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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20200176-EI

PETITION FOR A LIMITED
PROCEEDING TO APPROVE CLEAN
ENERGY CONNECTION PROGRAM AND
TARIFF AND STIPULATION BY DUKE
ENERGY FLORIDA, LLC.

_____ /

VOLUME 1
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PARTICIPATING: CHAIRMAN GARY F. CLARK
COMMISSIONER ART GRAHAM
COMMISSIONER JULIE I. BROWN
COMMISSIONER DONALD J. POLMANN
COMMISSIONER ANDREW GILES FAY

DATE: Tuesday, November 17, 2020

TIME: Commenced: 1:00 p.m.
Concluded: 5:15 p.m.

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: DEBRA R. KRICK
Court Reporter

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

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4 BERNIER, ESQUIRE, 106 East College Avenue, Suite 800,
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8 REHWINKEL, DEPUTY PUBLIC COUNSEL, Office of Public
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12 Florida (OPC).

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1 APPEARANCES (CONTINUED):

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9 JON C. MOYLE, JR., and KAREN A. PUTNAL,
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21 Advisor to the Florida Public Service Commission.

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1 P R O C E E D I N G S

2 CHAIRMAN CLARK: We are going to go ahead and
3 get started. We've got a lot of preliminaries to
4 run through, and that will give Commissioner
5 Polmann plenty of time to get rebooted and on-line
6 with us. He is having a couple of technical
7 issues, so bear with us.

8 Good afternoon, everyone. November 17th,
9 2020, 1:00 p.m., and I would like to call this
10 hearing to order.

11 I ask staff, if they would, to please read the
12 notice.

13 MR. STILLER: By notice issued on October
14 26th, 2020, this time and place has been set for a
15 hearing in Docket No. 20200176-EI. The purpose of
16 the hearing is set out more fully in the notice.

17 CHAIRMAN CLARK: All right. Thank you, Mr.
18 Stiller.

19 We are going to start taking appearances now.
20 We will begin with Duke Energy.

21 MS. TRIPLETT: Good afternoon. Dianne
22 Triplett on behalf of Duke Energy Florida. I would
23 also enter an appearance for Matt Bernier.

24 CHAIRMAN CLARK: All right. Thank you very
25 much.

1 OPC.

2 MR. REHWINKEL: Good afternoon, Commissioners.
3 My name is Charles Rehwinkel, Deputy Public
4 Counsel. And I would also like to enter an
5 appearance for J.R. Kelly, the Public Counsel. And
6 we are appearing on behalf of the customers of Duke
7 Energy Florida.

8 Thank you.

9 CHAIRMAN CLARK: Thank you, Mr. Rehwinkel.
10 League of united Latin American citizens of
11 Florida, we will call you -- refer to you as LULAC,
12 so LULAC.

13 MR. MARSHALL: Good afternoon, Commissioners.
14 Bradley Marshall on behalf of LULAC, along with
15 Dominique Burkhardt and Jordan Luebkekmann.

16 CHAIRMAN CLARK: Thank you, Mr. Marshall.
17 Vote Solar.

18 MS. OTTENWELLER: Good afternoon. Katie
19 Chiles Ottenweller with Vote Solar.

20 CHAIRMAN CLARK: Thank you, Ms. Ottenweller.
21 Southern Alliance for Clean Energy, SACE.

22 MR. CAVROS: Good afternoon, Commissioners,
23 George Cavros on behalf of Southern Alliance for
24 Clean Energy.

25 CHAIRMAN CLARK: Thank you, Mr. Cavros.

1 Walmart.

2 MR. NAUM: Good afternoon, Commissioners.

3 This is Barry Naum from the law firm of Spilman
4 Thomas & Battle, appearing on behalf of Walmart,
5 Inc.

6 CHAIRMAN CLARK: Thank you, sir.

7 FIPUG. Mr. Moyle, we are going to need some
8 audio from you.

9 MR. MOYLE: There we go.

10 Jon Moyle with the Moyle Law Firm on behalf of
11 the Florida Industrial Power Users Group, FIPUG.
12 And Karen Putnal should also be shown as entering
13 an appearance and will be covering some of the
14 hearing later this afternoon.

15 CHAIRMAN CLARK: All right. Thank you, Mr.
16 Moyle.

17 Commission Staff.

18 MR. STILLER: Shaw Stiller for Commission
19 Staff. I would also like to enter an appearance
20 for Bianca Lherisson and Jennifer Crawford.

21 MS. CIBULA: Samantha Cibula, Advisor to the
22 Commission. I would also like to enter an
23 appearance for Keith Hetrick, your General Counsel.

24 CHAIRMAN CLARK: All right. Thank you. I
25 believe that covers everyone.

1 I would like to ask if you are in a position
2 where you can, and feel comfortable doing so, when
3 everyone is speaking, if you would drop your mask
4 down. It's a little bit muffled. If you are
5 comfortable doing so and it's where you can, I know
6 some folks have a little bit of trouble
7 understanding with our mask on, so that's at your
8 discretion but it would help.

9 Okay. Let's move into preliminary matters,
10 Mr. Stiller.

11 MR. STILLER: Yes, Mr. Chair.

12 State buildings are currently closed to public
13 and other restrictions on gatherings remain in
14 place due to COVID-19. Accordingly, this hearing
15 is being conducted remotely, with the parties
16 participating by communications media technology.

17 Members of the public who want to observe or
18 listen to this hearing may do so by accessing the
19 live video broadcast which is available from the
20 Commission website. Upon completion of the
21 hearing, the archived video will also be available.

22 Each person participating today needs to keep
23 their phone or device muted when they are not
24 speaking, and only unmute when they are called upon
25 to speak. If they do not keep their phone muted,

1 or put their phone on hold, they may be
2 disconnected from the proceeding and will need to
3 call back in.

4 Also, telephonic participants should speak
5 directly into their phone and not use the speaker
6 function.

7 Mr. Chair, staff has been notified and
8 believes that Public Counsel may have one
9 preliminary matter to bring to the Commission's
10 attention before commencing the hearing.

11 CHAIRMAN CLARK: All right. Mr. Rehwinkel, do
12 you have a preliminary matter?

13 MR. REHWINKEL: Yes, Mr. Chairman. The Public
14 Counsel asks to be allowed to present an ore tenus,
15 or oral motion for reconsideration of Order
16 2020-0430, and specifically Section XIV.

17 CHAIRMAN CLARK: All right. Would you like to
18 make an argument, Mr. Rehwinkel?

19 MR. REHWINKEL: Yes, Commissioner, I would.

20 And, Mr. Chairman, as a preliminary to my
21 preliminary, my argument is fairly lengthy. I
22 would ask your indulgence. This is an important
23 matter to the Office. I also will be willing to
24 waive my opening statement to make things move
25 along.

1 Had the language in the ruling not been
2 included but the issues were stricken, we probably
3 would not be here making this motion, so I
4 apologize for this.

5 Commissioners, the Public Counsel asks the
6 Commission to reconsider Order No. 2020-430 --
7 0430, which was issued on November 10th.
8 Specifically the rulings in the first two
9 paragraphs in Section XIV on page 17 are at issue.

10 I believe the Commission is familiar with the
11 procedural history of this case. The crucial fact
12 is that the case was filed -- the case filed on day
13 one, July 1st, 2020, with a package of a petition
14 and a stipulation with a single customer and two
15 environmental advocacy groups. To our knowledge,
16 Commissioners, this type of filing is unique in the
17 Commission's jurisprudence when compared to the
18 closest stipulation situations. I need to review
19 these briefly with you to set the stage for why we
20 believe that the Prehearing Officer misapprehended
21 the law in making the ruling to exclude certain
22 issues.

23 In 2012, approximately five months after the
24 filing of MFRs, and the filing of testimony and
25 completion of discovery, and on the eve of hearing,

1 Florida Power & Light filed a comprehensive
2 stipulation with two large customer organizations.
3 The OPC challenged the stipulation before and at
4 the beginning of the hearing. The Commission
5 conducted the full hearing and isolated it from the
6 stipulation by effectively implementing the
7 equivalent of an Order in Limine that kept the
8 stipulation out of the case unless an opponent
9 opened the door. The parties briefed at hearing on
10 all 193 or so issues. A subsequent and separate
11 hearing was held on the stipulation and evidence
12 was taken on the new issues introduced by that
13 stipulation.

14 The Commission then took up both dimensions of
15 the case and adopted the stipulation after imposing
16 conditions that the signatories were given an
17 opportunity to consider. After the adoption of the
18 stipulation, the fact, policy and legal issues of
19 the filed contested case were deemed moot and
20 resolved by the stipulation. This process was
21 appealed to the Florida Supreme Court, and it was
22 upheld in what I will call the Citizens 2014 case.

23 Four years later, another FPL case was filed
24 and litigated. After filing of briefs on
25 approximately 200 issues, the OPC, South Florida

1 Hospital & Healthcare Association and the Florida
2 Retail Federation entered into a stipulation
3 settlement before the staff filed its
4 recommendation. That settlement was contested by
5 the AARP, who had been an active litigant and had
6 filed substantial witness testimony, and by the
7 Sierra Club.

8 The Commission conducted a further hearing on
9 a stipulation and allowed the contestants the
10 opportunity to file testimony, which AARP did, on
11 the stipulation and to conduct cross-examination.
12 That settlement was approved. The Sierra Club
13 appealed a narrow issue related to the approval of
14 gas seeking units. Largely relying on the Citizens
15 2014 case, the Court upheld the 2016 settlement
16 noting that at least 167 issues had been
17 considered, litigated and resolved by the
18 stipulation.

19 In 2017, Tampa Electric Company and Duke
20 Energy Florida entered into extensions of existing
21 settlements with at least all of the existing
22 signatories to the 2013 agreement then in effect.
23 These stipulations were filed in lieu of a full
24 rate case. No one opposed these agreements, which
25 was not surprising in light of the fact that at

1 least all of the preexisting 2013 signatories were
2 represented in the new agreements.

3 While these agreements were filed as a part of
4 a petition for limited proceeding and intended to
5 supplant a contested hearing on a full rate case,
6 the unanimity of historically antagonistic
7 adversarial parties and the extension of existing
8 agreements does not provide an analog to the
9 current hearing.

10 In March of 2019, FPL filed its SolarTogether
11 tariff and program. Multiple parties, including
12 the OPC, intervened. The Commission staff, OPC,
13 SACE, Walmart and Vote Solar filed testimony.
14 After FPL's rebuttal testimony was filed on
15 September 23rd, 2019, FPL, Walmart, SACE and Vote
16 Solar filed a stipulation. Supplemental testimony
17 was filed by the OPC and Commission staff. DEF
18 filed an amicus in support.

19 A full blown hearing was held on the issues
20 that were established in that docket. Staff
21 recommended strongly against the tariff and program
22 on the merits. The Commission, instead, took up
23 the settlement and approved it, rendering the
24 resolution of the individual facts, policy and law
25 issues, and staff's recommendation on them moot.

1 Commissioners, three of the five stipulations
2 that I have just talked about are examples of
3 nonunanimous stipulations which were filed late in
4 the process after testimony and discovery was
5 filed. The completeness of these -- those
6 contested cases also serves to establish the
7 adversarial nature of the company and certain
8 parties.

9 While the OPC had concerns in the
10 SolarTogether case regarding the true nature -- or
11 the true adversarial nature of the signatories, and
12 whether the 99 percent of the customers who would
13 be guaranteed net payers and only hopeful
14 beneficiaries 20 or so years from now, we did not
15 appeal the SolarTogether order approving the
16 settlement.

17 In this docket, about three months after the
18 SolarTogether order was issued, Duke filed a
19 petition that skipped all the litigation steps,
20 including the establishment of issues, and has
21 presented a fresh-from-the-box stipulation with the
22 same three counter-party signatories who are on the
23 FPL stipulation.

24 OPC decided before July 1st that despite our
25 unhappiness with the result and dearth of indicia

1 of adversarial nature and the lack of
2 representation of those 99 percent of FPL customers
3 by signatories, along with the staff's opposition
4 to the FPL programs found in their recommendation
5 on the merits, that we would not mount an
6 opposition to the Duke program based on the results
7 in the FPL SolarTogether order. However, it did
8 not occur to Public Counsel that the Commission
9 would not take evidence on contested issues, and
10 would not evaluate the Duke program under the same
11 standards under which the FPL program was evaluated
12 in the contested hearing.

13 Despite the lack of the usual identi-- of the
14 usual issue identification meeting, the first such
15 instance in my 35 years of practice here, the OPC
16 submitted issues intended to be modeled after the
17 ones in the FPL SolarTogether case, which was in
18 Prehearing Order 2020-0017. LULAC presented
19 similar issues and additional legal issues.

20 Given the history of the 2012 and 2016 rate
21 cases, and the 2020 SolarTogether case, we had
22 every expectation that there would be an
23 opportunity to have a hearing on the program and
24 petition at least in parallel with consideration of
25 the stipulation.

1 This brings me to the point of
2 reconsideration. The issue that is giving the OPC
3 heartburn and more is found on page 17 of the
4 order. Under the rulings in Section XIV, the
5 decision was made to bar consideration of the
6 issues that were similar to the ones that govern
7 the conduct of the FPL tariff.

8 From the OPC standpoint, this was inconsistent
9 with the precedent. However, the concern we
10 fundamentally have, and the part of the order to
11 which we object today, is that the rationale
12 attached to the denial is not grounded in the law
13 as we understand it, and may also be inconsistent
14 with Sections 120.569(1) and 120.57(1)(b), Florida
15 Statutes, which states, in relevant part: The
16 provisions of this section -- in 569(1) -- the
17 provisions of this section apply in all proceedings
18 in which the substantial interests of a party are
19 determined by an agency, unless the parties are
20 proceeding under Sections 120.573 or Section
21 120.574. Unless waived by all parties, Section
22 120.57(1) applies whenever the proceedings
23 involve -- the proceeding involves a disputed issue
24 of material fact.

25 Section 120.57(1)(b) states that all parties

1 shall have an opportunity to respond, to present
2 evidence and argument on all issues involved, to
3 conduct cross-examination and submit rebuttal
4 evidence, to submit proposed findings of facts and
5 orders.

6 It is without question that the substantial
7 interests of the customers of Duke are being
8 determined here, and that disputed issues of
9 material fact have been raised in this docket. In
10 fact, the limitation to merely a single public
11 interest issue thwarts the purpose of Section
12 120.569(1), Florida Statutes, to resolve the
13 identified specific disputed issues of material
14 fact raised by all of the parties.

15 The single public interest issue only
16 addresses the disputed issue of material fact
17 raised by select parties, not all parties; thus the
18 ruling forbidding any issue but the presumptive
19 public interest issue, or Issue 1, is inconsistent
20 with these bedrock provisions of the Florida
21 Administrative Procedures Act and case law.

22 If this language is allowed to stand, the
23 Commission will have simply and completely frozen
24 out determinations of substantial interests where
25 disputed issues of material fact exist or are

1 alleged.

2 The prehearing ruling effectively barred the
3 raising of disputed issues of material fact
4 contrary to law. The determination that the
5 stipulation and amorphous public interest standard
6 take precedence, and is the presumptive standard to
7 evaluate whether fact and policy issues can even be
8 raised, sets a dangerous precedent if it is allowed
9 to stand.

10 As I noted in the background, the three other
11 cases involving a hearing on the merits represented
12 by issues raised in the litigation and then a dual
13 consideration of the stipulation and the merits,
14 sufficiency may well dictate that the stipulations
15 should be taken up first as the acceptance of the
16 settlement will moot the issue-by-issue
17 determination. However, the difference here is
18 that if this language and ruling stands is that
19 hearings on the merits as defined by the issues
20 being cut out, and the only hearing is on a we will
21 know it when we see it public interest standard
22 based often a prefiled settlement.

23 To make matters worse, the denial of the fact,
24 policy and law issues is premised in part on a
25 presumption of them being deemed arguments and

1 subsumed in the public interest standard. If this
2 is to be the new standard, then what will prevent a
3 utility in the future from finding a friendly water
4 carrier to stipulate with in all future cases? All
5 such cases will then only have one issue, or maybe
6 two issues, the public interest issue and then
7 should the docket be closed. If the parties are
8 friendly enough, it will be all of what the company
9 wants and some tasty crumbs for the water carrier.
10 Everyone else is at the mercy of the water carrier,
11 even if that party has no obligation or even right
12 to represent the other ratepayers, if -- if any at
13 all. It may sound egregious, but this language in
14 this ruling sets the stage for precisely that.

15 To make matters worse, the ruling's rationale
16 is that the individual issues could somehow, and I
17 quote, "inadvertently constrain the parties'
18 ability to include arguments the Commission should
19 examine when reviewing the proposal as a whole and
20 the full spectrum of the public interest."

21 Besides not knowing what the full spectrum of
22 the public interest phrase means, as I noted above,
23 the Administrative Procedures Act guarantees that
24 substantially affected parties are absolutely
25 entitled to raise, and have adjudicated, disputed

1 issues of material fact.

2 The objectionable prehearing order language
3 purports to subvert this statutory standard to
4 something called the full spectrum of public
5 interest. We searched the law and determined that
6 it is not a defined term. Our search of the law
7 does not reveal the phrase ever having been used
8 before in a reported decision in the United States.
9 The OPC does not know what it means, and for this
10 reason alone, we ask the Commission to recede from
11 this language.

12 We specifically object to the notion inherent
13 in that sentence which sets up the public interest
14 standard as prohibiting litigating an issue because
15 the mere existence of the issue may inadvertently
16 constrain arguments.

17 Such a standard is not, again, known in the
18 law. It runs afoul of the Administrative
19 Procedures Act sections I have cited. It simply
20 cannot stand as a basis for denying a substantially
21 affected party the right to raise an issue.
22 Moreover, it presumes that the only thing that will
23 be considered in this case is the stipulation, and
24 that nothing can get in the way of that
25 consideration. This is an error in contrary to the

1 Administrative Procedures Act.

2 To be clear, we contend that the ruling is
3 inconsistent with the Administrative Procedures Act
4 Section 120.569(1) and 120.57(1)(b), Florida
5 Statutes, specifically, and that that is something
6 that was overlooked or misapprehended by the
7 Prehearing Officer.

8 A further undermining of the Administrative
9 Procedures Act process and legal standard is found
10 in the ruling that the issues that were lifted from
11 the FPL Prehearing Order are all specific arguments
12 as to why OPC and LULAC believe the stipulation is
13 not in the public interest.

14 Commissioners, issues are not arguments. As
15 these issues met the standard of material issues of
16 disputed fact raised by substantially affected
17 parties in the FPL SolarTogether case, they meet
18 that standard here.

19 Furthermore, this preliminary ruling makes an
20 improper assumption that the public interest has
21 been determined to control merely by the act of the
22 filing of the stipulation. Such a holding would
23 mean that the nearly 50 years of raising disputed
24 issues of material facts at this agency must give
25 way to a simple allegation by a subset of

1 self-interested signatories that the public
2 interest standard applies and crowds out the
3 Administrative Procedures Act because they reached
4 a stipulation that suits them.

5 In effect, the implied ruling is that Sections
6 120.569(1) and 120.57(1)(b) cannot apply to this
7 hearing. If that is the case, then it could even
8 cast out on the ability of parties to conduct
9 cross-examination.

10 Up until now, Commissioners, this agency has
11 been careful not to put that public interest cart
12 before the horse. This order would unhook the
13 horse and have the cart move by itself, and we ask
14 you not to do this.

15 We ask you also to recede from the language in
16 the second paragraph of Section XIV. We did not
17 ask for an issue that would compare the two
18 community solar tariffs. We asked for the same
19 standard to be applied to both, which is why we
20 copycatted the issue.

21 We would note that the preliminary ruling
22 suggests that such a comparison is an evidentiary
23 issue that -- but we further note that there is not
24 an issue provided for such a factual determination
25 to be made. This language creates a catch-22 for

1 the intervenors.

2 While the OPC is not actively opposing the
3 Duke CEC Program and tariff, given the potential
4 precedent in this order, we see the language as
5 unnecessary and inconsistent with the APA and case
6 law. It creates the need for appellate relief as
7 it stands.

8 More to the point, we see ourselves in LULAC's
9 shoes, if not today, then tomorrow and beyond, in
10 the next case and the one after that, or all cases,
11 we could be stripped of the basic rights inherit in
12 the Administrative Procedures Act.

13 No court -- and this is probably the heart of
14 the matter, and I ask you to listen to this
15 carefully. No court -- this is all brought about
16 because we have a unique situation where a
17 stipulation was filed on day one.

18 No court has taken the step to say that
19 bypassing the hearing on disputed issues of
20 material fact is permissible just because a public
21 interest determination may also be made. To the
22 contrary, the Florida Supreme Court, in the 2014
23 Citizens case and the 2018 Sierra Club case,
24 observed that the Commission considered fact issues
25 and conducted an evidentiary hearing and

1 determination alongside of and as a part of the
2 public interest determination. Perhaps the Court
3 recognized that the law is relatively poorly
4 developed on what makes up the public interest.

5 Having these disputed issues of material fact
6 addressed with the structure of delineated issues
7 appeared to give the Court comfort that a public
8 interest determination was not one of unbridled
9 discretion or whimsy. And the Court made it clear
10 that the existence of the issue defining the
11 dispute was central.

12 In *Sierra Club v. Brown*, 243 So.3d. 903 at 909,
13 the Court stated in quoting *Citizens 2014* in
14 establishing a three-part test:

15 "When presented with a settlement agreement,
16 however, the Commission's review shifts to the
17 public interest standard: Whether the agreement,
18 as a whole, resolved all the issues, established
19 rates that were just, reasonable and fair, that the
20 agreement is in the public interest, *Citizens* at
21 146 So.3d. at 1164."

22 We note, and we urge you to focus on this,
23 that settlement agreement in the 2016 case resolved
24 all the issues, that 167 issues that were laid out.
25 Clearly, the Court was cognizant that issues had

1 been identified and then resolved. That element of
2 transparency has generally been acknowledged and
3 tacitly endorsed by the Commission up until now.

4 Ghosting the issues in into a catch-all public
5 interest issue obliterates that transparency and
6 renders this entire hearing suspect, because a
7 reviewing court cannot determine that all the
8 issues have been resolved.

9 To the extent that issues are resolved before
10 the case is filed is a circumstance that has not
11 been blessed by a court. To the extent that
12 Citizens and Sierra Club courts relied on sections
13 120.57(4), that -- which is a provision that
14 authorizes a proceeding to be disposed of by
15 settlement, that case is also not before you.

16 All previous nonunanimous settlements have
17 disposed of very mature proceedings that have been
18 litigated and settled late in the process. Given
19 the foundational notion that the FPL rate case
20 settlements resolved all the issues that cannot
21 authoritatively be set, that a prefiled settlement
22 can meet such a standard or rely on those cases for
23 approval, this aspect of the holding in Sierra and
24 Citizens 2014 was not considered and, thus,
25 overlooked in the Prehearing Order.

1 We would further caution that the
2 SolarTogether order was not tested in court. It is
3 not entirely reliable precedent. That case
4 represented a potential evolution in how plenary
5 and nonunanimous settlements could be considered,
6 or it may have crossed a line in starting the
7 objections that staff raised, including the legal
8 analysis regarding unlawful discrimination.

9 We don't know how that issue would be resolved
10 as we convene here today. The one thing we can
11 be -- that can be said is that the SolarTogether
12 hearing process followed the approved method of a
13 full evidentiary hearing that was based on
14 delineated issues and did not include a presumption
15 that the public interest standard would be the one
16 that would prevail.

17 We ask that the issues raised by OPC and LULAC
18 be accepted and adjudicated pursuant to Sections
19 120.569(1) and 120.57(1), Florida Statutes; and
20 further, that the first two paragraphs of Order No.
21 PSC 2020-0430 in Section XIV be revised
22 accordingly.

23 Thank you, Commissioners.

24 CHAIRMAN CLARK: Thank you, Mr. Rehwinkel.

25 I think probably I am going to ask Ms. Cibula

1 to make a comment, give me --

2 MS. CIBULA: First, I think maybe Duke should
3 be able to respond to OPC's motion.

4 CHAIRMAN CLARK: Sure, we can -- we can do
5 that as well.

6 Ms. Triplett, would you like to issue a
7 response?

8 MS. TRIPLETT: Yes. Yes, Mr. Chairman. Thank
9 you. Just briefly. I think some of this is
10 cutting down my opening statement, but --

11 So at the beginning, I just wanted to note
12 that I think that if what is being asked is for --
13 I couldn't quite tell because, you know, it was --
14 it was made orally, but I think that if what is
15 only being asked is for the ruling in the
16 prehearing order to just simply say the only issue
17 is the public interest standard and that's it, and
18 cut the rest of the two first paragraphs, then Duke
19 does not have a problem with that. And if -- and
20 it's because we do believe that the -- it's
21 appropriate for there to be a single issue and that
22 argument to be made common practice.

23 I find it interesting that the APA is being
24 used as -- and cited to for the purpose of any
25 party can come in and say, hey, I have this

1 disputed issue of fact so I get, as a matter of
2 right, to have that issue determined.

3 There have been lots of proceedings. I
4 haven't been practicing for 35 years, but I have
5 been practicing for over a decade, and there is
6 lots of proceedings where the parties want to have
7 a laundry list of issues and the Commission, I
8 think appropriately, determines that, no, we can
9 only have more narrow issues because some of those
10 are subsumed.

11 So I do think it's appropriate, but I would
12 not be opposed to just having the prehearing order
13 have this one issue and not have the rest of the
14 commentary that appears to be concerning to OPC.

15 Additionally, if the ask is for the issues to
16 be expanded to include those issues that OPC asked
17 for to be included -- not the ones that LULAC,
18 because we had some problems with the way they were
19 worded, but the issues that OPC has proposed, I am
20 fine with that, because I think that we are here to
21 have an evidentiary hearing, and everyone is going
22 to be -- all my witnesses are here to have
23 cross-examination. And if that's the pleasure of
24 the Commission, and it clears up any uncertainty
25 about the legality of what's going on, I would like

1 for that to be taken off the table, frankly, and
2 let's just have the hearing and let's move on;
3 because we think the program is in the public
4 interest, it provides for just and fair reasonable
5 rates, it meets all of the standards, and that
6 would be our commission, so if that helps to move
7 things along.

8 But the other thing I just -- I feel compelled
9 to respond to is I disagree with the
10 characterization of a friendly signatory, or
11 self-interested party that came along with -- with
12 the utility. I take offense to that because I
13 worked very hard with these stakeholders before we
14 filed. And I can assure you that had we not
15 reached the stipulation, they would have been --
16 Vote Solar, SACE, Walmart, would have been in here
17 making arguments. We changed our program because
18 of that.

19 And I would also note that there is no
20 requirement in the law that the parties have some
21 level of adverseness before a stipulation is
22 reached.

23 There was a lot of -- Mr. Rehwinkel cited a
24 lot of orders in which settlements have been
25 reached in a variety of manners. Sometimes they

1 are unanimous, sometimes they are not. But I think
2 there is adequate precedent for the Commission to
3 consider this stipulation and it not be considered
4 that I got my buddy to sign on and everybody is all
5 happy. There were concessions that were made, and
6 that is reflected in the stipulation and in the
7 program that is before you.

8 But again, having said that, if it moves
9 things along, I am fine with either cutting some of
10 the language and keeping the one issue, or adding
11 the issues that the OPC advocated.

12 Thank you.

13 CHAIRMAN CLARK: Thank you, Ms. Triplett.

14 All right, Mr. Marshall.

15 MR. MARSHALL: Thank you, Commissioners.

16 First of all, we join OPC's motion in full,
17 and we would be fine sort of dropping the
18 additional issues beyond what we had suggested
19 adding if we are able to come to an agreement that
20 OPC's issues are able to be added here.

21 Second, some of the issues that Ms. Triplett
22 brought up brought up some of our own concerns
23 about the conduct of the hearing today. We just
24 heard from Ms. Triplett's an assurance that the
25 stipulation was the product of an adversarial

1 process.

2 Just yesterday, we had a ruling that we are
3 not allowed to inquire through discovery about the
4 nature of that process because of the Saleeby
5 decision. First of all, we believe that the
6 Saleeby decision which was decided in the liability
7 context, that nothing about that extends beyond
8 that to this context here; but even more than that,
9 it's not just Ms. Triplett's assurances that this
10 was an adversarial process in which changes to the
11 program were made, but also Mr. Chriss' testimony
12 from Walmart, where describing the nature of that
13 process was central to his testimony, and the thing
14 that we need clarity on is are we allowed to
15 cross-examine on that? If not, then the question
16 is, well, why is Mr. Chriss making that testimony
17 as to the process to which we got to the
18 stipulation if it's not something that the
19 Commission should be considering?

20 CHAIRMAN CLARK: All right. Thank you, Mr.
21 Marshall.

22 All right. I think what we will do here, I
23 think that -- Commissioners, do you have any
24 comments from any Commissioners? I am going to
25 call -- after I take your comments, I am going to

1 call for a five-minute recess and sidebar with
2 counsel just a minute and get some recommendations.

3 Mr. Cavros, I see -- Ms. Ottenweller, you have
4 come on-line, do you have a comment, Ms.
5 Ottenweller?

6 MS. OTTENWELLER: Very briefly --

7 CHAIRMAN CLARK: Sure.

8 MS. OTTENWELLER: -- if you would indulge me.
9 Thank you.

10 I want to start by saying Vote Solar strongly
11 disagrees with any characterization that we were
12 not an adverse party prior to reaching the
13 stipulation. I don't think it's a surprise to
14 anyone that we are willing to be adverse at times,
15 and certainly are to the utilities, but I also want
16 to say that it is not our intention that this
17 stipulation should constrain OPC in its important
18 role.

19 We are keenly aware that Vote Solar may be
20 similarly situated down the road, and want to
21 ensure that certain issues are able to be
22 explicitly contested. And I would respect all
23 parties' right to fully contest the issues that we
24 agreed to in the SolarTogether proceeding and that
25 OPC put forward.

1 CHAIRMAN CLARK: Thank you.

2 Mr. Cavros.

3 MR. CAVROS: Thank you, Chairman.

4 You know, at the end of the day, this
5 commission is be going to be provided competent and
6 substantial evidence on really every aspect of the
7 program, and I -- you know, I -- and I think we
8 are -- I don't want form over substance to get in
9 the way, so if, you know, the prehearing order, as
10 stated, is problematic, and we do respect the
11 rights of the parties to, you know, to fully engage
12 in, you know, in the factual discovery and at the
13 hearing to have their issues litigated. You know,
14 I can tell you that Southern Alliance for Clean
15 Energy has no problem with that. So, you know, we
16 do not oppose OPC's motion --

17 CHAIRMAN CLARK: Okay.

18 MR. CAVROS: -- and align very closely with
19 Ms. Triplett's position and how she stated it.

20 Thank you.

21 CHAIRMAN CLARK: All right. Thank you, Mr.
22 Cavros.

23 Commissioners, do you have any comment before
24 I take a five-minute recess here and consult with
25 counsel?

1 All right. Thank you very much. We are going
2 to stand in recess for about five minutes.

3 (Brief recess.)

4 CHAIRMAN CLARK: All right. We will reconvene
5 this hearing.

6 Based on the information that we've heard, I
7 think we are willing to accept this compromised
8 position. If none of the parties object, then we
9 are going to accept the position that is presented
10 by OPC, and I am going to ask Mr. Stiller, if he
11 would, to kind of review the position and posture
12 this puts us in.

13 First of all, any objection from any of the
14 parties?

15 Seeing none, Mr. Stiller, can you wrap this up
16 for us?

17 MR. STILLER: Yes, Mr. Chair.

18 The parties have agreed that the first two
19 full paragraphs under Section XIV, titled Rulings,
20 on page 17 of Order No. PSC-2020-0430-PHO-EI be
21 stricken, and that the issues identified by Public
22 Counsel in their prehearing statement submitted
23 October 26th with added. That is staff's
24 understanding of the stipulation among the parties.

