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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

COMMISSION REVIEW OF  
NUMERIC CONSERVATION GOALS  
(FLORIDA POWER & LIGHT  
COMPANY).  
\_\_\_\_\_ /

DOCKET NO. 20190015-EG

COMMISSION REVIEW OF  
NUMERIC CONSERVATION GOALS  
(GULF POWER COMPANY).  
\_\_\_\_\_ /

DOCKET NO. 20190016-EG

COMMISSION REVIEW OF  
NUMERIC CONSERVATION GOALS  
(FLORIDA PUBLIC UTILITIES  
COMPANY).  
\_\_\_\_\_ /

DOCKET NO. 20190017-EG

COMMISSION REVIEW OF  
NUMERIC CONSERVATION GOALS  
(DUKE ENERGY FLORIDA, LLC).  
\_\_\_\_\_ /

DOCKET NO. 20190018-EG

COMMISSION REVIEW OF  
NUMERIC CONSERVATION GOALS  
(ORLANDO UTILITIES  
COMMISSION).  
\_\_\_\_\_ /

DOCKET NO. 20190019-EG

COMMISSION REVIEW OF  
NUMERIC CONSERVATION GOALS  
(JEA).  
\_\_\_\_\_ /

DOCKET NO. 20190020-EG

COMMISSION REVIEW OF  
NUMERIC CONSERVATION GOALS  
(TAMPA ELECTRIC COMPANY).  
\_\_\_\_\_ /

DOCKET NO. 20190021-EG

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PROCEEDINGS: HEARING  
COMMISSIONERS  
PARTICIPATING: CHAIRMAN ART GRAHAM  
COMMISSIONER JULIE I. BROWN  
COMMISSIONER DONALD J. POLMANN  
COMMISSIONER GARY F. CLARK  
COMMISSIONER ANDREW GILES FAY

DATE: Tuesday, August 13th, 2019

TIME: Commenced: 2:00 p.m.  
Concluded: 6:29 p.m.

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

REPORTED BY: DEBRA R. KRICK  
Court Reporter

APPEARANCES: (As heretofore noted.)

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

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EXHIBITS

NUMBER :

ID ADMITTED

\*\*\*NONE MARKED OR RECEIVED IN THIS VOLUME\*\*\*

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

2 (Transcript follows in sequence from  
3 Volume 6.)

4 CHAIRMAN GRAHAM: Okay. Gulf, I think we are  
5 at your witness.

6 MR. BADDERS: Yes. One preliminary matter.  
7 As we promised earlier, we have an exhibit showing  
8 the proposed enhancement for Gulf Power, and I  
9 believe he is passing that out.

10 CHAIRMAN GRAHAM: Sure.

11 MR. BADDERS: And we will address that when  
12 Mr. Floyd takes the stand potentially at the end of  
13 the hearing.

14 CHAIRMAN GRAHAM: Okay.

15 MR. BADDERS: But he is taking the stand now  
16 for cross for his rebuttal.

17 CHAIRMAN GRAHAM: Mr. Floyd.

18 MR. GRIFFIN: We call Mr. Floyd.

19 Whereupon,

20 JOHN N. FLOYD

21 was recalled 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 MR. GRIFFIN:

1 Q Good evening, Mr. Floyd.

2 A Hi.

3 Q You presented direct testimony in this  
4 proceeding earlier today, correct?

5 A Yes, I did.

6 Q And you had prefiled rebuttal testimony in  
7 this proceeding as well consisting of 18 pages, is that  
8 right?

9 A Yes.

10 Q Do you have any changes or corrections to that  
11 testimony?

12 A No, I do not.

13 Q And if I were to ask you the same questions  
14 here, would your answers be the same?

15 A Yes, they would.

16 MR. GRIFFIN: Mr. Chairman, we would ask that  
17 Mr. Floyd's prefiled rebuttal testimony inserted.

18 CHAIRMAN GRAHAM: We will insert Mr. Floyd's  
19 prefiled -- prefiled rebuttal testimony into the  
20 record.

21 (Whereupon, prefiled testimony was inserted.)

22

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Gulf Power Company

Before the Florida Public Service Commission  
Prepared Rebuttal Testimony of  
John N. Floyd  
Docket No. 20190016-EG  
Commission Review of Numeric Conservation Goals  
July 12, 2019

Q. Please state your name, business address, employer and position.

A. My name is John N. Floyd, and my business address is One Energy Place, Pensacola, Florida 32520. I am employed by Gulf Power Company (Gulf Power, Gulf or the Company) as the Manager of Strategy and Market Intelligence.

Q. Have you previously filed testimony in this proceeding?

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of my rebuttal testimony is to respond to certain assertions and recommendations made by Southern Alliance for Clean Energy (SACE) Witnesses Grevatt and Bradley-Wright. First, I address Witness Grevatt's and Witness Bradley-Wright's overall proposals concerning the appropriate level and type of conservation goals to be established in this docket. Second, I respond to criticisms lodged by Witness Grevatt, and to a lesser extent, Witness Bradley-Wright, against use of the Rate Impact Measure (RIM) test and the Two-Year Payback Criterion to screen measures for ultimate inclusion in utility goals. Finally, I touch upon a

1 handful of other miscellaneous arguments put forth by these intervenor  
2 witnesses.

3  
4 **I. Intervenor Witness Goal Recommendations**

5  
6 Q. What is your response to Witness Grevatt's recommendation that the  
7 Commission establish conservation goals for Gulf Power of 1.5 percent of  
8 annual sales?

9 A. Witness Grevatt's recommendation does not meet the requirements of  
10 section 366.82, Florida Statutes and Rule 25-17.0021, Florida  
11 Administrative Code, for developing goals. Specifically, section 366.82(3)  
12 requires evaluation of the full technical potential of available energy  
13 efficiency and demand-side renewable measures and consideration of  
14 four criteria in establishing goals: (1) the costs and benefits to customers  
15 participating in the measure; (2) the costs and benefits to the general body  
16 of ratepayers as a whole, including utility incentives and participant  
17 contributions; (3) the need for incentives to promote both customer-owned  
18 and utility-owned energy efficiency and demand-side renewable energy  
19 systems; and (4) the costs imposed by state and federal regulations on  
20 the emission of greenhouse gases. Rule 25-17.0021(1), in turn, requires  
21 that goals be "based on an estimate of the total cost-effective kilowatt and  
22 kilowatt-hour savings reasonably achievable through demand-side  
23 management in each utility's service area." This rule also requires  
24 consideration of Florida-specific building codes, free-riders, and specific  
25 market segments and end-use categories. Witness Grevatt's

1 recommended goals are not based on the criteria set forth in section  
2 366.82(3) Florida Statutes, or the Commission's rules, but rather on an  
3 arbitrary percentage of the Company's annual sales.  
4

5 Furthermore, while Witness Grevatt does quantify specific numeric goals  
6 for energy, he recommends that demand goals be set in a separate  
7 proceeding, a process which, again, is not consistent with the  
8 requirements of this proceeding. In essence, Witness Grevatt's  
9 recommendations rest on the bare assumption that because two specific  
10 utilities in other states have purportedly saved upwards of 1.5 percent of  
11 electricity sales at least once, then a 1.5 percent goal must necessarily be  
12 appropriate for Florida.  
13

14 Q. Is it appropriate to rely on Demand-Side Management (DSM)  
15 achievements in other states as a proxy for setting goals in Florida?

16 A. No. While the approach is simplistic in its appeal, it ignores many  
17 significant factors that differ between states including climates, regulatory  
18 frameworks, utility rates, building codes, utility planning processes, and  
19 historical DSM achievements. Witness Deason, who is submitting rebuttal  
20 testimony on behalf of Gulf Power and the other Florida Energy Efficiency  
21 and Conservation Act (FEECA) Utilities, further explains why it is not  
22 appropriate to base Florida's DSM goals on those in other states.  
23  
24  
25

1 Q. How do Witness Grevatt's proposed goals compare to Gulf's current DSM  
2 goals?

3 A. Witness Grevatt's proposed ten-year energy reduction goal of 1,297  
4 gigawatt-hours (GWh) is over 1,200 GWh higher than Gulf's current ten-  
5 year goal. The average goal he proposes for *each year* is almost double  
6 Gulf's current ten-year goal. This proposal represents an increase of over  
7 1,400 percent. Gulf's current goals were approved by the Commission as  
8 reasonably achievable in accordance with the requirements of FEECA.  
9 The stratospherically high goals proposed by the SACE witnesses are  
10 clearly not achievable without record-setting spending by Gulf and  
11 potentially not achievable at any cost. While Gulf has not performed a  
12 detailed analysis of the cost to achieve such reductions, proration of actual  
13 expenditures during Gulf's highest achievement years would suggest a  
14 cost at least in the range of \$45 million per year, or more than at least four  
15 times Gulf's current DSM spending.

16  
17 Q. Are Witness Grevatt's recommendations based on Gulf Power's planning  
18 process or cost-effectiveness analysis?

19 A. No. Witness Grevatt's goal recommendations are clearly not based on the  
20 thorough planning process discussed in my direct testimony. His  
21 recommendation is not based on Gulf's planning process at all, but  
22 instead a simple percentage of sales calculation. Nor is his  
23 recommendation based on cost effectiveness analyses as required by the  
24 Florida Commission. His recommendation is more of a "pick a number"

25

1 method than anything rooted in the thoughtful, robust process followed in  
2 Florida.

3  
4 Q. At page 42 of his testimony, Witness Grevatt provides an estimate of Total  
5 Resource Cost (TRC) test Achievable Potential based on “partial  
6 corrections to the utilities’ analysis.” Can this calculation be relied upon in  
7 setting goals in Florida?

8 A. Not at all. Witness Grevatt begins his “analysis” with a Gulf Economic  
9 Potential value that represents a subset of Technical Potential. He then  
10 attempts to translate Gulf’s Economic Potential values into Achievable  
11 Potential values based on a simplistic assumption that 50 percent of this  
12 Economic Potential is achievable based on studies in some other states.  
13 Witness Grevatt does not offer any comparison of measures from those  
14 studies as compared to Gulf’s study, the current adoption of measures  
15 from those studies as compared to Gulf, the measures’ savings  
16 characteristics used in those studies as compared to Gulf’s study,  
17 incentive levels approaches, or any other analysis whatsoever. This  
18 “analysis” simply cannot be utilized in calculating a credible Achievable  
19 Potential estimate for Gulf Power. Tellingly, Witness Grevatt ultimately did  
20 not make a recommendation for goals based on this approach, but instead  
21 he opted for a simple percent of sales target.

22  
23  
24  
25

1 Q. Is this the first time SACE or other parties have proposed DSM goals as a  
2 flat percentage of sales for Gulf Power and other FEECA utilities?

3 A. No. In this same proceeding in 2014, SACE and Sierra Club witnesses  
4 proposed a flat percentage goals of 1.0 percent based on DSM  
5 achievements in a handful of other states. The Commission rejected  
6 those proposals, finding “no competent or substantial evidence in the  
7 record to support the goals proffered by either SACE or Sierra Club.”  
8 (Order No. PSC-14-0696-FOF-EU at page 36). Apparently ignoring the  
9 Commission’s most recent order, SACE has now increased its proposal by  
10 50 percent.

11

12 Q. What is Witness Bradley-Wright’s recommendation concerning DSM goals  
13 for Gulf Power?

14 A. Witness Bradley-Wright’s recommends establishing separate goals  
15 specifically for low-income residential customers of 133 GWh- a level over  
16 50 percent higher than Gulf’s current goals for all customer classes. His  
17 testimony is unclear as to whether these goals are incremental to those  
18 proposed by Witness Grevatt, or if these GWh values are included in  
19 Witness Grevatt’s GWh goal numbers.

20

21 Q. What is the basis for Witness Bradley-Wright’s goal recommendations?

22 A. Witness Bradley-Wright’s low-income goal proposal is based on Witness  
23 Grevatt’s partial (and flawed) effort to calculate a TRC-based Achievable  
24 Potential that he ultimately abandons for a simple 1.5 percent of sales  
25 target. Witness Bradley-Wright takes Witness Grevatt’s partially

1 developed achievable potential estimates and simply multiplies them by  
2 the percentage of Gulf's population which Witness Bradley-Wright deems  
3 to be "low-income." In addition to being overly simplistic in method, his  
4 back-of-the-envelope calculation completely ignores the robust process of  
5 evaluating each cost-effective measure's applicability across the  
6 residential sector, existing penetration of these measures, and likely  
7 adoption based on incentive levels and customer preference.

