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Deputy General Counsel

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VIA ELECTRONIC FILING

Adam J. Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

*Re: Petition for a limited proceeding to approve Clean Energy Connection Program
and Tariff and Stipulation by Duke Energy Florida, LLC; Docket No. 20200176-EI*

Dear Mr. Teitzman:

On behalf of Duke Energy Florida, LLC ("DEF"), please find DEF's Post-Hearing Statement and Brief enclosed for electronic filing in the above-referenced proceeding.

Thank you for your assistance in this matter. Please feel free to call me at (727) 820-4692 should you have any questions concerning this filing.

Respectfully,

/s/ Dianne M. Triplett

Dianne M. Triplett

DMT/cmw
Enclosure

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Duke Energy Florida, LLC’s Petition
for a limited proceeding to approve clean
energy connection program and tariff and
stipulation

Docket No. 20200176-EI

Dated: December 9, 2020

**DUKE ENERGY FLORIDA, LLC’S
POST-HEARING STATEMENT AND BRIEF**

Duke Energy Florida, LLC (“DEF”) hereby submits its Post-Hearing Statement of Issues, Positions, and Brief in this matter and states as follows:

I. Introduction.

In this proceeding, DEF asks the Commission to approve its new voluntary Clean Energy Connection (“CEC”) Program and Tariff, as well as the Stipulation between DEF, Vote Solar, Southern Alliance for Clean Energy (“SACE”), and Walmart, Inc. (“Walmart”). In addition to Vote Solar, SACE, and Walmart, the Office of Public Counsel (“OPC”), the League of United Latin American Citizens of Florida (“LULAC”), and the Florida Industrial Power Users Group (“FIPUG”) also intervened. The Commission held a virtual hearing on November 17 and 18, 2020. Four DEF witnesses, one witness for Walmart, and one witness for LULAC provided live testimony. For the reasons explained below, as further supported in DEF’s pre-filed testimony, exhibits, and in the live testimony provided at hearing, the CEC Program is in the public interest and should be approved.

II. CEC Program Design.

The CEC Program is a voluntary solar program designed to provide customers with the opportunity to subscribe to solar generation by paying a monthly subscription fee that will cover 104.9% of the Program’s fixed revenue requirement. A portion of the benefits resulting from the

Program will be used to fund the bill credits to participants rather than being paid for by the general body of rate payers. Hearing Tr. p. 208, ll. 8-11; p. 448, ll. 12-19. The Program is designed such that 87.3% (\$465.1M) of the \$532.7M CPVRR benefits will go the general body of customers. In this way, the CEC Program presents an innovative tool for adding cost-effective solar generation to DEF's system for the benefit of all DEF customers, while also responding to specific customer demands for solar generation. LULAC's assertion in its opening statement that non-participants pay almost 100% for the CEC Program is simply incorrect. As DEF's testimony and the record make clear, the general body of customers, and not the participants, receive most of the benefit, without having to pay for the fixed revenue requirement. The bill credits are a result of benefits derived from the CEC Program, which has its fixed revenue requirement funded by participants, not the general body of customers. Hearing Tr. p. 208, ll. 8-11. The CEC Program represents the next evolution in DEF's commitment to increasing renewable generation and providing its customers with innovative pricing solutions. Hearing Tr. p. 71, ll. 13-14.

Over the next several years, the CEC Program will bring approximately 750 MW of clean solar energy to DEF's system for the benefit of all customers. In its first year, the CEC Program will develop two new solar power plants. These two plants alone will accommodate 20% of the demand created by the Program's pre-registered local government and industrial customers and will also provide enough surplus capacity to serve approximately 5,000 residential and commercial customers. Hearing Tr. p. 77, ll. 1-6. Four additional facilities will be added in 2023 and 2024, respectively, and as those plants achieve commercial operations, customer subscriptions in the Program will continue to grow. Hearing Tr. p. 77, ll. 6-8. Collectively, the CEC Program projects will generate more than 1.8 million MWhs per year, which is approximately 4% of DEF's projected Net Energy Load in the 2024/2025 timeframe. Hearing Tr. p. 310, ll. 14-16.