25 CHAIRMAN CLARK: All right. I think we are

1 all in agreement there.

2 Mr. Rehwinkel, get a nod? Got a nod, okay.

3 COMMISSIONER BROWN: Mr. Chairman?

4 CHAIRMAN CLARK: Yes, Commissioner Brown.

5 COMMISSIONER BROWN: If I may, since it was a
6 ruling and this is a stipulation and Charles asked
7 for a motion -- made an oral motion for
8 reconsideration, I think he -- probably ask for him
9 to just withdraw it for the record.

10 MR. REHWINKEL: Yes, Mr. Chairman.

11 CHAIRMAN CLARK: Yes. All right, the motion
12 is withdrawn. Thank you.

13 MR. REHWINKEL: Commissioner Brown is correct,
14 and I do -- I do -- I appreciate the cooperation
15 and consideration by everyone.

16 Thank you.

17 CHAIRMAN CLARK: Thank you, Mr. Rehwinkel.

18 Thank you, Commissioner Brown. That's why I
19 keep her close by, all that expertise she brings to
20 the table.

21 COMMISSIONER BROWN: Yeah, right.

22 CHAIRMAN CLARK: All right. So let's move on
23 to any other preliminary matters? No party any
24 other preliminary matters?

25 Mr. Marshall.

1 MR. MARSHALL: Thank you, Mr. Chairman.

2 I alluded to this earlier. It's regarding Mr.
3 Chriss' testimony and the scope of what we are
4 allowed to do on cross-examination. Would you like
5 to address that now or when we get to Mr. Chriss?

6 CHAIRMAN CLARK: I'm -- I can't understand
7 him. Can someone tell me what he said?

8 MR. MARSHALL: It's regarding Mr. Chriss'
9 testimony, our cross-examination, the allowed scope
10 of what we are allowed to cross Mr. Chriss on. It
11 bears from the implication from yesterday's ruling
12 denying in part our motion to compel discovery
13 responses from Walmart regarding the process that
14 the stipulation was entered into. However, that
15 process, and the improvements into it, and whether
16 there was compromise of positions were a pretty
17 central part of Mr. Chriss' testimony.

18 And so the question is: Are we allowed to
19 inquire into that process? And if not, why is Mr.
20 Chriss being allowed to testify about it?

21 CHAIRMAN CLARK: Mr. Naum.

22 MR. NAUM: Yes. Thank you, Your Honor.

23 I believe that what counsel for LULAC is
24 requesting here is essentially a reconsideration of
25 the order yesterday.

1 Walmart believes that the Commission's order
2 denying compulsion of discovery on this issue was
3 appropriate. There is no identifiable standard of
4 adversary parties that has been presented that
5 Walmart has to demonstrate here.

6 Walmart maintains that the substance of those
7 negotiations leading into this settlement agreement
8 are confidential, and that the Commission's ruling
9 yesterday was appropriate in that regard.

10 Furthermore, we do believe that Mr. Chriss'
11 testimony speaks for itself on the issues that were
12 presented. And we disagree slightly with the
13 characterization of Mr. Chriss' testimony that this
14 question was central to his testimony. Mr. Chriss
15 did testify that conversations had taken place, but
16 we maintain that the substance of those
17 conversations are confidential and are not subject
18 to discovery or cross-examination. And so Walmart,
19 therefore, agrees with the Commission's ruling
20 yesterday and asks that that ruling stand.

21 CHAIRMAN CLARK: All right. I think, from
22 that perspective, we are going to allow the
23 testimony to stand, and Walmart can object to any
24 questions that Mr. Marshall asks when we get to
25 that point in time. I think that's the simplest

1 way to handle it.

2 Ms. Cibula, am I off base?

3 MS. CIBULA: That will be fine.

4 CHAIRMAN CLARK: Okay. All right. Any other
5 preliminary matters?

6 MR. REHWINKEL: Mr. Chairman.

7 CHAIRMAN CLARK: Mr. Rehwinkel.

8 MR. REHWINKEL: Just a minor one. I had
9 emailed today, and I think among the Intervenor,
10 Public Counsel, LULAC and FIPUG, we had asked if
11 the order of cross-examination for efficiency
12 purposes could be LULAC, OPC and then FIPUG, if
13 there is no objection to that?

14 CHAIRMAN CLARK: Yes, sir. That's the order I
15 have them planned in.

16 MR. REHWINKEL: Thank you.

17 CHAIRMAN CLARK: Thank you, sir.

18 I am scared to ask, any other preliminary
19 matters?

20 All right. We've got this one whipped. Let's
21 move to exhibits, Mr. Stiller.

22 MR. STILLER: Staff has prepared a
23 comprehensive exhibit list which includes the
24 prefiled exhibits attached to each witness'
25 prefiled testimony, as well as exhibits identified

1 by staff. The list has been provided to the
2 parties, Commissioners and the court reporter.

3 Staff requests that the list itself be marked
4 as Exhibit 1 at this time, with all subsequent
5 exhibits marked as indicated on the list.

6 CHAIRMAN CLARK: All right. The list is going
7 to be as Exhibit 1. The other exhibits are going
8 to be marked Nos. 2 through 25. And would you like
9 to move those?

10 MS. TRIPLETT: Mr. Chair?

11 MR. STILLER: Staff requests that Exhibit
12 No. --

13 MS. TRIPLETT: Mr. Chair?

14 CHAIRMAN CLARK: Yes. Someone trying to get
15 our attention. Ms. Triplett?

16 MS. TRIPLETT: Yeah, I am so sorry. I just
17 wanted -- there is actually a correction on the
18 exhibit list. I don't -- I didn't want to lose my
19 place. So if Mr. Stiller still needs to move this
20 in, I just think we need to make it for the record.

21 CHAIRMAN CLARK: Ms. Triplett, I am sorry, but
22 I am having -- I have a hard time understanding.
23 Did you understand her? No. We are having a
24 little bit of difficulty understanding you.

25 MS. TRIPLETT: Okay. The -- I just have a

1 correction to the comprehensive exhibit list. I
2 apologize, but the one that would be -- you are not
3 hearing me?

4 CHAIRMAN CLARK: Well, it cuts out. Someone
5 is, like, talking over you, it sounds like.

6 MS. TRIPLETT: Okay. How about now?

7 CHAIRMAN CLARK: Okay, I can hear you.

8 MS. TRIPLETT: Okay. So there is an exhibit,
9 it's premarked No. 7, and it's not correct. That's
10 not a prefiled exhibit for Mr. Borsch. It looks
11 like maybe a copy-and-paste error. And I
12 apologize, I didn't see it until it was printed.
13 So as to not mess up the rest of the numbering, I
14 would just perhaps propose that we just skip over
15 that and it not be entered into the record because
16 it's not actually a prefiled exhibit.

17 CHAIRMAN CLARK: No. 7 was one of your
18 exhibits? No. 7 was your exhibit --

19 MS. TRIPLETT: Yes, but it actually is not.

20 CHAIRMAN CLARK: -- presumably, I understand.

21 MS. TRIPLETT: Because Mr. Borsch does not
22 have an Exhibit 7. I think it's a combination of
23 Mr. Huber's exhibit. So I am not going to move it
24 into evidence, but I didn't want folks to wonder
25 why there is not an Exhibit 7 in the record.

1 CHAIRMAN CLARK: All right. We will just note
2 that No. 7 does not exist, but we are not changing
3 the order of the numbers of the other exhibits.
4 They are going to remain the same.

5 MS. TRIPLETT: Thank you, sir.

6 (Whereupon, Exhibit Nos. 1-6 & 8-25 were
7 marked for identification.)

8 CHAIRMAN CLARK: All right. Without objection
9 we will entered those into the record -- Exhibit
10 No. 1 is entered into the record.

11 (Whereupon, Exhibit No. 1 was received into
12 evidence.)

13 CHAIRMAN CLARK: Mr. Stiller.

14 MR. STILLER: It is staff's understanding that
15 the parties do not object to the stipulation of
16 Staff Exhibits 18 to 25. Staff requests that these
17 exhibits be entered into the record at this time.

18 CHAIRMAN CLARK: Without objection, No. 18
19 through 25 on the comprehensive exhibit list are
20 now moved into the record.

21 (Whereupon, Exhibit Nos. 18-25 were received
22 into evidence.)

23 CHAIRMAN CLARK: All right. So now we are
24 going to move into the opening statements. Each
25 party is going to have five minutes for an opening

1 statement. I would like to remind you that time is
2 not going to be shared today. We are going to take
3 Duke, then Walmart, then Vote Solar, SACE, LULAC
4 and OPC, in that order.

5 Any questions?

6 All right. Before we call the witness, just a
7 few brief comments about friendly cross. I want to
8 give every party and every witness the time that
9 they need to do the job that they are to do today,
10 but I do ask for your cooperation. To that end, I
11 would like to remind the parties that friendly
12 cross will not be allowed as provided in the
13 prehearing order.

14 We've got a lot of ground to cover and I want
15 to make sure it's as efficient and fair of a
16 process as possible. Please be mindful and
17 respectful to all.

18 I would also like to ask the parties not to
19 conduct discovery during this proceeding.

20 And at this time, we will begin -- I tell you
21 what, we will do the administering the oath to all
22 the witnesses.

23 Can I get all the witnesses on right now?

24 Take care of this up front. If I can trust counsel
25 to ensure that all of their witnesses are there for

1 me so I don't have to call roll.

2 All right. I think -- one, two -- am I
3 missing a couple of witnesses?

4 MS. TRIPLETT: Mr. Chair, two witnesses, Mr.
5 Borsch and Mr. Foster are in the conference room
6 with me. Those are the two.

7 CHAIRMAN CLARK: All right.

8 MS. TRIPLETT: And then Mr. Huber and Mr.
9 Stout are on.

10 CHAIRMAN CLARK: Okay. Thank you. I
11 understand that.

12 Okay, if you would, please raise your hand and
13 repeat after me.

14 Whereupon,

15 LON HUBER

16 MATTHEW STOUT

17 THOMAS G. FOSTER

18 BENJAMIN M.H. BORSCH

19 STEVE W. CHRISS

20 KARL RÁBAGO

21 were sworn to speak the truth, the whole truth, and
22 nothing but the truth for testimony to be provided later
23 in the proceedings.

24 CHAIRMAN CLARK: All right. Everyone I have
25 affirmations, please consider yourself to be sworn

1 in.

2 Let me also remind the witnesses that they are
3 going to be given five minutes to summarize their
4 testimony today.

5 At this time, we will start with opening
6 statements. We are going to begin with Duke.

7 MS. TRIPLETT: Thank you, Mr. Chair.

8 DEF is pleased to present the Clean Energy
9 Connection Program for your review and approval.
10 The CEC Program allows DEF to satisfy increasing
11 customer demand for renewable energy, and will
12 enable DEF to provide clean energy for its
13 customers.

14 After engaging with a few stakeholders in
15 advance of the filing, DEF was successful in
16 executing a stipulation in which Vote Solar, SACE
17 and Walmart came to agreement on the components of
18 DEF's CEC Program. The stipulation fairly and
19 reasonably balances the various positions of the
20 parties and serves the public interest and DEF's
21 customers.

22 Under the CEC program, participating customers
23 voluntarily subscribe to shares of solar energy
24 blocks. For that subscription, they will pay
25 subscription fees and, in return, receive a credit.

1 DEF designed the program so that the
2 subscription fees will cover 104.9 percent of the
3 fixed costs on a CPVRR basis over the life of the
4 program. It is expected to bring \$532.7 million
5 CPVRR in benefit to DEF's customers. Of these
6 benefits, the general body of customers are
7 expected to receive 87.3 percent, while
8 participants only receive 12.7 percent.

9 The fact that participants pay more of the
10 costs while all customers receive the majority of
11 the benefits belies the argument from the other
12 parties that this program is unfair and creates
13 cross-subsidies.

14 Today you may hear arguments that only a few
15 large customers are able to participate in the
16 program. However, this program allows customers of
17 all sizes, including local governments and
18 low-income customers, to participate and meet their
19 sustainability goals.

20 LULAC will argue that the program is
21 disproportionately burdens low-income customers.
22 But LULAC's own witness admits that it is not CEC
23 but, rather, the distribution's energy burden that
24 could cause any low-income bill changes, and
25 low-income nonparticipants share in the significant

1 benefits that a crew to all customer.

2 LULAC also argues that the program economics
3 may change if DEF's forecasts are incorrect.
4 However, as with any cost-effective generation
5 proposed for the system, the benefits are based on
6 the best estimates at this time and validated for
7 the use of the alternate scenarios.

8 It is also important to remember that positive
9 changes to DEF's estimate will accrue to the
10 general body of customers. For example, if fuel
11 price prices increase more than the DEF forecast,
12 benefit of the program go up and that increased
13 benefit goes to the general body of customers.

14 The CEC Program is an innovative way to
15 accelerate fuel diversity, improve environmental
16 conditions and promote renewables for the benefit
17 of all DEF customers. The stipulation comports
18 with Section 366.06 by providing fair, just and
19 reasonable rates without undue preference.

20 For all these reasons, we request that the
21 Commission approve the CEC Program and the
22 stipulation.

23 Thank you.

24 CHAIRMAN CLARK: Thank you, Ms. Triplett.
25 Walmart, Ms. Eaton.

1 MR. NAUM: Yes. It's actually Mr. Naum, Your
2 Honor.

3 CHAIRMAN CLARK: I am sorry, Mr. Naum.

4 MR. NAUM: Yes. Good afternoon, Chairman
5 Clark and Commissioners. Walmart appreciates the
6 opportunity to present an opening statement on Duke
7 Energy Florida's Clean Energy Connection Program
8 and Tariff and the company's stipulation.

9 As presented in this case, this type of
10 program is important to Walmart for several reasons
11 set forth in the direct testimony of Steve Chriss,
12 its Director of Energy Services. As Mr. Chriss has
13 testified, and will state at the hearing, Walmart
14 has been implementing aggressive and significant
15 company-wide renewable energy goals for some time,
16 including, one, a goal to be supplied 100 percent
17 by renewable energy by 2035; and, two, a goal of
18 zero carbon emissions in its operations by 2040
19 without the use of offsets.

20 Walmart also set a goal of 2040 to transition
21 to low-impact refrigerants for cooling and electric
22 equipment for heating by 2040. To date, Walmart
23 has contracted for or currently takes electricity
24 from one or more renewable resources in at least 29
25 states, including Florida. Walmart seeks renewable

1 energy resources that deliver industry-leading
2 costs, including renewable and project specific
3 attributes such as renewable energy credits, RECs,
4 within structured where the value proposition
5 allows the customer to receive any potential
6 benefits brought about by taking on the risk of
7 being served by that resource instead of, or in
8 addition to, the otherwise applicable resource
9 portfolio. As a result, Walmart actively
10 participates in dockets such as this in all -- in
11 states all over the Union.

12 With these renewable energy and business goals
13 in mind, Walmart joins Vote Solar and Southern
14 Alliance for Clean Energy in signing the
15 stipulation with DEF following collective
16 discussions before the stipulation's filing to
17 secure improvements in DEF's CEC Program and Tariff
18 as follows:

19 First, the stipulation secures a separate
20 capacity allocation for local government customers
21 that need longer lead time to enroll in community
22 solar offerings.

23 Second, in the stipulation, DEF agreed to
24 retire the RECs on behalf of all participants
25 unless the participants request DEF to remove the

1 RECs associated with their subscription to an
2 account in their name.

3 DEF will also provide an attestation at
4 customer request for the amount of RECs that were
5 retired on the customer's behalf. DEF will not
6 utilize RECs associated with CEC Program
7 subscriptions.

8 Third, the stipulation includes commitments
9 from DEF to gather information from the CEC Program
10 to evaluate future deferment of planned gas
11 infrastructure to collect and share data with
12 stakeholders on customers' own investments in solar
13 photovoltaics to utilize the a competitive
14 solicitation process in its development of the
15 solar resources, and to conduct an analysis of a
16 potential future add-on program mobilizing battery
17 storage paired with on-site solar for backup power
18 at critical loads.

19 Fourth, the contains significant benefits for
20 low-income subscribers, including a capacity
21 set-aside that will create immediate savings for
22 these customers, a hold-harmless provision to
23 ensure low-income customers' bills do not increase
24 because of enrollment, co-marketing of the program
25 with existing energy efficiency programs, and open

1 enrollment regardless of a customer's arrearage
2 status.

3 As set forth in the July 1st, 2020 filing, the
4 CEC Program's \$533 million in projected savings are
5 allocated so that 12.7 percent of the savings flow
6 to participants, and 87.3 percent flow to the
7 general body of DEF's customers.

8 As currently proposed, it is Walmart's
9 understanding that Walmart is among 30 other DEF
10 customers who have preregistered for the CEC
11 Program, which includes local governments, schools
12 and other commercial and industrial customers.

13 Walmart believes the CEC Program as proposed
14 by DEF is designed to fully and fairly value solar
15 resources, maximize opportunities for participation
16 in the CEC Program, including opportunities for
17 low-income customers, small businesses and
18 commercial entities, and bring the lowest cost
19 solar resources to customers over the life of the
20 program.

21 As such, Walmart believes that the CEC Program
22 and tariff are in the public interest, and the
23 stipulation represents a fair, just and reasonable
24 resolution of issues that otherwise would have been
25 litigated in this docket.

1 Walmart appreciates the opportunity to
2 participate in these proceedings, and the time and
3 efforts of the Commission, staff and the other
4 parties in this docket.

5 Thank you.

6 CHAIRMAN CLARK: Thank you, Mr. Naum.

7 Ms. Ottenweller, Vote Solar.

8 MS. OTTENWELLER: Good afternoon, Chairman
9 Clark and Commissioners. My name is Katie Chiles
10 Ottenweller.

11 On behalf of Vote Solar and its 40,000 members
12 in Florida, I ask you to approve Duke Energy
13 Florida's Clean Energy Connection Program tariff
14 and stipulation.

15 Solar is an underutilized resource that
16 benefits the state in all its forms, be it through
17 utility-scale projects, subscription solar
18 offerings or rooftop solar. At just two percent
19 reliance on solar to meet Florida's energy needs,
20 we are just at the very beginning of mobilizing
21 these benefits for Florida's communities.

22 Residents businesses and local governors --
23 governments are demanding more clean energy access.
24 And now that cost declines in solar technology are
25 creating opportunities for system-wide savings.

1 These programs can be designed in ways that create
2 benefits for both subscribers and the general body
3 of customers.

4 While this shared benefits model is relatively
5 new for solar, the general structure of this
6 program isn't new to the Commission. Similar to
7 traditional energy efficiency offerings, the CEC
8 Program leverages voluntary customer participation
9 to access long-term savings for all customers over
10 the life of the recourse. Total savings from this
11 program are estimated at over \$500 million, and
12 over 87 percent of these projected savings will
13 flow to the general body of customers.

14 This program will result in approximately 750
15 megawatts of new solar power being constructed and
16 added to the grid in Florida over the next several
17 years. This represents real jobs, tax revenue and
18 much needed economic development in Florida's
19 communities.

20 These solar megawatts displace planned fossil
21 generation, the cost of which would have been borne
22 by all customers. And as a fuel-free generating
23 resource, this solar energy acts as an important
24 hedge against Florida consumers' overdependence on
25 natural gas and its fuel price volatility.

1 I want to spend a moment addressing two
2 customer segments that currently face significant
3 barriers to solar power, and to highlight the hard
4 one improvement that Vote Solar negotiated. I want
5 to start with cities.

6 To dated, 11 local governments in Florida have
7 established 100 percent clean energy goals. Vote
8 Solar strongly supports these efforts, and we are
9 keenly aware of these challenges of making these
10 goals a reality. For many cities, there is simply
11 not enough suitable roof space to rely solely on
12 rooftop solar to get to 100 percent.

13 The provisions in the stipulation secure a
14 second capacity allocation for these local
15 government customers that face unique barriers to
16 accessing clean energy and need longer lead time to
17 enroll in solar offerings. The importance of this
18 offering for local government clean energy access
19 is evident from the letters of support filed by
20 many cities and counties, including St. Petersburg,
21 New Port Richey, Tarpon Springs, Clearwater,
22 Pinellas County and Orange County, among others.
23 Not only will these local governments benefit by
24 participating in this program, but those benefits
25 will flow to their constituents as well.

1 I also want to address low-income customers.
2 I am especially proud that 26 megawatts of this
3 program will be set aside for customers who are
4 struggling to make ends meet. You will hear a lot
5 about Walmart today, but we negotiated for
6 literally thousands of low-income families' bills
7 to be lowered every single month due to their
8 subscription starting in the first month that they
9 sign up. And these families can participate even
10 if they have fallen behind on their bills due to
11 COVID.

12 It will come as no surprise to anyone in this
13 proceeding when I state that Vote Solar has strong
14 views about solar energy. We are willing to oppose
15 programs and policies that undermine Florida's
16 clean energy future, but we are also willing to
17 come to the table and negotiate to improve
18 programs. Every settlement involves give and take,
19 and this one was no different.

20 I firmly believe that the program as presented
21 to you today is in the public interest. I also
22 respect other parties' right to litigate these
23 important issues and fully air their concerns at
24 today's hearing.

25 I believe that subscription programs such as

1 this one should be a part of Florida's
2 all-of-the-above strategy to mobilize solar power
3 at all scales to give customers more control over
4 their electricity. And so I hope at the end of
5 this proceeding, the Commission will approve this
6 program and continue to move Florida one step
7 closer to a grid powdered by clean, cost-effective,
8 in-state renewable resources.

9 Thank you for your time.

10 CHAIRMAN CLARK: Thank you very much.

11 Mr. Cavros.

12 MR. CAVROS: Good afternoon, Chairman Clark
13 and Commissioners. Southern Alliance is a --
14 Southern Alliance for Clean Energy is a nonprofit
15 clean energy organization that advocates to moving
16 the state to a lower-cost/lower-risk clean energy
17 future. Solar development, whether it's rooftop
18 solar, utility scaled solar or shared solar, is a
19 critical piece of that clean energy future.

20 As you know, we are not often aligned with
21 utility positions in proceedings before this
22 commission, but here, we strongly support the Clean
23 Energy Connection shared solar program because it
24 helps move us to a lower-cost/lower-risk clean
25 energy future, while also increasing access to

1 solar power for more Floridians, so let me explain.

2 First, the program is lower cost. It's
3 projected to save all, all of Duke's customers,
4 whether a participant in the program or not, over
5 \$532 million over the term of the program.

6 Second, the program is lower risk. The
7 additional abundant cheap renewable solar power
8 will offset the need for burning fossil fuels on
9 the company system. Since the solar projects have
10 no fuel costs, the solar generation will help
11 insulate all of Duke's customers from fuel price
12 spikes on their monthly bills.

13 Third, it's cleaner energy. The program
14 represents a significant acceleration of solar on
15 Duke's system. It will eliminate the need for a
16 natural gas combustion turbine, displacing 231
17 megawatts of fossil gas with solar power.

18 Commissioners, many Floridians also, it's
19 important to note, are concerned about climate
20 change, and they have a right to be. The science
21 is clear. We must significantly scale up our
22 efforts to reduce CO2 emissions and be at net zero
23 by 2050 to avert the worse impacts. And it's also
24 well-established that impacts of climate change and
25 air pollution are more profoundly borne by

1 communities of color and low-income communities. A
2 program like Clean Energy Connection that
3 accelerates solar development in Florida is a down
4 payment on addressing that environmental inequity.

5 Lastly, access. Commissioners, there is a
6 huge demand for greater access to solar power in
7 Florida. The pre-subscription of 535 megawatts in
8 this program alone is a testament to that demand.
9 Shared solar programs like Clean Energy Connection
10 will play a vital role in expanding access to more
11 customers, including low-income customers and a
12 significant number of local governments that are
13 committed to reaching 100 percent renewable energy
14 goals in Florida.

15 The stipulation before you is the result of a
16 got a lot of give and take between the parties that
17 led to changes in the program that improved the
18 outcome for customers, regardless of how other
19 parties may try to characterize it.

20 For example, it requires Duke to analyze
21 eliminating even more future fossil gas units from
22 its 10-year site plans in favor of additional solar
23 development and battery storage. It also provides
24 a framework for data collection and stakeholder
25 engagement related to customer-owned rooftop solar.

1 It provides an allocation for local governments and
2 a significant allocation for low-income families.
3 The 26 megawatts, Commissioners, the low-income
4 allocation is larger than the total size of many
5 shared solar programs. It ensures that Duke will
6 competitively bid engineering procurement and
7 construction of the solar projects, and consider
8 acquiring thirty-party owned projects at various
9 stages of development.

10 It also requires Duke to market the solar
11 program to participants in its low-income energy
12 efficiency programs in order to maximize savings
13 for those families, and to maximize participation
14 in the program.

15 Commissioners, we respect the right of other
16 parties to challenge the program design, and they
17 can choose to characterize the program as they
18 wish, but it's unmistakable that the program is
19 projected to provide hundreds of millions of
20 dollars in economic benefit to all of Duke's
21 customers. And at the end of the day, we believe
22 that you will find that given the state's current
23 regulatory structure, that the Clean Energy
24 Connection Program provides an innovative design
25 and a realistic pathway for responding to the

1 enormous customer demand for solar power in
2 Florida.

3 Southern Alliance for Clean Energy has a
4 significant number of its members in Duke's service
5 territory, the ratepayers, and they support our
6 mission of a cleaner and more just energy future.
7 On their behalf, we ask that you support the
8 program and tariff provisions in the stipulation
9 and approve it in its entirety.

10 Thank you.

11 CHAIRMAN CLARK: Thank you, Mr. Cavros.
12 Mr. Marshall.

13 MR. MARSHALL: Thank you, Mr. Chairman.

14 We represent the League of United Latin
15 American Citizens of Florida, better known as
16 LULAC.

17 For many LULAC members, every dollar, and
18 knowing where every dollar goes matters. I was
19 here not that long ago because some LULAC members
20 already cannot afford their electricity bills. If
21 an investment is going to be made with their
22 dollars, they want it to be for something that they
23 get the full benefits of.

24 The more people that learn about this program
25 and how this program works, the more they oppose

1 it. I think that's why you are now seeing Sierra
2 Club and its members all coming to opposition to
3 this program.

4 Like Sierra Club, LULAC supports renewable
5 energy and supports investments in solar, but its
6 here today in opposition because LULAC members
7 don't want to pay for solar twice; once to actually
8 build the solar and a second time to pay
9 corporations, like Walmart, millions of dollars to
10 claim that they are participants in a solar
11 program.

12 And that's exactly what this program does.
13 Clean Energy Connection is built and paid for,
14 almost a hundred percent, by Duke's general body of
15 customers, including their low- and moderate-income
16 customers.

17 Duke's residential customers make up the vast
18 majority of Duke Energy's sales, but this program
19 is not meant for them, but Duke is assuming
20 residential customers will get 12.5 percent of the
21 solar program.

22 This program is meant for large commercial
23 users already fully subscribed to their allotment
24 of the program before this petition was even filed.
25 For Duke and the large corporate subscribers, it's

1 a win, win, win. Duke gets to rate base a whole
2 bunch of solar and make money off of that.
3 Corporations like Walmart get to meet their
4 sustainability commitments and get paid to do so
5 with very little upfront investment, and Duke
6 doesn't have to worry about corporations like
7 Walmart needing to install their own rooftop solar
8 to meet those sustainability commitments. The only
9 people who lose are the ratepayers, who have to pay
10 for all of this.

11 And as to that low-income reservation we just
12 heard about, that 26 megawatts, that's going to be
13 less than a third of what Walmart is subscribing to
14 on its own. We expect that's going to serve about
15 one percent of low-income customers. The other
16 99 percent are going to be facing higher bills to
17 make those bill credit payments to those large
18 corporations.

19 The answer we hear is that participants pay
20 for the program and that the savings for everyone
21 that will result from these solar investments will
22 overwhelm whatever payments are made to
23 participants.

24 However, the truth is, after you consider the
25 bill credits paid to participants, participants pay

1 almost nothing towards the cost of the solar
2 plants. Almost 100 percent is paid for by the
3 general body of ratepayers, and those bill credits
4 will quickly outpace the subscription fees.

5 Furthermore, participants are guaranteed
6 escalating bill credits while the savings for
7 nonparticipants are all as compared to Duke's plan
8 to make continued investments in gas rather than
9 just building the 750 megawatts of solar without
10 this program.

11 I don't think there is now dispute that the
12 general body of ratepayers will be better off if
13 the 750 megawatts of solar was just built without
14 the CEC Program. In fact, they would be about \$300
15 million better off over the course of the program.
16 Nonparticipants bear all the risk if Duke's
17 projected savings don't materialize.

18 And there is also good reason to believe they
19 won't materialize. The same carbon costs that Duke
20 is assuming to project substantial savings would
21 also rule out and preclude the gas plants that Duke
22 plans to build through the 2040s that it used in
23 its resource planning to project additional savings
24 from the Clean Energy Connection Program.

25 This program structure is epitome of unfair

1 and discriminatory rates. The general body of
2 ratepayers pays for the solar and then, on top of
3 that, has to pay the participants direct bill
4 credits to the tune on net of almost \$300 million,
5 \$200 million of which is reserved for large
6 corporations like Walmart.

7 We intend to show that Walmart itself stands
8 on its own to paid over \$35 million net from the
9 general body of customers for this program. That
10 is discrimination against the nonparticipants.
11 That's why after hearing the evidence today and the
12 arguments and briefing, we are going to ask you to
13 disapprove this program.

14 Thank you.

15 CHAIRMAN CLARK: All right. Thank you,
16 Mr. Marshall.

17 Mr. Rehwinkel.

18 MR. REHWINKEL: Mr. Chairman, I gave up my
19 time for your consideration of my motion, but the
20 Public Counsel stands on our positions in the
21 prehearing order.

22 Thank you.

23 CHAIRMAN CLARK: All right. Thank you very
24 much, Mr. Rehwinkel.

25 Mr. Moyle.

1 MR. MOYLE: Thank you, Mr. Chairman. Just a
2 brief opening statement on behalf of the Florida
3 Industrial Power Users Group.

4 We have appeared before you on a number of
5 solar dockets, and I just wanted to reference the
6 polestars that FIPUG uses when considering matters
7 like this. And it needs to be clear, FIPUG
8 supports renewable energy provided that it is
9 cost-effective, and provided that it is needed. So
10 that is the framework for our analysis.

11 We are here today, given the earlier
12 discussion and your decision, you are going to have
13 a full evidentiary hearing with a lot of evidence.
14 We may have a few questions; but again, the two key
15 points for FIPUG relate to cost-effectiveness and
16 need, and we look to the evidence coming forward.

17 Thank you.

18 CHAIRMAN CLARK: All right. Thank you, Mr.
19 Moyle.

20 All right. Did we get everyone? Everyone has
21 been taken care of.

22 We have already sworn our witnesses in. We
23 have given them their instructions, so we are ready
24 to move to the witnesses.

25 Ms. Triplett, would you like to call your

1 first witness?

2 MS. TRIPLETT: Yes, we would call Mr. Huber,
3 and I think he is on.

4 Whereupon,

5 LON HUBER

6 was called as a witness, having been previously duly
7 sworn to speak the truth, the whole truth, and nothing
8 but the truth, was examined and testified as follows:

9 EXAMINATION

10 BY MS. TRIPLETT:

11 Q Okay. Would you please introduce yourself to
12 the Commission and provide your address?

13 A Sure. My name is Lon Huber, and my business
14 address is 550 South Tryon Street, Charlotte, North
15 Carolina.

16 Q And you were sworn previously, correct?

17 A That's correct.

18 Q Who do you work for, and what is your
19 position?

20 A I am employed by Duke Energy Business
21 Services. My role is Vice-President Rate Design and
22 Strategic Solutions. In this capacity, I am responsible
23 for rate design and pricing for all Duke Energy
24 affiliated utility operating companies, including Duke
25 Energy Florida.