8

9 Q. Wouldn't low-income customers benefit from the bill savings that result  
10 from this level of goal?

11 A. Perhaps, but they would also be paying for the programmatic expenditures  
12 necessary to reach those goals. And, since these goals are spread over  
13 ten years, the majority of those low-income customers would see  
14 significant bill increases for several years until they could be served by the  
15 programs, even if they were willing participants. A common challenge with  
16 low-income customers is willingness to participate in programs, so a not-  
17 insignificant percentage of this customer demographic would likely  
18 experience significant cost increases with no offsetting energy savings.  
19 Witness Bradley-Wright totally ignores this impact in his proposal. Yet,  
20 this is the kind of cross-subsidization impact on customers that results  
21 from goals that do not consider rate impact and why use of RIM protects  
22 all customers, whether they voluntarily participate in a program or not.

23

24

25

1 Q. What is the basis for your conclusion that a not-insignificant percentage of  
2 low-income customers would not participate in a low-income efficiency  
3 program?

4 A. It has been Gulf's experience that 100 percent (or even large majority)  
5 program participation is not achievable – even if measures are given away  
6 for free. Some customers are reluctant to allow the badged program  
7 representatives into their homes to install measures, some don't want to  
8 take the time needed to have the measures installed, and others just  
9 downright decline the offering.

10

11 Q. Do you agree with SACE's proposal to set separate goals for low-income  
12 programs?

13 A. No. Gulf does support an intentional focus on overcoming participation  
14 barriers with an appropriately structured low-income program design, but  
15 setting a separate goal for this customer demographic is unnecessary.  
16 Gulf has successfully executed a pro-actively targeted low-income  
17 program since 2011 and intends to continue focusing educational and  
18 energy efficiency support in this market without separate goals.

19

20 Q. What do you mean by an appropriately structured program design?

21 A. In the case of low-income, an appropriately structured program design is  
22 one that attempts to reach as many qualifying customers as possible,  
23 while also seeking to minimize the cross-subsidies which are inherent in  
24 low-income programs.

25

1 Q. Do Witness Bradley-Wright's proposals accomplish those objectives?

2 A. Quite the opposite. In addition to proposing exponentially high low-income  
3 goals without any true analytical basis, he proposes programs which are  
4 designed to achieve what he describes as "deeper savings."

5

6 Q. What does Witness Bradley-Wright mean by reference to "deeper  
7 savings?"

8 A. Although his testimony in that regard is quite vague, it appears that he is  
9 proposing widespread deployment of programs which offer larger scale,  
10 high-dollar, improvements such as HVAC equipment replacement,  
11 insulation and water heaters at no, or very minimal cost to the low-income  
12 customer.

13

14 Q. Do you have any concerns with Witness Bradley-Wright's "deeper  
15 savings" proposal?

16 A. Yes, I do. Aside from cost, which could be astronomical even if only a  
17 modest percentage of customers participate, it would create  
18 unprecedented levels of cross-subsidization. These cross-subsidies  
19 would be borne by all customers, including many of the same low-income  
20 customers that Witness Bradley-Wright ostensibly seeks to protect.

21

22

23

24

25

1 Q. Witness Bradley-Wright also recommends that the Commission direct the  
2 utilities to provide meaningful program participation opportunities for low-  
3 income customers in all housing types, including multi-family housing and  
4 manufactured homes. Do you have any observations regarding this  
5 recommendation?

6 A. Yes. If Witness Bradley-Wright is under the impression that customers  
7 living in multi-family housing and manufactured homes are excluded from  
8 participating in Gulf Power's low-income program, he is simply mistaken in  
9 that regard. The Company's current low-income program is open to all  
10 qualifying customers, regardless of housing type.

11

12 Q. Earlier you referenced Gulf's low-income program. Can you please  
13 describe the program?

14 A. Yes. Since 2011, Gulf has offered a low-income program called  
15 Community Energy Saver that is targeted to geographic areas with high  
16 concentrations of lower-income customers. This program provides  
17 educational information and tips on conserving energy in addition to no-  
18 cost direct installation of several energy and water savings measures  
19 including energy efficient light bulbs, water heater pipe wrap/temperature  
20 adjustment, low-flow showerhead, faucet aerators and central HVAC air  
21 filters. Since the program's inception, Gulf has served over 21,000  
22 customers, representing over 15 percent of the eligible customer base.  
23 Gulf is proud of the success it has had with the Community Energy Saver  
24 program. Indeed, Witness Bradley-Wright commends the Company for its  
25 success. These achievements occurred in the absence of separate goals

1 for low-income programs, and Gulf Power sees no need to establish  
2 separate goals in the next goals cycle.

3

4 Q. Does Gulf Power intend to maintain a low-income program during the next  
5 goals cycle?

6 A. Absolutely. Gulf recognizes and agrees with the Commission's support of  
7 DSM programs designed specifically for low-income customers. While  
8 Gulf has not made any final decisions as to the nature of a proposed low-  
9 income program going forward, Gulf fully intends to include a well-  
10 designed low-income program in its proposed 2020 DSM Plan.

11

12 **II. Appropriate Cost Effectiveness Test and Screen for Free-Ridership**

13

14 Q. Do you agree with the intervenor witnesses' contention that the RIM test is  
15 not a cost effectiveness test?

16 A. Absolutely not. The RIM test is widely recognized as a valid cost  
17 effectiveness test. Like each of the standard tests used throughout the  
18 industry, the RIM and TRC test and Participant Cost test (PCT) evaluate  
19 benefits and costs from different perspectives. Florida regulators adopted  
20 the RIM, TRC and PCT standards when establishing requirements for  
21 DSM evaluations in the late 1980's with the publication of the "Florida  
22 Public Service Commission Cost Effectiveness Manual for Demand Side  
23 Management Program and Self-Service Wheeling Proposals" (DSM  
24 Manual). Importantly, the RIM test measures the rate impact for all  
25 customers – participants as well as non-participants (who represent the

1 majority of rate-paying customers). The RIM test assesses any cross-  
2 subsidy that is imposed on non-participants when the cost of demand-side  
3 management programs exceeds the benefit of utility cost savings. The  
4 DSM Manual provides very clear guidance on how the RIM test is used to  
5 evaluate cost-effectiveness of DSM initiatives. Use of the RIM test has  
6 served Florida customers well over many years by supporting significant  
7 conservation results, while ensuring that non-participating customers are  
8 not harmed through cross-subsidization. Witness Deason speaks at  
9 length regarding the Commission's precedent and policy surrounding use  
10 of the RIM test.

11

12 Q. Do you agree with Witness Grevatt's characterization of lost revenues as  
13 not actually being a cost?

14 A. No. Again, Witness Grevatt is simply wrong in his understanding of the  
15 RIM test. A simple reading of the Florida Commission's own DSM  
16 Manual, which is incorporated by reference in Rule 25-17.008, F.A.C.,  
17 clearly states that lost revenues are considered to be a cost when  
18 calculating the benefit cost ratio for the RIM test. A basic understanding of  
19 utility ratemaking also reinforces the fact that unrecovered revenue  
20 requirements resulting from implementation of utility sponsored DSM  
21 programs represents a very real cost that is ultimately borne by  
22 customers. By application of the RIM test, these and other program  
23 implementation costs, including customer incentives, can be tested  
24 against the resulting utility benefits in the form of avoided generation,  
25 transmission and distribution costs in order to ensure all customers

1 benefit, whether or not they participate in the DSM program. This is why  
2 the RIM test is sometimes referred to as the “no losers test.”

3

4 Q. Does the treatment of lost revenues as a cost impact the TRC test?

5 A No. As discussed earlier, each of the tests measures the costs and  
6 benefits from a different perspective. In the case of TRC, only the utility’s  
7 program implementation and participant’s equipment costs are considered  
8 in comparison to the utility avoided costs savings. This test does not  
9 provide any indication of rate pressure resulting from unrecovered  
10 revenue requirements or any cross-subsidy between participants and non-  
11 participants. So, recognizing that TRC does not account for all costs, it  
12 provides one perspective of whether the utility and customer base as a  
13 whole may benefit. However, singular reliance on this test results in  
14 winners and losers. Ideally, goals and programs would pass the RIM,  
15 PCT and TRC tests to ensure an initiative is cost effective from all  
16 perspectives and, as a practical matter, most initiatives that pass RIM also  
17 pass TRC. By setting goals based on RIM, the Commission is ensuring  
18 goals are cost-effective from all perspectives.

19

20 Q. What is your response to Witness Grevatt’s argument that the RIM test is  
21 not applied to supply side investments?

22 A. In name, he is correct. However, that is only because the RIM test  
23 methodology is typically only applied in demand-side evaluations. Supply-  
24 Side evaluations undergo the same process, except there are no lost  
25 revenues or non-participants to consider. Unlike when comparing a DSM

1 option to a supply option, there is no change in sales when comparing one  
2 supply-side option to another. Since sales are the same, the lowest cost  
3 supply-side alternative translates to the lowest rate impact, even when  
4 rates go up. So, in the same way that relying on the RIM test for DSM  
5 ensures rates are lower than they would otherwise be, supply-side  
6 evaluations are seeking the same result.

7

8 Q. How do you reconcile Witness Grevatt's statement that no other states  
9 rely primarily on the RIM test?

10 A. Each state has made a decision regarding the methods and process for  
11 establishing DSM goals, to the extent they have one, based on their own  
12 unique circumstances. Whether or not a state relies primarily on the RIM  
13 test, even Witness Grevatt acknowledges several states do consider the  
14 RIM test as a means of limiting upward rate pressure resulting from TRC-  
15 based DSM spending.

16

17 Q. What are the intervenor witness recommendations with regard to  
18 addressing free-ridership in this proceeding?

19 A. Both witnesses disagree with utilizing a two-year payback screen to  
20 address free-ridership in this goal setting process. They argue that it is  
21 not supported by any empirical evidence, that it ignores the underlying  
22 premise for utility-sponsored energy efficiency, that it contradicts the  
23 utilities' own Achievable Potential analysis, and that it is unnecessary  
24 because naturally occurring adoption already accounts for free ridership.

25

1 Q. Do you agree with their recommendations?

2 A. No. As explained in more detail by Witness Deason, use of the two-year  
3 payback screen has been a longstanding practice endorsed time and time  
4 again by the Florida Commission as an appropriate means of addressing  
5 free-ridership in this goal setting process. It is a common sense approach  
6 to avoiding DSM spending that all customers must bear for participant cost  
7 saving opportunities that have a relatively short economic payback.

8

9 Q. Witness Grevatt argues that use of the two-year payback criterion  
10 contradicts the utilities' own Achievable Potential analysis. Is that valid?

11 A. No. Witness Grevatt seems to assume that there is some magical market  
12 transformation that occurs at two-year payback such that 100 percent of  
13 customers adopt energy efficiency measures. No FEECA Utility has made  
14 such a claim. As mentioned previously, it has been Gulf's experience that  
15 no measure, even when provided for free, can achieve 100 percent  
16 adoption. The two-year payback screen eliminates measures with a short  
17 payback based on a common sense notion they are likely adopted at a  
18 higher rate simply due to the economic value proposition and therefore  
19 have higher free-ridership than longer payback measures.

20

21 Q. Finally, Witness Grevatt claims that free ridership is already accounted for  
22 by naturally occurring adoption. Is this the case?

23 A. No. As Witness Herndon explains, naturally occurring adoption and free  
24 ridership are two completely different things in the context of the  
25 Achievable Potential analysis. Even the Arkansas study that Witness

1 Grevatt references at page 41 of his testimony identifies these as separate  
2 influences on energy efficiency potential.

3  
4 **III. Other Miscellaneous Critiques of Market Potential Study**

5  
6 Q. Witness Grevatt contends that Gulf and other utilities inappropriately  
7 limited incentives paid to customers to a level that resulted in a two-year  
8 payback. Do you agree?

9 A. No. Incentives must be limited in some fashion, and the establishment of  
10 a two-year payback level for determining the maximum incentives  
11 provides a consistent economic value proposition for all measures that are  
12 cost-effective. Not limiting the incentive would result in excessive  
13 spending which would be borne by all customers. Utilizing a payback  
14 approach ensures consistency across measures and minimizes excessive  
15 spending.

16  
17 Q. Witness Grevatt implies that Gulf Power may have failed to re-assign  
18 savings in the Economic Potential phase when higher tier measures were  
19 screened out because they did not pass the cost effectiveness test. Does  
20 this apply to Gulf?