Enrollment in the CEC Program is allocated across different customer groups with 35% of capacity reserved for residential, small business, and local government customers, and the remaining 65% allocated to commercial and industrial customers. Hearing Tr. p. 108, l. 20 through p. 109, l. 6. At the suggestion of stakeholders, 10% of the total program capacity will be reserved for local government participants and 27.7% of the capacity allocated to residential customers will be reserved for low income participants. Hearing Tr. p. 77, ll. 14-23; p. 80, ll. 2-3. Participating customers can subscribe for up to 100% of their previous 12 months of usage and can terminate or change participation at any time. Hearing Tr. p. 78, ll. 3-10. In exchange for monthly subscription fees, participants will receive bill credits designed to grow annually. These bill credits are projected to exceed customer subscription costs on a monthly basis by the fifth year of enrollment. Hearing Tr. p. 83, ll. 1-3.

The CEC Program is designed such that subscription fees more than cover the Program's fixed revenue requirements. By allocating more than 100% of the fixed revenue requirements to participants, some of the benefits that accrue to the general body of customers are fixed. Hearing Tr. p. 199, ll. 15-20. DEF also designed the CEC Program such that 87.3% of the cumulative present value revenue requirement ("CPVRR") net benefit is allocated to the general body of DEF's customers and the remaining 12.7% is allocated to the CEC Program participants. Hearing Tr. p. 199, ll. 20-23. The result is that the general body of customers will not bear any cost responsibility for the overall CEC Program's solar facilities but will share in the environmental benefits (e.g., emissions reductions) that those facilities bring to DEF's system.

III. The CEC Program Will Generate Cost-Effective Solar.

As established by the testimony of DEF witnesses Borsch, Foster, and Stout, the cost of the CEC Program projects is reasonable, and the associated solar generation is cost-effective. The

CEC Program is planned to consist of ten separate solar projects, each generating approximately 74.9 MW¹ with an assumed net capacity factor of 28%. Hearing Tr. p. 310, ll. 10-13. DEF anticipates that the 2022, 2023, and 2024 projects will each cost approximately \$113 million, \$106 million, and \$102 million, respectively. Hearing Tr. p. 310, ll. 19-23. These costs translate to a per kW cost of approximately \$1,372/kWac for the 2022 projects, \$1,273/kWac for the 2023 projects, and \$1,222/kWac for the 2024 projects before necessary network upgrades. Hearing Tr. p. 311, ll. 1-3; Hearing Tr. p. 175, ll. 17-23.

DEF's cost projections are based on its active participation in the solar market and significant prior experience developing and constructing solar projects. Hearing Tr. p. 177, ll. 9-14. In addition, DEF's work with outside suppliers and knowledge of the construction market has provided the guidance necessary to estimate costs to construct the 2023 and 2024 CEC Program projects. *Id.* In developing the CEC Program projects, DEF will aim to minimize interconnection costs, minimize environmental impacts and costs, achieve low cost constructability of the site, and utilize key equipment suppliers providing quality materials while optimizing each project's unique design criterion to maximize cost savings. Hearing Tr. p. 103, ll. 6-11; p. 176, ll. 1-15. The reasonableness of the projections is further ensured by DEF's commitment to conduct a thorough competitive solicitation process to select its contractors and to procure equipment and materials to construct the CEC Program projects. Hearing Tr. p. 104, ll. 1-3; Stipulation Para. 5. Furthermore, as multiple DEF witnesses testified to during the hearing, DEF commits to taking every reasonable

¹ LULAC questioned Mr. Stout at hearing regarding the size of the solar generating units and whether DEF purposely sized the units to avoid application of the Power Plant Siting Act ("PPSA"). Hearing Tr. p. 179, l. 24 through p. 180, l. 1. As Mr. Stout testified, however, DEF did not size the units to avoid the PPSA. Rather, the market recognizes the efficiency of sizing units so as to not trigger the PPSA, so almost all of the projects in DEF's transmission queue are less than 75 MW. Hearing Tr. p. 180, ll. 2-6. In addition, the additional permitting required by the PPSA would add time and cost to the projects. Hearing Tr. p. 179, ll. 17-20.

step to control costs and to help ensure that it meets the projected cost for the solar projects. Hearing Tr. p. 234, l. 9 through p. 235, l. 6; p. 348, l. 16 through p. 349, l. 2. Indeed, DEF is required by the Stipulation to utilize a competitive solicitation process for major equipment and the engineering, procurement, and construction contracts, which represent approximately 95% of the costs for the solar projects. Hearing Tr. p. 186, ll. 5-16. The projected solar project costs are well below the \$1,650/kW_{ac} cost cap established for DEF's Solar Base Rate Adjustment ("SoBRA") in DEF's most recent settlement agreement. Order No. PSC-2017-0451-AS-EU. As DEF has demonstrated with its SoBRA projects, it has been able to deliver solar projects under budget with no major disruptions, even with a tariff enacted on solar panels and through a global pandemic. Hearing Tr. p. 189, l. 21 through p. 190, l. 8.