1 Q Have you filed direct and rebuttal testimonies
2 and exhibits in this proceeding?

3 A That is correct.

4 Q Do you have those testimonies with you today?

5 A Yes, I do, electronically.

6 Q Do you have any changes to make to those
7 testimonies?

8 A No, I do not.

9 Q If I asked you the same questions in your
10 prefiled direct and rebuttal testimonies today, would
11 you give the same answers that are in your prefiled
12 testimony?

13 A Yes, I would.

14 MS. TRIPLETT: Mr. Chairman, we request that
15 the prefiled direct and rebuttal testimonies both
16 be entered into the record as if it were read --
17 they were read here today.

18 CHAIRMAN CLARK: So ordered.

19 MS. TRIPLETT: Thank you.

20 (Whereupon, prefiled direct testimony of Lon
21 Huber was inserted.)

22

23

24

25

**IN RE: DUKE ENERGY FLORIDA, LLC'S PETITION FOR APPROVAL OF
CLEAN ENERGY CONNECTION TARIFF AND PROGRAM**

FPSC DOCKET NO. _____

DIRECT TESTIMONY OF LON HUBER

JULY 1, 2020

I. INTRODUCTION

1 **Q. Please state your name and business address.**

2 A. My name is Lon Huber, and my business address is 550 South Tryon Street, Charlotte,
3 NC 28202.

4
5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by Duke Energy Business Services, LLC ("Duke Energy"). My role is
7 Vice President, Rate Design and Strategic Solutions. In this capacity, I am responsible
8 for rate design and pricing for all of Duke Energy's affiliated utility operating
9 companies, including Duke Energy Florida ("DEF" or the "Company").

10

11 **Q. Please describe your educational background and professional experience.**

12 A. My career in the energy industry began in 2007 when I started work at a solar energy
13 research institute housed within the University of Arizona. From 2010 to 2013, I held
14 positions in the solar industry working on matters both local to Arizona and across the
15 US. Subsequently, I served as a consultant for Arizona's consumer advocate, the
16 Residential Utility Consumer's Office (RUCO), on energy related issues. I then joined

1 RUCO as a full-time employee. At RUCO, I was the staff lead on significant dockets
2 involving net metering, resource procurement, and utility solar programs.

3 I decided to rejoin the consulting space in 2015 where I worked for numerous
4 consumer advocates, state utility commissions, and energy companies. A major topic
5 of my work has been on pricing and community solar programs. For example, I
6 developed Hawaii's Community Based Renewable Energy (CBRE) program on behalf
7 of the Hawaii Public Utilities Commission; I helped shape Maryland's community
8 solar program on behalf of the Office of People Counsel; and I represented the
9 Coalition for Community Solar Access in New York on a few community solar matters.
10 My work on community solar, through the above examples and more – including my
11 efforts in Massachusetts, New Hampshire, Arizona, and Maine – helped me garner
12 Utility Dive's 2018 Innovator of the Year award.

13 My other professional focus revolves around pricing and rate design for
14 customer facing programs across the U.S., with a particular specialty in time-varying
15 rates and subscription-based pricing. I am a regular instructor at the Financial Research
16 Institute (FRI) Transformational Pricing course held at the University of Washington,
17 and up until November of 2019, when I assumed my current position with Duke
18 Energy, I consulted for entities such as the New York Public Service Commission, and
19 the Office of Consumer Counsel in Connecticut on pricing for renewable energy.

20 In terms of educational background, I obtained a Bachelor of Science degree in
21 Public Policy and Management from the University of Arizona. I also received a
22 Master of Business Administration from the Eller College of Management at the same

1 university. I completed NARUC rate school in 2014. My full resume is included as
2 Appendix A.

3

4 **Q. What is the purpose of your testimony?**

5 A. The purpose of my testimony is to provide an overview of the DEF Clean Energy
6 Connection Program (the “CEC Program”). I will provide a description of the CEC
7 Program and an explanation of the benefits and objectives of the CEC Program as well
8 as how it advances solar energy in Florida.

9

10 **Q. How has DEF been a leader in advancing clean energy in Florida?**

11 A. DEF is advancing a cleaner and smarter energy future that customers value. Solar
12 energy is part of that future and our solar initiatives will help meet our customers’
13 electricity needs. Our strong clean energy leadership and solar technology successes
14 are outlined below.

- 15 • In 1988, DEF began researching and studying grid tied solar photovoltaics, (PV) at
16 our universal solar array located near the Econlockhatchee Trail in central Florida.
- 17 • Since 2003, DEF has administered and funded over \$7 million for solar PV systems
18 at 50 K through 12 schools to promote solar energy education. About half of these
19 schools also serve as emergency shelters.
- 20 • Since 2015, DEF has been partnering with the University of South Florida St.
21 Petersburg to research and study advanced microgrids and power quality utilizing
22 solar PV generation. This complex microgrid system is installed on USFSP’s
23 campus and includes balancing loads at a campus parking garage, and electric

1 vehicle charging stations by utilizing a 100-kilowatt solar array generator and
2 battery storage.

- 3 • DEF's proven success with its Solar Base Rate Adjustment (SOBRA) projects, as
4 explained in Mr. Matthew Stout's testimony.

5 The proposed CEC Program builds on these prior successes and would add over 2.5
6 million solar panels to the DEF portfolio.

7

8 **Q. Please describe the CEC Program.**

9 A. The CEC Program is a community solar program through which participating
10 customers can voluntarily subscribe to a share of new solar energy centers. The CEC
11 Program would allow DEF to satisfy increasing customer demand for renewable energy
12 and will enable DEF to provide affordable clean energy to all of its customers.

13 The CEC Program represents the next evolution of DEF's commitment to
14 increasing renewable generation and providing innovative pricing solutions for our
15 customers. The CEC program is structured to maximize the benefits to the entire DEF
16 system and to minimize the costs to non-participating customers.

17

18 **Q. What about the CEC Program makes it a unique offering in Florida?**

19 A. DEF remains committed to designing innovative renewable energy programs that
20 maximize customer benefits. The CEC program contains a variety of innovations: 1)
21 customer centric Renewable Energy Certificate (REC) treatment; 2) a carve-out for
22 local governments that allows all who want to participate the opportunity to do so; 3)
23 an inclusive signup process to ensure that large customers who express interest in the

1 program can take advantage of it; and 4) the largest (by percentage of megawatt
2 capacity) low income carve out in Florida with ties into existing low income energy
3 efficiency programs and an easy enrollment process. Each of these will be discussed in
4 more detail below.

5
6 **Q. Why is DEF proposing this solar program?**

7 A. DEF is proposing the CEC Program to meet the substantial demand from DEF
8 customers who are seeking expanded access to solar energy, but do not have the ability
9 or the desire to construct it on their property.

10

11 **Q. Will the CEC Program interfere with private solar generation by DEF customers?**

12 A. No. Private solar generation will not be limited in any way.

13

14 **Q. Are you sponsoring any exhibits in this case?**

15 A. Yes. I am sponsoring the following exhibits:

16 • Exhibit No. __ (LH-1), Clean and Legislative Versions of Tariff sheets 6.101,
17 6.405, 6.406, and 6.407.

18 • This exhibit is true and accurate.

19

20 **II. CUSTOMER DEMAND FOR THE CEC PROGRAM**

21

22 **Q. How did DEF measure customer demand for the CEC Program?**

1 A. After Florida Power & Light filed the SolarTogether program last year, DEF began to
2 hear inquiries from its larger customers regarding a similar program. Although large
3 customers had been asking for more renewables in order to meet their sustainability
4 goals for quite a while, to get a more complete picture of small business and residential
5 demand for the CEC Program, DEF conducted surveys in May 2020. These surveys
6 were conducted online as opposed to in person as a result of the pandemic. DEF has
7 met with over 65 large customers to better understand their sustainability goals and
8 how DEF can help them be achieved. Those customers have expressed a desire for
9 more of their usage to be derived from carbon neutral sources, but often have not had
10 the space or capital to achieve the goal. DEF is also seeing more customers join groups
11 committed to bringing more renewables on to the grid such as RE100, the Southeast
12 Sustainability Directors Network and Bloomberg's American Cities Climate
13 Challenge.

14

15 **Q. What were the results of the small business and residential customer surveys?**

16 A. Residential and small business customers are interested in the proposed program. 52%
17 of residential and 47% of small business customers said that they found the program to
18 be either somewhat appealing or extremely appealing.

19

20 **Q. Did DEF market the CEC Program to customers?**

21 A. Yes. DEF marketed the CEC Program through three separate measures. DEF
22 conducted an email campaign to approximately 2000 industrial, commercial and local
23 government customers to invite them to a webinar and launched a large customer and

1 local government specific CEC Program website that was visited by over 100
2 customers. DEF held three webinars designed to provide potential participants an
3 overview of the Program. Over 120 customers either attended or listened to the webinar
4 recording. These activities began in April, during the early stages of the pandemic and
5 still saw significant customer engagement in the program. Large Account Managers,
6 Community Relations Managers and other Duke Energy employees such as myself also
7 discussed the program with dozens of individual customers. While the enrollment
8 window was open, emails were sent to customers who registered for the webinar to
9 remind them to consider a subscription.

10

11 **Q. Did DEF preregister customers?**

12 A. Yes. From May 11 until June 5, DEF preregistered a total of 12 Commercial and
13 Industrial customers who expressed an interest in participating in the Program. These
14 customers reserved capacity totaling approximately 540 MW. Local governments
15 indicated that they needed an extended timeline for enrollment due to approval
16 timelines and prioritizing Coronavirus response. As a result, their enrollment window
17 ends August 31, 2020. Feedback from local governments has been positive. DEF
18 believes that local governments will register for their full allocation.

19

20 **Q. What are the initial results from the preregistration period?**

21 A. As of June 30, 2020, 17 customers have registered that represent 535.9 MW of
22 subscriptions. A summary of the preregistered contracts to date is shown in Table A.
23 Industrial, Commercial and Education enrollment window closed 29.5% over the

1 capacity allotted for those customer classes. Government is open until August 31, as
2 stated above.

3

4

Table A. Preregistration Contracts to Date

	Number of Customers	Subscription Size (MW)	Percent of Total Program
Industrial	2	105.8	14.1
Commercial	7	154.3	20.6
Education	4	226.7	30.3
Government	6	49.1	6.6
Total	18	535.9	71.6

5

6 **Q. What is the significance of these initial results?**

7 A. These customers form the group of anchor customers that are important to the success
8 of the CEC Program. That the program is oversubscribed by 29.5% for industrial,
9 commercial and education customers shows strong demand exists for it.

10

11 **Q. How important are anchor customers to the CEC Program?**

12 A. Anchor customers provide the financial foundation for the CEC Program. These
13 customers who subscribe to large portions of the program providing the certainty DEF
14 requires to build additional solar plants under this program in 2023 and 2024. Large
15 institutional and government participants add stability to the program and reduce
16 overall program administration costs.

17

18

III. PROGRAM DESIGN

19

20 **Q. Did you work with stakeholders and seek input from them on program design?**

1 A. Yes, I personally engaged in extensive outreach to DEF stakeholders over the course
2 of several months. As a result of informal conversations, the local government carve
3 out was created and the enrollment window for those customers extended by almost
4 three months, the REC treatment was made more robust and the low-income program
5 was expanded, and the enrollment process was solidified. Finally, large customer
6 sustainability goals helped drive the overall program size and customer type
7 allocations.

8

9 **Q. Does the CEC Program expand access of solar power to customers?**

10 A. Yes, in two ways. First, by leveraging the utility's buying power, the CEC Program
11 allows customers to contribute to additional solar resources in Florida at a lower price
12 than if they put up their own solar systems. Second, the CEC Program allows customers
13 who cannot or do not want to put solar on their premise to participate in a solar energy
14 program.

15

16 **Q. In what other way does the CEC Program increase access to solar energy for
17 customers?**

18 A. Customers who do not have good rooftop space, either due to orientation or shading,
19 are currently not good candidates to invest in their own solar generation. The CEC
20 Program is an offering that allows these customers to contribute to increased solar
21 generation.

22

23 **Q. What will the capacity of the CEC Program be?**

1 A. The CEC Program will be approximately 750 MW of clean solar energy to its
2 customers. DEF plans to implement the CEC Program over several years. The first
3 year of the CEC Program will consist of two solar power plants, in 2022, which will
4 accommodate 20% of the demand created by pre-registered local government and
5 industrial customers and provide surplus capacity to service approximately 5000
6 residential and commercial customers. Additional solar facilities will be added in 2023
7 and 2024 (four facilities in each year). As stated previously, when those plants achieve
8 commercial operations large customer and local government subscriptions will grow.
9 In addition, more residential and small business will be added to the program.

10

11 **Q. How will CEC Program capacity be allocated among different customer groups?**

12 A. Twenty-five percent of CEC Program capacity will be allocated to residential and small
13 business customers. Seventy-five percent of CEC Program capacity will be allocated
14 to commercial and industrial customers. Ten percent of the Program capacity will be
15 allocated to local governments which reside in the commercial and industrial group.

16 **Q. What is the reason for the separate carve-out for local government customers?**

17 A. We want to be responsive to local governments who wish to use the CEC program to
18 meet their sustainability needs, therefore DEF has reserved a portion of the CEC
19 program for these customers. The carveout allows local governments to follow their
20 energy procurement processes without having to worry that the large commercial and
21 industrial customers would take all the available capacity. This carve out was a
22 suggestion from stakeholders, in alignment with DEF's desire to ensure that customers
23 who had voiced interest in renewables be able to participate.

1

2 **Q. To how much capacity will each customer be able to subscribe?**

3 A. Participating customers may subscribe for up to 100% of their previous 12 months of
4 usage, based on availability. If the customer does not have 12 months of usage DEF
5 will estimate it based on partial usage and/or forecasted usage.

6

7 **Q. Will participating customers be required to enter into a long-term contract?**

8 A. No. Participation in the CEC Program will be voluntary, and customers will be
9 permitted to terminate or change their participation in the CEC Program at any time
10 without penalty. However, if they terminate participation and choose to re-join later,
11 their credit level would start at the year one level. This is to ensure that customers are
12 not able to game the CEC Program and obtain higher level credits without contributing
13 their fair share of subscription fees.

14

15 **Q. Will customers be able to increase their subscription amounts?**

16 A. Yes. Once per subscription year, a customer may subscribe for additional shares in the
17 program, subject to availability.

18

19 **Q. What bill credit rate will customers receive for added subscriptions?**

20 A. Customers will receive bill credits for additional subscriptions according to the tariffed
21 rates, starting with the year-one credit. Please see my Exhibit No. __ (LH-1). For
22 customers that add subscriptions, they will see multiple credit lines on their bill
23 representing the different vintages of their shares. This will ensure that customers

1 cannot add shares in the future without making the appropriate contributions to the
2 program.

3

4 **Q. Why start additional subscriptions at the year-one credit rate?**

5 A. This program rule offers benefits to non-participating customers. First, by starting
6 additions at the year-one credit, it will provide more revenue for the program than
7 originally forecasted. For example, if a customer holds a share for five years and then
8 relinquishes the share, that share would be paying the five-year credit rate. If a new
9 customer claims that share in the next year, the credit paid is the year-one credit
10 resulting in program savings to the non-participating customers. While the subscribing
11 customer still sees a seven-year payback, the resetting of the credit amounts ends up
12 assigning more of the total program benefits to the non-participating customers.
13 Second, if additional shares become available for whatever reason, allowing other
14 customers to claim those shares keeps the program fully subscribed, which benefits
15 non-participants as well. Additionally, DEF anticipates there will be more interested
16 customers than program capacity and seeks to provide renewable power to as many
17 customers interested in it as possible. The program is designed for participants to
18 fund the CPVRR of the facilities, receive RECs, provide bill savings without long-term
19 commitments. Backfilling subscriptions with new participants allows for participant
20 flexibility and provides even more benefits to the new participant and non-participants.

21

22

IV. LOW INCOME CARVE-OUT

23

1 **Q. Will a portion of the CEC Program be available to low income customers?**

2 A. Yes, DEF will allocate 27.7% percent of the residential capacity referenced above for
3 low income customers. These customers will receive a bill credit rate that ensures that
4 in no year will their subscription charge increase their total bill. This allocation was
5 chosen because this is the percentage of DEF residential customers who are eligible for
6 low-income energy efficiency programs.

7
8 **Q. Why did DEF decide to set aside capacity for low income customers?**

9 A. Working with stakeholders, DEF chose to mirror the demographics of its service
10 territory. Approximately twenty eight percent of residential customers live in poverty
11 within the service territory, therefore, assuming half of the small customer capacity is
12 subscribed to by residential customers, the 26MW set aside for low income equals
13 27.7% of the residential customer capacity in the program.

14
15 **Q. Will low income customers save money by participating in the program?**

16 A. Yes. The low income participant monthly subscription fee is \$8.35/kW-month, the
17 same as all other customers. The credit rate is different than that of other participant
18 classes. It is \$9.03/kW-month, regardless of solar generation, yielding a savings of
19 \$0.86/kW-month.

20
21 **Q. Is the low income program subsidized?**

22 A. It is not. The program was designed to give low income customers the same benefit/kw
23 subscription on a CPVRR basis as other customers in the program but adjusted to have

1 relatively more benefits early and less benefits later allowing for bill reductions every
2 year

3

4 **Q. How will the program be marketed to low income customers?**

5 A. Many local governments and non-profits have already offered to help DEF in
6 marketing the program through material distribution and events. DEF welcomes their
7 participation. In addition, DEF will send direct mail, emails, include information in
8 monthly customer bills and on www.duke-energy.com. DEF sees great opportunity in
9 cross-marketing with the existing low income energy efficiency program. Additional
10 opportunities may include apps and other resources used by low income subsidy
11 members. DEF has also committed to producing materials in Spanish.

12

13 **Q. What customers qualify to be in the program?**

14 A. Any customer showing proof of participation in any federal, state or local government
15 subsidy program or has participated in DEF's low income energy efficiency program
16 is eligible to participate.

17

18 **Q. How will a low-income customer qualify to be in the Program?**

19 A. It will depend on the way in which they are applying to the Program. DEF will host an
20 application at www.duke-energy.com which will allow customers to upload proof of
21 participation in a government subsidy program. At events, customers can bring this
22 proof and the program representative can take a picture of collateral presented. DEF
23 intends to make the enrollment process simple for low income customers. Examples

1 of this are events at subsidized housing and advertising within subsidy program mobile
2 apps where only program participants have access.

3

4 **Q. What is the difference between the eligibility for the low income energy efficiency**
5 **programs and this program?**

6 A. To participate in low income energy efficiency, a customer must earn less than 200%
7 of the Federal Poverty Guidelines. The majority of government subsidy programs also
8 use 200% of the Federal Poverty Guideline, although some are lower. As stated above,
9 any customer participating in a government subsidy program is eligible for the low
10 income carve out in Clean Energy Connection.

11

12 **Q. Will low income customers ever see their bill increase as a result of program**
13 **participation?**

14 A. No.

15

16 **V. FINANCIAL IMPACT OF THE PROGRAM ON PARTICIPANTS**

17

18 **Q. How much will it cost to participate in the program?**

19 A. \$8.35/kw/mo. Please reference Sheet Number 6.407 of my Exhibit No. __ (LH-1).

20

21 **Q. Will the CEC Program provide an economic value to participating customers?**

1 A. Participants will receive benefits in the form of bill credits that are designed to grow
2 annually. These benefits are projected to exceed participant subscription costs by the
3 fifth year of continuous enrollment.

4

5 **Q. How do participants save money in the program?**

6 A. Customers earn bill credits in proportion to the amount their share of solar energy
7 produces. The bill credits are a function of the bill credit rate per kWh and the amount
8 of the generation. The initial bill credit amount will be the average of the first three
9 years of bill credits. After 36 months of continuous participation, the bill credit rate
10 increases by 1.5% and continues to do so every 12 months with the 1.5% escalation
11 discontinuing in the 31st year. Over time the bill credit rate increases allow for the bill
12 credits to exceed the subscription charge; thus, lowering the customer's DEF monthly
13 bill.

14

15 **Q. Why a three-year average?**

16 A. As noted above, the large customer subscriptions will be phased in over three years,
17 timed with the CEC solar plants achieving commercial operation. As a result, and in
18 consideration of making the program easy to understand and implement, DEF decided
19 to average the credit rate during that ramp up time. The alternative was to break large
20 customer subscriptions up by the year the solar plant would come online, thereby
21 eventually resulting in three different credit rates after build out is complete for those
22 customers. DEF did not want to make program economics unnecessarily complicated

1 for customers. Even with this three-year average, DEF was able to setup the program
2 to achieve around a seven-year payback for participants.

3

4 **Q. How did DEF arrive at the seven-year payback?**

5 A. DEF used a seven-year payback based on my experience in the solar industry, learnings
6 from FPL's Solar Together program, and discussions with some of our largest
7 customers. This payback period will make the CEC attractive to both large and small
8 customers as they seek ways to obtain solar energy.

9

10 **Q. How does the price of the CEC Program compare to the price of solar power in**
11 **Florida?**

12 A. As of April 2020, the average price of a solar system in Florida is \$2.65 per Watt_{DC}.¹
13 Contrast this with the average cost of utility-scale solar, which has a price of \$1.20 per
14 Watt_{DC} with single-axis tracking, assuming an inverter loading ratio of 1.33.² This
15 price difference is due to economies of scale and buying in bulk. Further, unlike rooftop
16 solar, it is becoming standard for utility scale technology to use tracking arrays to
17 maximize energy production. Tracking increases the output of an array and the time
18 periods of production compared to fixed tilt.³ Because of these price differences, CEC
19 program participants can add new solar generation to Florida's electric grid at a cheaper

¹ <https://www.energysage.com/solar-panels/solar-panel-cost/fl/> (Accessed April 7, 2020).

² *Utility-Scale Solar: Empirical Trends in Project Technology, Cost, Performance, and PPA Pricing in the United States – 2019 Edition*;
https://emp.lbl.gov/sites/default/files/lbnl_utility_scale_solar_2019_edition_final.pdf

³ *Ibid.*

1 price point and with more energy produced than if they bought individual systems on
2 their own.

3

4

VI. IMPACT TO NON-PARTICIPANTS

5

6 **Q. What benefits will the CEC Program provide to DEF's overall customer**
7 **population?**

8 A. As explained in more detail in the testimony of Mr. Benjamin Borsch, the solar
9 generation added to DEF's overall system under the CEC Program will displace fossil-
10 fueled generation, thereby lowering emissions and fuel expenses for all customers. As
11 a cost-effective solar generation system, the CEC Program is expected to lower
12 customer bills over the life of the CEC Program.

13

14 **Q. Will the CEC Program save DEF's total customer population money?**

15 A. Yes. On a cumulative present value revenue requirement ("CVPPR") basis, the CEC
16 Program is projected to save DEF customers an estimated \$533 million when compared
17 to DEF's overall system without the CEC Program. The CEC Program is designed to
18 be cost-effective for both participating and non-participating customers and will enable
19 DEF customers to support the expansion of solar power.

20

21 **Q. How does the CEC Program provide a value to non-participating customers?**

22 A. The CEC Program provides a different way of allocating new generation costs. The
23 program provides benefits to all customers, while the participants eventually fund all

1 the fixed revenue requirements of the new generation. In fact, non-participating
2 customers will receive 87.3 percent of benefits, while subscription fee revenues will
3 cover 104.9% of the fixed program costs.

4

5 **Q. Does the CEC Program provide any other benefits to DEF's customers and the**
6 **state of Florida?**

7 A. Yes, the CEC Program will result in DEF constructing approximately 750 MWs of new
8 solar generation, spread out over approximately ten sites. These projects will be located
9 across DEF's service territory, and will bring economic benefits to the areas, both in
10 terms of temporary construction jobs, more permanent maintenance jobs, and
11 additional tax value to the local and state governments. Investments of this scale can
12 also attract companies to the state as businesses look to locate to states with favorable
13 environments for clean energy. While this is of course not a deciding factor for
14 approval of the program, it is an important byproduct of the CEC Program.

15

16 **VII. ENVIRONMENTAL BENEFITS FOR PARTICIPANTS**

17

18 **Q. Will the CEC Program provide environmental benefits to participating**
19 **customers?**

20 A. Yes, DEF will retire all REC's on behalf of participants. Industrial and local
21 government customers have told DEF that having a program that helps customers meet
22 their particular renewable energy and sustainability goals was of great importance. The

1 REC treatment in the CEC Program allows participants to claim the renewable energy
2 benefits, helping them meet their individual goals.

3

4 **Q. Will the RECs be registered?**

5 A. Yes. RECs will be registered in the North American Renewables Registry (NAR). The
6 NAR system assigns a unique identifier to each REC to enable registration, tracking
7 and retirement. More information on NAR can be found www.apx.com/registries/nar/.

8

9 **Q. Why register the RECs?**

10 A. It is the registration of the solar generation that creates the REC and the retirement of
11 that REC that allows customers to make the claim that they are using renewable energy.
12 The sustainability goals of large customers and local governments are often based on
13 the retirement of RECs. Smaller customers who participate in these programs are not
14 normally familiar with the concept of the REC but have a desire to use renewable power
15 and the REC allows for that.

16

17 **Q. Can customers request to have RECs transferred into an account in their name?**

18 A. Yes, large customers and local governments may request RECs associated with their
19 subscription be transferred to an account in their name.

20

21 **Q. What happens if a customer does not elect a specific REC treatment?**

1 A. RECs associated with subscriptions will be retired on behalf of all participants. Large
2 customers and local governments may request informal attestation of their subscription
3 from DEF at no cost.

4

5 **Q. Are there any fees to have RECs transferred to a customer's account?**

6 A. NAR charges a fee to transfer RECs. This will be passed through to the participant
7 requesting the transfer. DEF will not charge a fee for its services.

8

9 **Q. How will DEF handle RECs from unsubscribed generation?**

10 A. Currently DEF plans to hold them.

11

12 VIII. PROGRAM IMPLEMENTATION

13

14 **Q. When will the CEC Program begin operating?**

15 A. As mentioned, commercial operation of the CEC Program will begin in early 2022,
16 with additional solar projects being added in 2023 and 2024. The offerings to
17 residential and small commercial customers will be limited by the available capacity of
18 projects constructed. As additional projects come online, DEF will offer subscriptions
19 for that additional capacity to residential and small commercial customers. If customer
20 demand exceeds the available capacity of any project, customers will be placed on a
21 waitlist to replace customers who leave the program.

22 **Q. Where will the projects making up the CEC program be located?**

1 A. The projects will be distributed across the DEF service territory, bringing geographic
2 diversity to the program's production for the DEF system.

3

4 **Q. How will large customer subscriptions be implemented since solar plants will
5 achieve commercial operation over there years?**

6 A. Large customer subscriptions will be phased in over three years, increasing as the CEC
7 plants reach commercial operation.

8

9 **Q. How will DEF customers enroll residential and small business customers in the
10 CEC Program?**

11 A. DEF will utilize a web-based enrollment system for residential and small business
12 customers, which will allow customers to view and select the subscription level that
13 suits their needs. As always, DEF customer representatives will be available to assist
14 customers seeking to enroll in the CEC Program.

15

16 **Q. Why is the residential and small business enrollment process different from large
17 customer and local government?**

18 A. DEF is seeking diversity in the customer types participating in the program and
19 determined a first come, first serve process may impede reaching that goal. Therefore,
20 every customer was accepted, but their subscription size was reduced to meet the
21 overall capacity limit for that customer group. In addition, their subscriptions will be
22 phased in over three years as program capacity increases so that no customer must wait
23 until 2024 to start progress toward their sustainability goals. Residential customer

1 subscriptions are expected to only be 3-5kW, so it was not feasible to phase their
2 subscriptions in a similar way.

3

4 **Q. What if there is more demand than capacity available?**

5 A. DEF anticipates that there will not be enough capacity for all interested customers.
6 Once the residential and small commercial capacity has been subscribed, DEF will
7 maintain a waiting list of interested customers to ensure that as customers leave the
8 program, new customers can participate, and it stays fully subscribed. To fairly
9 distribute capacity among large customers, DEF opened an enrollment window which,
10 upon closure, was reviewed and all subscription requests were reduced by the
11 percentage by which the allotment was over-subscribed. This methodology ensured
12 that any large customer who wanted to participate could do so. The process is currently
13 occurring for local governments. Their enrollment window will close August 31, 2020.

14

15 **Q. Will participants have access to information about the solar plants?**

16 A. Yes, participants will have access to program information tailored to their subscription
17 level when they log into their account at www.duke-energy.com. The dashboard will
18 show fees paid, credits earned, solar generation and the environmental equivalents such
19 as trees planted and cars avoided.

20

21 **IX. PROGRAM ADMINISTRATION COSTS**

22

23 **Q. What is the projected cost to administer the program?**

1 A. To set up and run the program for 33 years, DEF estimates that the program
2 administration costs will be approximately \$16.5MM.

3

4 **Q. What costs are included in the administration costs?**

5 A. Labor for one program manager and one specialist, IT expense to implement the
6 program in the billing system and on the website, marketing and REC registration fees
7 charged by NAR.

8

9

X. SUMMARY AND CONCLUSION

10

11 **Q. Should the Commission approve the CEC Program?**

12 A. Yes, as demonstrated by my testimony and the other testimony filed in support of
13 DEF's Petition, the CEC Program should be approved as an innovative approach to
14 meeting customer demand and achieving the objectives of adding additional clean
15 energy to DEF's portfolio for the benefit of all its customers.

16

17 **Q. Does this conclude your testimony?**

18 A. Yes.

19

1 (Whereupon, prefiled rebuttal testimony of Lon
2 Huber was inserted.)

3

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1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 REBUTTAL TESTIMONY OF

3 LON HUBER

4 ON BEHALF OF

5 DUKE ENERGY FLORIDA

6 DOCKET NO. 20200176-EI

7 October 19, 2020

8

9 **Q. By whom are you employed and in what capacity?**

10 A. I am employed by Duke Energy Business Services, LLC (“Duke Energy”). My role is
11 Vice President, Rate Design and Strategic Solutions. In this capacity, I am responsible
12 for rate design and pricing for all of Duke Energy’s affiliated utility operating
13 companies, including Duke Energy Florida (“DEF” or the “Company”).

14

15 **Q. Have you previously filed testimony in this docket?**

16 A. Yes. I filed direct testimony.

17

18 **Q. Have your duties or responsibilities with the Company changed since you last**
19 **filed testimony in this docket?**

20 A. No.

21

22 **Q. What is the purpose of your testimony?**

1 A. To address the concerns that League of United Latin American Citizens' (LULAC)
2 Witness Rabago raised in his testimony and give further information to the Commission
3 about the Clean Energy Connection Program (CEC Program) described in the initial
4 petition.

5
6 **Q. Please provide a summary of your testimony.**

7 A. In my testimony I respond to many of the inaccuracies stated by Witness Rabago who
8 paints the CEC Program to be unfair. I discuss how DEF's program was designed with
9 shared renewable best practices in mind and was crafted to match a similar program
10 recently approved by this Commission, while specifically tailoring it to serve our
11 customers. The CEC Program allows customers who cannot or do not want to put solar
12 on their premise to still participate in a clean energy transition, while allowing the
13 Company to collect 104.9% of the fixed revenue requirement from these customers by
14 including a modest financial benefit that accrues over time. Strong participation
15 commitments from customers thus far prove to DEF that customer demand exists in its
16 service area for a carbon free generation program that empowers participants to achieve
17 their sustainability goals while saving every DEF customer money over time. Thus,
18 the program is in the public interest and should be approved. I would note that if I have
19 failed to address any particular point raised by Mr. Rabago, it does not mean that I
20 agree with that statement.