21 A. No. As discussed in my direct testimony and that of Nexant Witness  
22 Herndon, once Gulf completed the cost-effectiveness screening of  
23 measures, Nexant re-calculated the Technical Potential of the remaining  
24 cost-effective measures, thus producing the Economic Potential. This  
25 step replaced the savings potential associated with any failing measure

1 with the savings potential of the next applicable passing measure.

2 Witness Herndon provides additional explanation in his rebuttal testimony  
3 regarding how the measures were re-stacked to determine Economic  
4 Potential MW and GWh.

5

6 Q. Witness Grevatt identifies administrative cost assumptions used for FPL  
7 and implies that these costs are too high for FPL and perhaps other  
8 utilities. Please respond to the issue of administrative cost assumptions  
9 for Gulf Power.

10 A. Gulf utilized the administrative cost assumptions provided by Nexant in  
11 calculating the maximum incentives and overall cost-effectiveness for  
12 energy efficiency measures. These cost assumptions are based on actual  
13 utility program costs as identified by Nexant and are discussed further by  
14 Witness Herndon in his direct and rebuttal testimony. This approach is  
15 reasonable for Gulf's evaluation, as Gulf does not have program  
16 experience with many of the measures evaluated in this study.

17

18 Q. Witness Grevatt contends that the utilities should have used marginal line  
19 loss rates rather than average line loss rates in calculating avoided costs.  
20 Which line loss rates did Gulf Power use in its evaluations?

21 A. Gulf utilized line loss rates at peak load conditions in its evaluations.  
22 These rates are appropriate as the impact of demand reductions from  
23 DSM are based on seasonal peak load values. So, to the extent this is  
24 what witness Grevatt refers to as "marginal rates," Gulf's analysis is  
25 consistent with his recommendations.

#### IV. Conclusions

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Q. Should the Commission adopt the Intervenor witnesses' recommendations in this docket?

A. No. The Intervenor's recommendations in this docket lack thoughtful analysis, do not reflect consideration of the utility planning process as required by FEECA and Commission rules, and contain broad generalizations based on DSM policies of other jurisdictions without any regard to Florida-specific conditions or requirements. Further, while they are quick to criticize the processes used by Gulf and Florida policies, their critiques lack any reasonable solutions. Gulf's proposed goals were developed utilizing a rigorous process that reflects the most recent planning assumptions, meet the requirements of FEECA and Commission rules, and should be adopted by this Commission.

Q. Does this conclude your testimony?

A. Yes.

1 BY MR. GRIFFIN:

2 Q And, Mr. Floyd, you are not sponsoring any  
3 exhibits to this testimony, are you?

4 A No, I am not.

5 Q With that, we would please ask that you  
6 summarize your rebuttal testimony?

7 A Thank you.

8 Good afternoon Commissioners.

9 The recommendations offered by SACE in this  
10 docket should not be adopted. SACE witnesses Grevatt  
11 and Bradley-Wright both propose goals that do not meet  
12 the requirements of FEECA or the Commission rules.  
13 Their proposals aren't based on an evaluation of any  
14 Florida technical potential. They don't consider any  
15 cost-effectiveness criteria. They don't reflect Gulf  
16 Power's planning process, and they don't reflect  
17 evaluation of end-use categories in customer segments.  
18 Instead, their proposed goals rest on the bare  
19 assumption that DSM achievements by two utilities in  
20 other states are an appropriate proxy for setting goals  
21 in Florida.

22 In addition to ignoring FEECA itself, this  
23 simplistic assumption ignores a variety of important  
24 factors that differ between jurisdictions, including  
25 climate, regulatory frameworks and historical DSM

1 achievements.

2 SACE also proposes separate and extremely high  
3 goals for low income residential customers. While in  
4 theory this may seem appealing, even well-designed  
5 programs cannot reach all low income customers; meaning  
6 that many low income customers would be financially  
7 harmed rather than helped by SACE's proposal. Gulf  
8 recognizes the importance of assisting low income  
9 customers and will continue a program focused  
10 specifically on this customer group.

11 Witness Grevatt and Bradley-Wright also offer  
12 several criticisms of the process used by Gulf and other  
13 FEECA utilities to develop proposed goals. These  
14 critiques should be dismissed as well.

15 Witness Grevatt's dismissal of the RIM test  
16 directly contradicts Florida's longstanding reliance on  
17 RIM to ensure that all customers benefit from DSM  
18 whether they participate or not.

19 Gulf's methodology for developing goals is  
20 consistent with Commission precedent and rules. The  
21 cost-effective measures in Gulf's proposed goals make  
22 economic sense for the general body of customers, avoid  
23 cross-subsidization from customers who choose not to  
24 participate, and don't put upward pressure on rates.

25 In contrast, the intervenors' proposed goals

1 would result in subsidization by nonparticipants and  
2 higher electric rates for all Gulf customers. The  
3 Commission should not adopt the recommendations by SACE.

4 Thank you.

5 MR. GRIFFIN: We tender Mr. Floyd for  
6 cross-examination.

7 CHAIRMAN GRAHAM: Okay. OPC?

8 EXAMINATION

9 BY MS. FALL-FRY:

10 Q Good evening.

11 A Good evening.

12 Q I just want -- I have a few questions.

13 So I know that you testified that you disagree  
14 with the separate goals, but currently Gulf does have  
15 the low income programs, correct?

16 A Yes, that's correct.

17 Q And those programs include measures that have  
18 not passed RIM?

19 A Yes, that's correct.

20 Q And some of those measures include -- some of  
21 the -- sorry, some of the measures in the low income  
22 programs include -- have less than a two-year payback,  
23 correct?

24 A Yes, I believe that some of the measures do  
25 have less than a two-year payback. Yes.



1 by adding air into the water flow. So it reduces the  
2 water consumption, which saves on water heating expense.

3 Q Okay. And the same with the low flow shower  
4 heads?

5 A That's correct.

6 Q You save water, but I guess -- I guess the  
7 rationale is that they also save water that's heated,  
8 and you use the -- assuming an electric water heater, is  
9 that right?

10 A Yes, sir, that's correct.

11 MR. MOYLE: Thank you.

12 CHAIRMAN GRAHAM: Ms. Wynn, no questions?

13 MS. WYNN: No questions.

14 CHAIRMAN GRAHAM: Kelley?

15 EXAMINATION

16 BY MS. CORBARI:

17 Q Good afternoon, Mr. Floyd.

18 A Hi.

19 Q I have a, I believe, a clarifying question.

20 If I can get you to turn to page eight of your  
21 rebuttal testimony, please. And the first question on  
22 the page in your response, you state that Gulf's  
23 experienced -- some customers are reluctant to  
24 participate in programs?

25 A Yes.

1           **Q     And this -- are these particularly low income**  
2           **customers or customer -- residential customers in**  
3           **general?**

4           A     No. I am speaking here about low income  
5           customers and Gulf's experience with our current low  
6           income program.

7           **Q     And on line 16, you state: Gulf has**  
8           **successfully executed a proactively targeted low income**  
9           **program. Can you elaborate a little bit on your**  
10          **proactive?**

11          A     Sure. So Gulf's program is a neighborhood  
12          program where we identify geographic areas that have  
13          high concentrations of customers below the 200 percent  
14          poverty level. And then we go into those geographic  
15          areas in a proactive way and promote the availability of  
16          the program and, in some cases, literally go  
17          door-to-door making customers aware that the program is  
18          available to them, that we will come in and install  
19          these measures for them and provide them, you know, some  
20          general information, and then kind of educational  
21          information about -- about how to manage their energy  
22          use.

23                         So in that sense, it's very proactive. We do  
24          not wait for customers to call us and ask for  
25          assistance. We proactively go target areas for this.

1           Q     And that's -- in line 17, that neighborhood  
2     proactive effort is what Gulf intends to continue?

3           A     Yes, that's correct.

4           MS. CORBARI: Thank you.

5           CHAIRMAN GRAHAM: SACE?

6           MR. MARSHALL: With the understanding that all  
7     of our objections are preserved to the -- Gulf's  
8     supplemental exhibit and that whole line, we have  
9     no questions.

10          CHAIRMAN GRAHAM: Okay. Staff?

11          MS. DUVAL: No questions.

12          CHAIRMAN GRAHAM: Commissioners? Commissioner  
13     Polmann.

14          COMMISSIONER POLMANN: Hello, Mr. Floyd.

15          THE WITNESS: Hello.

16          COMMISSIONER POLMANN: You made a comment in  
17     your introductory remarks, and I am sorry I missed  
18     the characterization of it, but you made a comment  
19     regarding the SACE witness' low income goals, I  
20     think you characterized it some adjective, but you  
21     generally disagreed with their recommendations.  
22     They had some specific targeted distinct goals for  
23     the low income segment of the community and so  
24     forth.

25          THE WITNESS: Yes, sir.

1                   COMMISSIONER POLMANN: Is it your  
2 understanding that the SACE recommendation has  
3 particular program elements for the low income  
4 segment of customers?

5                   THE WITNESS: Based on my understanding of the  
6 witness' testimony, it's not really clear  
7 specifically what the program elements would be.

8                   The witness does acknowledge Gulf's existing  
9 program that targets a broad group of customers,  
10 but he also introduces the idea of deeper savings  
11 measures that would be, you know, perhaps providing  
12 appliances, or larger investment type measures to  
13 customers, but there is no specific description of  
14 how that would be delivered in a low income  
15 program.

16                  COMMISSIONER POLMANN: Can you clarify for me  
17 what part of their recommendation -- is there a  
18 particular part that you are criticizing or you are  
19 opposed to? I think you identified that this  
20 deeper savings part you're -- Gulf is opposed to.  
21 I think I am clear on that. But beyond that deeper  
22 savings part, is there a particular criticism that  
23 you have?

24                  I understand Gulf is continuing a program, but  
25 what is it specific about SACE that you are in

1 opposition to, other than the deeper savings part?

2 THE WITNESS: It's the mere scale of it.

3 The proposal by SACE just for a low income  
4 target is, I believe, more than 50 percent higher  
5 than Gulf's current approved goal for the 10-year  
6 period for all customer segments. So it's simply  
7 the extreme nature of that proposal relative to  
8 even what is currently approved today for Gulf's  
9 entire portfolio.

10 COMMISSIONER POLMANN: Okay. Thank you, Mr.  
11 Floyd.

12 That's all I had, Mr. Chairman.

13 CHAIRMAN GRAHAM: Redirect?

14 MR. GRIFFIN: We have none. No redirect.

15 CHAIRMAN GRAHAM: Exhibits?

16 MR. GRIFFIN: And Mr. Floyd did not have an  
17 exhibit to his rebuttal testimony.

18 CHAIRMAN GRAHAM: Okay. Well, then --

19 MR. GRIFFIN: We would ask that he be excused  
20 for purposes of his testimony in this proceeding.  
21 Although, we recognize that he will likely be back  
22 here speaking to the Commission with respect to the  
23 supplemental proposal.

24 CHAIRMAN GRAHAM: You are temporarily excused.

25 THE WITNESS: Okay.

1 CHAIRMAN GRAHAM: Okay. Duke, your witness.

2 MR. BERNIER: Thank you, Mr. Chairman. DEF  
3 recalls Lori Cross to the stand.

4 Whereupon,

5 LORI CROSS

6 was recalled 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 MR. BERNIER:

11 Q Ms. Cross, you were previously sworn, is that  
12 correct?

13 A That's correct.

14 Q Thank you.

15 Did you prepare and cause to be filed rebuttal  
16 testimony in this docket?

17 A I did.

18 Q And do you have any corrections to make to  
19 your prefiled rebuttal testimony?

20 A No, I don't.

21 Q If I were to ask you the same questions today,  
22 would your answers be the same?

23 A Yes, they would.

24 MR. BERNIER: Mr. Chairman, we would ask that  
25 Ms. Cross' rebuttal testimony be entered into the

1 docket as though read in lieu of transcript.

2 CHAIRMAN GRAHAM: We will enter Ms. Cross'  
3 rebuttal testimony into the record as though read.

4 (Whereupon, prefiled testimony was inserted.)

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**IN RE: COMMISSION REVIEW OF NUMERIC CONSERVATION GOALS**

**(DUKE ENERGY FLORIDA, INC.)**

**FPSC DOCKET NO. 201900018-EI**

**REBUTTAL TESTIMONY OF**

**LORI CROSS**

1 **I. INTRODUCTION AND QUALIFICATIONS**

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

3 A. My name is Lori Cross. My business address is 299 First Avenue North, St. Petersburg,  
4 Florida 33701.

5 **Q. Have you previously filed Direct Testimony in this proceeding?**

6 A. Yes, I filed my Direct Testimony on behalf of Duke Energy Florida, LLC (“DEF” or “Duke  
7 Energy”) on April 12, 2019.