Most importantly, by approving DEF's CEC Program and the Stipulation, the Commission is not issuing a blank check for DEF to build these solar facilities without any concern for the cost. To the contrary, the only costs for which DEF is seeking approval are those that are included in the filing itself (i.e., the projected costs as explained by Mr. Stout). If DEF exceeds those costs, it will be required to justify the reasoning for the exceedance and demonstrate the prudence of its actions in incurring the cost, and this Commission will have jurisdiction to review DEF's actions and determine whether DEF was in fact prudent. Hearing Tr. p. 366, ll. 7-13; p. 234, ll. 15-18; and p. 350, ll. 8-17. Further, if DEF believes that the cost to construct the solar projects will be significantly higher than its projections, then DEF will re-evaluate whether to continue moving forward with the program and may return to the Commission if needed. Hearing Tr. p. 189, ll. 8-20.

To establish that solar generation from the CEC Program projects is cost-effective, DEF analyzed the total system cost with the CEC Program projects as compared to the total DEF system

costs without the projects. To perform this analysis, DEF utilized the same methodology that it uses to perform cost effectiveness evaluations of its Ten Year Site Plan and every SoBRA filing it has made pursuant to its 2017 Revised and Restated Stipulation and Settlement Agreement. Hearing Tr. p. 311, ll. 12-16. On a CPVRR basis, the Program is projected to save DEF's customers an estimated \$533 million as compared to DEF's overall system without the CEC Program. Hearing Tr. p. 313, l. 19 through p. 314, l. 1; p. 85, ll. 15-19. The primary driver of the value to DEF customers is the savings in fuel, operating and maintenance costs and projected emissions costs primarily from reductions in CO₂ emissions. Hearing Tr. p. 315, ll. 1-3. DEF customers will also realize significant benefit from the generating capacity associated with the CEC Program solar facilities, as their operation displaces the need for more than 51 million MWh of fossil fired generation over the life of the CEC Program.² Hearing Tr. p. 315, ll. 4-9. Based on questions during the hearing, it appears LULAC will argue that DEF's estimate of this avoided generation in a "carbon cost" scenario is overstated. However, as Mr. Borsch testified, DEF's avoided generation estimate is based on a carbon price that serves as a proxy for the cost required to incentivize carbon-free generation in the future. Over the 30-year period utilized in DEF's estimate, this carbon price was modeled to generate a cost figure that could represent either the offset cost of conventional generation or the cost incurred to transition the fleet to renewable generation including additional storage requirements, ancillary generation, and new technology.

² Based on LULAC's prehearing statement and questions at hearing, it appears that LULAC will also assert that DEF has not committed to deferring fossil fueled generation. Hearing Tr. p. 332, ll. 13-15. However, as Mr. Borsch testified, the Company has committed to deferring, at least for some period of time, the construction of new fossil fueled generation. Hearing Tr. p. 332, l. 16 through p. 333, l. 6. If LULAC's point is that DEF has not committed to completely avoiding the construction of such future generation, then DEF would agree that of course it has not (nor should it prudently do so). Consistent with how DEF evaluates the cost effectiveness of any new generation, DEF has assigned value to the temporary deferral of new fossil-fuel generation, and that is reflected in the \$533 million in CPVRR benefit to the general body of customers.

Hearing Tr. p. 331, l. 11 through p. 332, l. 12. The CEC Program also provides qualitative benefits by deferring DEF's need for conventional generation, including for example creating the opportunity for additional cost-effective clean energy technologies to be developed that could then be considered for future investment. *See, generally* Hearing Tr. p. 352, l. 13 through p. 354, l. 4. Accordingly, the CEC Program is cost-effective for both participating and non-participating customers.