21

22 **Q. Are you sponsoring any exhibits?**

23 A. Yes, I sponsor one exhibit:

- 1 • Exhibit No. __ (LH-2), Interstate Renewable Energy Council Community Solar
2 Checklist.

3 This exhibit is true and accurate.
4

5 **DEF's CEC Program Provides for Broad Participation by Customers and is Additive**
6 **and Complementary to Net Metering**

7 **Q. Witness Rabago characterizes the CEC Program as a defensive move for DEF to**
8 **keep large customers from self-generating. Is that true?**

9 A. No. Mr. Rabago creates a narrative that there are a few large corporations who will
10 benefit and goes as far as to state it is a “corporate hand-out program”¹. This dramatic
11 narrative does not reflect reality. Of the 30 customers who have pre-subscribed to the
12 program, 22 are tax-exempt local governments, schools, and healthcare organizations.
13 They are not wealthy corporations. When these organizations save money on their
14 electricity bills, they are able to put that money to work in other programs for the public
15 good. There are thousands of additional small businesses and residential customers,
16 including low-income customers, who will save a modest sum over decades while
17 achieving their goal of using renewable energy through the CEC Program when they
18 otherwise may not have been able to do so because of upfront costs or lack of suitable
19 space for onsite solar. Remember that just 1 MW of solar capacity requires up to 5
20 acres. The average local government request was 11 MW. If a town has that much
21 land for solar use, they typically need that land for other purposes. In the alternative,
22 solar parking shade structures introduce significant engineering, steel, installation and

¹ Rabago Testimony, pg. 12, ln. 7.

1 maintenance costs well above utility ground-mount systems. Perhaps Mr. Rabago said
2 it best that “the utility can pursue the most cost-effective resources (solar).”² The CEC
3 Program as proposed does exactly that and looks to share benefits with all DEF
4 customers over time.

5

6 **Q. Witness Rabago appears concerned that the CEC Program could harm net**
7 **metering uptake. What is your response?**

8 A. I disagree. The financial comparison Witness Rabago makes illustrates that he lacks
9 even a basic understanding of adopter economics for either the CEC Program or net
10 energy metering (NEM). Moreover, Witness Rabago’s position is in stark conflict to
11 the stated objectives of his client.

12 “LULAC wants to ensure that the transition to clean, renewable energy
13 is conducted in an equitable fashion that does not disproportionately
14 burden low-and moderate income communities.”³

15

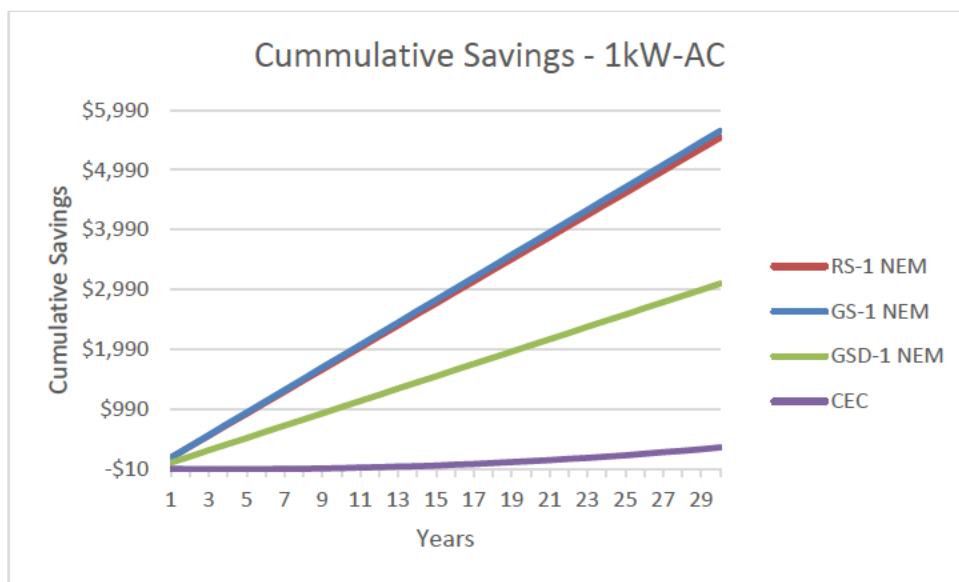
16 **Q. Please explain why Witness Rabago’s financial comparison reflects a lack of**
17 **understanding regarding adopter economics for either the CEC Program or**
18 **NEM.**

19 A. First, if we look at cumulative savings on DEF bills of 1 kW of net metered solar for
20 various customer classes compared to cumulative savings for a 1 kW subscription in
21 the CEC Program, the difference is apparent. Even when accounting for the fact that 1
22 kW of CEC solar is estimated to produce 160% more energy than that of 1 kW rooftop

² Rabago Testimony, pg. 17, ln. 14.

³ Rabago Testimony, pg. 4, Ln 9-11.

1 solar, a residential customer will accrue 15 times more in bill credits over 30 years of
 2 NEM, as compared to the credits that same customer would accrue in the CEC Program.
 3 This is a simple savings calculation that does not account for installation costs,
 4 Operation & Maintenance (O&M) costs, or any changes in DEF rates. The following
 5 graph overlays the cumulative savings of 1 kW NEM in three DEF rate scenarios – RS-
 6 1, GS-1, GSD-1 – with savings in the CEC Program over 30 years. Cumulative savings
 7 associated with the CEC Program are much lower than NEM cumulative savings.



8
 9 Another way to look at the difference in magnitude of savings is to compare the
 10 CEC Program with simple net savings for a 50 kW-AC NEM system on the GS-1 rate.
 11 When factoring in the federal tax credit, a conservative estimate of cumulative net
 12 savings for this NEM system on GS-1 over 30 years is nearly \$155,000. It would take
 13 a 30.1 kW CEC Program subscription to achieve that same usage offset and would save
 14 the CEC Program participant a little over \$10,800 over the entire 30 period of the
 15 program. Even when factoring in for system installation costs, the difference between
 16 cumulative net savings of 30 years of NEM vs. the CEC Program is dramatic.

1 In addition, Witness Rabago is concerned that the CEC Program offers a
2 “payback” of just 7 years, arguing that is more attractive than NEM because “it
3 outperforms traditional net-metering in the vast majority of states.”⁴ What Mr. Rabago
4 fails to realize is that this is an apples-and-oranges comparison. The net-metering
5 “payback” that Mr. Rabago is referring to is substantially different from the CEC
6 Program “payback” I discussed in my direct testimony. The NEM payback that
7 Witness Rabago alludes to is associated with what is generally referred to as a “cash-
8 purchase” - a substantial up-front investment in the tens of thousands of dollars made
9 by the solar adopter. The “payback” occurs with the accumulation of savings from
10 offsetting payments derived from kWh credits against DEF rates and applicable taxes
11 with net-metered solar. In the case of the CEC Program, there is no up-front
12 investment or cash outlay to be paid back.

13 Instead, the CEC Program offers the opportunity to participate and benefit from
14 renewable solar energy for what some might say is “zero-down.” However, the CEC
15 Program participant (except for low-income participants) will pay more initially than
16 if they did nothing. It is only over 7 consecutive years in the CEC Program that a
17 participant will see their cumulative savings from credits surpass the initial increase
18 in their costs due to subscription fees, which I referred to as the “payback.” A much
19 more apt comparison to make would be to compare the CEC Program to other “zero-
20 down” solar options widely available, such as net-metered residential solar loans and
21 leases. In these zero-down finance scenarios, the participant has solar installed at their
22 premise with no up-front investment from them, but rather a monthly payment to the

⁴ Rabago Testimony, pg 19, ln 16.

1 solar company for the rooftop PV system. It is generally understood within the
2 industry – and extensively marketed as such – that these net-metered solar finance
3 arrangements save the participant in total monthly energy expenses from day one. In
4 other words, the solar adopters’ residual DEF bill immediately after installing solar,
5 plus their solar finance payment, is less than their non-solar DEF bill would have been.
6 Taking the comparison to its logical conclusion, this results in a NEM adopter payback
7 of 0 years for “zero-down” solar, or in a sense instantaneously upon parallel system
8 operation with supplemental service under DEF’s net metering tariff. In terms of
9 adopter economics, the CEC Program does not compare favorably to the more apt
10 comparison with other zero-down solar options available either.

11 Actual analysis of accurate, available and generally understood market
12 economics for solar adopters in DEF territory paints a decidedly different picture than
13 that proffered by Witness Rabago. By any reasonable comparison of adopter
14 economics with NEM, the CEC Program is not only not in the same ballpark; it can
15 hardly be thought of as the same sport. Thus Mr. Rabago’s allegation that the CEC
16 Program is a threat to NEM, and his accusation that the CEC Program is an “abuse of
17 market power”⁵ are simply untrue.

18
19 **Q. Please explain why Witness Rabago’s position conflicts with his client’s**
20 **objective.**

21 A. Witness Rabago implies that any reduction to the adoption of net metered solar is a
22 negative outcome to all DEF customers, though one can assume his concern is that of

⁵ Rabago Testimony, pg. 19, ln. 18

1 low-to-moderate-income non-participants. He does so consistently and without
2 providing any analysis whatsoever, let alone analysis specific to Florida, DEF, or the
3 CEC Program, while making claims that (net-metered) “self-generation” is a truly cost-
4 effective and unsubsidized renewable energy supply. Throughout, Witness Rabago lists
5 aspects of the CEC Program he deems as “manifestly unfair” to non-participants, yet
6 ignores the implication of the NEM policy he implicitly favors. In direct conflict with
7 Mr. Rabago’s testimony, traditional net metering, particularly on flat volumetric rates,
8 itself: a) does not confer non-participants with renewable energy attributes; b) has non-
9 participants on the hook for administrative costs; c) does not allow participants to
10 cancel, reduce or transfer their participation at their pleasure; d) leaves non-participants
11 no choice but to pick up any costs that result from the NEM policy; and d) only provides
12 the promise of future “benefits” that may or may not accrue to non-participants. Finally,
13 the most glaring omission is the fact that many low-to-moderate income communities
14 either do not have suitable roof and solar access, cannot afford custom private solar
15 systems, rent their premises, and/or do not have the credit to finance or lease a PV
16 system. Therefore, a policy such as NEM that forces non-participants in low-to-
17 moderate-income communities to pay for a program that provides null energy for
18 uncertain benefits that they themselves largely cannot participate in is Witness
19 Rabago’s defacto preferred policy. This is in stark contrast to the CEC Program which
20 enables wide participation regardless of economic status or living arrangement,
21 provides unparalleled participant flexibility, costs over 50% less to install, and
22 produces significantly more energy per kW, all to the benefit of participants and non-
23 participants alike.

1 **Q. Was the CEC Program designed to stop net metering in any way?**

2 A. Definitely not. From my experience in the industry, customers who want to net meter
3 do so partly because they want to reduce the energy purchased from DEF at their
4 premise, and partly because they want that visual representation of their commitment
5 to renewable energy on their property, among other reasons. No offsite renewable
6 program can compete with that. However, the CEC Program is designed to allow DEF
7 retail customers who cannot or do not want to put solar on their premise, to participate
8 in a clean energy transition, especially those generally precluded from net metering,
9 often low-to-moderate-income customers.

10

11 **The CEC Program Appropriately Utilizes Anchor Customers**

12 **Q. Witness Rabago takes issue with the use of Anchor Customers, please explain why**
13 **DEF designed the program so that Large Customers would have the first**
14 **opportunity to participate?**

15 A. DEF maintains that large customers provide DEF with the surety it desires in order to
16 move forward with the Program as what I have referred to as “Anchor Customers.”
17 Customers reserving large portions of the program reduce program administration
18 expenses, thus providing more in terms of economic benefits to themselves and smaller
19 customers. For instance, there was very little in the way of marketing expense to the
20 large customers and local governments, and DEF will collect well over \$11MM from
21 these customers in the first year alone. If DEF instead needed to employ direct
22 marketing tactics to subscribe the entire program, its marketing expense would be
23 significantly higher. Mr. Rabago’s mall analogy (claiming that DEF is using anchor

1 tenants to attract smaller tenants) fails, as demonstrated above. In particular, DEF did
2 not use anchor customers to attract smaller customers. Anchor customers are an
3 accepted practice and encouraged within the shared renewables community.

4

5 **DEF's CEC Program Meets Community Solar Standards**

6 **Q. Witness Rabago testifies that the CEC Program does not adhere to the Interstate**
7 **Renewable Energy Council (IREC) standards of community solar programs**
8 **design. Do you agree with that?**

9 A. I do not. Witness Rabago references the standards set in 2013. DEF utilizes the 2018
10 guidance which now contains seven standards instead of four. They are now many
11 pages in length therefore I am not including the entire list here. In my attached Exhibit
12 No. __ (LH-2), I have included the complete Checklist for Voluntary Utility-Led
13 Community Solar Programs as published by IREC. Below is a brief summary of the
14 key ideals and how DEF incorporated them into the CEC Program:

15

16 1. **Expand Customer Access to Clean Energy.** The CEC program meets this
17 principle. DEF conducted market research to set program features. The CEC
18 Program allows all customer classes to participate and sets maximum subscription
19 sizes. The low-income customer carve out of 26 MW ensures cross socioeconomic
20 participation and much thought has gone into making the program easy in which to
21 enroll and understand, both for customers and for the community partners we intend
22 to work with to promote the program.

- 1 2. **Offer Tangible Economic Benefits for All Participating Customers.** The CEC
2 Program saves customers money on their electric bills. The credit values are
3 significant enough to support a successful program. Participants will receive fair
4 compensation for their value of their blocks to the grid. Fees and credits will appear
5 on the participant's monthly bill.
- 6 3. **Identify Ways to Promote Project Development Cost Savings.** The scale and
7 DEF's solar asset development experience will help contain costs. The CEC
8 Program solar portfolio development will aim to minimize interconnection costs,
9 minimize environmental impacts and costs, achieve low cost constructability of the
10 sites, utilize key equipment suppliers providing quality materials while optimizing
11 each project's unique design criterion to maximize cost savings.
- 12 4. **Prioritize the Customer Experience.** Program development considered the
13 customer's journey in every step of the CEC Program. From the online application
14 to the enrolled participant portal online, the CEC Program gives customers the
15 ability to self-serve as much as they want. DEF's Renewable Service Center will
16 be available for customers who prefer to speak with a representative to enroll or ask
17 questions. Large customers told us they were surprised at how easy it was to enroll
18 and how straight forward the disclosures were. Low-income customer enrollment,
19 often a significant barrier to entry, does not involve a customer needing to go
20 somewhere to have their income verified. Participants will be able to view monthly
21 program fees and credits on their monthly bill.

1 5. **Promote Competition.** DEF, as a normal course of business, issues competitive
2 solicitations for the engineering, procurement and construction of its solar plants,
3 looking at both local job creation and minority participation in its criteria.

4 6. **Optimize Community Solar to Benefit the Grid and the Community.**
5 Seventeen local governments have signed up to participate in the CEC Program to
6 ultimately lower their electricity bills so they can put those funds to other needs in
7 the community, claim renewable electricity use and potentially qualify for clean
8 energy grants⁶ for their community. In addition, as part of this program, DEF will
9 publish a study within two years analyzing an add-on program that would allow
10 participants to employ storage technologies.

11 7. **Complement Existing Programs.** As set forth in the Stipulation, DEF has
12 committed to “Market the CEC Program to participants in its low-income efficiency
13 offerings in order to maximize savings and ease enrollment for these customers.”
14 This is consistent with the IREC standard that utilities should encourage customer
15 participation in energy efficiency measures.

16
17 A detailed review of the updated standards shows that the CEC Program does, in
18 fact, meet the standards. In addition, some of the criticisms Witness Rabago raises
19 against the CEC Program are actually aspects promoted by IREC. IREC endorses the
20 use of scale to provide tangible economic benefits, using government subsidy programs
21 to determine low-income eligibility and use of the utility as a backstop for unsubscribed
22 capacity in order to maintain economic benefits for subscribers. It is not surprising that

⁶ https://www.stpete.org/internal-news-detail_T2_R1009.php

1 DEF's CEC Program meets these IREC standards, because, as shown on my Exhibit
2 No. __ (LH-2), Vote Solar was involved with developing these standards and Vote
3 Solar is a signatory to the Stipulation.

4

5 **Q. There are well established models for providing shared renewable programs to**
6 **customers. Why did DEF choose to set up the program this way?**

7 A. DEF is looking for ways to cost-effectively decarbonize its fleet and help customers
8 achieve their sustainability goals as well. That is going to require innovation. Doing
9 things how they have always been done is not going to get DEF or customers where
10 they want to be in a carbon reduced future. DEF and many of its stakeholders view
11 this model as a way to achieve both of those goals. In designing this program, DEF
12 conducted extensive outreach and to my knowledge the only non-profit community
13 stakeholder that objects to this program is LULAC.

14

15 **Q. Witness Rabago believes that the CEC program creates an unfair subsidy for**
16 **participants from non-participants. Do you agree with that characterization?**

17 A. No. As detailed in Exhibit No. __(TGF-1) submitted by DEF in the Direct Testimony
18 of Witness Foster, non-participants experience a net savings in 9 years, although that
19 includes year 1, before systems are operational. In terms of contribution to the solar
20 plants, participants will pay 104.9% of the fixed program costs with the general body
21 of customers receiving 87.3% of the benefits. In FPL's recently Commission-approved
22 SolarTogether program, non-participants only shared in 45% of the benefits and the
23 program participants paid a slightly lower percentage of the base revenue requirement

1 at 104.5%. Where Witness Rabago sees unfair allocation of benefits to large customers
2 and local governments, DEF sees those groups as paying an amount greater than the
3 solar plant construction and O&M expense, to receive fair compensation for the value
4 of their subscribed capacity on the grid.

5

6 **DEF's Design of the Low-Income Portion of the CEC Program is Appropriate**

7 **Q. How did DEF determine the percentage of the program capacity that would be**
8 **reserved for low-income customers?**

9 A. In discussion with stakeholders and considering the scale of this program, DEF
10 determined to allocate 26 MW to low-income customers. DEF made the low-income
11 carve out the same as the percentage of customers who are eligible for low-income
12 energy efficiency programs. DEF does not track sales by customer income therefore
13 that methodology was not considered.

14

15 **Q. Witness Rabago does not think the low-income allocation is open to all low-income**
16 **customers. Is that correct?**

17 A. No. The CEC Program is open to all low-income customers.

18

19 **Q. Why is eligibility for the low-income allocation tied to participation in any**
20 **government subsidy program?**

21 A. DEF set this eligibility criteria to remove a very significant barrier to entry for low-
22 income customers, which is proving their income to qualify for the CEC Program.
23 Customers can leverage the fact that they have already gone through that process for

1 other low-income programs. DEF's intent is to make the enrollment process as easy as
2 possible for the customer while easing administrative burden where prudent. We hope
3 to pre-identify customers living in subsidized housing, for instance, using government
4 databases so that when customers start the enrollment process, we already know they
5 qualify, and they have to do nothing. We also plan to partner with apps used for low
6 income government assistance programs like Fresh EBT, which is only accessed by
7 customers who participate in that program. If a customer comes to the DEF website
8 from that app, we know the customer is already qualified to participate and they can
9 easily sign up. For customers who we need to show proof of eligibility, we will have
10 the ability for them to upload a picture of it. A lot of thought and planning is going in
11 to making the enrollment process an easy one for low-income customers.

12

13 **Conclusion**

14 **Q. Should the Commission approve the CEC Program, and the Stipulation, as filed?**

15 A. Yes. For all the reasons included in DEF's Petition, the Stipulation, and the direct and
16 rebuttal testimonies. The CEC Program is a cost-effective program for all DEF
17 customers and should be approved.

18

19 **Q. Does that conclude your testimony?**

20 A. Yes.

1 BY MS. TRIPLETT:

2 Q Mr. Huber, please summarize your testimony.

3 A Sure.

4 So good afternoon. My direct testimony
5 provides an overview of the DEF Clean Energy Connection
6 Program, or CEC Program.

7 The CEC Program is a community solar program
8 through which participating customers can voluntarily
9 subscribe to a share of new solar energy centers.
10 Participants will pay a subscription fee and receive
11 benefits in the form of bill credits.

12 DEF is proposing the CEC Program to meet the
13 substantial demand from DEF customers who are seeking
14 expanded access to solar energy but do not have the
15 ability or the desire to construct it on their property.

16 The CEC Program contains a variety of
17 innovations which were the result of collaborative
18 stakeholder discussions DEF had before finalizing the
19 program.

20 35 percent of CEC Program capacity will be
21 allocated to residential, small business customers, and
22 local governments. Of the CEC Program's carve-out for
23 residential and small business, DEF will allocate 27.7
24 percent of the residential capacity to low-income
25 customers. These customers will receive a bill credit

1 rate that ensures in no year will their subscription
2 charge increase their total bill. This allocation was
3 chosen because this is the percentage of DEF customers
4 who are estimated to be eligible for low-income energy
5 efficiency programs. 65 percent of CEC program capacity
6 will be allocated to commercial/industrial customers.

7 My rebuttal testimony responds to many of the
8 inaccuracies stated by Witness Rábago, who mistakenly
9 paints the CEC Program to be unfair. I discuss how
10 DEF's program was designed with Best Practices in mind,
11 and was crafted to mesh a similar program recently
12 approved by this commission while specifically tailoring
13 it to serve our customers.

14 I relied on my past experience working on
15 community solar programs for commissions and consumer
16 advocates when designing the CEC Program. I also
17 followed the 2018 Shared Renewable Best Practices
18 Checklist codeveloped by the Interstate Renewable Energy
19 Council, or IREC, and Vote Solar. The latter, of
20 course, being a signer of the stipulation.

21 Witness Rábago also uses the guiding document
22 from IREC and Vote Solar, but an outdated version from
23 2013. Unsurprisingly, Witness Rábago claims that the
24 company fails to meet the language and objectives of
25 these principles.

1 The reality is, the CEC Program allows
2 customers who cannot or do not want to put solar on
3 their premise to still participate in the clean energy
4 transition while allowing the company to collect 104.9
5 percent of the fixed revenue requirement from these
6 customers by including a modest financial benefit that
7 accrues over time.

8 That modest financial benefit appears to be
9 the main point of contention with Witness Rábago, even
10 though the IREC/Vote Solar standards he advocates for
11 strongly recommend near-term and long-term economic
12 benefits for all subscribers in order to have a
13 successful program. This objective is actually in both
14 the 2013 and 2018 guidance documents.

15 Strong participation commitments from
16 customers thus far prove to DEF that we got this program
17 design right, and customer demand exists in the service
18 territory for a carbon-free generation program that
19 empowers participants to achieve their sustainability
20 goals while saving every DEF customer money over time.

21 And finally, I emphasize that the CEC Program
22 is not designed to compete with or take away from the
23 opportunity customers have to pursue private net metered
24 solar, while Witness Rábago insists on making a
25 comparison of the CEC Program to net metered solar with

1 no analysis to back his claims. The two programs could
2 not be more different.

3 As I show in my rebuttal, any financial
4 benefit accrued by a participant over 30 consecutive
5 years in the CEC Program is substantially less than that
6 of net metered solar. I provide a net savings
7 calculation in my rebuttal showing that a small business
8 size CEC subscription will provide about \$10,800 in net
9 savings over 30 years, compared to about 155,000 in net
10 savings, meaning after the customer gets paid back for
11 their initial investment, for a small business customer
12 on net metering. That's a 14X difference. The CEC
13 Program is most certainly a complement to the existing
14 programs that DEF offers.

15 For all of the as aspects I have summarized
16 for my testimony, the program is in the public interest
17 and should be approved.

18 Thank you.

19 MS. TRIPLETT: We tender Mr. Huber for cross.

20 Thank you.

21 CHAIRMAN CLARK: All right. That would be --
22 I believe LULAC is going to be first.

23 Mr. Marshall.

24 MS. BURKHARDT: Actually it's going to be me,
25 Dominique Burkhardt. Good afternoon.

1 EXAMINATION

2 BY MS. BURKHARDT:

3 Q Good afternoon, Mr. Huber.

4 A Good afternoon.

5 Q You began developing the Clean Energy Connect
6 Program after the FPL SolarTogether Program was filed
7 last year, right?

8 A That's generally correct, yes.

9 Q And so it was after the SolarTogether Program
10 was filed that large customers approached you seeking
11 something similar?

12 A No. Actually, for years, large customers have
13 approached Duke asking for clean energy options. After
14 the FPL program was approved, they sharpened their
15 request to something more similar to what FPL just had
16 approved.

17 Q And the Clean Energy Connect Program was
18 designed in response to demand from these larger
19 customers that you just described, correct?

20 A It's very much a customer driven program to
21 respond to, yes, the needs of our customers, while still
22 balancing the needs and considerations of all customers.

23 Q Large customers, such as Walmart, had a demand
24 for a program like this?

25 A That's correct, as well as a lot of cities,

1 towns, nonprofits, hospitals and schools.

2 **Q So you would agree that large customer demand**
3 **drove the program design?**

4 A I wouldn't say it drove the program design,
5 no.

6 **Q So your testimony today is that large**
7 **customers demands and sustainability goals didn't drive**
8 **the program size and the design of the program?**

9 A What I am saying is that we designed this
10 program to really address customer need across the
11 different spectrums of customers. We wanted to develop
12 affordable solar in Florida, providing that fuel
13 diversity. We wanted to make sure that the general body
14 of customers saved, and really improved environmental
15 conditions for clean air for all Floridians.

16 So yeah, we -- the specific carve-out was
17 intended to balance all these considerations, but I
18 wouldn't say that this program was just designed for
19 large customers.

20 **Q I'll ask it a different way. Is it correct to**
21 **say that large customers' sustainability goals drove the**
22 **program size and customer type allocations?**

23 A I would -- I would say again, it was a balance
24 of different considerations. You know, the -- the
25 program administration associated with having small -- a

1 lot of small individual customers is a serious concern,
2 so, you know -- so I think it -- what we are trying to
3 do is strike a balance, and also, you know, determine
4 the best and optimal mix of those customer segments,
5 knowing that we have many, you know, nonprofits, cities
6 and towns that have citizens that benefit from this
7 program. So although they could be considered a large
8 customer, they are actually representing hundreds of
9 thousands of households. And so, again, it's hard to
10 say that there is there is one primary driver of this
11 program, you know, to your -- to your question.

12 **Q So, Mr. Huber, your testimony today is that**
13 **there was not one primary driver of the program?**

14 **A** I would say there -- customers are a primary
15 driver, it's just not a specific customer segment.

16 **Q Can I direct you to your direct testimony at**
17 **page nine at line five through seven?**

18 **A** Let me get there. It was, I'm sorry, the
19 direct?

20 **Q Yes, your direct that was just entered into**
21 **evidence.**

22 **A** All right. And then what was the line?

23 **Q Lines five through seven.**

24 **And so in your direct testimony, is it correct**
25 **that you stated: Finally, large customer sustainability**

1 goals help drive the overall program size and customer
2 type allocations?

3 A That is correct in terms of size, but again,
4 they didn't drive the overall program construction, and
5 size --

6 Q And Walmart was involved --

7 A Sorry, the size of the allocation.

8 Q Okay. So at least part of the program design
9 was based on large customers' goals and demands?

10 A That is correct.

11 Q And Walmart was involved in the formation of
12 the stipulation, correct?

13 A Correct.

14 Q Walmart had conversations with Duke about this
15 program before the petition to approve it was filed
16 before the Public Service Commission?

17 A Well, we have conversations with all of our
18 large customers, especially those that -- that have
19 aggressive sustainability goals.

20 Q And one of those customers was Walmart?

21 A That is correct.

22 Q Duke Energy had already been pursuing solar
23 through other means, like the SoBRA projects, correct?

24 A That's correct.

25 Q And the SoBRA projects do not involve

1 **subscription fees or bill credits?**

2 A That's correct.

3 **Q Duke Energy marketed the CEC Program to large**
4 **industrial and commercial customers?**

5 A Well, we are going to be marketing it to all
6 customers, and being a part of that customer mix, yes,
7 we will be marketing, and we have marketed to large
8 customers.

9 **Q Right. And specifically prior to filing the**
10 **petition, Duke marketed to large industrial and**
11 **commercial customers?**

12 A That's correct.

13 **Q Industrial and large customer blocks were**
14 **fully subscribed before the petition to approve was**
15 **filed?**

16 A That's correct.

17 **Q An these customer blocks were actually**
18 **oversubscribed before the petition was filed, yes?**

19 A That's right.

20 **Q And the initial program design did not**
21 **contemplate a subscription block for local governments,**
22 **correct?**

23 A Yeah. I mean, as we were developing the
24 program, it did not, until we started to engage with
25 stakeholders.

1 Q Right. So the carve-out occurred after you
2 had conversations with stakeholders?

3 A Correct.

4 Q And the local carve-out was a suggestion from
5 stakeholders?

6 A Yes.

7 Q And stakeholder input and feedback shaped
8 other program features, correct?

9 A That's correct.

10 Q Features such as extending the enrollment
11 window by three months?

12 A That's correct. Yeah.

13 Q Features such as more robust REC treatment?

14 A Correct.

15 Q And features such as expansion of the
16 low-income program?

17 A Yes.

18 Q And these are features that are reflected in
19 the stipulation, yes?

20 A Correct.

21 Q And this feedback was received as part of your
22 outreach to stakeholders?

23 A That's right.

24 Q Stakeholders such as Walmart?

25 A Stakeholders such as Walmart, Habitat for

1 Humanity, Audubon Society, Vote Solar, all -- and many
2 cities and towns, yes.

3 **Q And stakeholders such as the other signatories**
4 **to the stipulation such as you just mentioned?**

5 A That's right.

6 **Q And these features were developed as a result**
7 **of what you characterized in your direct testimony as**
8 **informal conversations with stakeholders?**

9 A Yes, many of -- you know, there is -- there
10 were meetings held with, you know, for instance, many of
11 the local cities and towns in our service territory, so
12 they were not a formal commission proceeding by any
13 means.

14 **Q Low-income customers are allocated 3.5 percent**
15 **of the overall program?**

16 A That sounds correct, yes.

17 **Q Would anything help you to remember or know**
18 **for certain?**

19 A Yeah. I guess I go by megawatts or percentage
20 of the residential carve-out. So it's 27.7 percent of
21 the residential -- of the residential allocation, 26
22 megawatts. So I am not exactly sure of what that
23 percentage is, because again, I think absolute numbers
24 are probably more important than percentages at this
25 point, given how large of a program it is for low-income

1 customers.

2 Q Well, we can walk through that and then you
3 can let me know if that 3.5 percent is correct.

4 So the low-income allocation is part of the 25
5 percent allocation of the overall program for
6 residential and small business customers?

7 A That's correct.

8 Q And of that 25 percent allocation, Duke
9 assumes that half, or 12.5 percent, will be subscribed
10 to by residential customers?

11 A It's an assumption, yep.

12 Q So essentially, Duke assumes that 50-50 split
13 of that 25 percent allocation between residential and
14 small business customers?

15 A Correct.

16 Q And Duke also derived from demographic data
17 that 27.7 percent of all its residential customers are
18 low-income?

19 A Correct.

20 Q So when we talk about the 3.5 percent of the
21 program overall being for low-income, we are looking
22 at -- we calculate that by taking 27.7 percent of the
23 12.5 percent that Duke expects will be subscribed to by
24 residential customers?

25 A Yep. And I just put it in the calculator, and

1 it's right around that 3.5 percent.

2 Q Okay. Thank you.

3 I would like to turn your attention to LULAC's
4 premarked cross-examination Exhibit No. 13, which is
5 Duke's late filed exhibit of the panel deposition of
6 you, Mr. Borsch and Mr. Foster, that took place on
7 October 26th of this year. And if you could just let me
8 know once you have that in front of you?