8 **Q. Are your duties and responsibilities the same as when you previously filed testimony  
9 in this docket?**

10 A. Yes.

11

12 **II. SUMMARY OF REBUTTAL TESTIMONY**

13 **Q. Please summarize your rebuttal testimony.**

14 A. The purpose of my rebuttal testimony is to address the Direct Testimony of Witnesses  
15 Grevatt and Bradley-Wright on behalf of the Southern Alliance for Clean Energy  
16 (“SACE”).

1 Even though each of their testimonies include analysis to support their positions, review of  
2 the basis for their recommendations and examination of the underlying assumptions reveals  
3 that their proposals are based on arbitrary, overly simplistic, and incorrect assumptions.  
4 Additionally, their recommendations are contrary to the provisions of the Florida Energy  
5 Efficiency and Conservation Act (FEECA) and Rule 25-17.0021, Florida Administrative  
6 Code.

7 Mr. Grevatt argues that RIM is not a cost effectiveness test, suggest that goals should be  
8 based on TRC adjusted to add back measures with less than a two-year payback, and argues  
9 that the impacts of early retirements have not appropriately been considered in the proposed  
10 goals. Mr. Grevatt's testimony includes analysis and criticism of the utilities' proposed  
11 goals, but in the end, he simply recommends that the utilities' goals should be set based on  
12 1.5% of sales. My testimony will demonstrate why it is inappropriate to base goals on  
13 high-level arbitrary assumptions and the inappropriateness of relying on energy efficiency  
14 results in other states.

15 Mr. Bradley-Wright asserts that the Commission should set specific targets for low income  
16 customers as part of the goals setting process and that there is a need for formal standards  
17 for evaluating energy efficiency potential for low income customers. Mr. Bradley-Wright  
18 then proposes specific targets for each utility based on his estimate of achievable potential  
19 (AP) for low income customers. My testimony will focus on the fact that his  
20 recommendations are not supported by the provisions of FEECA or the Commission Rules  
21 and discuss the flaws and incorrect assumptions in the analysis supporting his  
22 recommendations.

23

1 **Q. What is your response to Mr. Grevatt’s proposed goal of 1.5% of sales?**

2 A. My initial reaction is to note that his proposal does not comply with Rule 25-17.0021,  
3 which states “goals shall be based on an estimate of the total cost-effective kilowatt and  
4 kilowatt-hour savings reasonably achievable through demand-side management.” In  
5 contrast, Mr. Grevatt recommends that the Commission set goals that would ramp up to an  
6 arbitrary 1.5% of sales by 2024.

7 Moreover, beyond the incompatibility of the Rule, analysis of Mr. Grevatt’s proposal  
8 demonstrates why it is generally inadvisable and inappropriate to set goals based on  
9 arbitrary assumptions. As he explains, this recommendation is based on the energy  
10 efficiency results of non-Florida utilities; specifically, Duke Energy Carolina’s (DEC’s)  
11 2018 result of 1.67% of sales. However, in his analysis, Mr. Grevatt fails to consider the  
12 fact that the sales included in the denominator do not represent DEC’s total sales, but only  
13 sales from non-opt out customers (though this fact was noted in footnote no. 42 to Mr.  
14 Grevatt’s testimony, it does not appear that it was considered in the actual analysis). This  
15 results in a higher percent of sales than would be achieved if total sales were used in the  
16 denominator. In fact, Mr. Bradley-Wright states that DEC’s 2018 efficiency savings  
17 equaled 1.05% of the previous year’s retail sales in his testimony in DEC’s cost recovery  
18 docket (Docket E-7 Sub 1192).<sup>1</sup> Given this fact, Mr. Grevatt’s analysis does not support  
19 his recommended goal of 1.5% of total sales for the FEECA utilities.

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<sup>1</sup> In the Matter of: Application of Duke Energy Carolinas, LLC for Approval of Demand-Side Management and Energy Efficiency Cost Recovery Rider Pursuant to N.C.G.S. §62-133.9 and Commission Rule R8-69; *Docket No. E-7, Sub 1192*.  
<https://starw1.ncuc.net/NCUC/ViewFile.aspx?Id=31599310-591b-4379-9a66-16bb36031e3f>

1           Additionally, Mr. Grevatt’s assumption that efficiency achievements as a percent of sales  
2           can ramp up over the next five years and then remain at that level for the duration of the  
3           goals period seems to ignore the ongoing impacts of increases in efficiency requirements  
4           in building codes and appliance efficiency standards. For example, implementation of the  
5           EISA standards in 2020 will even further diminish opportunities for utilities to provide  
6           savings incremental to requirements DEF’s proposed goals are based on a thorough  
7           evaluation of the AP of cost-effective measures and the goals reflect the impacts of the  
8           changes in codes and standards. In contrast, Mr. Grevatt’s proposal is unsupported by any  
9           meaningful analysis, much less an analysis specific to Florida. Additionally, if one looks  
10          deeper at the energy saving achievements of DEC, Mr. Grevatt fails to account for the fact  
11          that a significant portion of the Duke Energy Carolinas energy savings referenced come  
12          from behavioral programs, which are not included in the establishment of utility goals in  
13          Florida. In fact, Mr. Bradley-Wright criticizes the efficiency achievements of DEC on this  
14          very point in his testimony in DEC’s cost recovery proceeding, “But there remains room  
15          for improvement. DEC continues to rely too heavily on short-term, behavioral programs,  
16          particularly My Home Energy Report, which accounted for 57% of all energy savings  
17          achieved from residential energy-efficiency programs in 2018 (a modest decline from 63%  
18          in 2017).”<sup>1</sup>

19          In sum, Mr. Grevatt’s attempt to justify the establishment of annual efficiency goals based  
20          on an arbitrary percentage of sales is not only contrary to Commission rule but also fails to

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<sup>1</sup> In the Matter of: Application of Duke Energy Carolinas, LLC for Approval of Demand-Side Management and Energy Efficiency Cost Recovery Rider Pursuant to N.C.G.S. §62-133.9 and Commission Rule R8-69; *Docket No. E-7, Sub 1192*.  
<https://starw1.ncuc.net/NCUC/ViewFile.aspx?Id=31599310-591b-4379-9a66-16bb36031e3f>

1 withstand close analysis. DEF's proposed goals are based on analysis of the cost  
2 effectiveness of measures in accordance with the FPSC rules and the requirements of the  
3 FEECA statute. It would be inappropriate to ignore these facts and establish goals based  
4 on an indiscriminate application of achievements from other jurisdictions.

5  
6 **Q. Are you in agreement with Mr. Bradley-Wright's proposal that the Commission**  
7 **should set low income targets for the FEECA utilities as part of the goals setting**  
8 **process?**

9 A. No, I think it would be inappropriate for the Commission to set low income targets as part  
10 of the goals setting process. The Commission has a long history of adhering to the  
11 requirements set forth in Commission Rule 25-17.0021, which establishes the goals setting  
12 process in accordance with the provisions of FEECA. Paragraph 1 of this Rule states  
13 "Overall Residential KW and KWH goals and overall Commercial/Industrial KW and  
14 KWH goals shall be set by the Commission for each year over a ten-year period". Nothing  
15 here suggests or supports Mr. Bradley-Wright's recommendation that the Commission set  
16 targets or goals for a subset of the residential sector; in fact, use of the word "overall"  
17 directly contradicts his assertion that setting targets for a subset of the Residential  
18 customers is appropriate or consistent with the Rule. And Paragraph 3 of this Rule  
19 establishes the requirements for the utilities to propose numerical goals for the reasonably  
20 achievable winter and summer peak demand and annual energy savings in the residential  
21 and non-residential classes. Here, again, there is no discussion regarding targets or goals  
22 for low income customers or any other subset of the residential or non-residential  
23 customers.

1 **Q. Is it appropriate for the Commission to mandate how DEF meets its goals during the**  
2 **goals setting process?**

3 A. No, it is not. The goals setting process is designed to set reasonable goals for the residential  
4 and non-residential classes in their entirety. The economic potential (EP) and AP for the  
5 residential class included in DEF's proposed goals represents the potential for the entire  
6 residential class including low income customers. Setting a target for low income  
7 customers and carving this subset of customers out of the total does not increase the total  
8 AP, it simply divides the total potential between low income customers and all other  
9 residential customers. Mr. Bradley-Wright's recommendations go beyond the objectives  
10 and requirements of the goals setting process. In essence, his testimony recommends that  
11 the Commission should direct the utilities as to how the goals should be achieved as part  
12 of the goals setting process. This would be a significant departure from the provisions of  
13 FEECA and the Commission Rules and DEF is concerned about the precedent this could  
14 set for future proceedings.

15

16 **Q. Do DEF's proposed goals include any assumptions specific to low income customers?**

17 A. No. Consistent with the requirements of the Commission's Rules, DEF evaluated the AP  
18 and EP for the entire residential class by housing type. The potential for low income  
19 customers is subsumed within the total residential class.

20 Rule 25-17.0021(4) requires utilities to file demand side management plans designed to  
21 achieve the Commission approved goals within 90 days of the final order approving the  
22 utility's goals. The utilities will develop program plans including plans for low income

1 customers during this process. The low-income program plans will be submitted to the  
2 Commission for approval in conjunction with the plans for all other DSM programs. These  
3 plans will include the estimated costs and the estimated customer bill impacts and taken  
4 together will be designed to meet the Commission-established overall goals for the  
5 residential and non-residential classes.

6 **Q. How do you respond to the low-income targets that Mr. Bradley-Wright has proposed**  
7 **for DEF?**

8 A. Mr. Bradley-Wright's proposed annual low income GWH targets are more than 5 times the  
9 level that DEF achieved in 2018. There are three significant issues in his methodology and  
10 flaws in the assumptions supporting these proposed targets that result in unrealistic and  
11 overstated targets for DEF's low income customers:

- 12 • The first significant issue with Mr. Bradley-Wright's analysis is that he starts with the  
13 "TRC Savings Goals by Sector When Just Removing Two-Year Payback Screen and  
14 Assuming 50% of Economic is Achievable" presented in Exhibit JMG-2 in Mr.  
15 Grevatt's testimony. Review of the assumptions supporting this exhibit reveal that Mr.  
16 Grevatt assumed that removing the Two-Year Payback Screen would result in an 80%  
17 increase in DEF's residential TRC EP. This 80% increase is based on the difference  
18 between the TRC EP for Gulf Power's base case for residential and non-residential  
19 customers with no payback screen and no administrative costs and Gulf Power's TRC  
20 EP sensitivity for residential and non-residential customers with a two-year payback  
21 screen and administrative costs. There are multiple problems with this position:
  - 22 ○ First, it is inappropriate to assume that the adjustment for the payback screen  
23 would result in the same percentage change in DEF's TRC EP as Gulf Power's.

1           There are differences in avoided costs and measure impacts across the utilities  
2           that need to be considered as they could have a significant impact on the results.  
3           The only way to get an accurate assessment of the impact of including the  
4           measures with less than a 2-year payback is to rerun the EP model – an analysis  
5           that DEF has not performed.

- 6           ○ Second, even if one was to mistakenly accept Mr. Grevatt’s assumption that the  
7           adjustment for measures with less than a 2-year payback will cause DEF’s TRC  
8           EP to change by the same percentage as Gulf Power’s, Mr. Grevatt’s analysis  
9           supporting the 80% increase includes critical errors that should not be ignored.  
10          The 80% factor calculated by Mr. Grevatt represents the difference in the EP  
11          for both the residential and non-residential customer classes; however, because  
12          the low-income targets are only applicable to residential customers, he should  
13          have used the difference in the two cases for residential customers only - which  
14          is 37%. Additionally, the 80% increase in EP that Mr. Grevatt proposes fails to  
15          recognize that the difference in the EP between the two scenarios is not driven  
16          solely by the inclusion of 2-year payback measures in one scenario and not the  
17          other. The difference is also impacted by the fact that one scenario includes  
18          administrative costs and the other one does not.

- 19          • The second significant issue that DEF takes exception to is Mr. Bradley-Wright’s  
20          assumption that 37.4% of its residential *customers* are at or below 200% of the poverty  
21          level. In support, Mr. Bradley-Wright cites 2010 census block data showing 37.4% of  
22          the *population* in DEF’s service area has income at or below 200% of the poverty level  
23          Conflating overall *population* with individual *customers* which skews the analysis.