IV. The Stipulation and the CEC Program are in the Public Interest.

The appropriate standard for the Commission's approval of a settlement agreement is whether it is in the public interest. *Sierra Club v. Brown*, 243 So. 3d 903, 909-913 (Fla. 2018) (citing *Citizens of State v. FPSC*, 146 So. 3d 1143 (Fla. 2014)). The "determination of what is in the public interest rests exclusively with the Commission" and "requires a case-specific analysis based on consideration of the proposed settlement taken as a whole." *Citizens*, 146 So. 3d at 1173; *In re: Application for limited proceeding to approve 2017 second revised and restated settlement agreement, including certain rate adjustments, by Duke Energy Florida, LLC.*, Order No. PSC-2017-0451-AS-EU, at p. 5 (Fla. PSC Nov. 20, 2017). However, the Commission is not required to resolve the merits of every issue independently. *Sierra Club*, 243 So. 3d at 912 (citing *Citizens*, 146 So. 3d at 1153). The Commission has a long-standing practice of encouraging parties to settle contested dockets when possible,³ and the Commission has the authority to approve a non-

³ *See e.g., In re: Request for approval of amendment to connection/transfer sheets, increase in returned check charge, amendment to miscellaneous service charges, increase in meter installation charges, and imposition of new tap-in fee, in Marion County, by East Marion Sanitary Systems Inc.*, Order No. PSC-2011-0566-AS-WU (Fla. PSC Dec. 11, 2011); *In re: Application for staff-assisted rate case in Lee County by Mobile Manor Water Company, Inc.*, Order No. PSC-2010-0299-AS-WU (Fla. PSC May 10, 2010); *In re: Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.*, Order No. PSC-2009-0711-AS-WS (Fla. PSC Oct. 26, 2009); *In re: Petition of Tampa Electric Company to close Rate Schedules IS-3 and IST-3, and approve new Rate Schedules GSLM-2 and GSLM-3.*, Order No. PSC-2000-0374-

unanimous settlement agreement when it deems it in the public interest to do so. *Citizens*, 146 So. 3d at 1152-1153. In addition, and contrary to the arguments from some parties, there is no requirement that a stipulation be entered into at some certain point in time or after a particular level of “adverseness” has been established. The parties to the Stipulation have shown that there were improvements made to the original CEC Program, and absent the agreement reached among the settling parties, there would have been additional issues to be litigated in this proceeding. Hearing Tr. p. 258, l. 16 through p. 260, l. 2. The Commission has broad authority to consider this Stipulation, irrespective of the fact that it was entered into at the same time DEF filed its petition. DEF further notes that the Commission’s consideration and approval of its 2017 Second Revised and Restated Settlement Agreement involved similar issues, with rate case issues being resolved among the settling parties before DEF even filed its case. *See* Order No. 2017-0451-AS-EU (“The 2017 Agreement provides DEF with a multi-year increase to base rates beginning with the first billing cycle of January 2019, and resolves outstanding issues in existing, continuing, and *prospective* dockets before this Commission.”) (emphasis added); *see also* Petition filed for Approval of 2017 Second Revised and Restated Settlement Agreement (“...the revenue increases contained in the 2017 Second Revised and Restated Settlement Agreement, coupled with the base rate freeze and solar generation transformation, represent both a short-term and longer-term moderation of future rate impacts that would otherwise likely occur as a result of conventional base rate proceedings in and after 2018.”)

S-EI (Fla. PSC Feb. 22, 2000); *In re: Application for staff-assisted rate case in Pasco County by Orangeland Water Supply.*, Order No. PSC-2008-0640-AS-WU (Fla. PSC Oct. 3, 2008); *In re: Application for increase in water and wastewater rates in Lake County by Utilities, Inc. of Pennbrooke.*, Order No. PSC-2007-0534-AS-WS (Fla. PSC June 26, 2007).

While there is no fixed set of public interest criteria for the Commission to evaluate, the following public policy considerations demonstrate that the Stipulation and the CEC Program are in the public interest: (1) the CEC Program and Stipulation align with and advance the Florida Legislature's renewable energy policies and intent in Section 366.92, F.S., and provide ample benefits, including promoting the development of renewable energy, encouraging investment within the state, diversifying the types of fuel used to generate electricity, lessening the state's reliance on fossil fuels, and decreasing carbon emissions; (2) the CEC Program and Stipulation are responsive to the needs of DEF's customers; and 3) the CEC Program and Stipulation comport with Section 366.06, F.S. by providing fair, just and reasonable rates without undue preference.

A. The CEC Program and Stipulation Advance Renewable Energy Policies.

The CEC Program aligns with the Florida Legislature's intent in Section 366.92, F.S. and provides ample system-wide benefits, including: promoting the development of renewable energy, encouraging investment within the state, diversifying the types of fuel used to generate electricity, lessening the state's reliance on fossil fuels, and decreasing carbon emissions. The CEC Program will result in construction of approximately 750 MWs of new solar generation. The projects included in the proposed CEC Program will provide participating customers with the benefits of cost-effective, clean, renewable energy and will diversify DEF's fuel mix with dependable, cost-effective emissions free energy for the benefit of all customers. Hearing Tr. p. 316, ll. 12-13. The projects will also bring economic benefits to the areas in which the sites are located in terms of temporary construction jobs, more permanent maintenance jobs, and additional tax value. Hearing Tr. p. 86, ll. 7-11.