9 A Yep, you are going to have to repeat that
10 again. I am opening that up --

11 Q Sure --

12 A For the first time.

13 Q -- no problem.

14 A So it was a LULAC exhibit?

15 Q Right. So LULAC's -- it's under
16 cross-examination exhibits under LULAC --

17 A Okay.

18 Q -- no. 13.

19 A Let's see, so -- so is it the nonconfidential
20 or --

21 Q Yes. So -- so this -- yes, this is under the
22 nonconfidential.

23 A So nonconfidential, and then I would go to
24 hearing exhibits?

25 Q I have it under cross-examination exhibits.

1 A Yeah, I don't see -- under nonconfidential,
2 it's notices and orders, staff hearing exhibits and
3 testimony.

4 COMMISSIONER FAY: Mr. Chairman, if I could
5 just interrupt for a second.

6 I have access to that portal, and I am pulling
7 LULAC Exhibit 13. I think that she's mentioning
8 it. I am just having trouble pulling it up real
9 quick. So maybe she could just clarify, it's LULAC
10 13, Duke late, is that the --

11 MS. BURKHARDT: Yes, it's DEF's late filed
12 exhibit from LULAC's October 26th deposition.

13 COMMISSIONER FAY: Thank you, Mr. Chairman. I
14 got it.

15 BY MS. BURKHARDT:

16 **Q Mr. Huber, do you have it?**

17 A I am just -- I just want to make sure I am
18 looking at the right thing. So, you know, I downloaded
19 the exhibits, right? So PSC exhibits website, and then
20 there is -- the group folder has confidential and
21 nonconfidential, correct?

22 **Q So when you click on the docket number,**
23 **it's -- a folder comes up that says cross-examination**
24 **exhibits. Do you see that?**

25 A Okay. Under confidential, I have

1 cross-examination and impeachment exhibits.

2 Q Okay. It's not under the confidential. It's
3 just -- if you click --

4 COMMISSIONER FAY: Mr. Huber, it's
5 nonconfidential, then 20200176-EI is the next
6 subfolder, then cross-examination exhibits is the
7 next subfolder, then LULAC is the next subfolder,
8 and then it's Item 13.

9 CHAIRMAN CLARK: Ms. Triplett, can you email
10 your client the document that's in reference?

11 MS. TRIPLETT: Yes, sir.

12 THE WITNESS: I do not have those folders in
13 what I downloaded.

14 MS. TRIPLETT: Mr. Huber, I just e-mailed it
15 to you.

16 THE WITNESS: Okay.

17 BY MS. BURKHARDT:

18 Q And if it helps, Mr. Huber, the website is
19 exhibits.florida.psc.com.

20 A You might have to remind me that later as we
21 get to the next one, but I have the document in front of
22 me.

23 Q Okay. All right. So we were talking about,
24 just to catch up, this 3.5 percent carve-out and the
25 numbers for how that's calculated, and you confirmed

1 that. And then I directed your attention to the late
2 filed exhibit, LULAC's premarked No. 13. And according
3 to this exhibit, of the over 178,000 commercial
4 customers, about 154,000, or 87 percent, would only be
5 eligible to participate in the residential and small
6 business allocation program; is that right?

7 A Correct, 154,000, thereabouts, customers would
8 be eligible for the small commercial allocation. That's
9 correct.

10 MS. BURKHARDT: And at this time -- I don't
11 know if this would have to wait until the end, but
12 I would be requesting that LULAC's premarked 13 be
13 marked as a hearing exhibit.

14 CHAIRMAN CLARK: Okay. What's our number, Mr.
15 Stiller?

16 MR. STILLER: The next number will be 26.

17 CHAIRMAN CLARK: Mark it as Exhibit No. 26.

18 MS. BURKHARDT: Thank you.

19 (Whereupon, Exhibit No. 26 was marked for
20 identification.)

21 BY MS. BURKHARDT:

22 Q There is also a high degree of interest from
23 small business customers in the CEC Program, correct?

24 A From survey results, that's correct.

25 Q So when we look at the fact that about 87

1 percent of all commercial customers would only be
2 eligible for the small business allocation and the high
3 degree of interest, there may not ultimately be the
4 50-50 split between residential and commercial customers
5 in that 25 percent allocation?

6 A Right. There could be some variation, but,
7 you know, small commercial customers are notoriously the
8 hardest customers to enroll in the programs.

9 Q But you did mention that there was a high
10 degree of interest, according to the survey?

11 A Right. High degree of interest, yeah.

12 Q So recent -- I am sorry. Go ahead.

13 A Sorry. High degree of interest, but that's no
14 guarantee of, you know, signing up, of course.

15 Q Okay. That said, the percentage subscribed to
16 by small businesses could be higher than the 12.5
17 percent?

18 A That's right.

19 Q Okay. In which case, the total percentage of
20 the program available for residential customers would
21 decrease?

22 A For direct residential customers. As I
23 mentioned before, commercial customers also represent
24 residential customers, like, you know, cities and towns,
25 for instance.

1 Q Right, but if -- if they subscribe at a rate
2 that's higher than the 12.5 percent, then there is less
3 of that 25 percent allocation available for residential
4 customers?

5 A Right, for direct residential customers. And
6 again, it could go the other way as well.

7 Q Now, looking at the bill credits and the rate.
8 The bill credits to participants, aside from low-income
9 customers, increased by a rate of 1.5 percent each year
10 after the third year?

11 A That's right.

12 Q And this 1.5 percent annual escalation is
13 guaranteed?

14 A That's right. It's in the tariff.

15 Q So the rate doesn't change over the life of
16 the program except to continue going up each year?

17 A The escalator -- so it's really important to
18 understand, you know, a particular customer's situation,
19 but if a customer -- you just have one customer, they
20 subscribe from the beginning, then each year they have
21 that 1.5 percent escalator on that bill credit.

22 Q And that 1.5 escalator, where it goes up by
23 1.5 percent each year, that's regardless of the
24 program's overall cost-effectiveness?

25 A So -- correct, that -- that continues, you

1 know, if there is some variation fuel in either
2 direction, right, that escalator will still remain 1.5
3 percent.

4 **Q And if the program is not as cost-effective as**
5 **expected, that 1.5 percent doesn't change?**

6 A That's correct. And the same situation if
7 there is more benefits, that escalator does not change.

8 **Q If the program is not as cost-effective as**
9 **expected, participants' bill credits are still paid for**
10 **by the general body of customers?**

11 A That's correct. And it's important to note,
12 it's -- it's -- also, if there is more benefits as well,
13 that flows to the general body of customers.

14 **Q I would like to turn your attention to LULAC's**
15 **premarked cross-examination Exhibit No. 15, which Ms.**
16 **Triplett meaning to email to you, it's Duke's corrected**
17 **response to LULAC's first set of interrogatories.**

18 A Okay, I am working on opening the file. So
19 just I am finding the website now, so evidently what I
20 downloaded wasn't complete.

21 MS. TRIPLETT: Mr. Huber, I am forwarding it
22 to you now.

23 THE WITNESS: Okay. Yeah, that's great.

24 Okay, so LULAC 15?

25 MS. BURKHARDT: Yes.

1 And at this time, I would request that this be
2 marked as a hearing exhibit.

3 CHAIRMAN CLARK: Okay. It will be Exhibit No.
4 27.

5 MS. BURKHARDT: Thank you.

6 (Whereupon, Exhibit No. 27 was marked for
7 identification.).

8 BY MS. BURKHARDT:

9 **Q So, Mr. Huber, looking at response number one,**
10 **which is the chart, is it correct that Customer 19 CEC**
11 **subscription size is 84,980 kilowatts?**

12 A That's correct.

13 **Q And for Customer 19, that subscription size**
14 **represents 71 percent of their total electricity usage?**

15 A I believe -- let me confirm. Yes, that's
16 true.

17 **Q So that means that for Customer 19, their**
18 **total energy usage is just above 290 million kilowatt**
19 **hours a year?**

20 A I would have to do the math on that one.

21 **Q Would you be able to pull up a calculator so**
22 **that we could walk through that?**

23 A Sure, I can open -- I am sorry, how did you
24 arrive at that number?

25 **Q Okay. So first we look at the capacity**

1 factor. The assumed capacity factor for the CEC Program
2 is 28 percent, correct?

3 A That's correct.

4 Q Okay. So if we take the 84,980 kilowatts and
5 multiply that by 24 hours, which represents a day, by
6 365.25, which represents a year, by .28, we get 208
7 million kilowatt hours a year, correct?

8 A That's correct.

9 Q Well, 208.6 if we round.

10 A Correct.

11 Q And then if we divide that by .71, which is
12 the percentage of total usage that would come from the
13 CEC, we get just over 290 million?

14 A That's right.

15 Q So Customer 19's total energy usage is just
16 above 290 million kilowatt hours a year?

17 A Appears to be so, yes.

18 Q And no other commercial customer comes close
19 to that subscription size or energy usage, is that
20 right, if you look at just the commercial?

21 A Okay, so -- yeah, just commercial, you know,
22 clearly there is schools and, you know, one school comes
23 close to that, of course.

24 Q Right, looking just as at commercial.

25 A Yeah, just at -- I think there is, you have

1 five commercial customers, or six, somewhere around
2 there, yeah.

3 Q And they don't come close to that usage?

4 A Right, of those, that commercial subset,
5 correct.

6 Q Okay. And Customer 19 will earn on net over
7 \$35 million in bill credits from the CEC Program?

8 A That's correct.

9 Q Walmart is a subscriber to the CEC Program,
10 correct?

11 A If it's approved, yes.

12 Q Turning to your rebuttal testimony, you stated
13 that residential customers will accrue 15 times more in
14 bill credits over 30 years of net metering as compared
15 to credits accrued in the CEC Program?

16 A That's correct.

17 Q And you have a chart on page five of your
18 rebuttal that attempts to demonstrate this?

19 A I do not have that chart up. One second here.
20 Okay. Yep, that -- that chart is for small commercial
21 customers, yes.

22 Q And your testimony is that cumulative savings
23 associated with the CEC Program are lower than net
24 metering cumulative savings?

25 A So both cumulative and net, the net metering

1 is far greater than the CEC Program, correct.

2 **Q Your chart doesn't take into account the**
3 **initial capital outlay to participate in a net metering**
4 **program.**

5 A That's correct. Right. After the chart, I
6 give the net outlay, the net -- the net savings
7 calculation.

8 **Q And so the initial capital outlay in net**
9 **metering programs is not paid for by Duke's general body**
10 **of customers?**

11 A So -- so here's-- I took the typical cost of a
12 PV system and created a net calculation, and you arrive
13 at basically this net benefit, right? So net metering
14 is a 13 cent credit rate, CEC is a round of four cent
15 first year credit rate.

16 **Q But your chart doesn't take into account that**
17 **initial capital outlay to participate in net metering --**

18 A Right, but --

19 **Q -- and that --**

20 A I am sorry.

21 **Q That's my -- that was my question.**

22 A So the chart -- there is two calculations I
23 provided. One was cumulative savings and the other one
24 was net savings. I did not create a chart for net
25 savings. I did create a chart for cumulative savings.

1 **Q** Would you agree that CEC Program participants
2 do not have a similar capital outlay in the early years
3 of the program?

4 A Similar to what?

5 **Q** The net metering capital outlay.

6 A Oh, I mean, there is the whole thing called
7 zero down leasing in the marketplace for the rooftop
8 solar, so I -- and I think that's the majority of
9 rooftop solar. So for the most part, customers don't --
10 a lot of them don't pay anything up front, so they have
11 basically savings on day one. Where CEC, there is
12 actually a premium, as we mentioned, for those -- those
13 first several years.

14 **Q** But in the initial years of the CEC Program,
15 participants don't contribute significantly to the
16 program's revenue requirements.

17 A So participants pay around, I believe the
18 first year, around four cents, or 4.08 cents a kilowatt
19 hour for the CEC Program.

20 **Q** Would you agree, though, that that in the
21 initial years of the program, is not a significant
22 contribution to the program's revenue requirements?

23 MS. TRIPLETT: Mr. Chairman, I am going to
24 lodge an objection here, A, the use of the term
25 significantly has been undefined; and B, I think

1 perhaps a better witness for this question, because
2 it has to do with revenue requirements, is Mr.
3 Foster; but Mr. Huber can answer if he can answer,
4 but I still object to the use of the term
5 significantly.

6 CHAIRMAN CLARK: Ms. Burkhardt, would you like
7 to respond?

8 MS. BURKHARDT: Mr. Huber, I am wondering
9 if -- if there is anything -- if I could point Mr.
10 Huber to anything that would refresh his
11 recollection and then he can answer if that does
12 refresh his recollection.

13 THE WITNESS: I mean, again, I think Mr.
14 Foster would have a better handle on how the
15 revenue requirement is shaped in the first few
16 years versus the outer years. What I am trying to
17 get at here is that that's a significant payment
18 for the customer, all said and done, is four cents
19 a kilowatt hour and a subscription fee.

20 CHAIRMAN CLARK: Okay. Let's move on.

21 MS. BURKHARDT: May I have one moment to
22 confer, please?

23 CHAIRMAN CLARK: Sure.

24 MS. BURKHARDT: Thank you.

25 So just one -- one or two other brief

1 questions. Thank you.

2 CHAIRMAN CLARK: Yes.

3 BY MS. BURKHARDT:

4 Q Mr. Huber, if we define significant as more
5 than one percent of the revenue requirements, didn't you
6 previously say in your deposition testimony that
7 participants do not contribute significantly to the
8 program in the initial years? And I am looking at page
9 85, lines five through 11.

10 A Yeah, I -- I wouldn't -- I think what I might
11 have been referring to is a net calculation, so hang on,
12 let me get to the deposition here. And sorry, what page
13 was that again?

14 Q Page 85, and it's lines five through 11. In
15 that you were asked: Is it a significant contribution
16 to that revenue requirement in those initial years,
17 referring to the participant subscription fees. And
18 your response was, no, but, you know, everything helps.

19 A Yeah, I am just looking at the context of
20 the -- because it was in response to a previous
21 question.

22 So the previous question was about an initial
23 outlay. And so there, yes, I was talking about the net
24 difference between the fixed credit rate and then the --
25 the bill credit. And so that net amount is small, and

1 then I hold what I said about the contribution to the
2 revenue requirement.

3 **Q Okay. Thank you.**

4 MS. BURKHARDT: I have no further questions at
5 this time.

6 CHAIRMAN CLARK: All right. Thank you, Ms.
7 Burkhardt.

8 Mr. Rehwinkel.

9 MR. REHWINKEL: Yes.

10 EXAMINATION

11 BY MR. REHWINKEL:

12 **Q Good afternoon, Mr. Huber.**

13 A Good afternoon.

14 **Q I just have a few questions.**

15 **As Vice-President of Rate Design and Strategic**
16 **Studies, you participated in discussions with the**
17 **counter-parties leading up to the settlement, right?**

18 A That's correct.

19 **Q And isn't it also true you were the lead**
20 **person for developing the CEC Program?**

21 A That's correct.

22 **Q Isn't it also true that your direct testimony**
23 **does not mention the stipulation?**

24 A I don't recall -- I don't recall a direct
25 mention of it as part of the application. Yeah, I don't

1 dive into it at that point.

2 Q All right. And in your rebuttal testimony, on
3 page 15, the last page, you do mention the stipulation;
4 is that right?

5 A Let's see here. Yes, I see that -- that brief
6 mention in the conclusion.

7 Q And you mention the petition on page 15 of
8 your rebuttal, correct?

9 A That's correct.

10 Q Would you agree that both your direct and
11 rebuttal are offered in support of the petition?

12 A Yes.

13 Q Do you have a copy of the petition with you?

14 A I believe so. Yes.

15 Q And when you locate it, I am going to direct
16 you to turn to page six.

17 A Okay. Let me locate that for you. I am still
18 looking for it.

19 MS. TRIPLETT: Mr. Huber, I think we just
20 e-mailed it.

21 THE WITNESS: Okay, thanks. It's a big file,
22 so it may take a little bit.

23 Okay, finally. And then you said page six?

24 BY MR. REHWINKEL:

25 Q Yes, sir.

1 A Okay. I am there.

2 Q I am going to read this language and ask you
3 if you are familiar with it and if you agree with it.

4 Starting at the top of the page, the first
5 full sentence: DEF also desired to minimize the issues
6 involved in this proceeding. As part of the stakeholder
7 engagement process, it became evident that, absent
8 making certain changes to the CEC Program, including
9 making certain commitments regarding its implementation,
10 certain parties would have intervened in this docket and
11 raised concerns that are addressed by the Stipulation.
12 This would have forced DEF and the Commission Staff to
13 litigate those issues. Instead, the Parties were able
14 to reach agreement and resolve what otherwise would have
15 been contentious issues.

16 Did I read that right?

17 A That's right.

18 Q And are you familiar with that concept that's
19 contained in those few sentences?

20 A I am.

21 Q And you agree with them?

22 A I do.

23 Q And just while we are in the stipulation, let
24 me ask you -- I mean in the petition, back on page two,
25 in paragraph one.

1 A Okay.

2 **Q It says that DEF provides generation**
3 **transmission and distribution service to approximately**
4 **1.8 million retail customers, is that right?**

5 A That's correct.

6 **Q Okay. With regard to the petition statement**
7 **about contentious issues, can you tell the Commission**
8 **what specific issues are being referred to there?**

9 A I mean generally, you know, I think it's --
10 it's some of the issues that you have heard parties talk
11 about around low-income program size, about certain
12 commitments to data. There is -- and data sharing.
13 There is also the commitment to look into something that
14 I am actually pretty excited about, which is to see if
15 we can link up storage -- customer side storage to this
16 program. So it was topics such as that that were, you
17 know, deliberated.

18 **Q Well, with respect to the concept of**
19 **contentious issues, is the battery storage, or the**
20 **storage pairing issue, is that an issue that a party**
21 **could have litigated before the Commission?**

22 A I am not -- I am not sure.

23 **Q Okay. Which of the counter-parties are**
24 **actually customers of Duke, counter-parties to the**
25 **stipulation?**

1 A So in terms of organization headquarters or
2 people that signed the stipulation? Are you talking,
3 like, the corporate structure or --

4 **Q Well, who do you consider to be customers**
5 **among the counter-parties?**

6 A So, you know, clearly Walmart has -- has a
7 load. Vote Solar is a little bit tougher because they
8 have members in -- that are located in DEF's service
9 territory, of course.

10 I am unclear on the structure of SACE and
11 where -- where their membership all lies. I am assuming
12 that membership is also there, and it's customers in
13 Florida.

14 **Q Do you know whether Vote Solar and SACE are**
15 **authorized to represent their members as customers of**
16 **Duke, in that capacity?**

17 A I am not exactly sure; you know, nothing like
18 the charter that you -- that the OPC has, of course.

19 **Q Okay. Would you agree that Walmart has stated**
20 **in its petition to intervene, and also in Mr. Chriss'**
21 **testimony, that they have 73 stores and one distribution**
22 **center in your territory?**

23 A That sounds right.

24 **Q Would you consider them to be one customer, or**
25 **74 customers, or one customer with 74 accounts?**

1 A Probably one customer with 74 accounts most
2 likely is how I would classify it.

3 Q Okay. Now, in the stipulation, who does
4 Walmart represent among your 1.8 million customers?

5 A Who does Walmart represent? So I think
6 Walmart is representing themselves.

7 Q Okay. On Exhibit 27, which was the LULAC
8 Exhibit 15, do you recall that exhibit?

9 A I do.

10 Q Among the commercial customers in that group,
11 did Walmart represent any other than Walmart?

12 A Not that I am aware of.

13 Q Okay. In the negotiations leading up to the
14 stipulation, who represented the interest of the other
15 approximately 1,799,999 customers besides Walmart in
16 resolving the issues that we talked about on page six of
17 the petition?

18 A So in terms of constructing the stipulation,
19 you said?

20 Q Yes, sir.

21 A Other than, you know, clearly what Duke tries
22 to do by representing all of its customers fairly, in
23 terms of in-depth of the stipulation, it was just
24 Walmart there for their segment for that commercial
25 segment.

1 Q Okay. Now, you are in Charlotte, right?

2 A Right now I am, yes, that's correct.

3 Q Okay. Your employment base is in Charlotte,
4 right?

5 A Yeah, that's where they have my office.
6 That's right.

7 Q Okay. Would it be correct to say that you are
8 an employee of Duke Energy Business Services, or DEBS?

9 A That's right.

10 Q Okay. And that is a company that is
11 affiliated with but distinct from Duke Energy Florida,
12 correct?

13 A I guess how I would characterize is it's more
14 enterprise level, so I serve all of Duke, all of -- you
15 know, all the different states.

16 Q But Duke Energy Business Services is an actual
17 corporate entity, correct?

18 A That's my understanding, but I am no expert in
19 corporate structures, that's for sure.

20 Q Okay, with that caveat --

21 A I have only been here for a year.

22 Q I may have talked over you. I said with that
23 caveat, I accept your answer on that.

24 DEBS has customers -- has employees in
25 Florida, right?

1 A I am sorry, who does?

2 Q DEBS, D-E-B-S?

3 A Yes, I have -- I have employees that are
4 located in Florida.

5 Q Okay. There isn't any reason DEBS couldn't
6 have been a signatory to the settlement like the one
7 before the Commission, is there?

8 A I -- this is starting to get out of my
9 range -- my range and depth of who can sign what, and
10 what entity they represent.

11 Q Okay. Fair enough.

12 Can you turn to the stipulation at paragraph
13 nine?

14 A Let's see.

15 Q It's Attachment A to the petition.

16 A So, sir, you said attachment to the petition?

17 Q It's Attachment A to the petition.

18 A What page is that?

19 Q Exhibit A, I should say. I am asking you to
20 turn to Exhibit A, page eight, which is the stipulation
21 itself.

22 A Got it. I believe I am there.

23 Q Okay. And I believe you were about to mention
24 this specific paragraph regarding the future add-on
25 program, right?

1 A That's right.

2 Q Isn't it true that if the Commission approves
3 the stipulation, it will not be approving in any way the
4 items that would be subject to the analysis that was
5 agreed to in paragraph nine?

6 A That's absolutely correct.

7 Q Okay. And even if they approve the CEC
8 Program and Tariff outside of the stipulation, they
9 would not be approving in any way the items that are
10 subject to the analysis that was agreed to in paragraph
11 nine, is that correct?

12 A That's correct. We plan to bring that down
13 the road in front of the Commission for their approval.

14 Q Okay. And there was no storage pairing
15 process in existence, or even defined at this time,
16 correct?

17 A That's correct.

18 Q Would it also be true to say that in the
19 negotiations that led to the stipulation, that no deal
20 was cut to determine how the cost of any storage pairing
21 will be handled if it is implemented in the future,
22 correct?

23 A That's absolutely correct, yes.

24 MR. REHWINKEL: Okay. Mr. Chairman, I have no
25 future questions. Thank you, Mr. Huber.

1 THE WITNESS: Thanks.

2 CHAIRMAN CLARK: Thank you, Mr. Rehwinkel.

3 Mr. Moyle.

4 MR. MOYLE: Thank you. Thank you, Mr.

5 Chairman.

6 EXAMINATION

7 BY MR. MOYLE:

8 Q Mr. Huber, I just have a few questions for
9 you.

10 So you were the lead in Duke in designing this
11 program, is that right?

12 A That's right.

13 Q How did you come up with the size?

14 A So the size is coming from a variety of
15 directions. So Mr. Borsch, I think, is probably best at
16 talking about, you know, what size was, you know, deemed
17 most appropriate for our system given costs and
18 benefits.

19 But in general, we knew we had to create a
20 descent size program, and that's from our conversations
21 with customers through the years, and then those more
22 recent conversations where we knew, like, hey, there --
23 there could be a lot of demand for this program. So,
24 you know, with that fact, it was working to ensure that
25 the -- that numbers actually penciled out so that the

1 general body of customers could gain, you know, what you
2 have heard before of that 87 percent of benefits, so a
3 strong amount of benefits. And so it's sort of a -- it
4 was a multi-triangulated process, if you will, to get to
5 that final 749.

6 **Q Yeah. And I have a question about how much of**
7 **that 749 can be used when determining reserve margin and**
8 **reliability services. Would that -- should I save that**
9 **for Mr. Borsch, or do you want to take a crack at it?**

10 A Yeah, that's definitely Mr. Borsch's
11 department.

12 **Q Okay. You said that you are in Charlotte, and**
13 **you also work on behalf of other -- other Duke operating**
14 **companies, is that right?**

15 A That's right.

16 **Q How many other operating companies are there?**

17 A Again, I would have to look, and I have just
18 been at Duke for a year. My anniversary was, like, last
19 week, so still getting a handle on the corporate
20 structure and all of the different sub entities.

21 **Q Yeah. Yeah. I mean, North Carolina, I think**
22 **Indiana, maybe Kentucky, four or five is fair?**

23 A Oh, yeah, I mean, in terms of states, right,
24 you know, there is electric and gas, but electric is --
25 is, you know, what you mentioned. You have Kentucky,

1 Indiana, Ohio, North/South Carolina, Florida.

2 Q Got you.

3 Do any of the other states have a similar
4 program to the one that is before the Commission today?

5 A No, I -- this one is -- is pretty unique.
6 It's certainly been crafted to take advantage of the
7 beautiful sunlight in Florida. So we couldn't offer
8 something like this most likely in other states,
9 especially up north, at least with the same numbers.
10 So, you know, this is, as I mention in my testimony, the
11 next evolution of community solar programs that, in the
12 past, we just haven't been able to offer because the
13 economics weren't there. So -- so this is going to
14 be -- this is going to be a unique one until other
15 conditions, you know, turn in other states.

16 Q Okay. In response to a prior question, I
17 think you were talking about the strategy of soliciting
18 customers to participate in the program, and suggested
19 that -- these are my words, not yours -- but it made
20 more sense to talk to larger customers as compared to
21 smaller customers. I assume that was economies of scale
22 as part of the thinking behind that, but let me just ask
23 you that question. Is that -- is that, indeed, the part
24 of the thinking, and if so, why?

25 A So I think I understand the question, but, you

1 know, what we did is we actually sent out thousands of
2 surveys to residential and small commercial customers to
3 gauge where they are at on these issues. So that, you
4 know, that's number one.

5 We sent, you know, a significant amount of
6 emails to commercial customers, and had webinars, so,
7 you know, we feel like we did a pretty robust amount of
8 data collection and, you know, opinion gathering, if you
9 will, from our customers.

10 Q And then after you got that information, then
11 you said, okay, let's -- you know, let's put together
12 the program with this percent going to, you know,
13 commercial and industrial and another percent going to,
14 you know, going to residential; is that right?

15 A Yeah, that -- that's right. And again, we are
16 trying to strike that right balance between
17 administrative complexity, overall cost of the program,
18 and just looking at where other community solar programs
19 are in the country.

20 I mean, this -- this would be one of the
21 largest just residential; like, if you just look at the
22 residential size of this program, it would be one of the
23 larger ones, you know, putting aside FPL for a second,
24 but this would this would be one of the largest
25 residential programs in the country for community solar.

1 And so that's why I tried to stay away from percentages
2 and go to absolute numbers. What does this actually
3 mean? And there, it's a much -- it's a much more
4 clearcut answer that this is a very large residential
5 program and small business program.

6 **Q Okay. Thank you for that.**

7 MR. MOYLE: Those are all the questions I
8 have.

9 CHAIRMAN CLARK: All right. Thank you, Mr.
10 Moyle.

11 Ms. Triplett, redirect?

12 COMMISSIONER BROWN: Mr. Chairman,
13 Commissioner questions.

14 CHAIRMAN CLARK: I am sorry, would you say
15 that again?

16 COMMISSIONER BROWN: Commissioner and staff
17 questions.

18 CHAIRMAN CLARK: Oh, did she have no redirect?

19 MS. TRIPLETT: I do, but I thought that
20 perhaps the staff or Commissioners had questions
21 first then I could redirect if necessary.

22 CHAIRMAN CLARK: Yeah, no -- I am sorry. I am
23 with you now. I will wake up in a second.

24 Mr. Stiller.

25 MR. STILLER: No cross of this witness.

1 CHAIRMAN CLARK: All right. Commissioners,
2 any questions?

3 COMMISSIONER BROWN: I do, Mr. Chairman.

4 CHAIRMAN CLARK: Commissioner Brown.

5 COMMISSIONER BROWN: And I will be brief,
6 because I think we are getting at that two-hour
7 mark that everyone needs a little break, especially
8 Mr. Huber and our court reporter.

9 So just a follow-up to some of the questions
10 that were already asked, which I thought the
11 parties did a really good job of cross getting some
12 of this flushed out.

13 Just in general, do you consider this program
14 a bona fide community solar program, or more of a
15 hybrid of a SoBRA kind of project?

16 THE WITNESS: Yeah -- yeah, great question,
17 Commissioner.

18 I really do feel that this is a tried and true
19 community solar program. When you look at the
20 definition that the Solar Energy Industries
21 Association calls out for community solar, this is
22 right in line. It's solar that's within --
23 delivered in the service territory to local
24 communities, that customers can subscribe and get a
25 share and, you know, link up to the actual output

1 of the system.

2 So customers will be seeing -- and we heard a
3 lot about, oh, well, this will be -- it's fixed for
4 the participants. Well, every month, they are
5 going to have a different number on their bill
6 based on the actual production of the array that
7 they are subscribing to. So this is very much a
8 community solar program, a tried and true one.

9 COMMISSIONER BROWN: Now, can you talk a
10 little bit about risk of the -- you know, this is
11 749 megawatts. It consists of 10 projects. And
12 previously, Duke Energy of Florida had a settlement
13 agreement with different parties that put a cap, an
14 installed cap, that kind of mitigated the costs,
15 and kind of gave assurances to the Commission that
16 the costs would be reasonable and prudent.

17 Can you talk a little bit more, and maybe
18 there is another witness that Duke can elaborate,
19 but I don't see that anywhere in this stipulation,
20 that there is some mechanism to mitigate the cost,
21 the risk to, not just the participants, but also
22 the general body of ratepayers.

23 THE WITNESS: Yeah, so actually, Witness Stout
24 is -- will be great on that issue. He will go
25 through -- over all the things that we do to make

1 sure that we have that cost containment that's so
2 important.

3 COMMISSIONER BROWN: Thank you.

4 And a follow-up to one of Mr. Moyle's
5 questions regarding -- I think he was talking to
6 you about how you surveyed the interested people,
7 the participants, and et cetera.

8 So in Section 1(d) of the stipulation, it
9 talked -- and I will just read it for you. It
10 says: The counter-parties agree that DEF may
11 reallocate subscriptions from one customer segment
12 to another customer segment as needed to ensure
13 full Program subscription. And it lists some
14 qualifications, including talking about local
15 government, but I want to talk a little bit about
16 the residential component, since you just testified
17 that this will be one of the largest residential
18 solar programs in totality.

19 This -- the way I read this after -- if the
20 Commission agrees with the stipulation as
21 presented, then assuming those other qualifications
22 are met, you can shift the percentages from the
23 residential customer segment to the large customer
24 segment, which I believe it's already been clear
25 that it would be fully subscribed if Duke went

1 ahead and just had the participants be large
2 customers -- commercial customers.

3 THE WITNESS: Yeah, so maybe just to clarify
4 it.

5 There is really no intention to shift, unless
6 there is something just catastrophically wrong,
7 anything to large commercial. What is meant to be
8 is to -- we don't fully know yet just how many
9 small businesses or residential customers are going
10 to be interested, so we wanted a little bit of
11 flexibility there to say, well, you know, we didn't
12 get that much from small business, and we don't
13 want to just hold that there without any
14 subscription to it, but if we have an outpour and
15 support, say, from residential, and it's like,
16 okay, well, you know what, we tried, you know, say
17 over a year, we marketed to small businesses, we
18 are not having any luck, well, you know, we have a
19 little bit of that flexibility to then reallocate
20 unused subscriptions.

21 So it's really a last -- a last resort in a
22 lot of cases. And most likely it would be, again,
23 moving just from small commercial to residential.
24 Nothing with large commercial, again, unless there
25 is just something, you know, catastrophic in the

1 program, which I don't anticipate.