1 DEF estimates, also based on 2010 census data, that approximately 26.9% of its  
2 residential customers are at or below 200% of the poverty level – a difference of over  
3 10% from Mr. Bradley-Wright’s assumption. DEF believes the percentage of  
4 *customers* below the poverty level would be more applicable to this analysis than the  
5 percentage of the *population* below the poverty level. One additional significant issue  
6 is that Mr. Bradley-Wright has not considered the potential cost or customer bill  
7 impacts of his proposed low-income targets. The annual targets that he proposes for  
8 DEF are more than 5 times higher than the savings that DEF’s low income programs  
9 are achieving today; couple that with the fact that his recommendation is based on a  
10 portfolio of measures including high price tag items (such as heat pumps, air  
11 conditioners, windows, and ceiling insulation) and presuming that DEF would pay  
12 100% of the cost of these measures as it does with other low-income programs, suggests  
13 that Mr. Bradley-Wright’s proposed targets would result in a significant increase in  
14 DSM program costs. This cost increase would be paid by all customers, including low  
15 income customers, those who have participated in the program and those who have not.

16 **Q. What actions should the Commission take in this goals setting proceeding regarding**  
17 **goals or targets for low income customers?**

18 A. The Commission should reject Mr. Bradley-Wright’s recommendations regarding specific  
19 targets or goals for low income customers as part of the goals setting proceeding are not  
20 supported by FEECA or the provisions of Rule 25-17.0021. Specific programs and  
21 measures for low income customers are more appropriately considered in the Program Plan  
22 proceeding as part of the utilities’ overall plans designed to achieve the Commission  
23 approved goals.

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

2 **A. Yes, this concludes my testimony.**

1

2 MR. BERNIER: Thank you, Mr. Chairman.

3 We waive summary and will tender Ms. Cross for  
4 cross-examination.

5 CHAIRMAN GRAHAM: Fantastic.

6 Ms. Cross, welcome back.

7 THE WITNESS: Thank you.

8 CHAIRMAN GRAHAM: OPC?

9 MS. FALL-FRY: No questions.

10 CHAIRMAN GRAHAM: FIPUG?

11 MR. MOYLE: No questions.

12 CHAIRMAN GRAHAM: Wynn?

13 MS. WYNN: No questions.

14 CHAIRMAN GRAHAM: Kelley?

15 MS. CORBARI: No questions.

16 CHAIRMAN GRAHAM: SACE?

17 MR. MARSHALL: Just a couple of questions.

18 EXAMINATION

19 BY MR. MARSHALL:

20 Q Ms. Cross, Duke estimates that about 26.9  
21 percent of its residential customers are at or below 200  
22 percent of the poverty level?

23 A That's correct.

24 Q And would you agree that's a significant  
25 portion of the population?

1           A     Yes, I would.

2           **Q     Thank you.**

3           MR. MARSHALL:  No further questions.

4           CHAIRMAN GRAHAM:  Staff?

5           MS. DUVAL:  No questions.  Thank you.

6           CHAIRMAN GRAHAM:  Commissioners?

7           Redirect?

8           MR. BERNIER:  No redirect.

9           I would note that Commissioner Brown asked  
10          Ms. Cross a question earlier regarding a solar  
11          comment she made in her direct testimony.  I  
12          believe she can answer it now if you still would  
13          like to talk about it.  If not, we will let her go.

14          COMMISSIONER BROWN:  Thank you for the memory  
15          of that.

16          Mr. Chairman.

17          CHAIRMAN GRAHAM:  Sure.

18          COMMISSIONER BROWN:  With your indulgence,  
19          Ms. Cross.

20          THE WITNESS:  Hi.  Yes, this morning you asked  
21          me about the reference in my testimony where I said  
22          that Florida ranks in the top 10.  So -- and you  
23          asked, you know, where that was coming from.  Well,  
24          the source of that information was the Solar Energy  
25          Industry Associates, and it was their 2018 fourth

1 quarter report, which showed total megawatts of  
2 capacity in Florida of 2,159 megawatts, equivalent  
3 to, per their report, 252,597 homes supplied by  
4 solar. And I think you asked me whether or not  
5 that was demand, just demand side or supply side.  
6 And it's my understanding that that includes both.

7 COMMISSIONER BROWN: That's what I thought.  
8 Thank you. I thought it was both.

9 THE WITNESS: Okay.

10 MR. BERNIER: With that, we would ask for  
11 Ms. Cross to be excused.

12 CHAIRMAN GRAHAM: Ms. Cross, thank you very  
13 much for your testimony. Travel safe.

14 THE WITNESS: Thank you.

15 (Witness excused.)

16 CHAIRMAN GRAHAM: Okay. Orlando, Mr. Wright.

17 MR. S. WRIGHT: Thank you, Mr. Chairman.

18 Orlando Utilities Commission recalls Kevin  
19 Noonan for his rebuttal testimony.

20 Whereupon,

21 KEVIN NOONAN

22 was recalled as a witness, having been previously duly  
23 sworn to speak the truth, the whole truth, and nothing  
24 but the truth, was examined and testified as follows:

25 EXAMINATION

1 BY MR. S. WRIGHT:

2 Q I am going to go ahead and say good evening,  
3 Mr. Noonan.

4 A Good evening.

5 Q You previously took the oath to tell the  
6 truth, correct?

7 A Yes.

8 Q Are you the same Kevin Noonan who prepared and  
9 caused to be prefiled in this docket rebuttal testimony  
10 consisting of 13 pages?

11 A Yes.

12 Q Do you have any changes or corrections to make  
13 to that rebuttal testimony?

14 A No, I do not.

15 Q If I were to ask you the questions contained  
16 therein today, would your answers be the same?

17 A Yes.

18 MR. S. WRIGHT: Mr. Chairman, I would ask that  
19 Mr. Noonan's rebuttal testimony be entered into the  
20 record as though read.

21 CHAIRMAN GRAHAM: We will enter Mr. Noonan's  
22 rebuttal testimony into the record as though read.

23 (Whereupon, prefiled testimony was inserted.)

24

25

**IN RE: COMMISSION REVIEW OF NUMERIC CONSERVATION GOALS  
FOR ORLANDO UTILITIES COMMISSION,  
DOCKET NO. 20190019-EG**

**REBUTTAL TESTIMONY OF KEVIN M. NOONAN  
ON BEHALF OF ORLANDO UTILITIES COMMISSION**

**I. INTRODUCTION**

1

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

3 A. My name is Kevin M. Noonan, and my business address is Orlando Utilities  
4 Commission, Reliable Plaza at 100 West Anderson, Orlando, Florida 32801.

5 I am employed by the Orlando Utilities Commission (“OUC”) as Director of  
6 Legislative Affairs.

7

8 **Q. Have you previously submitted testimony in this docket?**

9 A. Yes. I submitted direct testimony on behalf of OUC on April 12, 2019, in  
10 which I described OUC, our electric system, and our customer base, which  
11 is proportionately more low-income than most other Florida utilities. I also  
12 generally described our Demand-Side Management (“DSM”) and energy  
13 conservation programs and initiatives, as well as our extensive support and  
14 implementation of solar energy projects that serve our customers. I also  
15 explained why, with full consideration of our system and our customer base,  
16 the Commission should not establish any numeric goals for OUC in these  
17 proceedings.



1 utilities. (Bradley-Wright Testimony at page 3.) With respect to OUC, his  
2 testimony is based on a reported decline in participation in one of OUC's DSM  
3 programs and an associated incomplete, inaccurate, and misleading  
4 characterization – actually a mis-characterization – of our low-income energy  
5 efficiency efforts and achievements based on incomplete analysis (comparison of  
6 one program's results to his own proposed goals, which are themselves unsupported  
7 by any cost-effectiveness analysis). This is not a fair criticism of OUC's efforts  
8 and achievements in delivering energy conservation measures and services to low-  
9 income customers. OUC has implemented many efforts, including formal DSM  
10 programs and measures and other effective offerings outside the scope of formal  
11 DSM plan-type programs, that directly and substantially benefit low-income  
12 customers and benefit OUC's system and the Orlando community, and OUC is  
13 continuing to develop and implement additional measures and efforts.

14  
15 **Q. Please summarize OUC's approach to achieving energy savings for and by**  
16 **low-income customers.**

17 A. At the outset, OUC recognizes that a substantial percentage of OUC's customer  
18 base has relatively lower incomes, approximately 33% of households with incomes  
19 below \$35,000 per year in 2019, and that many of OUC's customers are renters.  
20 With this recognition, OUC acts to help low-income customers through many  
21 efforts and with many partners, through significant efforts to promote energy  
22 efficiency and thus savings for our low-income customers as well as basic support  
23 of these customers' energy needs.

1           In developing, designing, and implementing formal DSM programs and  
2 other energy conservation and related programs and measures for low-income  
3 customers and for all OUC customers, OUC considers the following: whether the  
4 program will be particularly beneficial to low-income participants; whether the  
5 program is meaningfully accessible to low-income customers, i.e., within their  
6 means to take advantage of the program; whether the program will provide  
7 meaningful energy savings benefits and peak demand reduction benefits, to the  
8 extent applicable; potential impacts on the rates paid by all of OUC's customers,  
9 which naturally includes the degree to which the program involves subsidies of  
10 program participants by all customers. Note, however, that OUC does not address  
11 this last criterion or consideration by a rigid application of the RIM test; OUC has  
12 programs and measures available to low-income customers that do not pass the  
13 conventional RIM test, but OUC implements these programs and measures in the  
14 general public interest, with due consideration of the particular needs of low-  
15 income customers, rate impacts on all customers, and the energy savings benefits  
16 to be provided by the program or measure.

17  
18 **Q. Please summarize OUC's conservation programs and other efforts and**  
19 **activities that promote and support energy conservation and the energy needs**  
20 **of OUC's low-income customers.**

21 A. Among OUC's activities, efforts, and program offerings are the following.

- 22 ● Partnership with The Central Florida Foundation to help educate customers and  
23 to fund energy and water efficiency upgrades.

- 1           ● Project CARE, OUC’s utility assistance fund.
- 2           ● Extensive outreach efforts through neighborhood meetings and community
- 3           events.
- 4           ● Efficiency Delivered Program.
- 5           ● Home Energy Reports – reaches 50,000 customers every other month.
- 6           ● Multifamily Efficiency Program.
- 7           ● Power Pass Program – 10,700 current participants.
- 8           ● Creating energy efficient, sustainable, affordable housing – the New Horizons
- 9           Apartment Complex.
- 10          ● Conservation Kits.

11

12   **Q.    Please describe OUC’s partnership with The Central Florida Foundation and**  
13   **how it will promote energy and water efficiency.**

- 14   A.    OUC is partnering with The Central Florida Foundation, Inc. to help revitalize
- 15   communities, educate customers and fund energy & water efficiency upgrades.
- 16   The Central Florida Foundation has established the Central Florida Regional
- 17   Housing Trust (CFRHT) as a land trust designed to acquire residential dwellings
- 18   with the purpose of neighborhood revitalization without gentrification. The first
- 19   community that the CFRHT plans to focus on is Orlando’s historic Parramore
- 20   community—where the median household income is just \$15,000 and the
- 21   unemployment rate is 23.8%. Through the partnership, OUC will:
- 22           ● Fund energy & water efficiency upgrades greater than code
  - 23           requirements to the 83 residential units;

- 1           •     Provide residential energy audit and education after construction;
- 2           •     Conduct measurement and verification of energy & water
- 3                 efficiency upgrades;
- 4           •     Develop additional cost-saving programs; and
- 5           •     Provide community education through a neighborhood advisory
- 6                 council.

7

8   **Q.    Please describe Project CARE.**

9   A.    Project CARE is OUC's financial assistance program that assists customers who  
10       are having difficulties paying their utility bills. It provides emergency assistance  
11       to those in our community who have experienced a recent personal or family crisis  
12       that has placed them in danger of losing their utility service. All funds for the  
13       program are collected by OUC and turned over to Heart of Florida United Way, a  
14       local, non-profit community assistance agency. OUC customers who need  
15       assistance call United Way at 2-1-1. United Way will then help the customers  
16       locate an agency near their home so that eligibility and need can be determined.  
17       Under the program, a household can receive a maximum benefit of \$500 in a one-  
18       year period. It is not the intent of the program to pay chronic or long-term debt, but  
19       to assist those who are experiencing temporary financial hardship. Customers can  
20       contribute to Project CARE by adding \$1, \$2, \$5, or a specified amount to their  
21       monthly utility bill. Project CARE raises thousands of dollars each year through  
22       customer donations that are matched by OUC. For every \$1 donated by customers,  
23       OUC contributes \$2 to the program. Since its inception in December of 1994,

1 Project CARE has raised more than \$2 million, helping thousands of families and  
2 individuals in need.

3

4 **Q. Please summarize OUC’s outreach efforts to inform and educate low-income**  
5 **customers about energy conservation programs offered by OUC as well as**  
6 **other energy savings opportunities that OUC supports outside the scope of**  
7 **formal DSM Plan-type programs.**

8 A. OUC reaches out to our low-income customers in many additional ways.  
9 For example, in the fall of 2018, OUC initiated a series of “Fall Into Savings”  
10 Neighborhood Meetings within our service territory to share tips and programs  
11 available to help customers save on their utility bills. More than 400 customers  
12 attended these meetings, where they had the opportunity to learn more about  
13 various tips and efficiency programs like our Efficiency Delivered program.  
14 Attendees also had the chance to win raffle prizes that helped with home efficiency  
15 upgrades. As a result of these meetings, OUC scheduled 118 audits and performed  
16 efficiency upgrades on 23 premises.