By generating 750 MWs of new solar, the CEC Program reduces the use of fossil fuels, and is therefore projected to reduce global warming gases, specifically CO₂, at an average rate of

over 700,000 tons per year. In addition, DEF estimates that these solar projects will result in a reduction in SO₂ and NO_x emissions by an annual average of 142 tons and 21 tons, respectively. Hearing Tr. p. 317, ll. 1-5. For these reasons, the CEC Program is in the public interest.

B. The CEC Program and Stipulation Respond to a Customer Demand.

DEF is proposing the CEC Program to meet a substantial demand from its customers who are seeking expanded access to solar energy and who wish to meet their sustainability goals. Hearing Tr. p. 73, ll. 7-9; p. 86, ll. 20-22. The CEC Program expands access to solar power in two ways. First, it leverages DEF's buying power to allow customers to contribute to new solar resources in Florida at a lower price than if they developed solar on their own. Second, the Program allows customers who cannot or do not want to put solar facilities on their property to participate in a solar energy program. Hearing Tr. p. 76, ll. 10-14.

After Florida Power & Light filed its SolarTogether Program last year, DEF began fielding inquiries from some of its larger customers regarding their interest in a similar program. To get a more comprehensive understanding of small business and residential demand for such a program, DEF undertook online surveys of its customers. Those survey results showed that 52% of residential customers and 47% of small business customers found the program to be either somewhat or extremely appealing. Hearing Tr. p. 73, ll. 1-18. DEF pre-registered customers from May 11 until June 5, 2020. When the enrollment window closed, industrial, commercial, and educational customers had oversubscribed by 29.5%. Hearing Tr. p. 75, ll. 7-9. Local government customers also oversubscribed their allotment. Hearing Exh. 20. These strong participation commitments from customers prove to DEF that customer demand exists in its service area for a carbon free generation program that empowers participants to achieve their sustainability goals

while saving every DEF customer money over time. Thus, the CEC Program is in the public interest and should be approved. Hearing Tr. p. 94, ll. 14-18.

C. The CEC Program and Stipulation's Resulting Rates are Fair, Just and Reasonable.

The CEC Program appropriately assigns costs by sharing only program benefits, not program revenue requirements, with the general body of DEF's customers. While participants will pay a monthly subscription charge that is designed to cover 104.9% of the total net fixed program costs, non-participating customers will receive 87.3% of the CPVRR net benefit. Hearing Tr. p. 199, ll. 15-23. Of the approximately \$533 million that the CEC Program is projected to save DEF's customers on a CPVRR basis as compared to DEF's overall system without the CEC Program, approximately \$465.1 million in net benefit will go to the general body of customers. Hearing Tr. p. 202, ll. 4-6. This allows the general body of customers to realize projected savings without bearing a commensurate share of the costs, which would not be allowed using any of the available rate base resource options. In this regard, the CEC Program is uniquely beneficial to the general body of DEF's customers and results in rates that are fair, just, and reasonable without undue preference in accordance with Section 366.06, F.S.

LULAC argues that the CEC Program is structured to require DEF's general body of customers to subsidize program participants in a manner that fundamentally violates traditional cost of service ratemaking. Hearing Tr. p. 385, l. 22 through p. 386, l. 12. LULAC's argument is flawed. Under traditional ratemaking processes, the cost of new generation is recovered from the general body of customers as a rate increase that is offset by the benefits that decrease rates over the life of the asset. Hearing Tr. p. 442, ll. 18-21. As explained above, the CEC Program allows for sharing of the benefits of a voluntary program between the participants and the general body

of customers while the full net cost of the program is paid for by the participants. This allows both the participants and the general body of customers to receive benefits of new solar generation being added to DEF's system. The general body of customers do not pay any fixed revenue requirements but receive \$39.2 million of fixed revenue requirement CPVRR benefit over the life of the CEC Program. Hearing Tr. p. 201, ll. 16-17.