2 COMMISSIONER BROWN: And then low-income, does
3 that survive the life of the entire program until
4 the end of life for solar, is that -- I couldn't
5 get that from the stipulation.

6 THE WITNESS: Yeah, that's right. We would be
7 offering that through the life of the program.

8 COMMISSIONER BROWN: Thank you.

9 Last question. Talk about the benefits. You
10 talk about -- in general terms, you talk about the
11 general benefits to participants and, in general, t
12 to the nonparticipants, you know, lower emissions,
13 lower fuel costs, and I appreciate all that. But
14 the participants -- you testified that the
15 participants will eventually pay all fixed revenue
16 requirements of the new generation. Does this
17 include the annual administrative cost of 16.5
18 million for non-- to nonparticipants?

19 THE WITNESS: That's a good question. I
20 believe that Witness Foster should have that
21 breakdown of what's included in which bucket. I
22 know that there is a high level of everything.

23 COMMISSIONER BROWN: I should ask him that.

24 Okay. I think that is it. Just one second.

25 And I guess, in general, another follow-up, I

1 mean, you know, other than the SolarTogether, which
2 was, you know, a unique project as well, do you
3 know of, based on your experience and your years --
4 you are not in Florida right now -- do you know of
5 any other state that has similarly presented
6 program that a regulatory body has approved?

7 THE WITNESS: Hum, that's a good one. I mean,
8 you know, the -- sort of the -- the most well-known
9 program is in Minnesota, and they have about 85
10 percent of their capacity for large commercial
11 customers, right, so versus our 65 percent. They
12 have about, I want to say around 18,000 tops
13 residential customers. We are going to have 22,000
14 most likely. So, you know, from -- in terms of
15 scale, theirs is probably pretty close. I think
16 there is around 700 megawatts all total. The
17 difference really is, you know, it's a bit in the
18 bill credits, where they offer much higher bill
19 credits compared to ours.

20 So, you know, our program is really keeping an
21 eye out for all of the customers in our customer
22 base to make sure that we allocate and give those
23 87 percent of benefits to nonparticipants.

24 So I think ours is unique in the sense, you
25 know, not talking about SolarTogether, but

1 nationally in ensuring that it's designed with
2 those nonparticipants in mind, and allocating a
3 vast majority of the benefits to those
4 nonparticipants. That's -- that's somewhat unique.

5 COMMISSIONER BROWN: I appreciate that.
6 Thank you for your testimony.

7 CHAIRMAN CLARK: Thank you, Commissioner
8 Brown.

9 Other Commissioners have questions for Mr.
10 Huber?

11 Commissioner Fay.

12 COMMISSIONER FAY: Thank you, Mr. Chair.

13 And I appreciate your testimony, Mr. Huber. I
14 am going to point you to your rebuttal, page 10,
15 where you discuss the IREC, the Interstate
16 Renewable Energy Council standards.

17 I know that there is -- on the different
18 sides, there is debate as to if those standards are
19 met by the parties, but I wanted to see, sort of
20 putting that aside, if it's four or seven, and if
21 they are met or not, what sort of weight you
22 believe the Commission should give to those
23 standards being met or not?

24 THE WITNESS: Yeah, that's a good question.

25 And, you know, these are not, you know, written in

1 stone anywhere. They are guidance principles,
2 really. And so I think for the, you know,
3 Commission, it's good to take a look at them to see
4 what, you know, others are saying about -- you
5 know, other organizations that deal with these
6 issues are saying about what they think the Best
7 Practices are. I don't think it should carry too
8 much weight at the end of the day, other than, you
9 know, basically making you feel that you really
10 have looked at, you know, experiences of other
11 organizations out there, what they deem to be Best
12 Practices, and looking and say, hey, you know, sort
13 of judging our program by those guidance principles
14 and saying, hey, you know, how good did we do
15 against this one party or, you know, multiparty
16 guidance document.

17 So I think it's good information to have, but
18 I would -- I wouldn't put too much weight as a
19 deliberative, you know, partly adjudicated body on
20 a third party's principles like that.

21 COMMISSIONER FAY: Okay. Great. Thank you.

22 And then one more follow-up, Mr. Chair.

23 Do you -- I know there was a lot of discussion
24 about the work to kind of get to this point. And I
25 know from looking at your background and your

1 testimony, I believe you worked on the Hawaii
2 community solar project, and you have a lot of
3 experience with different projects.

4 Do you believe if you were operating with a
5 different structure or result today that some of
6 the parties would not be part of this stipulation
7 that's in front of us?

8 THE WITNESS: Yeah. I mean, you know, they
9 are always the best source to go to, you know,
10 directly. But I would say that we really do
11 balance a lot of competing objectives with this,
12 where you want to make sure that this program is
13 easy and straightforward to participants, meaning
14 there is not too much uncertainty for them to
15 participate.

16 And this is how we do other programs, right?
17 We do load management programs where Duke has a
18 switch, and we go and we own this equipment and we
19 can control somebody's AC unit. In exchange, they
20 get a bill credit, right? And it's assumed that
21 there is going to be benefits over time to
22 overcome, you know, the costs in those bill
23 credits, right? And we have a statistical
24 analysis.

25 This is very similar to that. And so without

1 over -- we are proposing something that doesn't
2 really rock the boat in terms of what we do with
3 other customer programs, but at the same time, it
4 allows a customer, all types of customers, to
5 participate in clean energy like never before
6 without -- they don't have to put forward high
7 upfront costs to participate into it. They can
8 leave any time. They can transfer their
9 subscription if they move at any point, right?

10 So there is so much there. You will see our
11 marketing, we have a lot of big plans for how we
12 are going to market this out to customers, and if
13 they can, you know, maybe even get a sticker on
14 their window to show that they are part of local
15 solar. So fun things like that that, you know,
16 sometimes you just don't see in other programs.

17 And that low-income angle especially is one of
18 the hardest topics for other states to tackle.
19 There is whole dockets just on how do we get
20 low-income participation? The way that we designed
21 this program, I think we are going to have a lot of
22 success, and we are going to have some great
23 partnerships reaching those demographics.

24 So I think we really did balance all the
25 competing objectives, and any big change, I would

1 probably lose some support from one party or the
2 other.

3 COMMISSIONER FAY: Okay. Great. Thank you.
4 Thank you, Mr. Chair. That's all I had.

5 CHAIRMAN CLARK: Thank you, Commissioner Fay.
6 Any other questions?

7 All right. Ms. Triplett, redirect now?

8 MS. TRIPLETT: Yes, sir. Thank you.

9 FURTHER EXAMINATION

10 BY MS. TRIPLETT:

11 **Q Mr. Huber, Mr. Rehwinkel asked you some**
12 **questions about who represents customers in the**
13 **stipulation. Do you remember that line of questioning?**

14 A Yes.

15 **Q Okay. Can you remind us, are local government**
16 **subscribers to the CEC Program?**

17 A Oh, yes. I mean, A large majority of the
18 subscribers are actually not-for-profit companies. 73
19 percent are nonprofits, and a lot of those are local
20 cities and towns.

21 **Q And do local cities and towns represent Duke**
22 **Energy's customers in a sense, like, their constituents**
23 **are Duke Energy customers?**

24 A That's correct.

25 MS. TRIPLETT: Thank you, Mr. Chair. I have

1 no further redirect.

2 And I would move Mr. Huber's exhibits, which
3 are marked as 9 and 17, into evidence.

4 CHAIRMAN CLARK: All right. We will enter
5 those into the record.

6 (Whereupon, Exhibit Nos. 9 & 17 were received
7 into evidence.)

8 CHAIRMAN CLARK: All right. If there is
9 nothing else, would you like to excuse your
10 witness?

11 MS. TRIPLETT: Yes, please. And excuse him
12 from the hearing since we handled both his direct
13 and rebuttal.

14 Thank you.

15 CHAIRMAN CLARK: All right. Mr. Huber, you
16 are excused. Have a great day.

17 THE WITNESS: Thank you, sir.

18 (Witness excused.)

19 CHAIRMAN CLARK: All right. We are going to
20 take about a 10-minute recess. Give our court
21 reporter a little bit of time to get her blood
22 circulating again.

23 Mr. Marshall, you have something before we
24 recess?

25 MR. MARSHALL: Just real quick, Mr. Chairman.

1 LULAC would like to move in the exhibits that
2 we used on the cross-examination, Nos. 26 and 27.

3 CHAIRMAN CLARK: So ordered.

4 (Whereupon, Exhibit Nos. 26 & 27 were received
5 into evidence.)

6 CHAIRMAN CLARK: Ms. Burkhardt?

7 MS. BURKHARDT: Same thing. Thank you.

8 CHAIRMAN CLARK: All right. I believe we've
9 got it all covered then. Did I miss anything?

10 All right. We are going to stand in recess
11 for 10 minutes.

12 (Brief recess.)

13 CHAIRMAN CLARK: All right. By virtue of the
14 fact you did not hang up, we are considering you to
15 be here and ready to go, so we will resume.

16 I believe, Ms. Triplett, you are still up.

17 MS. TRIPLETT: Sir, Duke Energy Florida would
18 call Mr. Stout.

19 Whereupon,

20 MATTHEW STOUT

21 was called as a witness, having been previously duly
22 sworn to speak the truth, the whole truth, and nothing
23 but the truth, was examined and testified as follows:

24 EXAMINATION

25 BY MS. TRIPLETT:

1 **Q Would you please introduce yourself to the**
2 **Commission and provide your address?**

3 A Yes. My name is Matthew Stout. My business
4 address is 400 South Tryon Street, Charlotte, North
5 Carolina.

6 **Q Thank you.**
7 **And you were previously sworn, correct?**

8 A Yes, I was.

9 **Q Thank you.**
10 **Who do you work for, and what is your**
11 **position?**

12 A I work for Duke Energy Corporation. My title
13 is Managing Director of Business Development for Wind
14 and Solar Development.

15 **Q Have you filed direct testimony in this**
16 **proceeding?**

17 A Yes, I have.

18 **Q Do you have that prefiled testimony with you**
19 **today?**

20 A Yes, I do.

21 **Q Do you have any changes to make to your**
22 **prefiled direct testimony?**

23 A Yes. I would like to strike the testimony on
24 page 11, lines one through 10.

25 And since the time I filed my testimony, the

1 developer of the project referenced in that section
2 failed to obtain a permit, so we are no longer acquiring
3 that project for our SoBRA program.

4 Q Thank you.

5 And with that correction, if I asked you the
6 same questions in your prefiled direct testimony today,
7 you would give the same answers that are in your
8 prefiled testimony?

9 A Yes, I would.

10 MS. TRIPLETT: Mr. Chair, we request that the
11 prefiled direct testimony as corrected be entered
12 into the record as if it was read here today.

13 CHAIRMAN CLARK: So ordered.

14 MS. TRIPLETT: Thank you.

15 (Whereupon, prefiled direct testimony of
16 Matthew Stout was inserted.)

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**HIBIN RE: DUKE ENERGY FLORIDA, LLC'S PETITION FOR APPROVAL OF
CLEAN ENERGY CONNECTION TARIFF AND PROGRAM**

FPSC DOCKET NO. _____

DIRECT TESTIMONY OF MATTHEW G. STOUT

JULY 1, 2020

1 **Q. Please state your name and business address.**

2 A. My name is Matthew G. Stout. My business address is Mail Code ST-14A, 400 South
3 Tryon Street, Charlotte, NC 28202.

4

5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by Duke Energy as a Managing Director of Business Development for
7 Wind and Solar Development.

8

9 **Q. Please describe your duties and responsibilities in that position.**

10 A. I am responsible for the development of new solar facilities in Florida on behalf of
11 Duke Energy Florida, LLC ("DEF" or the "Company"). I lead a team that conducts
12 solar development activities including project siting, land acquisition, resource
13 assessment, permitting, obtaining interconnection rights, project layout and design and
14 arranging contracts for engineering, procurement and construction services, as well as
15 originating, structuring, and executing transactions to acquire rights to existing solar
16 development projects.

17

1 **Q. Please describe your educational background and professional experience.**

2 A. I received a BA degree in Economics from Connecticut College in 1998. I began my
3 career as a management consultant for PricewaterhouseCoopers and later worked as an
4 investment banking associate for Morgan Joseph. In 2007, I earned an MBA from the
5 Ross School of Business and an MS in Environmental Policy from the School of
6 Natural Resources at the University of Michigan with a focus on renewable energy.
7 During graduate school, I managed business development at STM Power, Inc., a start-
8 up manufacturer of renewable power generation equipment. Upon finishing graduate
9 school, I joined Catamount Energy Corporation, a renewable energy development
10 company, where I helped site new wind energy facilities across the United States. I
11 joined Duke Energy in 2008 and have had several positions focused on renewable
12 energy development, including Manager of Business Development for Solar and Wind,
13 Managing Director of Project Acquisitions, and most recently Managing Director of
14 Wind and Solar Development for the regulated utilities. In total, I have over 21 years
15 of professional work experience, including 13 years of renewable energy business
16 development. Over the last several years, I have been responsible for vetting and
17 developing all ten universal solar projects for DEF pursuant to its 2017 Revised and
18 Restated Stipulation and Settlement Agreement (“2017 Settlement”). Activities for
19 those solar projects including identifying viable sites and projects within DEF’s service
20 territory, negotiating for panels and other equipment, negotiating and selecting
21 qualified Engineering, Procurement, and Construction (“EPC”) contractors, and
22 ultimately ensuring the timely construction of those facilities within the approved
23 funding amount filed with the commission.

1

2 **Q. What is the purpose of your testimony?**

3 A. My testimony is provided to support DEF's request for approval of its new Clean
4 Energy Connection program and tariff ("CEC Program"). Specifically, I support
5 DEF's ability to develop and construct the projects over the time period presented such
6 that 1) the projects are constructed within the projected costs for the ten solar projects
7 that will be included in DEF's CEC Program and 2) that they are capable of producing
8 the energy (MWhs) that are forecasted for the customers participating in the Clean
9 Energy Connection Program.

10

11 **Q. Are you presenting exhibits in this proceeding?**

12 A. No.

13

14 **Q. Please describe DEF's experience with developing and building universal solar
15 facilities.**

16 A. DEF's experience with developing and building universal solar includes thirteen
17 facilities in the state of Florida in the last five years, representing over 700 MW of
18 solar. Ten of the projects were in support of the SOBRA program that have gone into
19 service or will go into service between 2018 and 2021. Additionally, DEF developed
20 and constructed three distribution tied projects in 2016 and 2017. DEF developed many
21 of these facilities directly, while acquiring others from third-party developers. In all
22 cases, DEF procured all major equipment, selected the EPC contractor, oversaw
23 construction, and managed operations and maintenance. With these activities within

1 our scope, DEF was able to ensure that each project sited, developed, and constructed
2 achieved its placed in-service without any meaningful delays and within the budgeted
3 amount of capital funding filed with the commission (including during the COVID-19
4 pandemic).

5 Similar to how we selected and developed the ten projects for the SOBRA
6 program, DEF intends to complete the next ten projects under the Clean Energy
7 Connection program through a combination of greenfield development and third-party
8 project acquisitions. DEF has extensive experience in evaluating greenfield sites and
9 projects under development by third party developers. DEF considers several factors
10 during project evaluation such as cost-effective interconnection to the grid,
11 environmental impacts, constructability of the site, development status and schedule,
12 overall costs, quality/type of materials (such as panel, inverter and racking,
13 manufacturers), project location, zoning entitlements, experience and competencies of
14 the developer, and construction schedule. DEF has developed robust relationships with
15 key equipment suppliers (modules, inverters, transformers, SCADA), with
16 Engineering, Procurement, and Construction (“EPC”) contractors, and with consultants
17 and law firms utilized in the development phase. DEF has developed a robust set of
18 standards and design criteria that are applied to all solar power plants that help
19 streamline request for proposals for major equipment and EPC services and help
20 streamline construction and operations. As such, DEF has a successful track record of
21 developing universal solar facilities on budget and on schedule.

22

1 **Q. Please describe more specifically DEF’s experience with developing and building**
2 **each of the universal solar facilities for the SOBRA program and discuss how your**
3 **experience with these projects will be leveraged for the development of the**
4 **projects under the Clean Energy Connection program.**

5 A. The Hamilton Solar Power Plant is a 74.9 MWac single-axis tracking solar facility
6 located in Hamilton County, Florida. The project utilized high-efficiency
7 monocrystalline solar modules fixed to a single-axis tracking racking system, yielding
8 an expected capacity factor of approximately 30%. The project used a mixture of 360-
9 watt and 365-watt modules, procured from JA Solar (a top five ranked manufacturer
10 by global shipping volume), single-axis tracking racking system procured from Array
11 Technologies, Inc., one of the leading tracker manufacturers, and inverters sourced
12 from Toshiba Mitsubishi Electric Industries Corporation (“TMEIC”), a leading inverter
13 manufacturer. The facility was constructed upon approximate 565 acres of agricultural
14 fields, where minimal site preparation was required (i.e. timbering, clearing, or
15 grading). M. A. Mortenson Company (“Mortenson”) was selected to perform final
16 facility engineering, design and construction. Mortenson has proven to be a reliable
17 EPC partner, having constructed over 3,700 MW of solar energy facilities. The project
18 was placed in-service in December 2018.

19 The Trenton Solar Power Plant is a 74.9 MWac single-axis tracking solar
20 facility, yielding an expected capacity factor of approximately 29%, located in Gilchrist
21 County, Florida. The project used a mixture of 365-watt and 370-watt modules,
22 procured from REC America and a mixture of 380-watt and 385-watt modules,
23 procured from JA Solar (both leading, Tier I manufacturers), single-axis racking system

1 procured from Array Technologies, Inc. and inverters sourced from TMEIC. The
2 facility was constructed on approximately 580 acres under a long-term lease. The site
3 was a former agricultural/cattle grazing land as well as pine timber and relatively flat
4 with minimal sloping that allowed for the use of a tracking system. The point of
5 interconnection was the existing Trenton 69kV Substation. Mortenson was selected
6 to perform final facility engineering, design and construction. DEF acquired the
7 company that held the early stage development assets of the project from Southeast
8 Solar and Power, LLC, the original developer of the project. Southeast Solar and
9 Power, LLC was responsible for the site control, interconnection queue position and a
10 limited amount of environmental and permitting work. DEF acquired the project in
11 September 2018, completed all development activities and placed the project in-service
12 in December 2019.

13 The Lake Placid Solar Power Plant is a 45.0 MWac single-axis tracking solar
14 facility, yielding an expected capacity factor of approximately 29%, located in
15 Highlands County, Florida. The project used a mixture of 340-watt and 345-watt
16 modules, procured from Seraphim Energy Group (a leading, Tier I manufacturer),
17 single-axis racking system procured from Array Technologies, Inc., and inverters
18 sourced from SMA Solar Technology (“SMA”), a leading inverter solutions provider.
19 The facility was constructed on approximately 380 acres under a long-term lease. The
20 site was a former citrus grove and relatively flat with minimal sloping that allowed for
21 the use of a tracking system. The point of interconnection was the existing Lake Placid
22 North 69kV Substation. Overland Contracting Inc., a subsidiary of Black & Veatch
23 (“B&V”) was selected to perform final facility engineering, design and construction.

1 B&V has been actively engaged in the EPC and solar industry since 1973 and has
2 executed full EPC services for 1,379 MW of solar PV projects in Florida and completed
3 1.8+ GW in design engineering services on solar projects. DEF acquired the
4 development assets of the project from EDF Renewables, the original developer of the
5 project. The project was placed in-service in December 2019.

6 The Columbia Solar Power Plant is a 74.9 MWac single-axis tracking solar
7 facility, yielding an expected capacity factor of approximately 31%, located in
8 Columbia County, Florida. The project used 435-watt Series 6 thin film modules,
9 procured from First Solar, Inc. a vertically integrated solar PV manufacturer, single-
10 axis tracking racking system procured from Array Technologies, Inc. and inverters
11 sourced from TMEIC. The facility was constructed upon approximately 580 acres
12 under a long-term lease. The site was relatively flat with minimal sloping that allowed
13 for the use of a tracking system. The facility was connected to a 69kV DEF
14 transmission line that bisects the site. DEF acquired the developed project site from
15 First Solar Development, LLC. Mortenson was selected to perform final facility
16 engineering, design and construction. The project was placed in service in March 2020.

17 The DeBary Solar Power Plant is a 74.5 MWac solar facility located in Volusia
18 County, Florida. The project utilized solar modules mounted to a fixed-tilt racking
19 system, yielding an expected capacity factor of approximately 24%. The project used
20 a mixture of 360-watt and 365-watt modules, procured from Hanwha Q Cells America,
21 Inc. (a top five ranked manufacturer by global shipping volume) and the fixed racking
22 system was procured from Sol Components, a CEMCO affiliate. CEMCO is
23 recognized as one of the largest manufacturers of steel framing in the U.S. Inverters

1 were sourced from TMEIC. The facility was constructed upon approximately 445 acres
2 of company owned property, adjacent to an existing power plant. The site was
3 primarily undeveloped timber land and due to the topography and geographic layout, a
4 fixed-tilt racking system was best suited. Fixed tilt systems cost less to install and
5 produce a lower energy output compared to single-axis tracking systems. The point of
6 interconnection was the existing Highbanks 115kV Substation located on-site. Moss
7 & Associates, LLC (“Moss”) was selected to perform final facility engineering, design
8 and construction. Moss is a proven reliable EPC partner, based in Florida, having
9 constructed over 3,500 MW of solar energy facilities. The project was placed in-
10 service in May 2020.

11 The Twin Rivers Solar Power Plant is a 74.9 MWac single-axis tracking solar
12 facility, yielding an expected capacity factor of approximately 27%, located in
13 Hamilton County, Florida. The project is using a mixture of 415-watt and 420-watt
14 modules, procured from Hanwha Q Cells America Inc., single-axis racking system
15 procured from Array Technologies, Inc., and inverters sourced from TMEIC. The
16 facility was constructed on approximately 515 acres under a long-term lease. The site
17 was agricultural land and relatively flat with minimal sloping that allowed for the use
18 of a tracking system. The point of interconnection was a new 230kV Substation.
19 Wanzek Construction Inc. (“Wanzek”) was selected to perform final facility
20 engineering, design and construction. Wanzek is a wholly owned subsidiary of the
21 Mastec Group (“Mastec”), based in Coral Gables, Florida. Mastec is publicly traded
22 on the New York Stock Exchange under the ticker symbol “MTZ”. Wanzek is a
23 ~\$1.6B annual revenue EPC provider of renewable energy power plants, primarily

1 using wind and solar technology. Wanzek has contracted over 720 MWdc of solar
2 projects over the past two years. DEF acquired the early stage development assets of
3 the project from Tradewind Energy, Inc., the original developer of the project.
4 Tradewind Energy, Inc. had secured site control and an interconnection queue position
5 and had completed a limited amount of site investigation. DEF acquired the project,
6 as is, in August 2017 and then completed all development activities. The project started
7 construction in March 2020 and is expected to achieve placed in-service in January
8 2021.

9 The Santa Fe Solar Power Plant is a 74.9 MWac single-axis tracking solar
10 facility, yielding an expected capacity factor of approximately 29%, located in
11 Columbia County, Florida. The project is using a mix of 425-watt, 430-watt, and 435-
12 watt thin film Series 6 modules, procured from First Solar, Inc., single-axis racking
13 system procured from Array Technologies, Inc. and inverters sourced from TMEIC.
14 The facility was constructed on approximately 607 acres that were purchased before
15 construction. The site consisted mostly of cattle grazing with a limited amount of
16 timberland and was relatively flat with minimal sloping that allowed for the use of a
17 tracking system. The point of interconnection was a new DEF 230kV Substation.
18 Mortenson was selected to perform final facility engineering, design and construction.
19 DEF acquired the development assets of the project from First Solar Development,
20 LLC. First Solar was responsible for all development and permitting activities, DEF
21 acquired the project following the completion of development activities in June 2019.
22 The project started construction in April 2020 and is expected to achieve placed in-
23 service in January 2021.

1 The Charlie Creek Solar Power Plant is a 74.9 MWac single-axis tracking solar
2 facility located in Hardee County, Florida. The project is using solar modules mounted
3 to a tracking system, yielding an expected capacity factor of approximately 29.0%. The
4 project is using 430-watt modules, procured from Hanwha Q Cells America, Inc.,
5 tracking system procured from Array Technologies, Inc, and inverters sourced from
6 TMEIC. The facility is being constructed upon approximately 610 acres that are leased.
7 The site is primarily citrus groves and cattle grazing land and relatively flat with
8 minimal sloping that allowed for the use of a tracking system. The point of
9 interconnection is a new DEF 230 kV substation located on-site. Wanzek was selected
10 to perform final facility engineering, design and construction. The project anticipates
11 being placed in-service in December 2021.

12 The Duette Project is a 74.5 MWac single-axis tracking solar facility located in
13 Manatee County, Florida. The project will utilize solar modules mounted to a tracking
14 system, yielding an expected capacity factor of approximately 28%. The project is
15 using 425-watt modules, procured from Hanwha Q Cells America, Inc., single-axis
16 racking system will be procured from Array Technologies, Inc., and inverters sourced
17 from TMEIC. The facility will be constructed upon approximately 520 acres that will
18 be purchased. The site is primarily citrus groves and is relatively flat with minimal
19 sloping that will allow for the use of a tracking system. The point of interconnection
20 is the existing Dry Prairie 230/69 kV Substation. Moss was selected to perform final
21 facility engineering, design and construction. The project anticipates being placed in-
22 service in December 2021.

1 ~~The Archer Solar Power Plant is a 74.9 MWac solar facility located in Alachua~~
2 ~~County, Florida. The project is a single-axis tracking facility, yielding an expected~~
3 ~~capacity factor of approximately 28%. The project is using 440-watt thin film Series 6~~
4 ~~modules, procured from First Solar, Inc., single-axis racking system procured from~~
5 ~~Array Technologies, Inc. and inverters sourced from TMEIC. The facility will be~~
6 ~~constructed upon approximately 630 acres of mostly flat pine timber land with minimal~~
7 ~~sloping allowing for the use of a tracking system. The point of interconnection is the~~
8 ~~existing DEF Archer 230/69 kV Substation. B&V was selected to perform final facility~~
9 ~~engineering, design and construction. The project anticipates being placed in service~~
10 ~~by December 2021.~~

11 The development and construction of the ten SOBRA projects has led to several
12 key lessons learned for development, engineering, procurement and construction. In
13 general, these projects required approximately 600 acres each, land was selected that
14 minimized environmental impacts, reduced construction costs by utilizing flat land
15 with proper soil conditions and a minimum amount of clearing. Project design was
16 optimized with single-axis tracking or a fixed tilt with enough land to support higher
17 DC/AC ratios for achieving targeted capacity factors. The team has had success using
18 both thin film (First Solar) and crystalline solar panels (such as Hanwha Q Cells).
19 Balance of system equipment that has proven cost effective and reliable such as TMEIC
20 inverters and racking systems from Array Technologies. We have worked with and
21 identified several key strong EPC firms including Mortenson, Black & Veatch,
22 Wanzek, and Moss. We have gained experienced connecting to the solar projects at
23 various points on the transmission system, including connecting at 69kV, 115kV, and

1 230kV, in some cases by building new switching stations to break a line or by
2 connecting into an existing substation. In conclusion, developing and building the ten
3 SOBRA projects has provided us with a set of best practices and strong partners to
4 advance the next ten projects under the CEC program.

5
6 **Q. Please describe the CEC Program DEF is presenting for approval.**

7 A. DEF's CEC Program consists of ten separate solar projects, with a nameplate capacity
8 of approximately 750 megawatts (MW) of universal solar generation. Each solar
9 project is planned to be 74.9 MW, with an assumed capacity factor of 28%. The first
10 two projects are planned to come online in early 2022, while the next four will go in
11 service in 2023. The last four will go into service in 2024. Collectively, these projects
12 will generate approximately 1,837,147 MWhs per year when all are in-service and
13 operating.

14
15 **Q. Does DEF have specific sites selected for any of the ten projects that make up the**
16 **CEC Program?**

17 A. No, DEF has a robust pipeline of advanced projects that it is evaluating for inclusion
18 in the CEC program, including both greenfield projects and projects that are under
19 development by third parties. Final selection is highly dependent on the completion of
20 interconnection studies for the projects under review. However, the process for
21 selecting sites is the same as I have previously described in connection with DEF's
22 three SOBRA filings for universal solar projects placed into service pursuant to the
23 2017 Settlement. Specifically, DEF has been and will continue a comprehensive

1 review of greenfield sites (including sites that it already owns) and projects already in
2 development in DEF's service territory. DEF identified projects already in the
3 interconnection queue with favorable queue positions. DEF is willing to purchase solar
4 projects in various stages of completion from third-party developers, but projects must
5 meet our standards of development and construction and fit into our strategic build
6 plan. The primary factors when considering the purchase of a third-party developed
7 site are interconnection queue position for transmission connection to the grid and
8 expected grid upgrades, environmental impacts, constructability of the site,
9 development status and schedule, overall cost, quality/type of materials (such as panel,
10 inverter and racking, manufacturers), project location, zoning entitlements, experience
11 and competencies of developer, and construction schedule. DEF expects that the ten
12 solar projects for the CEC Program will be selected from among this list of qualified
13 projects.

14

15 **Q. What are the assumed costs for the solar projects that make up the CEC**
16 **Program?**

17 A. DEF anticipates that the 2022 projects will each cost approximately \$113 million
18 including approximately \$10 million in transmission network upgrades. The 2023
19 projects are expected to cost approximately \$106 million each including \$10 million in
20 network upgrades, while the 2024 projects are each projected to cost \$102 million
21 including \$10 million in network upgrades. These costs translate to a per kW cost of
22 \$1,372/kWac for the 2022 projects, \$1,273/kWac for the 2023 projects, and
23 \$1,222/kWac for the 2024 projects before the network upgrades.

1 **Q. How did DEF develop the costs for the various solar projects without specific sites**
2 **selected?**

3 A. DEF is actively engaged in the Florida solar market. At the time of drafting this filing,
4 we have five projects that have recently completed construction and are in operation,
5 two projects under construction, and three projects that are at the final development
6 stage with agreements in place for panel supply and transformers and with final
7 selection of construction contractors completed. As explained above, DEF, under my
8 specific direction, has brought several solar projects on-line and has contracts in place
9 for several more. Most recently, in connection with the third SOBRA filing, DEF has
10 specific pricing information on several solar projects that are expected to come on-line
11 in late 2021, right before the first two 2022 CEC Program solar projects. By building
12 on that recent experience with solar facility pricing, and layering in appropriate
13 adjustments to the market that are forecasted for 2023 and 2024, DEF believes that its
14 projected solar project costs are conservative and reasonable for inclusion in the CEC
15 Program.

16
17 **Q. Did DEF take any other action to confirm the reasonableness of its assumed**
18 **project costs?**

19 A. Yes, I contacted several major panel suppliers to confirm the panel pricing for the 2022
20 solar projects and to obtain proposals for panel supply for the 2023 and 2024 project.
21 Based on the information they informally provided, the assumed panel prices for those
22 projects are appropriate. In addition, we have had EPC firms conduct site visits and
23 provide pricing quotes for the potential 2022 projects and we expect similar

1 construction costs for the 2023 and 2024 projects. Finally, we have confirmed our costs
2 estimates for the remaining components of a typical solar power plant including the
3 project substation and transformer, the SCADA system, real estate and development
4 expenses, construction management, and all interconnection costs typically included in
5 a Large Generator Interconnection Agreement.

6

7 **Q. Should the Commission approve the CEC Program based on the projected solar**
8 **costs you have provided in this testimony?**

9 **A.** Yes. DEF's active participation in the solar market developing and constructing the 10
10 SOBRA projects provides a baseline for cost estimating the 2022 CEC projects that
11 will be constructed in the same year as the final three SOBRA projects. In addition,
12 DEF's work with outside suppliers and knowledge of the construction market has
13 provided the guidance necessary to estimate costs to construct the 2023 and 2024 CEC
14 projects.