17 Further, in 2018, conservation specialists attended community events and  
18 disseminated information on conservation programs. Below is a sampling of events  
19 in which the OUC Sustainability and Community Relations Departments  
20 participated.

- 21 • National Agriculture Day in St. Cloud
- 22 • Neighborhood & Community Summit
- 23 • Green Economy Summit

- 1                   •     Winter Park Earth Day
- 2                   •     Lake Eola Earth Day
- 3                   •     AAGO Trade Show
- 4                   •     Florida Fair Housing Summit
- 5                   •     Orange County Community Conference
- 6                   •     Fall Plant and Garden Festival
- 7                   •     Hispanic Business and Consumer Expo
- 8                   •     St. Cloud Life Expo

9                   In addition to the outreach activities described above, OUC is proud to be a  
10                   strong community partner supporting the efforts of numerous non-profit  
11                   organizations that directly benefit low-income customers. Organizations  
12                   with whom OUC partners to provide these benefits include the following:  
13                   Boys and Girls Club of Central Florida, Central Florida Urban League,  
14                   Christian Service Center, After School All-Stars, City Year Orlando, Feeding  
15                   Children Everywhere, Heart of Florida United Way, and Seniors First,

16

17   **Q.     Please describe the Efficiency Delivered program.**

18   A.     OUC's Efficiency Delivered program is, objectively, a very generous DSM  
19           program designed to promote energy conservation by low-income customers. Our  
20           Efficiency Delivered program provides up to \$2,000 of energy and water efficiency  
21           upgrades for the home. Eligible measures include the following:

- 22                   •     Air filter replacement
- 23                   •     Attic insulation

- 1                   ● Caulking and weather stripping
- 2                   ● Duct leak repairs
- 3                   ● Hot water pipe insulation
- 4                   ● Irrigation repairs
- 5                   ● Minor plumbing repairs
- 6                   ● Toilet replacement
- 7                   ● Water flow restrictors
- 8                   ● Window film installation

9  
10           For those households that have a family income of less than \$40,000, OUC pays  
11           85% of the cost. The remaining 15% can be paid back through the OUC monthly  
12           utility bill over 12 monthly installments, interest free. Households with greater  
13           incomes can participate on a sliding-scale basis, with OUC paying lower  
14           percentages for households with greater incomes.

15

16   **Q.    Please describe the Home Energy Report.**

17   A.    Over the past several years OUC has been providing approximately 50,000  
18           customers with bi-monthly energy and water reports that provide them with  
19           information on their consumption use and opportunities to become more efficient  
20           and reduce costs.

21

22   **Q.    Please describe the Multifamily Efficiency Program.**

23   A.    About 50% of OUC's residential population live in multifamily dwellings, and  
24           many are likely low-income. Historically, the multifamily segment has been

1 difficult to gain DSM participation primarily due to the “split incentive” barrier  
2 where the landlords do not pay the electric bills and the renters do not want to  
3 invest in property they do not own. To address this barrier, in 2015, OUC  
4 developed the Multifamily Efficiency Program (“MFEP”), which is a rebate  
5 program that provides rebate incentives to property owners to improve energy and  
6 water efficiency in their buildings and communities. Through the MFEP, since  
7 2015 OUC has been working with multifamily complex owners to encourage and  
8 educate them on all of the benefits of making efficiency improvements that can  
9 benefit them, such as higher tenant retention rates, lower maintenance and  
10 operating costs, and greater property values. The incentives are offered only to  
11 the owner, but the MFEP provides holistic and bundled incentives for tenant and  
12 common-area projects. OUC provides a full energy and water evaluation, which  
13 outlines the recommended conservation upgrades and payback periods for each  
14 improvement. OUC oversees the project completion from start to finish utilizing  
15 our Preferred Contractor Network or a contractor of choice. Since launching the  
16 program in 2015, 21 apartment complexes have participated.

17 Energy Efficiency measures for which incentives (rebates) are provided  
18 through the MFEP include the following.

- 19 • Window Film Insulation
- 20 • ENERGY STAR® Windows
- 21 • Cool / Reflective Roof
- 22 • Attic Insulation
- 23 • Heat Pump / Straight Cool HVAC

- 1           •     Duct Repair / Replacement
- 2           •     A/C Proper Sizing
- 3           •     ENERGY STAR Heat Pump Water Heater
- 4           •     Ultra Low Flow Toilet
- 5           •     Florida Water Star Certification

6

7   **Q.    Please describe OUC's Power Pass program.**

8   A.    OUC's Power Pass is an optional prepaid program that allows customers to pay-  
9        as-they-go for utility services. Instead of getting a monthly bill, they pay in  
10       advance for services. Customers can check their electric usage as often as they  
11       want, even every day. OUC Power Pass customers never pay a deposit or incur  
12       late fees. The program allows customers to pay for utility services when they  
13       want, how they want, and in the amount they want. Customers have the  
14       flexibility to make daily, weekly, or biweekly payments on electric bills rather  
15       than making one large payment each month. As long as customers maintain a  
16       positive balance, their services are continued. Customers can monitor their usage  
17       through the OUC Power Pass portal and check their daily consumption and  
18       receive high consumption and low balance alerts via text, email and/or phone.  
19       Statistics show that customers who use prepaid programs such as OUC Power  
20       Pass tend to use less electricity because they are more aware of how much they  
21       are using.

22

1 **Q. Please describe OUC's efforts with respect to the New Horizons Apartment**  
2 **Complex.**

3 A. In 2018, OUC partnered with the Village of Orlando and Hope Church to refurbish  
4 a once-vacant, 58-unit low-income housing complex into a safe, beautiful,  
5 affordable, and sustainable housing complex. OUC assisted with the design and  
6 planning of the revamped buildings, which now have LED lighting, energy efficient  
7 appliances, low-flow water fixtures, ductless HVAC systems, high-efficiency water  
8 heaters, and a 52 kW rooftop solar array.

9

10 **Q. Please describe OUC's Conservation Kits program.**

11

12 A. OUC also targets low-income customers with our Conservation Kits initiative,  
13 through which we have contracted with AM Conservation Group to distribute more  
14 than 6,000 Conservation Kits to customers in the course of in-home energy audits  
15 and at community events. Each Conservation Kit includes actual energy saving  
16 equipment, including LED bulbs, weather stripping, outlet covers, refrigerator  
17 thermometer, a hot weather gauge, and water saving devices.

18

19 **Q. Does anything in Mr. Bradley-Wright's testimony affect your and OUC's**  
20 **position that the Florida PSC should set goals of zero summer and winter MW**  
21 **and zero energy savings for OUC in this FEECA goal-setting proceeding?**

22 A. No. OUC has demonstrated, and continues to demonstrate, its commitment to  
23 energy conservation by all customers, and we have demonstrated our extensive  
24 commitments to energy conservation and meeting the energy needs of our low-

1 income customers through the many efforts described in my testimony above.  
2 *Mandatory* numeric goals – other than the zero goals proposed by OUC – would  
3 only reduce OUC’s flexibility to develop and offer valuable programs, and OUC  
4 would almost certainly exceed such goals as we have historically done.

5

6 **Q. Does this conclude your rebuttal testimony?**

7 A. Yes, it does.

1 BY MR. S. WRIGHT:

2 Q And, Mr. Noonan, you didn't have any exhibits  
3 with your rebuttal testimony, did you?

4 A I did not.

5 Q Thank you.

6 Please present a brief summary of your  
7 testimony to the Commissioners.

8 A My testimony rebuts -- my testimony rebuts the  
9 testimony of SACE's witness Forrest Bradley-Wright which  
10 inaccurately criticized OUC's low income energy  
11 conservation efforts based on a single year's reported  
12 value for one program.

13 The performance of one program for one year is  
14 not all -- not at all indicative of OUC's overall  
15 efforts and achievements in providing and promoting  
16 energy efficiency for the low income customers served by  
17 OUC. We feel that his testimony is a misrepresentation  
18 of our low income energy efficiency measures and  
19 programs. We recognize that a substantial percentage of  
20 our customers are renters and have relatively lower  
21 incomes.

22 With this understanding, OUC has undertaken  
23 extensive outreach efforts, formal DSM programs,  
24 individual measures and projects, and other effective  
25 offerings that directly and substantially benefit our

1 low income customers in the Orlando community as a  
2 whole.

3 Some of these programs include partnerships  
4 with the community to increase the energy efficiency of  
5 apartment complexes that are being renovated in  
6 traditionally lower income neighborhoods, such as the  
7 New Horizons Apartment Complex in Central Florida  
8 Foundation project.

9 Extensive outreach efforts through  
10 neighborhood meetings and community meetings such as our  
11 Fall Into Savings and Warm Up to Savings events; home  
12 energy reports that provide information on consumption,  
13 as well as recommendations and opportunities to become  
14 more efficient and reduce costs. Our multi-family  
15 efficiency program that provides rebates to property  
16 owners for installing energy efficiency measures that  
17 directly benefits their renters.

18 Our Power Pass program, which is our voluntary  
19 prepaid program that allows customers to pay as they go  
20 for their utilities. Statistics show that customers who  
21 use prepaid programs tend to use less electricity  
22 because they are more aware of how much they are using.

23 And OUC's efficiency delivered program, which  
24 provides generous support for a suite of energy  
25 efficiency measures up to \$2,000 with up to 85 percent

1 of the costs being covered by OUC. The remaining  
2 15 percent can be placed on the bill and paid for  
3 interest free over the course of a year.

4 Please note that in creating these programs,  
5 OUC does not apply a strict application of the RIM test.  
6 These programs are implemented in the general public  
7 interest consistent with the values and desires of the  
8 Orlando community and with due consideration given for  
9 the needs of our low income customers.

10 OUC has demonstrated and will continue to  
11 demonstrate our commitment to energy conservation to all  
12 of our customers through the efforts I just mentioned  
13 and the others described in my written testimony.

14 Mandatory goals other than zero goals proposed  
15 by OUC would only reduce OUC's flexibility, the ability  
16 of our board and staff to develop and offer valuable  
17 programs to our customers regardless of their income.

18 Thank you.

19 MR. S. WRIGHT: We tender Mr. Noonan for  
20 cross-examination. Thank you.

21 CHAIRMAN GRAHAM: Thank you.

22 Mr. Noonan, welcome back.

23 THE WITNESS: Thank you.

24 CHAIRMAN GRAHAM: OPC?

25 MS. FALL-FRY: No questions.

1 CHAIRMAN GRAHAM: Moyle?

2 MR. MOYLE: I have just a couple.

3 EXAMINATION

4 BY MR. MOYLE:

5 Q Do you have a program -- you talk about the  
6 programs for the low income folks. Do you have a  
7 program where if they can't pay their bill, you would  
8 work with them and say, well, we will work with you  
9 and --

10 A We do have a program called Project Care that  
11 provides utility assistance to customers that are  
12 experiencing a hardship and can't pay their bill. They  
13 can qualify for up to \$500 of one-time assistance. The  
14 funds for that program are collected through customer  
15 contributions, and for every dollar that is donated by  
16 our customers, OUC matches it with \$2.

17 MR. MOYLE: Okay. Thank you.

18 CHAIRMAN GRAHAM: Kelley -- Ms. Wynn?

19 MS. WYNN: No questions.

20 CHAIRMAN GRAHAM: Kelley?

21 EXAMINATION

22 BY MS. CORBARI:

23 Q Good afternoon, Mr. Noonan. Hopefully I can  
24 be quick.

25 If I can, I guess, direct you to the page --

1 the bottom of page nine, mainly page 10 of your rebuttal  
2 testimony, with regard to the multi-family efficiency  
3 program.