Based on questioning during the hearing, and the arguments made in LULAC's prehearing statement, it appears that LULAC is very concerned about the fact that Walmart and DEF will make money on the CEC Program.⁴ Hearing Tr. p. 206, ll. 19-22; p. 290, ll. 16-24. First, DEF is entitled to a fair return on its investments, so even if the solar generation was built without the CEC Program, DEF would earn a return. Hearing Tr. p. 206, ll. 23-25. That fact does not change the cost-effectiveness analysis of the new generation. Second, LULAC conveniently focuses on Walmart making money on the CEC Program, but fails to take into account that the CEC Program allows local governments, non-profits, hospitals, residential, small and medium business, and low-income customers the chance to participate. Hearing Tr. p. 95, ll. 7-19. LULAC's argument about return on investment is a red herring and distracts from the real value that the CEC Program provides to all DEF's customers, irrespective of whether they participate in the program or not.

LULAC also argues that the timing and share of benefits and costs associated with the CEC Program are not fair to non-participants and grant undue preference to voluntary participants. According to witness Rábago, in the years 2021-2028 non-participating customers must pay an added \$336 million in rates while during the same period the participants will be ahead by \$3

⁴ LULAC also made a point of noting that participants are projected to have a payback period of seven years, while the general body of customers will not "break even" until the late 2030s. Hearing Tr. p. 325, l. 21 through p. 326, l. 4. However, the payback period for the CEC Program investment is similar to that of general investments, in particular DEF's other solar generation units. Hearing Tr. p. 365, l. 19 through p. 366, l. 1.

million. Hearing Tr. p. 399, l. 15 through p. 400, l. 2. LULAC also argues that the CEC Program is unfair because it guarantees benefits to the participants, but the general body of customers are not protected against changes in the forecast for fuel or carbon (in another words, non-participants bear all the risk). However, if fuel prices increase as compared to DEF's forecast, the general body of customers will see significant additional benefits from the CEC Program, while participants' share of the benefits will not change and these benefits will accrue entirely to the general body of customers. Conversely, if fuel prices are lower than DEF forecasts, the general body of customers will benefit from those overall lower prices, even though they will not realize as much benefit from the CEC Program as DEF forecasts. Hearing Tr. p. 214, ll. 1-10. In fact, that lower fuel price environment would result in all customers sharing in over \$3 billion in lower overall system costs. Hearing Tr. p. 429, ll. 12-16. In addition, Mr. Rábago fails to understand that the CEC Program participants are also part of the general body of customers, meaning that they are paying their share of the \$336 million Mr. Rábago cites over the 2021-2028 timeframe. Hearing Tr. p. 443, ll. 16-20. Additionally, Mr. Rábago's use of the 2021-2028 timeframe is intentionally short-sighted and fails to recognize that the participants are paying a fixed subscription fee that will more than cover the fixed costs of the Program.

LULAC appears to take issue with participants receiving any share of the CPVRR benefits associated with the program. Mr. Rábago also cites IREC as guidance for designing community solar. Hearing Tr. p. 380, l. 3 through p. 381, l. 14. Mr. Rábago cites the 2013 edition, but Mr. Huber attaches the most recent 2018 edition of IREC's Checklist in his rebuttal and discusses how the CEC Program falls closely in line with the guidelines that are presented in this document. Hearing Tr. pp. 102-106; p. 110, ll. 8-14. Importantly, one of the key guidelines is to "Offer Tangible Benefits For All Participating Customers." Hearing Exh. 17, p. 6. One of LULAC's key

arguments (that participants are achieving savings over the life of the program) seems to conflict with its witness citing this checklist.

If LULAC is objecting to the size of the savings that participants realize, it is meaningful to compare to the recently approved SolarTogether program. DEF's CEC Program allocates the vast majority of economic benefits to the general body of customers. On a CPVRR basis the CEC Program allocates 87.3% of the benefits to the general body, while FPL's SolarTogether program only allocates 45%. Hearing Exh. 14. Additionally, although it is true that (as LULAC likes to cite) on a nominal basis, participants will receive approximately \$300 million⁵ in benefits over the 33-year life of the program, the general body of customers will receive approximately \$2.9 billion in benefits over that same period of time. Hearing Exh. 8. Looking at Mr. Rábago's Exhibit KKR-3 (Hearing Exh. 14), page 1, the similar numbers for FPL's SolarTogether Program show participants will receive approximately \$678 million in benefits while the general body will receive approximately \$1.8 billion. As compared to FPL's SolarTogether Program, DEF's CEC Program allocates significantly more benefit to the general body of customers, while FPL's SolarTogether participants receive significantly more of the benefits.

