

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: January 25, 2018

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Guffey) *SK9* & *PW*
Office of the General Counsel (Trierweiler) *JSC*

RE: Docket No. 20170198-EI – Petition to close to new business all existing lighting rates and approve new LED lighting rates and tariffs, by Tampa Electric Company.

AGENDA: 02/06/18 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/05/18 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: Please place this item immediately after Docket No. 20170199-EI.

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Case Background

On September 5, 2017, Tampa Electric Company (TECO or company) filed a petition seeking Commission approval for revisions to its Lighting Service (LS-1) tariff. The LS-1 tariff is applicable to any customer for the sole purpose of lighting roadways or other outdoor areas. Specifically, TECO proposed to close its existing 17 Light Emitting Diode (LED) fixture offerings to new customers, approve 21 new LED fixture offerings, add two new pole options, close two pole options to new customers, and revise the outdoor lighting agreement. The proposed tariff revisions are shown in Exhibit A to the petition. Due to their voluminous nature, the tariffs have not been attached to this recommendation.

TECO filed this docket in conjunction with Docket No. 20170199-EI, in which TECO requested approval of its conservation street and outdoor lighting conversion program as a Demand Side

Management program. The conversion program would allow TECO to convert its non-LED lighting facilities to LED service over the next five years.

The Commission first approved TECO's LED lighting tariff in 2013.¹ In 2015, the High Pressure Sodium (HPS) and Metal Halide (MH) lighting services and their associated tariffs were closed to new customers.² The closure of the HPS and MH lighting resulted in TECO offering only LED lighting to new outdoor lighting customers. Existing customers who were receiving service under the HPS and MH tariffs at that time were grandfathered in and continue to receive such service today.

On September 15, 2017, TECO waived the 60-day file and suspend provision per Section 366.06(3), Florida Statutes (F.S.). During the review of TECO's petition, staff issued three data requests to the Company and held an informal, noticed meeting related to this docket and Docket No. 20170199-EI on November 18, 2017. On November 20, 2017, TECO filed a letter summarizing the representations made by the company at the November 18, 2017 meeting.

On December 15, 2017, TECO filed a letter with the Commission stating that the company is no longer requesting Commission approval of a capital recovery schedule referred to in paragraphs 22, 23, and 27 of the petition in the instant docket. The letter served as an amendment to TECO's petition.

The cities of Tampa, Temple Terrace, Plant City, and Winter Haven, and Polk County filed letters on November 27, 2017, December 15, 2017, December 28, 2017 and on January 24, 2018, respectively, supporting the company's proposed LED Lighting Conversion Program. On January 11, 2018, Southern Alliance for Clean Energy also filed a letter in support of TECO's program. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, F.S.

¹ Order No. PSC-13-0138-FOF-EI, issued March 25, 2013, in Docket No. 130019-EI, *In re: Petition for approval of revised lighting tariffs by Tampa electric Company.*

² Order No. PSC-2015-0094-TRF-EI, issued February 5, 2015, in Docket No. 140232-EI, *In re: Petition for approval of revised lighting tariff by Tampa Electric Company.*

Discussion of Issues

Issue 1: Should the Commission approve TECO's proposed lighting service tariff revisions?

Recommendation: Yes. The Commission should approve TECO's proposed lighting service tariff revisions effective February 6, 2018. (Guffey)

Staff Analysis: TECO provides outdoor lighting utilizing three lighting technologies: (1) HSP, (2) MH, and (3) LED. TECO offers only LED lighting to new customers with both HPS and MH service closed to new customers. The company asserts that 35 percent of TECO's lighting customers are government customers and consist primarily of roadway lighting service.

Proposed Tariff Revisions

In conjunction with the proposed conversion program discussed in Docket No. 20170199-EI, TECO proposed revisions to its lighting tariffs as a vehicle for implementing the conversion program. The proposed tariff revisions are discussed in more detail below.

TECO proposed to close its 17 existing LED offerings to new customers (Tariff Sheet No. 6.808). The company, in its response to staff's first data request stated that the currently approved LED tariffs were based on 2012 LED material costs. Since then, the material costs have decreased and the efficiency of the lighting fixtures has improved, resulting in revised lighting charges.

Therefore, TECO proposed 21 new LED fixture offerings (Tariff Sheet No. 6.809) and associated charges. The charges for the new LED lighting category are comprised of three components: a fixture charge, a maintenance charge, and a non-fuel energy charge, consistent with TECO's other lighting options. The fixture charges were developed based on material costs (luminaire, bracket, and materials handling) plus labor and vehicle costs associated with installation. The maintenance charges were developed based on TECO's estimated maintenance costs by fixture type; primary elements of expected maintenance costs pertain to the luminaire unit and luminaire parts. The non-fuel energy charge is determined by multiplying the estimated kilowatt-hour (kWh) usage by fixture type by the non-fuel energy charge as approved in TECO's most recent rate proceeding.

The new LED fixtures will utilize a next generation photocell called a Networked Lighting Controller (NLC) that contains embedded wireless communication technology that will enable the company to remotely sense maintenance and outage events, provide remote on and off capabilities, measure real time input voltage, current, power factor, energy consumption, GPS location, and have the ability to communicate the information back to the company via the communication network. The costs of the NLC are included in the monthly fixture charges and the expected maintenance costs of the NLC are included in the monthly maintenance charge for each LED fixture.

In addition to the above discussed lighting requests, TECO proposed to add two new pole options while closing two pole options (Round and Winston pole style) to new customers. The proposed new poles (Winston and Waterside pole style) are aluminum and, as explained by TECO in response to staff discovery, are expected to provide reduced maintenance issues. As the

Round and Winston poles fail over time, they will be replaced with the new Winston and Waterside pole offerings; however, the poles are not part of the conversion program.

Finally, TECO proposed revisions to its outdoor lighting agreement, which contains an initial 10-year term. The conversion program does not require the customers to sign a new lighting agreement nor does the conversion program require that customers agree to any extension of service obligation under their existing agreement. The proposed changes to the agreement include language to allow for other services made available via NLC, language to provide flexibility to manage the pace of luminaire technology progression, and remove language that is duplicated within the tariff.

Customer Notification

TECO has prepared general correspondence, including a news release and letter, describing the benefits of LED lighting and the conversion program to existing lighting customers and door hangers for customers whose HPS or MH fixture will be replaced with an LED fixture upon failure. Customers in planned geographical areas will receive targeted communication directly before the conversion begins. TECO stated that it has had communication with larger volume lighting customers, such as cities and counties, about the planned conversions. TECO also stated that customers whose bills will increase as a result of the conversion will receive a letter from the company and TECO will provide options for additional communications through email and phone calls.

Conclusion

TECO asserts that approval of new tariffs for new LEDs which when implemented will utilize less energy, and thereby provide energy conservation benefits to its customers. While the cost of HPS and MH is increasing due to lower production, the new generation LED lighting costs have decreased substantially allowing for lower cost of ownership. Additional features of new generation LED lighting include reliability, uniformity of foot-candles, less stray light, and fewer unit failures (due to fewer components, and due to operating closer to ambient temperatures). For the reasons stated above, staff recommends approval of TECO's proposed lighting service tariff revisions effective February 6, 2018.

Issue 2:

Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, the tariffs should become effective on February 6, 2018. If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, the docket should be closed upon the issuance of a consummating order. (Trierweiler)

Staff Analysis: If Issue 1 is approved, the tariffs should become effective on February 6, 2018. If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, the docket should be closed upon the issuance of a consummating order.