4 A Yes.

5 Q On page 10 of your rebuttal, I believe since  
6 launching the program in 2015, 21 apartment complexes  
7 have participated?

8 A Yes.

9 Q Are there any specific efforts taken by OUC to  
10 target or market this program, say, to specific lower  
11 income neighborhoods with these older multi-family  
12 complexes?

13 A We do reach out to apartment complexes in  
14 those neighborhoods. In fact, we try to partner with  
15 the City and other groups, some nonprofit groups when  
16 they come in and try to renovate some older apartment  
17 complexes that have become run down or abandoned, when  
18 certain groups come in, either the City or some  
19 foundations, and they try to renovate them, we try to  
20 get in on that level so we can be in on the front and be  
21 proactive and incent them to go beyond code and install  
22 measures that are greater than that code. So there is  
23 extra, you know, energy efficiency there.

24 Q And has OUC realized any efficiency demand  
25 savings, I guess, from these 21 renovated apartment

1 **complexes?**

2 A I believe we have, yes.

3 MS. CORBARI: Thank you.

4 CHAIRMAN GRAHAM: SACE?

5 MR. LEUBKEMANN: Just a couple.

6 EXAMINATION

7 BY MR. LEUBKEMANN:

8 Q **Welcome back.**

9 A Thank you.

10 Q **If I could direct you, Mr. Noonan, to page**  
11 **three of your rebuttal testimony.**

12 A Was that three?

13 Q **Yes.**

14 A I am there.

15 Q **Okay. You would agree that Orlando has a**  
16 **substantial population of lower income residents?**

17 A Yes, we do.

18 Q **You also state on this page that Forest**  
19 **Bradley-Wright's proposed low income energy efficiency**  
20 **goals are based on, quote, incomplete analysis**  
21 **comparison of one program's result to his own proposed**  
22 **goals, which are themselves unsupported by any cost**  
23 **analysis, end quote?**

24 A Yes.

25 Q **Do you mean to suggest that OUC's current**

1 programs are supported by cost benefit analysis?

2 A They do not pass the RIM test, but we  
3 implement them for the good of the general public and  
4 well-being of Orlando.

5 Q Turning now to page 13 of your rebuttal  
6 testimony.

7 A I am there.

8 Q You assert that, quote, mandatory numeric  
9 goals other than the zero goals proposed by OUC would  
10 only reduce OUC's flexibility to develop and offer  
11 valuable programs, and OUC would almost certainly exceed  
12 such goals as we have historically done, end quote?

13 A Yes.

14 Q Mr. Noonan, a simple numeric target for energy  
15 savings does not dictate what programs, measures or  
16 creative ideas OUC might employ to meet that target,  
17 does it?

18 A No, it does not.

19 Q Similarly, making that goal mandatory and  
20 binding does not reduce the flexibility of OUC to choose  
21 what programs or measures it considers to constitute the  
22 right approach to meeting that goal?

23 A I believe -- if we had mandatory goal that we  
24 needed to hit, you know, it could reduce the flexibility  
25 that our board has in order to try programs that may be

1 a little bit creative or a little bit different if we  
2 have to commit resources to a project or something in  
3 order to hit those goals. We are basically trying to  
4 focus on local flexibility to meet our goals. That's --  
5 that's what we are pushing for.

6 **Q Thank you, Mr. Noonan.**

7 MR. LEUBKEMANN: No other questions.

8 CHAIRMAN GRAHAM: Staff?

9 MS. WEISENFELD: Staff has no questions.

10 CHAIRMAN GRAHAM: Commissioners? Commissioner  
11 Polmann.

12 COMMISSIONER POLMANN: Thank you, Mr.  
13 Chairman.

14 Mr. Noonan, is it your rebuttal testimony that  
15 your board has policy discretion to implement the  
16 DSM programs that it deems to be in the public  
17 interest even though this commission may find it in  
18 the public interest to set the goal equal to zero?

19 THE WITNESS: Yes.

20 COMMISSIONER POLMANN: So there is a clear  
21 distinction between your board setting DSM programs  
22 in its discretion separate from our discretion  
23 regarding setting goals?

24 THE WITNESS: For them to develop the programs  
25 and the measures we used is, during the program

1 phase, yes, that is at their discretion. The goals  
2 are, of course, at your discretion.

3 COMMISSIONER POLMANN: Is it also your  
4 testimony that the -- the testimony provided by the  
5 SACE witnesses fails to recognize that distinction?

6 THE WITNESS: The rebuttal testimony that I  
7 filed gets to the point that they were kind of down  
8 on our low income program because we had one bad  
9 year and one program. And we think that our  
10 program -- or the programs that we have reach out  
11 to our low income customers through a variety of  
12 channels, not just one. Not just our efficiency  
13 delivered program, which was the one that was  
14 pointed out.

15 We have other -- we have multi-family  
16 efficiency programs. You know, we have community  
17 outreach. We do proactive partnering, you know,  
18 when apartment complexes are going to be renovated  
19 to try to make sure that we are out front and can  
20 boost those apartments greater than code.

21 COMMISSIONER POLMANN: Thank you, sir.  
22 That's all I have, Mr. Chairman.

23 CHAIRMAN GRAHAM: Redirect?

24 MR. S. WRIGHT: No redirect, Mr. Chairman.

25 CHAIRMAN GRAHAM: Okay.



1           Q     Do you have any changes or corrections to that  
2 testimony?

3           A     No, I do not.

4           Q     If I were to ask you the same questions today,  
5 would your answers be the same?

6           A     Yes, they would.

7                   MR. PERKO:  At this time, Mr. Chairman, I  
8 would ask that Mr. Wucker's prefiled rebuttal  
9 testimony be inserted into the record as if read.

10                   CHAIRMAN GRAHAM:  We will insert Mr. Wucker's  
11 prefiled rebuttal testimony into the record as  
12 though read.

13                           (Whereupon, prefiled testimony was inserted.)

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1                   BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2                   REBUTTAL TESTIMONY OF DONALD P. WUCKER

3                   ON BEHALF OF

4                   JEA

5                   DOCKET NO. 20190020-EG

6                   July 12, 2019

7

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

9    A.    My name is Donald P. Wucker. My business address is 21 West Church Street,  
10         Jacksonville, Florida 32202.

11

12 **Q.    Have you previously submitted direct testimony in this proceeding?**

13 A.    Yes.

14

15 **Q.    What is the purpose of your rebuttal testimony?**

16 A.    The purpose of my testimony is to rebut certain assertions in the pre-filed testimony of  
17         Southern Alliance for Clean Energy (“SACE”) witnesses, Jim Grevatt and Forest  
18         Bradley-Wright. Specifically, I will rebut the following assertions made by Mr. Grevatt:

- 19         • The RIM test should not be used for screening DSM programs; and  
20         • DSM goals should be set such that each FEECA utility will achieve annual efficiency  
21         savings equal to 1.5% by 2024.

22         In addition, I will rebut Mr. Bradley-Wright’s assertions regarding JEA’s efforts with  
23         regard to low-income customers.

24

**RIM Test**

1  
2 **Q. Are you familiar with the Commission’s practice in assessing how JEA and other**  
3 **electric utilities evaluate DSM cost-effectiveness?**

4 A. Yes. Since 2008, I have been involved in the consolidated proceedings in which the  
5 Commission approved DSM goals for the electric utilities that are subject to FEECA,  
6 Sections 366.80-366.85, Florida Statutes. At the conclusion of the last FEECA goal-  
7 setting proceedings in 2014, the Commission determined that the “unconstrained RIM  
8 achievable potential” is appropriate for evaluating the cost-effectiveness of DSM  
9 measures. *See* Order No. PSC-14-0696-FOF-EU at pp. 40 and 43 (Dec. 16, 2014). This  
10 conclusion was consistent with the Commission's past findings that the RIM test was  
11 appropriate for use in setting DSM goals for municipal utilities because the RIM test  
12 results in no upward pressure on rates and ensures that customers who participate in a  
13 utility DSM measure are not subsidized by customers who do not participate.

14  
15 **Q. Why is RIM important for evaluating DSM measures for municipal utilities?**

16 A. Because the RIM test ensures no DSM-related upward pressure on customers' rates, it is  
17 particularly appropriate in establishing DSM goals for municipal utilities, such as JEA,  
18 over which the Commission does not have rate-making authority. Local governing is a  
19 fundamental aspect of public power. It provides the necessary latitude to make local  
20 decisions regarding the community's investment in energy efficiency that best suit our  
21 local needs and values. Accordingly, as the Commission has recognized in prior  
22 proceedings, it is appropriate for the Commission to set goals based on RIM, but to defer  
23 to the municipal utilities' governing bodies to determine the level of investment in any  
24 non-RIM based measures. *See, In re: Adoption of Numeric Conservation Goals and*  
25 *Consideration of National Energy Policy Act Standards (Section 111)*, Order No. PSC-

1 95-0461-FOF-EG, at p. 3 (April 10, 1995). As the Commission has repeatedly stated, “it  
2 is reasonable to allow JEA to determine whether or not it should continue to offer  
3 existing [non-RIM] DSM programs as JEA is in the best position to determine its  
4 customers' needs.” Order No. PSC-2004-0768-PAA-EG, issued in Docket No.  
5 20040030-EG, at p. 3 (Aug. 9, 2004). *See also*, Order No. PSC-2000-0588-FOF-EG,  
6 issued in Docket No. 19990720-EG, at p. 3 (Mar. 23, 2000). (“As to those [non-RIM]  
7 DSM programs that JEA wishes to continue to offer, we find it reasonable to allow JEA  
8 to determine whether or not such programs should be continued because JEA is best-  
9 situated to determine its customers' needs.”).

10  
11 **Q. On page 7 of his testimony, Mr. Grevatt states: “[RIM] is only a test of whether**  
12 **rates will go up if the utility seeks and receives rate adjustments necessary to**  
13 **maintain the level of profits it would have earned absent the efficiency programs. It**  
14 **is not cost-effectiveness test.” With respect to municipal utilities, do you agree with**  
15 **Mr. Grevatt?**

16 **A.** No. JEA is a not-for-profit, community-owned utility, which means it does not earn  
17 profits for or obtain funding from third party equity investors. Because we do not have  
18 stockholders, all costs — including existing fixed costs and new expenditures — must be  
19 recovered through customer rates. If energy sales decrease, our rates must increase in  
20 order for JEA to recover these existing fixed costs. If rates go up, the bills for non-  
21 participants go up as well, including low-income customers who are most affected by  
22 higher bills. Although JEA has aggressively marketed no-cost low-income offerings  
23 since 2009, 50% of eligible customers choose not to participate. As a municipal utility,  
24 JEA is especially sensitive to the needs of all our customer classes and sectors, including  
25 low income customers who chose for whatever reason not to participate in DSM

1 programs. Because the RIM test accounts for lost revenues resulting from reduced  
2 energy sales, the use of the RIM test assures that our rates will not increase due to  
3 mandated conservation programs. From JEA's perspective as a municipal utility, RIM  
4 most assuredly is a cost-effectiveness test.

5  
6 **Q. Has JEA ever implemented conservation programs that included measures that did  
7 not pass the RIM test?**

8 A. Yes.

9  
10 **Q. Isn't that inconsistent with your position on the RIM test stated above?**

11 A. No. JEA's overriding concern is for all sectors of customers in the community. In prior  
12 years, when JEA offered measures that did not pass RIM, they were carefully managed in  
13 order to balance rate impacts with benefits to customers. As the Commission has  
14 previously recognized, reliance on the RIM test in setting goals for municipal utilities  
15 gives the governing bodies of those utilities the flexibility to use and manage non-RIM  
16 measures to create conservation programs for the good of the community based on local  
17 needs and values. This benefit can easily be lost if goals are set that require the use of  
18 non-RIM measures.

19  
20 **Low-Income Programs**

21 **Q. On page 28 of his testimony, Mr. Bradley-Wright states that JEA has "only broad-  
22 based neighborhood-style programs." Do you agree with this statement?**

23 A. No.

24  
25 **Q. What DSM programs does JEA have in place targeted to low-income customers?**

1 A. JEA specifically targets low-income customers through our two-phased Neighborhood  
2 Energy Efficiency (NEE) Program. Phase 1 provides installation of 15 electric and water  
3 conservation products as well as an energy education package of printed material  
4 including savings tips and energy consultation/education. We also discuss additional JEA  
5 resources and other community conservation programs, such as the Community Action  
6 Agency's (CAA) Weatherization Assistance Program (WAP), providing referrals where  
7 appropriate. This is performed in targeted neighborhoods identified by the City as having  
8 more than 50% of the neighborhood population at or below 150% of the federal poverty  
9 guidelines. Approximately 1,000 homes are completed per year.