Another argument LULAC raised is that it is not fair to compare the CEC Program to net metering because in that case customers pay the full cost up front. That argument is disingenuous at best as many solar systems are installed with no meaningful up-front cost to the homeowner and paid for by the benefits they accrue over time due to the design of net metering. Hearing Tr. p.

⁵ LULAC made the following claim in its prehearing statement: "The structure of the CEC program will increase costs to the general body of ratepayers by over \$300 million as compared to if Duke just rate-based the proposed 749 MW of solar without the proposed subscription model." DEF would note that there is no record evidence as to what the cost for the proposed 749 MW of solar would be without the CEC Program, because as noted in the Stipulation, DEF would build more solar under the CEC Program than without the CEC Program. LULAC's attempt to make the comparison is therefore unwarranted.

100, ll. 1-12. Additionally, the credit rate paid to net metering customers is between 12 and 13 cents/kwh today and will increase with retail rates over time. The bill credit rate paid under the CEC Program starts at approximately 4 cents/kwh and increases to approximately 6 cents/kwh over the next 33 years. Hearing Exh. 9. Of course, not all customers can take advantage of net metering due to factors like rooftop tree coverage, inadequate roof space, renting, or in the case of many low-income customers, inadequate financial means. Major benefits of the CEC Program include that all DEF customers can participate subject to availability, that the CEC Program is cost-effective for all DEF customers, and that there are specific allocations to various customer groups including low income customers (a group that has historically not been able to afford even the modest up-front cost of net metered solar panels).

DEF's CEC Program design is also consistent with the recently approved SolarTogether Program, meaning that the Commission has clearly considered this structure and determined that it is fair to non-participants. Hearing Tr. p. 444, ll. 3-12. Indeed, DEF included several improvements to FPL's program, most notably: (1) increasing the percentage of benefits to the general body of customers (as described above); (2) increasing the size of the low income allocation and the percentage of eligible low income customers who can participate; (3) providing local governments with a capacity carve-out and additional time to commit to the CEC Program; (4) providing an enrollment process that accommodated all large customers and local governments that expressed interest in the enrollment window; (5) giving the ability to retire RECs out of the customer's account; and (6) committing to utilization of a competitive process when building solar projects. Hearing Tr. pp. 105-107; p. 71, l. 20 through p. 72, l. 3; Stipulation Para. 5; Order No. PSC-2020-0084-S-EI. The CEC Program also provides an expected \$533 million of CPVRR

savings, while FPL's SolarTogether Program only projected to save customers \$249 million. Order No. PSC-2020-0084-S-EI, p. 4.

Despite the similarities to FPL's recently approved SolarTogether Program, LULAC's witness Mr. Rábago attempts to distinguish that similar program on the basis of relative size and rate impact. Hearing Tr. p. 377, ll. 13-19. In addition, and for the first time at hearing, Mr. Rábago characterized approval of the FPL SolarTogether Program as a "pilot" and indicated that approval for a second time would be a "trend." Hearing Tr. p. 411, ll. 17-19. The Commission, however, did not approve the FPL SolarTogether Program as a pilot (nor did FPL propose it as a pilot). *See* Order No. PSC-2020-0084-S-EI. The Commission also did not impose any sort of limitation on the FPL Program based on size or rate impact. *Id.* It was approved as a settlement that was in the public interest and consists of 1,490 MW's of new solar. *Id.* DEF has similarly presented the CEC Program which provides customers the same benefits as the approved SolarTogether Program with the improvements as described by Witness Huber and above. The rationale for approval of the FPL Program therefore also applies to DEF's CEC Program.

Witness Rábago asserts that DEF's Program is twice as large as FPL's SolarTogether Program. Hearing Tr. p. 377, ll. 15-16. First, FPL's Program is 1,490 MW, while the CEC Program is 749 MW. *Id.*; Hearing Tr. p. 309, l. 22. When one looks at it as on a common sales basis as Mr. Rábago seems to do, the CEC Program is not twice as large as the SolarTogether Program.⁶ Hearing Tr. p. 441, ll.15-17. Additionally, as Mr. Foster points out in his rebuttal