15

16 **Q. Does that conclude your testimony?**

17 **A.** Yes.

18

1 BY MS. TRIPLETT:

2 Q Mr. Stout, please summarize your testimony.

3 A Good afternoon. I can be brief here with my
4 summary.

5 My direct testimony supports DEF's request for
6 approval of its new Clean Energy Connection Program and
7 Tariff, the CEC Program. Specifically, I support DEF's
8 ability to develop and construct the 10 projects
9 included in the program such that first they are
10 completed in the timeframe presented. Second, that they
11 are constructed within the projected cost. And finally,
12 third, that they are capable of producing the energy
13 forecasted for the CEC Program.

14 And that concludes my summary. Thank you.

15 MS. TRIPLETT: We tender Mr. Stout for cross.

16 Thank you.

17 CHAIRMAN CLARK: Thank you very much.

18 Mr. Bradley.

19 MR. LUEBKEMANN: Hi, good evening,
20 Commissioner. Actually, it's going to be Jordan
21 for LULAC.

22 CHAIRMAN CLARK: I am sorry. Would you state
23 your name again for the record?

24 MR. LUEBKEMANN: Jordan Luebkekmann for LULAC.

25 CHAIRMAN CLARK: You are breaking up on us a

1 little bit, so let's let you get started and we
2 will see if we can still understand you.

3 MR. LUEBKEMANN: Can you hear me now?

4 CHAIRMAN CLARK: I can hear you now.

5 MR. LUEBKEMANN: All right. I will try to
6 speak loudly and clearly.

7 EXAMINATION

8 BY MR. LUEBKEMANN:

9 Q Good afternoon, Mr. Stout.

10 A Hi. Good afternoon.

11 Q So for the actual generation aspect of the CEC
12 Program, Duke builds -- Duke plans to build 10 solar
13 projects each with the nameplate capacity of 74.9
14 megawatts?

15 A That is correct.

16 Q Why not go with a round 75 megawatts?

17 A Well, that would trigger additional
18 permitting, which would make it very difficult to
19 complete the program in this timeframe, and would add to
20 the cost of the program.

21 Q You are talking about the Power Plant Siting
22 Act?

23 A That is correct.

24 Q Okay. So Duke intentionally designed the
25 program to avoid review under the Power Plant Siting

1 **Act?**

2 A I wouldn't say it that way. I would say that
3 95 percent of all projects put into our transmission
4 queue are designed at that size, and so that is where
5 the market has moved because of regulations in the
6 market.

7 **Q To precisely the size of 74.9?**

8 A Well, oftentimes we've seen 74.5. We've seen
9 a number of variations that are approximately that size.

10 **Q Okay. And under the CEC Program, customers**
11 **would be subscribing to the entire program, not a**
12 **particular solar plant?**

13 A That is correct.

14 **Q Okay. And the total size of the program and**
15 **its associated solar projects is 749 megawatts?**

16 A That is correct.

17 **Q In your testimony, you note Duke's experience**
18 **with building solar in recent years. Duke has built or**
19 **began work on 13 utility -- well, 12 utility-scale solar**
20 **projects in the past five years, is that correct?**

21 A That is correct.

22 **Q And I understand that not all of these**
23 **projects have been completed, but has Duke had a chance**
24 **to evaluate the accuracy of its forecasted capacity**
25 **factors for those that are in operation?**

1 A Yes, we have.

2 **Q And Duke has found those projections to be**
3 **reasonably accurate?**

4 A Absolutely. Yes.

5 **Q What is the capacity factor expected for the**
6 **solar project proposed under the CEC Program?**

7 A So we are including 28 percent net capacity
8 factor, and that is the plant capacity factor. And
9 oftentimes, folks confuse the efficiency of panels,
10 which is the ability to convert solar energy into
11 solar -- or energy output. The efficiency factor on
12 panels is a separate thing. The plant itself is
13 designed to produce 28 percent NCF, net capacity factor.

14 **Q So that's the capacity factor after it's sort**
15 **of been chewed up and spit out by the inverter that's**
16 **actually going on to the grid?**

17 A Yes, if you take the megawatt hours per year
18 produced, divide that by the nameplate capacity that
19 could have been produced, that will result in the net
20 capacity factor.

21 **Q And that 28 percent projected capacity factor**
22 **is your best estimate for the capacity factor of the CEC**
23 **projects?**

24 A It is.

25 **Q And that capacity factor is within the range**

1 of the recently completed or underway similarly sized
2 projects that Duke has begun in the last five years?

3 A It is in the range. We've had some exceed it.
4 We've had some come in below it, but it is definitely
5 within the range.

6 Q Okay. Thank you.

7 I would like to now direct your attention to
8 your testimony at page 13, and that would be lines 17
9 through 21. Just let me know when you are there.

10 A I am on page 13. Tell me the lines again,
11 please.

12 Q Sure. I guess start with the question, so 15
13 through 21.

14 A Okay. I am there.

15 Q Okay. So the -- this section of your
16 testimony talks about the per project cost of building
17 plants, is that correct?

18 A Yes, it does.

19 Q Okay. And the per project cost of building
20 each plant along with this transmission upgrade reflects
21 the total cost of bringing that new plant on-line, is
22 that correct?

23 A That's correct.

24 Q Okay. So if Duke were to construct all of the
25 same arrays proposed under this program without the CEC

1 Program and its associated tariff, the total cost to put
2 that solar on the grid would be identical to the costs
3 shown here?

4 A Yes, it would. And we designed for the most
5 cost-effective projects regardless of the way the
6 revenue is recovered, we are going for lowest installed
7 cost, lowest operating cost and most efficient
8 production.

9 So I am pretty much, you know, cost agnostic
10 to the program designed to optimize the
11 cost-effectiveness.

12 Q Okay. So now looking at the three years that
13 the proposed plants would come on-line from this
14 section, that being 2022, 2023 and 2024, the project
15 cost of each tranche of solar goes down from 113 million
16 per project in 2022 to 106 million per project in 2023,
17 and then to 102 million per project in year 2024, but
18 during that time the cost listed for transmission
19 network upgrades remains constant, so this is a
20 reflection of the falling cost of solar?

21 A Is that a question or a statement?

22 Q Yeah, I am sorry. I should have inflected
23 that better.

24 Is this a -- is this a reflection of the
25 falling cost of solar?

1 A It is. So transmission network upgrades, very
2 different type of equipment and labor than what is going
3 into the pricing of a solar generation project.

4 **Q Okay. But just to clarify, the trend line**
5 **here is that the price over the next three years to**
6 **install a utility-scale at this 74.9 sized utility-scale**
7 **solar project is declining in Duke's projections?**

8 A Yes, it is. And it is consistent with the
9 solar industry in terms of a declining cost curve, which
10 makes it very attractive and competitive with
11 non-renewables.

12 **Q We would tend to agree.**

13 **Of the 13 solar projects that are in progress**
14 **or completed by Duke in the past five years, none have**
15 **been constructed using a subscription model; is that**
16 **correct?**

17 A That is correct.

18 **Q Okay, thank you very much, Mr. Stout.**

19 A Sure.

20 CHAIRMAN CLARK: Mr. Rehwinkel.

21 MR. REHWINKEL: Thank you, Mr. Chairman. No
22 questions for this witness.

23 CHAIRMAN CLARK: Mr. Moyle.

24 MS. PUTNAL: Thank you. This is Karen Putnal
25 for FIPUG. No questions.

1 CHAIRMAN CLARK: All right. Thank you, Ms.
2 Putnal.

3 All right, Staff.

4 MR. STILLER: No cross of this witness from
5 Staff.

6 CHAIRMAN CLARK: All right. Commissioners, do
7 you have any questions?

8 COMMISSIONER BROWN: I have a question.

9 CHAIRMAN CLARK: Commissioner Brown.

10 COMMISSIONER BROWN: Thank you, Mr. Chairman.
11 And thank you, Mr. Stout for your brief
12 testimony today.

13 Regarding a comment you just made, saying that
14 Duke Energy Florida plans to install the lowest
15 installed costs and the lowest operational costs.
16 I looked through the stipulation thoroughly, and
17 that representation is not in there. And I know
18 that your testimony has the assumed costs for the
19 solar project; however, I am looking at the
20 stipulation along with your testimony, and I just
21 don't seem to marry those affirmations you just
22 testified to.

23 THE WITNESS: If you would like, I could
24 explain, I think, something that would help marry
25 those two concepts.

1 COMMISSIONER BROWN: Sure.

2 THE WITNESS: Saying that we are building to
3 lowest cost is clearly a frame of mind in one, you
4 know, a culture that we've instilled in our
5 company. The way I would marry the two is that we
6 have agreed in the stipulation to a competitive
7 request for proposals for all major equipment and
8 for the engineering, procurement and construction
9 services, and I talked in that -- in my testimony
10 and the stipulation about the fact that over 95
11 percent of the costs are represented in the major
12 equipment panels, the inverters, the transformers
13 and the EPC services, which generally refer to the
14 construction contract. And by competitively
15 procured -- procuring those services in that
16 material, we do achieve the lowest cost.

17 COMMISSIONER BROWN: And again, it's just the
18 prior SoBRA projects had a maximum installed, you
19 know, cost cap on there, and it gave -- at least it
20 gave myself some comfort that they were prudent and
21 reasonable, and in the public interest, along with
22 the -- with all the other testimony that went along
23 with that. And this, I appreciate you vowing that
24 it will be the lowest installed costs, but also the
25 lowest operational costs. And that's something

1 completely separate. The operational costs, that's
2 within the Duke Energy Florida's control.

3 So having -- having the representation in the
4 stipulation to that effect would give me a little
5 bit more comfort, since you are saying it's not
6 necessarily in the testimony, but you are saying it
7 today on the stand here.

8 THE WITNESS: I think what I would ask is
9 that, you know, our expert witness, Ben Borsch,
10 runs the full net present value for the projects as
11 they are designed for the program to determine the
12 bill credit. And certainly, I think he could
13 discuss the operational costs that are in his
14 testimony and analytics.

15 COMMISSIONER BROWN: But things like procuring
16 the land, the specific sites which have not been
17 identified yet, these are not to scale projects,
18 and they can vary as the real estate market in
19 Florida very exponentially county by county.

20 So, you know, again, just dealing with what
21 we've approved prior, it does -- having that type
22 of expectation of reasonableness is really -- has
23 been our standard.

24 THE WITNESS: Yes. So -- I mean, clearly we
25 have demonstrated that we could deliver the

1 projects under SoBRA at the costs that were filed
2 and on the schedule we presented. We have not
3 exceeded those projections in any way such that we
4 would require the Commission to revisit that
5 filing, or those approvals of the projects.

6 And I would say the cost cap, to some degree,
7 hampered my ability to achieve lowest cost when all
8 the counter-parties who I am dealing with review
9 these dockets and tell me what these projects are
10 allowed to cost. And we have to tell them, no, we
11 are committed to a competitive RFP. We are
12 committed to, you know, cost-effectiveness, which
13 is part of that particular program. We are
14 committed to, you know, delivering these at a
15 benefit for ratepayers.

16 So -- and we showed that we delivered those
17 projects well below the cost cap, and compared
18 those projects to other utilities to demonstrate
19 that we were competitive on costs.

20 So I would say that our track record is the
21 thing that I would point to in terms of our ability
22 to hit these projected costs.

23 COMMISSIONER BROWN: And what -- thank you. I
24 appreciate all of that as well, and the commitment
25 to that, but what happens if the cost exceeds the

1 projections? What is the posture that Duke would
2 proceed?

3 THE WITNESS: So I think the best way to
4 address that -- I know it's addressed in direct
5 testimony and in discovery, and Mr. Greg Foster
6 addresses that specifically if costs were to exceed
7 the estimates.

8 But I would tell you that as the one taking
9 the lead on estimating the cost for the program,
10 and going out to bid for the materials and the
11 construction contracts, if for any reason the costs
12 were, you know, if something happened in the market
13 that significantly changed the costs and our
14 projections were not going to be delivered as
15 promised, I think we would stop what we are doing.
16 We would huddle together with all the stakeholders
17 involved. I think, you know, my first call would
18 be to Dianne and Ben and Greg, and I think they
19 would want to bring that to the Commission's
20 attention.

21 But to date, we haven't seen those kinds of
22 major disruptions that have done that to our costs.
23 We managed through a tariff that was implemented
24 after SoBRA was approved. We have managed through
25 supply restrictions under the current pandemic, and

1 we have been able to control the real estate
2 process, like you referred to, because of our
3 ability to pivot and walk away from deals that
4 don't look attractive.

5 So, you know, that, so far, we have just not
6 seen anything like that that would cause me to
7 think we can't go over this particular set of
8 projections.

9 COMMISSIONER BROWN: Thank you for those
10 assurances.

11 I don't think I have anything further to add,
12 but -- oh, other than with this 749 megawatts of
13 installed solar, does Duke Energy Florida continue
14 to pursue SoBRA projects -- utility-scale solar
15 projects over the life of this project as well?

16 THE WITNESS: There is just a bit of overlap
17 in that we will be finishing construction on our
18 last three SoBRA projects next year, in 2021, while
19 we will be constructing the first two projects of
20 CEC that come on-line in January of 2022. So there
21 is just a bit of overlap.

22 And then our focus will be to deliver the 10
23 projects as part of this program. And beyond that,
24 I would refer to the 10-year site plan. And that,
25 again, is Mr. Borsch who could talk about plans

1 beyond the CEC.

2 COMMISSIONER BROWN: Thank you. Thank you for
3 your testimony.

4 CHAIRMAN CLARK: Thank you, Commissioner
5 Brown.

6 Other Commissioners?

7 Commissioner Fay.

8 COMMISSIONER FAY: Thank you, Mr. Chairman.

9 And I share some of Commissioner Brown's
10 comments about the exceeding of the costs. I am
11 more of a coupon person, right? So I think of how
12 we can save, in areas you might be able to save in.

13 So we have some municipalities that are a part
14 of this project, and you mentioned at the beginning
15 one of the projects that was struck from your
16 testimony relating to permit. I know you didn't
17 intend to focus on that, but just from the
18 perspective of the Commission looking at how we go
19 forward, and what components of this project that
20 may be beneficial that otherwise would be
21 available, do the relationships with municipalities
22 in any way help save costs and/or permitting
23 complications going forward, is that favorable?

24 THE WITNESS: Can you repeat the question? I
25 think what you are saying is does the relationship

1 with a municipality help change the cost of our
2 projects in this program, is that your question?

3 COMMISSIONER FAY: Yeah, it is, and it's
4 probably a two-for-one, obviously being from a cost
5 permitting perspective, just going through the
6 regulatory process, which we know is complex
7 depending on the area, but the other is that
8 sometimes municipalities have an ownership of land
9 that could be used for projects that aren't used
10 otherwise. So I am trying to ensure that those
11 sort of opportunity for savings are made available
12 and get confirmation from you that things like that
13 aren't off the table?

14 THE WITNESS: No, they are not off the table.
15 Any municipality that approaches us with land, we
16 will absolutely consider it. I think there will be
17 a need to achieve fair market value on any land
18 transactions. But with that said, if a county, a
19 city, a town, generally is excited about the
20 opportunity and the program, and welcomes us into
21 the community, that certainly reduces the cost for
22 permitting if, you know, that, you know, you won't
23 face legal challenges that could add to costs.

24 COMMISSIONER FAY: Okay. Great. Thank you.
25 That's all I had, Mr. Chair.

1 CHAIRMAN CLARK: Thank you, Commissioner Fay.
2 Other questions?

3 All right, Mr. Stout, I have one -- just a
4 couple of questions.

5 You mentioned the capacity factor of the
6 system being anticipated, or projected to be 28
7 percent. Is this low compared to other systems of
8 this size?

9 THE WITNESS: No. It's right about what we
10 would expect for solar in Florida. It's -- in
11 fact, it's probably a little bit higher than some
12 of the other utilities who are, you know, more
13 constrained either by their wind rating or by the
14 land; but, no, I would not consider it low. I
15 would say it's very, very attractive to hit 28
16 percent.

17 CHAIRMAN CLARK: And when you talk about
18 capacity factor, of course we are talking about
19 energy capacity at that point and not specifically
20 demand. Could you describe for us what impacts
21 this system would have on your demand capacity in
22 terms of your contribution to peak?

23 THE WITNESS: That would be Ben Borsch who
24 could address that. He does that as part of the
25 analysis in IRP. I just work on the design of the

1 plant.

2 CHAIRMAN CLARK: All right. We will hold that
3 question for Mr. Borsch then.

4 Any other questions from Commissioners?

5 All right. Seeing none, redirect, Ms.
6 Triplett.

7 MS. TRIPLETT: I have no redirect. He has no
8 exhibits, and may Mr. Stout be excused?

9 CHAIRMAN CLARK: Yes. The witness is excused.
10 Thank you for your testimony, Mr. Stout.

11 MS. TRIPLETT: Thank you.

12 THE WITNESS: Thank you.

13 (Witness excused.)

14 CHAIRMAN CLARK: All right. Ms. Triplett, you
15 are still up. Next witness, please.

16 MS. TRIPLETT: Thank you.

17 Duke Energy calls Mr. Foster.

18 Whereupon,

19 THOMAS G. FOSTER

20 was called as a witness, having been previously duly
21 sworn to speak the truth, the whole truth, and nothing
22 but the truth, was examined and testified as follows:

23 EXAMINATION

24 BY MS. TRIPLETT:

25 Q And would you please introduce yourself to the

1 **Commission and provide your address?**

2 A Yeah, my name is -- good morning -- or good
3 afternoon.

4 My name is Thomas Foster, and I work for Duke
5 Energy Florida. My business address is 2991st Avenue
6 North, St. Petersburg, Florida.

7 **Q And you were previously sworn, correct?**

8 A That's correct.

9 **Q And what is your position at Duke Energy?**

10 A I am the Director of Rates and Regulatory
11 Planning.

12 **Q Have you filed direct testimony in this**
13 **proceeding?**

14 A Yes.

15 **Q Do you have of that testimony with you today?**

16 A Yes.

17 **Q Do you have any changes to make to your**
18 **prefiled direct testimony?**

19 A No.

20 **Q If I asked you the same questions in your**
21 **prefiled direct testimony today, would you give the same**
22 **answers that are in your prefiled testimony?**

23 A Yes.

24 MS. TRIPLETT: We request that the prefiled
25 direct testimony be entered into the record as

1 though read today.

2 CHAIRMAN CLARK: So ordered.

3 MS. TRIPLETT: Thank you.

4 (Whereupon, prefilled direct testimony of
5 Thomas G. Foster was inserted.)

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**IN RE: DUKE ENERGY FLORIDA, LLC'S PETITION FOR APPROVAL OF
CLEAN ENERGY CONNECTION TARIFF AND PROGRAM**

FPSC DOCKET NO. _____

DIRECT TESTIMONY OF THOMAS G. FOSTER

JULY 1, 2020

1 **Q. Please state your name and business address.**

2 A. My name is Thomas G. Foster. My business address is Duke Energy Florida, LLC, 299
3 1st Avenue North, St. Petersburg, Florida 33701.

4

5 **Q. By whom are you employed and what is your position?**

6 A. I am employed by Duke Energy Florida, LLC ("DEF" or the "Company") as Director
7 of Rates and Regulatory Planning.

8

9 **Q. Please describe your duties and responsibilities in that position.**

10 A. I am responsible for regulatory planning and cost recovery for Duke Energy Florida,
11 LLC ("DEF"), including the Company's filing for recovery of its investments in solar
12 projects.

13

14 **Q. Please describe your educational background and professional experience.**

15 A. I joined the Company on October 31, 2005 in the Regulatory group. In 2012, following
16 the merger with Duke Energy Corporation ("Duke Energy"), I was promoted to my
17 current position. I have 6 years of experience related to the operation and maintenance

1 of power plants obtained while serving in the United States Navy as a Nuclear Operator.
2 I received a Bachelor of Science degree in Nuclear Engineering Technology from
3 Thomas Edison State College. I received a Master of Business Administration with a
4 focus on finance from the University of South Florida and I am a Certified Public
5 Accountant in the State of Florida.

6

7 **Q. What is the purpose of your testimony?**

8 A. The purpose of my testimony is to explain the financial modeling performed to
9 calculate the subscription fees and bill credits associated with DEF's Clean Energy
10 Connection Program ("CEC").

11

12 **Q. Have you prepared, or caused to be prepared under your direction, supervision,
13 or control, exhibits in this proceeding?**

14 A. Yes. I am sponsoring the following exhibit:

15 Exhibit No.__(TGF-1), "Summary of CEC Program Revenue Requirements,
16 Subscription Fees, and Bill Credits."

17 This exhibit is true and accurate.

18

19 **Q. Please provide an overview of the modeling performed to support the calculation
20 of the subscription fees and bill credits associated with the CEC Program.**

21 A. As described more fully by DEF witness Borsch, the financial modeling for the CEC
22 Program is consistent with that used in DEF's Solar Base Rate Adjustment ("SOBRA")
23 dockets. The revenue requirements underpinning this analysis were used to develop

1 the Program subscription fees and bill credits. DEF calculated the total revenue
2 requirements over a 30-year period for each of the ten projects. In addition to the
3 traditional capital and operating costs, DEF included certain administrative costs in the
4 revenue requirements. DEF calculated the benefits associated with the ten projects
5 from both a fixed and variable perspective. The variable benefits, described in further
6 detail by DEF's witness Borsch, more than offset the fixed revenue requirements and
7 result in a projected \$533 million Cumulative Present Value of Revenue Requirements
8 ("CPVRR") net benefit to customers.

9

10 **Q. How do the design features of the CEC Program impact the development of the**
11 **subscription fees and bill credits?**

12 A. As further described in the testimony of Mr. Lon Huber, there are several design
13 features that impact the development of the subscription fees and bill credits. First,
14 based on customer feedback, DEF designed the participant pricing for the CEC
15 Program to achieve a 7-year simple payback period. Second, it is designed so that the
16 subscription fees more than cover the fixed revenue requirements of the program. This
17 can be seen in Exhibit No. __ (TGF-1) which shows that the projected subscription fee
18 revenues are greater (104.9%) than the fixed revenue requirements. By allocating more
19 than 100% of the fixed revenue requirements to participants, some of the benefits that
20 accrue to the general body of customers are fixed. Third, DEF designed the CEC
21 Program in such a way that resulted in 87.3% of the CPVRR net benefit being allocated
22 to the general body of DEF's customers, and the remaining 12.7% being allocated to
23 the CEC Program participants. To achieve this result, DEF allocated approximately

1 32.1% of the estimated variable revenue benefits to the general body of customers,
2 while the remaining 67.9% of the estimated variable benefits were allocated to
3 participants. These assumptions result in a net CPVRR benefit both for participants
4 and the general body of customers.

5

6 **Q. What are the total fixed revenue requirements for DEF's CEC Program?**

7 A. As shown on my Exhibit No.__(TGF-1), the total fixed revenue requirements for all
8 projects, including program marketing and administrative costs, is approximately
9 \$2.745 billion in nominal dollars, which results in a CPVRR equivalent of
10 approximately \$1.148 billion. This amount represents the fixed costs associated with
11 constructing and operating the 10 CEC solar plants.

12

13 **Q. What fixed system benefits are expected to arise as a result of the construction of**
14 **the solar energy centers proposed for the CEC Program?**

15 A. As shown on Exhibit No.__(TGF-1), DEF expects to realize approximately \$1.188
16 billion in nominal fixed system benefits, with a CPVRR equivalent of approximately
17 \$353.5 million. These system benefits relate to the avoidance of generation capital,
18 transmission capital, fixed O&M, and gas reservation charges.

19

20 **Q. What is the resulting net CPVRR for the fixed revenue requirements after**
21 **accounting for the fixed system benefits?**

22 A. The resulting net CPVRR of the fixed revenue requirements is approximately \$794.2
23 million.

1

2 **Q. How did DEF translate that net CPVRR figure into the monthly subscription rate**
3 **and corresponding subscription fee?**

4 A. The DEF CEC Program is designed to recover 104.9% of the program fixed revenue
5 requirements from the participants through a levelized subscription rate. This amounts
6 to \$833.4 million in net CPVRR (104.9% of \$794.2 million). DEF divided the \$833.4
7 million by the present value of the available nameplate MW_{AC} over the 30-year period
8 (8,317.4 MW_{AC}) to develop a levelized annual rate of \$100.20 per kW-year. The
9 annual rate of \$100.20 per kW-year is divided by 12 to get the monthly subscription
10 rate of \$8.35 per kW-month. The subscription rate is multiplied by the participant's
11 subscription level resulting in the subscription fee that will appear on the participants
12 bill.

13

14 **Q. What is the amount of the fixed revenue requirement CPVRR benefit for the**
15 **general body of customers proposed by DEF?**

16 A. DEF projects that the general body of customers will receive \$39.2 million of fixed
17 revenue requirement CPVRR benefit over the life of the CEC Program.

18

19 **Q. Please describe the total variable system benefits expected to arise as a result of**
20 **the CEC Program.**

21 A. As shown on my Exhibit No.__(TGF-1), DEF expects to realize nominal variable
22 benefits of \$4.7 billion, which results in a CPVRR equivalent of \$1.3 billion. These
23 benefits primarily relate to avoided fuel, variable O&M, and emissions costs.

1

2 Q. **What percentage of the total CPVRR benefit is going to participants in the DEF**
3 **CEC Program?**

4 A. 12.7% of the total CPVRR net benefits (\$67.6 million) flow to Program participants.
5 87.3% of the total CPVRR net benefit (\$465.1 million) is going to the general body of
6 customers.

7

8 Q. **How did DEF translate these system benefits into a bill credit rate and**
9 **corresponding monthly bill credit?**

10 A. The bill credit rate was developed mathematically based on Program design parameters
11 and assumptions. As mentioned earlier, the Program was designed to have a 7-year
12 simple payback, CPVRR of subscription fee revenues exceed fixed program costs, and
13 a 1.5% escalation in the bill credit rate was assumed beginning year 4. Once these
14 elements were incorporated into the model, DEF solved for a credit level that would
15 work within this framework.

16

17 Q. **What is the resulting bill credit rate that will be offered to DEF CEC Program**
18 **Participants?**

19 A. In the first year of enrollment, participants (other than low income) would receive a bill
20 credit rate of \$0.04037 for every kWh produced by their subscription capacity. It will
21 then escalate by 1.5 percent annually beginning with the fourth year which is the
22 planned first full year of production from all 10 solar facilities. Escalation will

1 discontinue in the 31st year of the program as facilities reach their projected useful life
2 of 30 years.

3

4 **Q. How was the low income bill credit rate developed?**

5 A. The low income bill credit rate was developed to deliver low income participants the
6 same CPVRR benefit per kw subscribed but does not include the 1.5% annual
7 escalation. Additionally, the credit is on a per kw vs per kWh basis which removes
8 variability on the upside or downside associated with fluctuations in plant generation.
9 This design yields a consistent bill credit for low income customers that more than
10 offsets the subscription fee in every month over the life of the Program.

11

12 **Q. Do the total variable savings resulting from the CEC Program exceed the bill
13 credit?**

14 A. Yes, DEF projects that the total variable savings will exceed the bill credit paid to the
15 participants and lead to the expected \$425.9 million of variable revenue benefits
16 accruing to the general body of customers. While the amount of the bill credit being
17 paid to participants is projected to exceed the actual variable savings during the early
18 years, the actual annual variable savings are projected to be greater than the bill credit
19 to be paid to participants over the life of the CEC Program. This is demonstrated on
20 my Exhibit No.__(TGF-1).

21

22 **Q. How does DEF propose to recover the base revenue requirements associated with
23 the CEC Program?**

1 A. Consistent with the methodology the FPSC recently approved in FPL's Solar Together
2 program, DEF proposes to recover base recoverable costs through base rates. The
3 monthly difference between the levelized subscription fees and the actual base revenue
4 requirements, including the revenue requirements allocated to the general body of
5 customers, will be reflected as base rate recoverable costs or benefits and included
6 within DEF's earnings surveillance reports. At the time of DEF's next base rate case
7 during which the solar projects are in service, DEF will include revenue related to the
8 projected levelized subscription fees from participants and the projected base revenue
9 requirements will be included for recovery via base rates.

10

11 Q. **How does DEF propose to recover the bill credit that will be provided to the CEC
12 Program participants?**

13 A. DEF proposes to recover these costs within the Fuel Clause, allocated based on kWh
14 sales. Over the course of the life of the CEC Program, the variable system benefits are
15 projected to reduce the fuel factor charged to all customers.

16

17 Q. **Does that conclude your testimony?**

18 A. Yes.

19

1 BY MS. TRIPLETT:

2 Q Mr. Foster, please summarize your direct
3 testimony.

4 A All right. Good afternoon.

5 My direct testimony explains the financial
6 modeling performed to calculate the subscription fees
7 and bill credits associated with DEF's Clean Energy
8 Connection Program. The financial modeling for the CEC
9 Program is consistent with that used in DEF's solar base
10 rate adjustment dockets, SoBRA.

11 The revenue requirements underpinning this
12 analysis were used to develop the program's subscription
13 fees and bill credits. DEF designed the program so that
14 the subscription fees more than cover the fixed revenue
15 requirements of the program.

16 My testimony shows that the project -- the
17 projected subscription fee revenues are greater to the
18 tune of almost 105 percent than the fixed revenue
19 requirements. By allocating more than a hundred percent
20 of those revenue requirements, the participants, some of
21 the benefits that accrued to the general body of
22 customers are fixed.

23 DEF also designed the CEC Program in such a
24 way that it resulted in 87.3 percent of the CPVRR
25 benefit being allocated to the general body of

1 customers, and the remaining 12.7 percent going to the
2 program participants. These assumptions result in a net
3 CPVRR benefit, both for participants and the general
4 bodies of customers.

5 Thank you.

6 MS. TRIPLETT: We tender Mr. Foster for cross.

7 CHAIRMAN CLARK: Thank you very much.

8 All right. LULAC, who will be crossing this
9 witness?

10 Mr. Marshall.

11 MR. MARSHALL: Thank you.

12 EXAMINATION

13 BY MR. MARSHALL:

14 Q Good afternoon, Mr. Foster.

15 Mr. Foster, Duke is rate basing the planned
16 solar units here, is that right?

17 A That is the proposal under the stipulation,
18 yes.

19 Q And with an investment of this size, over the
20 life of the program, Duke would expect to make something
21 in the range of tens every millions of dollars for its
22 investors, is that right?

23 A Regulated utilities in the state of Florida do
24 make a return on investment, they make on plants of any
25 type. So I haven't done the calculation, but yes.

1 Q And in looking at a subscription solar model,
2 you would agree that customers looking to participate
3 have a desire for a program like the one Duke is
4 proposing?

5 A Yes.

6 Q And you maintain that the Clean Energy
7 Connection Program is designed to recover 104.9 percent
8 of the program's fixed revenue requirements from
9 participants?

10 A Yes. That's correct.

11 Q If I could -- I am sorry.

12 If I could direct your attention to your
13 Exhibit TGF-1.

14 A Okay.

15 Q This exhibit summarizes the Clean Energy
16 Connection Program revenue requirement subscription fees
17 and bill credits based on the mid fuel carbon cost
18 scenario, is that right?

19 A That is correct.

20 Q And that 104.9 percent figure comes from the
21 833.4 million as cumulative present value revenue
22 requirement value of the subscription fees compared to
23 the projected 794.2 million CPVRR value in projected
24 fixed revenue requirements costs, is that right?

25 A Yes.

1 Q Isn't it true, though, that participants are
2 projected to receive 901 million in cumulative present
3 value in the form of bill credits?

