit from higher credits. Closure of the CS tariffs is acceptable due to lack of interest. (Morgan)

Staff Analysis:

The CS and CDR Tariffs

The CS tariffs are available to C/I customers with a monthly demand of 500 kilowatts (kW) or greater. Customers who choose to take service under CS agree to curtail at least 200 kW of their load when requested by the company. For their compliance, the customer receives a credit of $1.93 per kW of curtailable load. Customers are required to provide three years’ notice to discontinue service under the CS tariffs.

The CDR is available to C/I customers who have at least 200 kW of non-firm demand, above their firm demand level, available for the utility to control. This demand must be demonstrated for at least three out of seven months of the summer Controllable Rating Period (April 1 through October 31). Customers who take service under the CDR agree to have load control equipment installed at their site. A credit of $8.20 is given for each kW of utility-controlled demand. The CDR provides higher credits than the CS tariffs since the customer cedes control of a portion of their demand to FPL. Both tariffs appear to be cost-effective according to the Commission’s standards.

FPL’s Proposal

FPL is seeking to institute a 30-day notice for existing customers to transfer from the CS tariffs directly to the CDR. FPL’s tariffs do not offer a direct transfer between non-firm service options at this time. Customers currently must terminate service from the CS tariffs with three years’ notice in order to then join the CDR.

Currently, the company provides service to 31 customers under CS tariffs. According to FPL, 16 of those customers have the required demand to qualify for the CDR. Out of those 16, seven customers have expressed interest in a direct transfer from the CS tariffs to the CDR. The credits provided to customers under both tariffs are recovered by the company as Demand-Side Management programs through the Energy Conservation Cost Recovery Clause (ECCR). In the company’s petition, FPL states that the ECCR impact of all 16 eligible customers transferring to the CDR would be 0.0008 cents per kilowatt hour (kWh) or less than $0.01 per 1,000 kWh. These 16 potential transferees would join 526 customers who presently take service under the CDR.

FPL also seeks to close the CS tariffs to new customers. According to FPL, no new customers have opted to take service under the CS tariffs since 2010. It should be noted that this petition will allow CS customers to transfer to any non-firm service option, but the CDR is the only current alternative. FPL will also update Tariff Sheet Nos. 8.542 and 8.545 to correct outdated cross-references.

Conclusion

Staff considers the proposed change an efficient transfer between Commission-approved, cost-effective programs. As stated by FPL, the customers will benefit from higher credits while the company and ratepayers will benefit from improved load control. The closure of the CS tariffs is reasonable due to the lack of new participants since 2010. Staff recommends approval of FPL’s curtailable service tariff modifications.

Issue :

Should this docket be closed?

Recommendation: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariffs should not go into effect, pending resolution of the protest. If no timely protest is filed, this docket should be closed and the tariff shall become effective upon the issuance of a consummating order. (Brownless)

Staff Analysis:

If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariffs should not go into effect, pending resolution of the protest. If no timely protest is filed, this docket should be closed and the tariff shall become effective upon the issuance of a consummating order.