⁶ Using Mr. Rábago's numbers in Note 5 of his testimony, and comparing the MW/GWh ratio of each program, DEF's CEC Program is only 38% larger than FPL's SolarTogether Program. Hearing Tr. p. 403. This is calculated by dividing DEF's 749 MWs by the 40,704 GWh in sales, which equals 0.0184 MW/GWh, and comparing the result to FPL's 1,490 MWs of solar divided by their 111,934 GWh sales, which equals 0.0133 MW/GWh. Dividing DEF's 0.0184 by FPL's 0.0133 demonstrates that DEF's CEC Program is only 38% larger than FPL's SolarTogether Program. Mr. Rábago made several claims that the CEC Program is twice the size of FPL's

testimony the difference in rate impact between the CEC Program and SolarTogether Program amounts to about \$0.88 per month in the year with the largest impact. Hearing Tr. p. 442, l. 6. Mr. Rábago is being intentionally selective and does not point out that the favorable rate impacts over the life of the Program are significantly larger in DEF's CEC Program relative to the SolarTogether Program and this is evident by simply looking at the nominal savings being spread to the general body of customers over the life of the programs (\$1.8 billion for SolarTogether vs \$2.9 billion for CEC). Hearing Tr. pp. 441-442. When considering all facts as a whole, including the substantial benefits from the acceleration of solar generation on DEF's system and the savings to DEF's customers, the difference in the rate impact between the CEC Program and the SolarTogether Program is justified. Further, the CEC Program does not create an undue rate impact on DEF's customers.

V. Post-Hearing Statement of Issues and Positions.

ISSUE 1: Is DEF's proposed Clean Energy Connection Program and Tariff an appropriate mechanism to seek approval for the construction of 750MW of new solar generation facilities?

** Yes. The CEC Program is an appropriate mechanism to allow customers to participate voluntarily and more directly in the development of solar energy in Florida. Customers are actively seeking opportunities like the CEC Program in order to meet sustainability and financial goals. No existing programs or tariffs fill this customer need. **

ISSUE 2: Does DEF's proposed Clean Energy Connection Program and Tariff give any undue or unreasonable preference or advantage to any person or locality or

SolarTogether Program, but the above numbers clearly show that first, in sheer size FPL's is approximately twice the size of DEF's and even when placed on a common MW/GWh sales basis DEF's is only 38% larger, not 100% as the statement of double the size would mean. It is noteworthy that the Witness is rounding 38% up to 100%. Mr. Rábago further asserts that the rate impact is twice as large. Again, Mr. Rábago is taking liberties in how he rounds. When one divides the rate impact he cites to in his Note 5, one can see the rate impact is 72% higher in the year with the highest impact. Again, Mr. Rábago chooses to paint it as double the rate impact. It again strains credulity to round 72% up to 100%.

subject the same to any undue or unreasonable prejudice or disadvantage in any respect, contrary to Section 366.03, Florida Statutes?

** No. Undue preferences are avoided by designing rates to recover costs allocated based on customer responsibility. Under the CEC Program, the general body of customers will pay none of that cost while receiving 87.3% of the CPVRR net benefit. **

ISSUE 3: Should the Commission allow recovery of all costs and expenses associated with DEF's proposed Clean Energy Connection Program and Tariff in the manner proposed by DEF?

** Yes. The CEC Program's net base revenue requirements will be recovered through base rates and, over the life of the Program, will be paid for by the participants. The subscription benefits consist primarily of fuel and emission benefits, and therefore will be recovered through DEF's fuel cost recovery clause. **

ISSUE 4: Should the Commission approve DEF's proposed Clean Energy Connection Program and Tariff?

** Yes. As demonstrated by DEF's Petition, Testimony, and Exhibits, and the Stipulation to approve the CEC Program, the CEC Program adds additional cost-effective solar generation to DEF's system while allowing customers, including low-income customers, to participate and contribute to the fixed costs of the solar units. The CEC Program aligns with the Florida Legislature's intent in Section 366.92, F.S., provides ample system wide benefits, and provides fair, just, and reasonable rates without undue preference. **

ISSUE 5: Should the Commission approve the Stipulation for approval of the Duke Energy Florida, LLC, Clean Energy Connection Program and Tariff, as being in the public interest when taken as a whole?

** Yes. The Stipulation represents a reasonable compromise and fully resolves all issues raised in this proceeding. Considered as a whole, the Stipulation is in the public interest: the CEC Program responds to a significant customer need, is cost-effective, results in just, fair, and reasonable rates, and advances Florida's renewable energy policy. **

ISSUE 6: Should this docket be closed?

** Yes. **

Respectfully submitted this 9th day of December, 2020.

/s/ Dianne M. Triplett

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CERTIFICATE OF SERVICE

Docket No. 20200176-EI

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 9th day of December, 2020.

/s/ Dianne M. Triplett

Attorney

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