4 A There are bill credits associated with the
5 program. And if you are asking if the CPVRR is 901
6 million, I would agree with that.

7 Q That was my question. Thank you.

8 And those bill credits are paid for by the
9 general body of customers?

10 A Those bill credits -- those bill credits are
11 made possible by the benefits that this program brings.

12 Q And so those bill credits are recovered in the
13 fuel clause, is that right?

14 A That's correct. I am sorry, did you not hear?

15 Q I am sorry, I didn't hear you. Probably a
16 technical issue.

17 And that fuel clause is on the bill of all of
18 Duke's customers, is that right?

19 A That's correct.

20 Q And so on net, participants are expected to
21 receive 67.6 million in cumulative present value from
22 participating in the program?

23 A So the program was designed so that over the
24 life of it, there is a net benefit to participants for
25 bringing, you know, more solar into our mix here. Yes,

1 you are correct.

2 Q And that value was 67.6 million?

3 A CPVRR, that's correct.

4 Q And that 794.2 million that we referred to
5 earlier in total fixed revenue requirements is an
6 estimate, is that right?

7 A Yes, it's an estimate.

8 Q It could end up being higher?

9 A It could end up being higher. It could end up
10 being lower. Mr. Stout spoke some to our experience
11 with developing solar plants, and we've been very
12 successful when we've implemented our SoBRA projects.
13 So it could be higher, it could be lower, but I think
14 it's pretty solid.

15 Q And included in those fixed revenue
16 requirements includes 353.5 million in cumulative
17 present value revenue requirements in projected system
18 benefits from avoided generation capital, transmission
19 capital, fixed O&M and gas reservation charges?

20 A You said 353.5?

21 Q Yes.

22 A That's correct.

23 Q And Duke has not committed to deferring
24 construction of combustion turbines if this program is
25 approved, which was a factor in the avoided generation

1 **capital, is that right?**

2 A So it's probably you are getting into Mr.
3 Borsch's testimony, and I think he probably would be the
4 better one to answer that.

5 **Q Total Duke Clean Energy Connection costs**
6 **before system benefits are 1.1476 billion in CPVRR**
7 **before considering the system benefits as part of fixed**
8 **revenue requirements, is that right?**

9 A You said 1.1476 billion? That's correct.

10 **Q And the subscription fees or bill credits will**
11 **not change based on whether the total fixed revenue**
12 **requirement cost estimates are correct, is that right?**

13 A The subscription fees are in the tariff. The
14 subscription rate is in the tariff, and it's not going
15 to change based on how those costs may or may not change
16 in the future.

17 **Q Instead, what would change would be the**
18 **benefits to the general body of ratepayers, is that**
19 **right?**

20 A So sure. Yeah. As things vary, there are
21 going to be differences that accrue or don't accrue to
22 the general body of ratepayers.

23 MR. MARSHALL: An exhibit we are going to be
24 referring to pretty soon is LULAC 27, and if we
25 could have this marked as, I believe, hearing

1 Exhibit 28.

2 CHAIRMAN CLARK: So ordered.

3 (Whereupon, Exhibit No. 28 was marked for
4 identification.)

5 MS. TRIPLETT: Do you have that?

6 BY MR. MARSHALL:

7 Q Just a couple of questions before we -- just a
8 couple of questions before we get to that exhibit.

9 On a common size basis, you would agree that
10 Duke's proposed Clean Energy Connection Program is a
11 little bigger than the FPL program for your customer
12 base?

13 A Yes, I would agree with that. It's size based
14 on a lot of the discussions Mr. Huber had with customers
15 and the customer demand.

16 Q Consequently, in the short-term, upward rate
17 impacts will be larger too on Duke's customers?

18 A So there is a slight difference in rate impact
19 short-term and a large difference long-term, I would
20 say, as compared to FPL's.

21 Q And that short-term difference is higher, as
22 in upward, for Duke's customers as compared to FPL's?

23 A I would agree with that, in the long-term is
24 more favorable. Again, this program was developed
25 giving our customers, the general body, 465, I believe

1 was the number, net benefits over the life.

2 **Q And if I could direct your attention to**
3 **Exhibit LULAC 27, page three of four.**

4 A Can you scroll down? Can you maybe orient me
5 a little bit? I am not sure mine is set up the same
6 way.

7 **Q It should say page three of four in the top**
8 **right corner, and in the right most column, it will have**
9 **the total revenue requirements.**

10 A Okay. Is it the net difference mid fuel and
11 CO2, and then, like, a zero, one and 22 are the first
12 three values --

13 **Q Yes.**

14 A -- that column?

15 **Q Yes.**

16 A So it's showing as one page on my screen, so I
17 just want to make sure.

18 **Q And this column shows the expected -- at the**
19 **very bottom, that last -- that last row -- shows the**
20 **expected cumulative present value revenue requirement**
21 **for the program under Duke's base case, as in with mid**
22 **fuel, with carbon pricing, and that there are net**
23 **savings expected as measured by that of 532.7 million?**

24 A That's correct. That's the CPVRR number,
25 right?

1 **Q Yes.**

2 A I'm showing --

3 **Q I am sorry. Go ahead.**

4 A I think the number was, like, 3.1 billion, or
5 something along those lines. Yeah, 3.15.

6 **Q And looking now back at Exhibit TGF-1, that
7 532.7 million is divided between the general body of
8 customers and the participants?**

9 A Correct.

10 **Q 455.1 million goes to the general body, and
11 67.6 million goes to the participants?**

12 A Right. So the 67 is the, you know, 12.7, I
13 think, percent that's going to the participants, and
14 then that other 87 point -- oh, it's right there on the
15 screen -- the other 87.3 is going to the general body of
16 ratepayers.

17 I know this is, you know, an improvement for
18 our general body as compared to the recently approved
19 SolarTogether Program, where I believe it was 45 percent
20 going to the general body.

21 **Q And that \$67.6 million doesn't change based on
22 the fuel or carbon scenario, while the amount going to
23 the general body of customers does?**

24 A The participants are signing up for -- and
25 again, I think what's key is to recognize that it's the

1 metric for the general body of customers, right? If
2 fuel prices go down, yes, the benefits would be lower
3 than what's forecast here, right? However,
4 overwhelmingly, it will be a favorable impact to our
5 customers, because their overall fuel bill will go down.

6 So, yeah, they will lose some CPVRR from this
7 specific program, but they will be gaining more from
8 lower fuel bills; whereas, if fuel prices go up, they
9 are going to see significant benefits coming from this
10 program.

11 But the participant -- but it isn't part of
12 the participant -- it's hard. We are kind of -- it's
13 almost like when you used to make international calls,
14 you almost have to wait a breath, right?

15 **Q So that 67.6 million, though, going to the**
16 **participant, that doesn't change based on how those**
17 **scenarios play out?**

18 A You are -- well, if you are saying just fuel
19 and CO2, that's accurate. The 67.6 could change based
20 on generation of the facility.

21 **Q And just to be clear, that 67.6 million is**
22 **what program participants earn in net bill credits?**

23 A That's the CPVRR of the bill credits they earn
24 over the life of the program as compared to the
25 subscription fees. That's correct.

1 Q If I could direct your attention -- I am sorry
2 to keep flipping back and forth -- back to LULAC 27,
3 this time page four of four, and so this will be the
4 very last column, annual retail rate impact.

5 A Okay. I am there.

6 Q And this shows the annual retail rate impact
7 under the mid fuel carbon price scenario of the Clean
8 Energy Connection Program in terms of dollars per
9 thousand kilowatt hours?

10 A It shows the retail rate impact of the same
11 units, solar units, I would say, of adding them.

12 Now, to say that the program itself increases
13 rates that much is maybe not accurate because we will be
14 building solar. We expect to build as part of our
15 10-year site plan anyway, some solar, right? This
16 program and stipulation accelerates it, right?

17 So -- but, yes, it reflects the revenue
18 requirement impact -- or the, I am sorry, the retail
19 rate impact of the program. It's a long way to answer
20 the question.

21 Go ahead.

22 Q But it does also take into account the
23 subscription fees and bill credits from the
24 participants, those costs?

25 A I believe so, but let me look just to make

1 sure, because there is a lot of documents have been
2 produced. Yes.

3 **Q And that rate impact is projected here to**
4 **reach over \$2 per a thousand kilowatt hours in 2024?**

5 A Right. So in the year where all 10 units are
6 aligned the first year, consistent with all retail
7 rate-making, right, you are going to have your highest
8 impact, because that's an undepreciated amount, and your
9 full investment is sitting out there, and it will have
10 the highest rate impact in that earlier. That's
11 correct.

12 **Q And if I could direct your attention back to**
13 **Exhibit TGF-1 to look at that year 2024. In that year,**
14 **the net revenue requirements are a cost of \$85 million,**
15 **is that right?**

16 A The net, yes, that's correct.

17 **Q And \$84.2 million of that is paid for by the**
18 **general body of customers?**

19 A That's correct. It literally is. It's --
20 this program, in the early years, you are going to have
21 rate impacts for the general body of customers, just
22 like if you build them and simply rate base them, right,
23 and don't have a CEC Program.

24 So I would agree with you, that you have
25 stated an accurate fact, but I would say it's no

1 different from a normal utility investment's impact.

2 Q And looking at that \$85 million cost in 2024,
3 \$0.8 million of that is paid for by participants?

4 A That's the net of the subscription fee and the
5 assumed bill credits -- projected bill credits.

6 Q And so is that \$0.8 million towards that 85
7 million?

8 A So in that year, yes, the total revenue
9 requirement is reduced by that for the participants.
10 And then I will also note participants are part of the
11 general body of customers, and will be paying their
12 share of any remaining through base rate.

13 Q In 2024, that's also the year that the net
14 payment from participants, when considering bill
15 credits, is highest?

16 A Is that a question?

17 Q Yes. Sorry. I guess I didn't have enough
18 inflection.

19 A So are you asking if the .8 is the highest
20 number on that line?

21 Q Yeah. That's the highest amount of a net
22 payment from the participants?

23 A That's correct.

24 Q In the year 2026, the net revenue requirements
25 for the solar to be installed is 61.1 million?

1 A Yes.

2 Q But the net revenue requirements for the
3 **general body of ratepayers is 61.6 million?**

4 A Yes.

5 Q And that's because the participants are
6 **expected to receive a net distribution of \$500,000 in**
7 **2026 paid for by the general body of customers?**

8 A The benefits the program enable allow for,
9 overwhelm, essentially, the payments over the life of
10 the program. So, I mean, you are saying, yes, that is
11 the net of the subscription fee and the bill credit in
12 that year.

13 Q And every year after 2026, the net
14 **distribution to participants is expected to continue to**
15 **increase?**

16 A That's correct, as you would expect.

17 Q **If I could direct your attention next to LULAC**
18 **61.**

19 MR. MARSHALL: And if we could have this
20 marked as Exhibit No. 29?

21 CHAIRMAN CLARK: So ordered.

22 (Whereupon, Exhibit No. 29 was marked for
23 identification.)

24 THE WITNESS: All right. I am there.

25 BY MR. MARSHALL:

1 **Q This spreadsheet shows the expected**
2 **subscription fees and credits to the non-low-income**
3 **subscribers?**

4 A The non-low-income -- which -- here's the
5 difficulty, right, you are looking -- the version I have
6 got is like a PDF that I believe has both, doesn't it?

7 MS. TRIPLETT: Mr. Marshall, can you -- I
8 think that PDF has a few pages. Can you tell us
9 which page you are asking about? That might help.

10 MR. MARSHALL: Sure. LULAC 61 should only
11 have one page as a PDF. We tried to make it easier
12 by just taking the tab that we are interested in as
13 a separate exhibit, because this is from a document
14 from a separate tabs, including others that are
15 confidential, but this tab was not.

16 THE WITNESS: Is this the one that would have
17 been result CNI RES?

18 BY MR. MARSHALL:

19 **Q Yes.**

20 A I can look at that, it would be easier. Okay,
21 I am there.

22 **Q And by 2025 -- just to go back to my**
23 **question -- this involves the commercial, industrial and**
24 **residential part of the program that isn't the**
25 **low-income carve-out, is that right?**

1 A That's correct.

2 Q And by 2025, there is a cumulative cost to
3 subscribers who are participating in the program of just
4 over \$2.1 million?

5 A That's correct.

6 Q By the year 2053, there is a nominal
7 cumulative savings to these customers of almost \$284.3
8 million?

9 A I am sorry, say that one more time, please, if
10 you would.

11 Q Yeah. By the year 2053, there is a nominal
12 cumulative savings to these customers, to these
13 participants, of almost \$284.3 million?

14 A Correct, nominal.

15 Q Thank you.

16 MR. MARSHALL: That's all my questions.

17 CHAIRMAN CLARK: All right. Thank you, Mr.
18 Marshall.

19 Mr. Rehwinkel. Mr. Rehwinkel, are you
20 available? We will assume Mr. Rehwinkel has no
21 questions. Come back to him if he is available.

22 FIPUG, Ms. Putnal.

23 MS. PUTNAL: Thank you. No questions.

24 CHAIRMAN CLARK: All right. Staff?

25 MR. STILLER: Yes, Staff has just a few

1 questions of this witness.

2 EXAMINATION

3 BY MR. STILLER:

4 Q Good afternoon, Mr. Foster.

5 Can you please refer to Exhibit 20, two zero,
6 on the Comprehensive Exhibit List. That's Duke's
7 response to staff's second interrogatory, specifically
8 the answer to question 11, and let me know when you are
9 there.

10 A Okay, just give me a minute, please. Thank
11 you.

12 MR. REHWINKEL: Mr. Chairman, this is -- I had
13 some technical issues. I had stated I don't have
14 any questions. Thank you for asking.

15 CHAIRMAN CLARK: Thank you, sir.

16 THE WITNESS: And you said question seven --
17 interrogatory seven?

18 BY MR. STILLER:

19 Q Question 11, one one.

20 A Question 11, okay.

21 Q There is an -- there is an Excel attachment to
22 that with several tabs along the top.

23 A Okay.

24 Q If you would look at the first tab titled 211A
25 under score MF underscore CPVRR. Do you have that one

1 open?

2 A Say it one more time. I apologize.

3 Q It's the first tab --

4 A It may be a better Mr. Borsch question, but I
5 will try.

6 Q Okay. It's the first tab, Q11A underscore MF
7 underscore CPVRR?

8 A Keep going that way. All the way. There you
9 go, that first one. All right, I believe we are there.

10 Q Okay. And there are three charts. If you
11 would look to the one all the way to the right.

12 A Okay, I am there.

13 Q Okay. Does that depict the cumulative present
14 value revenue requirement savings by category for DEF's
15 mid fuel scenario?

16 A It appears to, yes -- yes, it does. By
17 certain categories. I mean, you say by category. It's
18 broken into certain categories, yes.

19 Q There are three subtotals on this document.
20 The first is without carbon, the second with carbon
21 total, and the third after administrative costs total;
22 is that correct?

23 A Yes.

24 Q And then in these columns, when the total
25 turns negative, does that show savings in break even

1 **points, is that correct?**

2 A It shows savings.

3 Q I am sorry, was that yes?

4 A It shows savings. Yes.

5 Q Thank you.

6 Would you agree that the break even occurs in
7 2039 with carbon and 2045 without carbon?

8 A Forgive me, it's hard to keep going across
9 here.

10 Q If you would -- if I can direct your
11 attention --

12 A Here's -- go ahead.

13 Q -- to cells AZ34 and AX40.

14 A Okay. Yes, that appears correct.

15 Q Okay. And that would translate into a payback
16 period from 2022 of about 18 years with carbon and 24
17 years without carbon?

18 A About, yes.

19 Q And the payback period for participants in the
20 CEC Program is seven years, is that correct?

21 A Yes, that's correct.

22 Q Okay. On that same exhibit, Exhibit 20,
23 question 12, there is an Excel attachment. If you could
24 go to that one, and look at the Tab Q12 underscore mid
25 underscore fuel.

1 A Okay, I am there.

2 Q Okay. And again, it has three charts on it.
3 Would you agree that the third chart on the right is the
4 CPVRR of the net system savings with carbon, the CEC
5 Program's administrative costs, subscription fees, bill
6 credits and then the net impact to the general body of
7 ratepayers?

8 A So it's got net system savings. It's got
9 admin costs, program admin costs. It's got the DEF CEC
10 subscription fee. It's got DEF CEC bill credits, and
11 then remaining net system savings. Those are the
12 columns.

13 Q Thank you.

14 Mr. Chair, those are all of the questions -- I
15 am sorry, you're not finished?

16 A I apologize. I was going to -- I was going to
17 say more, but --

18 Q No. No. It's your answer, sir, please do.

19 A I was just going to say, you know, you can see
20 there in cell T37, the 465.1 million, which I believe
21 ties to the benefit to the general body of customers, so
22 it just kind of summarizes their benefit over time.

23 Q Thank you very much.

24 MR. STILLER: Those are all of the questions
25 staff has for this witness. Thank you, Mr. Chair.

1 CHAIRMAN CLARK: Thank you.

2 Mr. Moyle, I see you are making an appearance
3 here. I called on Ms. Putnal. I thought you were
4 off-line.

5 MR. MOYLE: We were transitioning back and she
6 beat me to the bell.

7 With your permission, I just had a couple of
8 questions I was hoping I could get asked of this
9 witness?

10 CHAIRMAN CLARK: You may proceed.

11 MR. MOYLE: Thank you, and I apologize.

12 EXAMINATION

13 BY MR. MOYLE:

14 Q Good afternoon, Mr. Foster.

15 A Good afternoon, Mr. Moyle.

16 Q I just wanted to ask you a little bit, you
17 talked in your testimony about 105 percent of the fixed
18 costs are being picked up by the subscribers, correct?

19 A 104.9 percent is, it was designed to recover
20 from the participants. That's correct.

21 Q Okay. And then I just wanted to ask you about
22 variable costs, because projects have both fixed and
23 variable, right?

24 A Projects have fixed and variable? I mean,
25 yes, you have variable costs over the life of an asset

1 you would put in.

2 Q Right. So he how is that handled? I mean, if
3 somebody says, well, wait a minute, you are covering the
4 fixed costs, what about the variable, how do you respond
5 to that?

6 A The variable costs are -- if you look at my
7 testimony, I describe how we developed the subscription
8 fee, and we designed them to focus on the fixed costs of
9 the program, right. So we recover more than 100 percent
10 of, and in this case, 104.9.

11 The variable revenue requirements, I will call
12 them, were more taken into consideration on the bill
13 credit side. So they were certainly considered. They
14 are a part of the program benefits for sure that, when
15 taken together, the fixed and variable, you are still
16 seeing 532.7 million CPVRR benefit overall with 87
17 percent of that, 465.1 million, going to the general
18 body of customers.

19 Q Okay. And then one last question. Thank you
20 for that.

21 Just as a general proposition, on these solar
22 projects, if you were going to say it costs \$100 as a
23 combination of fixed and variable, what would be the
24 percentage of fixed compared to the percentage of
25 variable, roughly?

1 A So I am not sure that we are -- it's really --
2 that's an interesting question, and I am not sure I can
3 answer it, because the variable cost is a differential
4 right? So it's system costs, right? So one of the
5 variable benefits which is taken into consideration here
6 is, obviously, if you are using solar energy, you are
7 not burning some sort of fossil fuel, likely.

8 Figuratively, I guess you could be displacing
9 wind or something else, but not likely here in Florida,
10 right? So I don't know that -- I mean, typically when
11 we talk about the cost of a project, we first focus on
12 the installed capital, right? And then you will have
13 some ongoing O&M costs to factor into your revenue
14 requirement, but I wouldn't call those necessarily
15 variable.

16 **Q I am just trying to get a sense of the project**
17 **specific, you know, what the capital costs are compared**
18 **to the, you know, the cost to go out and clean the**
19 **panels, or whatever the, you know, the O&M is related to**
20 **the project --**

21 A Sure.

22 **Q -- and I was trying to ask it with, you know,**
23 **\$100 just to get a percentage breakdown.**

24 A I think Mr. Borsch will have a better answer
25 to that than me, but I would say, in general, the

1 operating costs of solar are low as far as a generation
2 resource, which would be more the variable, to your
3 point, cleaning panels, mowing grass, you know, whatever
4 else. Is that getting at your question?

5 Q Yeah. I will ask Mr. Borsch when he comes on.
6 But just to clarify, you also said that the variable
7 costs, even though, you know, there was a lot of
8 discussion about fixed, but you took the variable costs
9 into account when doing your CPVRR analysis, right?

10 A Absolutely.

11 Q Yeah, okay.

12 MR. MOYLE: Thank you, Mr. Chairman, for
13 letting me jump in.

14 CHAIRMAN CLARK: Thank you, Mr. Moyle.
15 Commissioners, do you have questions?

16 COMMISSIONER BROWN: Mr. Chairman, I just have
17 a few clarifying questions.

18 CHAIRMAN CLARK: Sure.

19 COMMISSIONER BROWN: Mr. Foster, thank you for
20 being here today.

21 In looking at your TGF-1, I am just trying to
22 get ahold of how much per month, starting in 2022,
23 through the life of the -- well, actually through
24 2029, how much the general body of ratepayers will
25 see through the fuel clause.

1 I think one of the counsel asked you if -- he
2 came up with a number \$2 a month on a
3 2,000-kilowatt hour per month, but on a typical
4 1,200-kilowatt hour, which is the average here in
5 Florida for residential, what would be the bill
6 impact be beginning 2022 and onward through the
7 fuel clause?

8 THE WITNESS: So I am not sure that that's
9 explicitly --

10 COMMISSIONER BROWN: It's not?

11 THE WITNESS: -- in TGF-1, right? So you can
12 see the bill credits, which would be in there, but
13 then you are also going to have benefits coming
14 through based on avoided fuel costs and things of
15 that nature, so --

16 COMMISSIONER BROWN: I just want the rate
17 impact -- the rate impact.

18 THE WITNESS: And I'm working to get there,
19 right? So I don't have that number offhand. The
20 closest thing I can get to is if you look at
21 probably that net variable revenue requirements,
22 it's probably a pretty descent proxy where you see
23 the 5.1 in 2022.

24 COMMISSIONER BROWN: So the general body of
25 ratepayers will stop paying for the projects

1 ostensibly beginning 2028, and they will be
2 receiving benefits then?

3 THE WITNESS: Through the -- I believe through
4 the -- on the variable side through the fuel
5 clause, I think if you look down one more line,
6 it's really 2029 --

7 COMMISSIONER BROWN: Yeah.

8 THE WITNESS: -- all in, kind of.

9 COMMISSIONER BROWN: All in, so -- okay.

10 And then what is -- each of these projects has
11 a shelf life, right? I know -- I think we've heard
12 different -- technology continues to change in the
13 solar arrays. What is the life of these projected
14 projects?

15 THE WITNESS: Generally 30 years is the
16 assumed life.

17 COMMISSIONER BROWN: Are all of -- I noticed
18 somewhere in the testimony -- I am sorry for
19 talking over you, but I noticed somewhere in the
20 testimony regarding fixed panels and, you know, the
21 ones that do whatever -- the moving -- the movable
22 to track more of the solar power. Are all of these
23 going to be fixed solar panels?

24 THE WITNESS: I wish you would have asked that
25 of Mr. Stout. I don't think so. I think some of

1 them will be tracking, single access tracking, I
2 believe. It might be in his testimony but I would
3 have to hunt for it.

4 COMMISSIONER BROWN: You know, I know that's
5 what makes utility-scale solar so much more
6 efficient than, you know, demand side. It's the
7 technology, and the scale, and the ability to
8 capture more of the energy, which is why I think
9 the battery component is critical in projects of
10 this magnitude.

11 One more question. And I do really need -- we
12 do need a keen understanding of the rate impact, of
13 course, the actual rate impact per year.

14 What happens if the benefits are not realized
15 to the general body of ratepayers under the
16 stipulation, not in your testimony, but under the
17 stipulation?

18 THE WITNESS: Under the -- so say one more
19 time. What happens if the costs --

20 COMMISSIONER BROWN: The benefits -- so what
21 if the benefits --

22 THE WITNESS: Right --

23 COMMISSIONER BROWN: -- are not realized in a
24 bad way to the general body of ratepayers under the
25 stipulation, is there an opportunity to come back

1 in and petition the -- or to have the Commission
2 say, let's take a breather? Say we have an
3 incredible recession that is on our hands, and the
4 Commission at the time wants to cut back on certain
5 projects, ones that are not efficient.

6 THE WITNESS: So my understanding, and this
7 may be somewhat of a legal, but we put forth a
8 tariff as part of a stipulation. Under the
9 stipulation, the subscription fees and the bill
10 credits are fixed. I shouldn't say the bill
11 credits are fixed. The bill credit rate is fixed.

12 I am not sure that there is anything binding
13 future commissions. I don't know that you
14 necessarily can do that. But in general, when you
15 approve a program like this, you know, people may
16 take action under it and you would typically not
17 reverse course, you know, midstream because
18 something changed, but this is not unlike any
19 generating plant that is built for a utility,
20 right? If you go build a --

21 COMMISSIONER BROWN: It's a little different.
22 It's a little different. It's not a true community
23 solar, and it is not a true SoBRA. So it is --
24 it's a hybrid of a sort.

25 THE WITNESS: Sure, I mean --

1 COMMISSIONER BROWN: You know, community solar
2 participants pay for the cost of the community
3 solar.

4 THE WITNESS: Well, I would say that the
5 participants -- if, you know, the definition, it
6 things like, of community solar you are using is
7 that they pay for the cost of the community solar,
8 I would argue that I believe in our program, they
9 are paying for the cost. Perhaps the distinction
10 is they are not getting all of the benefit. Some
11 of it -- in fact, a large portion is going to the
12 general body of customers.

13 And, yes, you can talk about where the risk
14 lies, right, and the risk is symmetric. And, you
15 know, I will be frank, we certainly leveraged the
16 recently approved SolarTogether, right? Our
17 program is very, very similar to that in how it
18 distributes the benefits. Although, we are
19 giving -- well, I know we are giving more benefits
20 to the general body of customers under our
21 projections.

22 COMMISSIONER BROWN: And I do, I think you --
23 I think you have refined the stipulation that
24 includes an additional assortment of benefits that
25 weren't in the SolarTogether, and attractive ones,

1 but I -- you know, now that we are down this road,
2 I want to ensure that these are going to be
3 cost-effective, that the general body of ratepayers
4 are going to be protected, and make sure that they
5 are prudent and reasonable costs, and that we are
6 not creating overgeneration to benefit those that
7 are just receiving the credits, so that's where --
8 that's the point I --

9 THE WITNESS: So I was going to say, I think,
10 to your point to the prudent and reasonable,
11 certainly I think, and you talked some with Mr.
12 Stout about this, right? So let's say something
13 weird, something really weird happens, and all of a
14 sudden solar plants are three times as expensive.
15 We would be under -- we are still under the same
16 obligation we have now if we build without CEC,
17 right, we have now. We have to prudently manage
18 these and make prudent decisions on them.

19 So if that were to happen and we didn't say
20 anything to you, and we came in and just said,
21 sorry but you approved it, I think the Commission
22 always says, no, no, no, we have the ability to
23 look at this and make sure you prudently managed
24 it, and if all of a study, solar was way out of the
25 money, or even clearly, you know, out of the money,

1 you know, I think there would be an opportunity for
2 the Commission to review and say, look, you guys
3 didn't manage this like a prudent utility manager
4 would, and take action, whatever action you thought
5 was necessary. So I do want to make that clear,
6 that we are still under the obligation.

7 The other thing I would like to make sure on
8 what, you know, and Mr. Stout spoke to it some, but
9 I what is kind of looking back at some of our
10 recent SoBRA filings, and I don't think Mr. Stout
11 took enough credit. They've done a really good
12 job. We have got five of them in service so far.
13 And so far, all five of them have come in below
14 where we originally forecast them, which I think is
15 a great thing for our customers.

16 COMMISSIONER BROWN: I do too, and that's why
17 I want to make sure we have those additional
18 protections of anything we ultimately approve as
19 proposed by Duke, that we have those protections
20 and ensure the lowest cost, you know, for the
21 construction but also the operations as the project
22 goes on.

23 THE WITNESS: Right.

24 COMMISSIONER BROWN: Thank you. I don't have
25 anymore questions.

1 CHAIRMAN CLARK: Thank you, Commissioner
2 Brown.

3 Any other Commissioners have a question?
4 All right. Redirect?

5 MS. TRIPLETT: No redirect. And I would -- I
6 would move Mr. Foster's prefiled Exhibit 7 as
7 marked on the exhibit list as evidence, please.

8 CHAIRMAN CLARK: Without objection, so
9 ordered.

10 Would you like the witness excused?

11 MS. TRIPLETT: And I am sorry, it's actually
12 Exhibit 8. I am sorry, I am looking at the wrong
13 number, so it's No. 8.

14 And, no. Mr. Foster will be coming back for
15 rebuttal, so I can't excuse him yet.

16 CHAIRMAN CLARK: Okay. Mr. Marshall.

17 MR. MARSHALL: Mr. Chairman, we would move
18 Exhibits 28 and 29 into evidence.

19 CHAIRMAN CLARK: Exhibits 28, 29, and, Ms.
20 Triplett, you changed yours to 8, is that correct?

21 MS. TRIPLETT: Yes, sir.

22 CHAIRMAN CLARK: All right. Without
23 objection, these exhibits are entered into the
24 record.

25 (Whereupon, Exhibit Nos. 8, 28 & 29 were

1 received into evidence.)

2 CHAIRMAN CLARK: All right. So Mr. Foster
3 will be coming back.

4 All right, it is 10 minutes after 5:00. I am
5 inclined to get close to wrapping up for the day.
6 I wanted to check and just get a handle on the
7 amount of time that was going to be necessary so
8 that folks can plan their evening or day
9 accordingly. If y'all tell me we can wrap the
10 whole thing up in 30 minutes, we will keep going,
11 but our next witness up is going to be Mr. Borsch.

12 Mr. Marshall, could you and Mr. Rehwinkel and
13 Mr. Moyle tell me how long you would anticipate for
14 Mr. Borsch?

15 MR. MARSHALL: We have rather significant
16 cross for Mr. Borsch. I would think on its own it
17 shouldn't take more than 30 minutes, but it's a
18 decent amount.

19 CHAIRMAN CLARK: Okay. Mr. Rehwinkel.

20 MR. REHWINKEL: Commissioner, at this time, we
21 do not have any cross for Mr. Borsch.

22 CHAIRMAN CLARK: All right. And, Mr. Moyle,
23 do you anticipating crossing?

24 MR. MOYLE: I have just a handful of
25 questions. A couple of them were punted to him,

1 and I am going to ask him about, you know, the
2 reserve margin, how much of the solar counts
3 towards the reserve margin.

4 CHAIRMAN CLARK: Okay.

5 MR. MOYLE: So five minutes would be my
6 estimate.

7 CHAIRMAN CLARK: Okay. Well, we're going
8 to -- and based on the rebuttal and the amount of
9 cross there, and we also have the Walmart witness
10 and the LULAC witness as well, we are going to go
11 ahead -- do you guys anticipate -- we are starting
12 at 9:00 a.m. tomorrow morning. Do you anticipate
13 we could wrap everything up in three hours tomorrow
14 morning?

15 Mr. Marshall.

16 MR. MARSHALL: If I had to guess, I would say
17 yes, but I would think we are going to be close to
18 that line.

19 CHAIRMAN CLARK: Okay. I am just trying to
20 give everybody an opportunity to plan their day
21 accordingly. So they need to plan to be here
22 through noon. I like to plan my lunch hour.
23 That's the most important part.

24 All right. Any other comments or questions?
25 Any concerns? If not, we are going to recess for

1 the day and reconvene tomorrow morning at 9:00 a.m.

2 We stand in recess. Have a great day.

3 (Transcript continues in sequence in Volume

4 2.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby
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DATED this 4th day of December, 2020.



DEBRA R. KRICK
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