10  
11 While implementing Phase 1 work, JEA looks within these homes for those in need of  
12 attic insulation. JEA offers an additional service whereby we provide blown-in attic  
13 insulation to bring the home's insulation value up to an R38-value in accordance with  
14 DOE WAP standards at no cost to the owner. Averaging about 150 insulation upgrades  
15 per year, this outgrowth of the NEE program has impacted well over 1,600 homes since  
16 2013 at no cost to the homeowner. Beginning October 1, 2019, JEA is adding a high-  
17 efficiency toilet initiative that will result in installation of up to 400 high-efficiency  
18 toilets in 200 income qualified homes. While this new service will not provide electric  
19 savings, the monthly financial savings from water and sewer conservation can assist  
20 customers with paying their home energy expenses

21  
22 Phase 2 provides an Energy Efficient Home Maintenance kit of 12 electric and water  
23 conservation products for participants in a Housing Counseling workshop required for  
24 first time home buyers involved in the City's loan assistance programs for low to  
25 moderate income residents. Approximately 500 kits are provided annually.

1  
2 Participation in Phase 1 is voluntary, we attempt to overcome market barriers by various  
3 means including working with both local government representatives and pastors.

4 Participation is voluntary so we have to respect the customer's privacy and right to  
5 choose. Phase 2 is based on participation in the Housing Counseling workshop required  
6 for first time home buyers involved in the City's loan assistance programs which we have  
7 no influence on its participation. JEA plans to continue offering and promoting the  
8 Neighborhood Energy Efficiency Program for low-income customers.

9  
10 **Q. Has JEA calculated the energy savings associated with the low-income targeted  
11 DSM programs?**

12 **A.** Yes. Since 2010, the implementation of the Phase I and Phase 2 product offerings has  
13 yielded almost 11,000 MWh's of annual energy savings with coincident peak impacts  
14 exceeding 4 MWs. Additionally, the low-income insulation program has been  
15 implemented in over 1,600 of these homes and has reduced the customer's monthly  
16 electric bill by over 11% on average.

17  
18 **Q. Does JEA promote energy savings among low-income customers in any other ways?**

19 **A.** Yes. Outside of the NEE Program, JEA works with the federal Low Income Home  
20 Energy Assistance Program (LIHEAP) program to provide bill assistance, and during the  
21 Senior Day interviews, flyers and resources are provided for JEA programs and other  
22 community resources to help low income seniors save on their utility bills. JEA keeps a  
23 permanent display in the customer lobby of low cost, do-it-yourself conservation  
24 products and a sign-up list for the NEE Program. JEA provides speakers from its

1 Ambassador Team to give a “Savings Without Sacrifice” presentation to neighborhood  
2 associations, churches, schools, community development groups, and other organizations  
3 in low income neighborhoods. The presentation provides conservation information in  
4 addition to product demonstrations on how to install low cost energy saving products.

5  
6 JEA also participates in regular events with the leaders of multiple advocacy groups for  
7 low-income, seniors, and disabled persons to promote a strong network of  
8 communication, keeping these leaders aware of utility programs, changes, resources, etc.  
9 available to their clients.

10  
11 **SACE’S Proposed 1.5% Goals**

12 **Q. Mr. Grevatt recommends that the Commission set DSM goals for each of the**  
13 **FEECA utilities which will achieve annual efficiency savings equal to 1.5% of**  
14 **annual retail sales by 2024. Do you agree?**

15 **A.** No. A 1.5% goal is completely arbitrary. Some utilities may be able to cost effectively  
16 achieve 1.5% and some may not. Some may be able to cost effectively achieve more. It  
17 depends upon the specific utility.

18  
19 **Q. If the Commission grants JEA’s zero goals proposal, will JEA cease its conservation**  
20 **efforts?**

21 **A.** Absolutely not. JEA has no plans to end its conservation programs and as previously  
22 mentioned is planning to expand its low-income program. JEA will continue to offer  
23 conservation programs that are in the best interest of the community by balancing rate  
24 impacts and the needs of all of JEA’s customers. Consistent with established  
25 Commission precedent, setting JEA’s goals based on RIM rather than an arbitrary sales

1 percentage would continue to provide JEA, as a municipal utility, the flexibility to  
2 determine the level of investment in energy efficiency that best suits the community's  
3 needs and values.  
4

5 **Q. Has the Commission established goals of zero in previous dockets?**

6 A. Yes, the Commission has established zero goals several times for municipal utilities  
7 based on evaluation of the RIM test. With respect to JEA, the Commission established  
8 zero goals in 2000 and 2004. In the 1999-2000 goal-setting docket, the Commission set  
9 JEA's numeric goals at zero because none of the measures evaluated by JEA passed both  
10 the participant and RIM tests. *See* Order No. PSC-2000-0588-FOF-EG, issued in Docket  
11 No. 19990720-EG (Mar. 23, 2000). In the 2004 proceeding, two measures actually  
12 passed the RIM test, but the Commission deemed it inappropriate to develop  
13 conservation programs based on them. *See* Order No. PSC-2004-0768-PAA-EG, issued  
14 in Docket No. 20040030-EG, at p. 3 (Aug. 9, 2004).  
15

16 **Q. Does this conclude your rebuttal testimony?**

17 A. Yes, it does.

1 BY MR. PERKO:

2 Q And Mr. Wucker, you are not sponsoring any  
3 exhibits with your rebuttal testimony, are you?

4 A No, I am not.

5 Q At this time, would you please provide your  
6 summary of your rebuttal testimony?

7 A Yes.

8 Good evening, Commissioners. My rebuttal  
9 testimony addresses three main points related to the  
10 testimony of SACE Witness Grevatt and Bradley-Wright.

11 First, contrary to Mr. Grevatt's suggestion,  
12 the RIM test is appropriate for screening DSM programs,  
13 particularly for municipal utilities like JEA, because  
14 the RIM test ensures no DSM related upward pressure on  
15 customers' rates. It is particularly appropriate in  
16 establishing DSM goals for municipal utilities such as  
17 JEA over which the Commission does not have rate-making  
18 authority.

19 Local governing is a fundamental aspect of  
20 public power. It provides the necessary latitude to  
21 make local decisions regarding the community's  
22 investment in energy efficiency that best suits local  
23 needs and values.

24 Accordingly, as the Commission as recognized  
25 in prior proceedings, it is appropriate for the

1 Commission to set goals based on RIM, and to defer to  
2 the municipal utilities' governing bodies to determine  
3 the level of investment in any non-RIM based -- non-RIM  
4 based measures.

5 Second, Mr. Grevatt's suggestion that DSM  
6 goals should be set to achieve annual efficiency ratings  
7 equal to one-and-a-half percent by 2024 is completely  
8 arbitrary and disregards the Commission's rule and  
9 provider practice in setting DSM goals.

10 Finally, my testimony addresses  
11 Mr. Bradley-Wright's comments about JEA's low income DSM  
12 programs. Contrary to his suggestion, JEA specifically  
13 targets low income customers through our two phased  
14 neighborhood energy efficiency program. Since 2010,  
15 these program offerings have yielded almost 11,000  
16 megawatt hours of annual energy savings with coincident  
17 peak impacts exceeding four megawatts.

18 Thank you.

19 **Q Does that complete your summary of your**  
20 **rebuttal testimony, Mr. Wucker?**

21 **A** Yes, it does.

22 **MR. PERKO:** At this time, Mr. Chairman, we  
23 would tender the witness for cross-examination.

24 **CHAIRMAN GRAHAM:** Thank you.

25 Sir, welcome back.

1 THE WITNESS: Thank you.

2 CHAIRMAN GRAHAM: OPC?

3 MS. FALL-FRY: No questions.

4 CHAIRMAN GRAHAM: FIPUG?

5 MR. MOYLE: We don't have questions.

6 CHAIRMAN GRAHAM: Ms. Wynn?

7 MS. WYNN: No questions.

8 EXAMINATION

9 BY MS. CORBARI:

10 Q Just one.

11 A Okay.

12 Q Hello. Can I direct you to page six of your  
13 rebuttal?

14 A Yes.

15 Q Hopefully this is a really easy question.

16 A Okay.

17 Q Lines seven and eight, you state: JEA plans  
18 to continue offering and promoting the Neighborhood  
19 Energy Efficiency Program for low income customers.  
20 Would that be both phases --

21 A Yes.

22 Q -- of the program?

23 A Yes. And we are actually looking to expand  
24 it. I think I mentioned -- I am not sure if I did or  
25 not. I believe the water closets, so the toilets.

1           So in other words, while these don't provide  
2 energy savings, what they do is they free up money for  
3 these customers to help pay their energy bills. So if  
4 you are familiar with the heat funds, that's  
5 administered by the Low Income Housing Energy Assistance  
6 Program, it would work similar to that in that they  
7 have -- now they have more money to spend on paying  
8 energy bills.

9           **Q     So if the Commission --**

10          A     And by the way, just to -- I am sorry -- just  
11 to finish that.

12          **Q     No. No.**

13          A     It also helps us, because we are a water  
14 utility, helps us meet our the consumptive use permit  
15 for Florida.

16          **Q     So if the Commission were to set zero goals,**  
17 **JEA would, both for the low income program, would still**  
18 **offer both the Phase I and Phase II?**

19          A     Yes.

20                MS. CORBARI: Thank you.

21                CHAIRMAN GRAHAM: SACE?

22                MR. LEUBKEMANN: No questions.

23                CHAIRMAN GRAHAM: Staff?

24                MS. WEISENFELD: Thank you, Mr. Chairman.

25                Just one question for you.

1 EXAMINATION

2 BY MS. WEISENFELD:

3 Q Hello again, Mr. Wucker.

4 A Hi, how are you?

5 Q So for this question I will be referring to an  
6 exert from your rebuttal testimony. You should have a  
7 copy in front of you. I believe it's pages seven and  
8 eight.

9 A Okay.

10 Q Can you please explain why JEA intends to  
11 continue programs if no measures are found to be  
12 cost-effective?

13 A Yes. So as we have talked about before, this  
14 is at discretion of our board to make these decisions.  
15 And so the low income customers are in need and, you  
16 know, this really goes back to 2008, when we first  
17 started our programs up, because JEA was going through a  
18 series of rate increases, I think four consecutive  
19 years. And so we recognized the hardship. We worked  
20 with local politicians on this matter, and even one  
21 federal politician I might add, and developed our  
22 programs to help assist the low income.

23 Q Okay. Thank you.

24 A Does that answer?

25 Q Yes, it does. Thank you, Mr. Wucker.

1 MS. WEISENFELD: No more questions.

2 CHAIRMAN GRAHAM: Commissioners?

3 Redirect?

4 MR. PERKO: No redirect.

5 CHAIRMAN GRAHAM: Okay. And no exhibits?

6 MR. PERKO: We would ask that Mr. Wucker be  
7 excused.

8 CHAIRMAN GRAHAM: Sir, thank you for coming.

9 THE WITNESS: Thank you.

10 CHAIRMAN GRAHAM: Travel safe.

11 (Witness excused.)

12 CHAIRMAN GRAHAM: TECO?

13 MR. MEANS: Tampa Electric calls Mark Roche.

14 Whereupon,

15 MARK R. ROCHE

16 was recalled as a witness, having been previously duly  
17 sworn to speak the truth, the whole truth, and nothing  
18 but the truth, was examined and testified as follows:

19 EXAMINATION

20 BY MR. MEANS:

21 Q Good evening, Mr. Roche.

22 A Good evening.

23 Q Could you please state your full name and  
24 business address?

25 A Mark Robert Roche, 702 North Franklin Street,

1 Tampa, Florida, 33602.

2 Q And are you the same Mark Roche who was  
3 previously sworn and you testified earlier today?

4 A I am.

5 Q Mr. Roche, did you prepared and cause to be  
6 filed Docket No. 20190021-EG on July 12th, 2019,  
7 prepared rebuttal testimony consisting of 31 pages?

8 A I did.

9 Q And do you have any corrections to that  
10 testimony?

11 A No, I do not.

12 Q If I were to ask you the questions contained  
13 in your prepared rebuttal testimony today, would your  
14 answers be the same?

15 A They would be the same.

16 MR. MEANS: Mr. Chairman, Tampa Electric  
17 requests that the prepared rebuttal testimony of  
18 Mr. Mark Roche be inserted into the record as  
19 though read.

20 CHAIRMAN GRAHAM: We will insert Mr. Roche's  
21 rebuttal testimony into the record as though read.

22 (Whereupon, prefiled testimony was inserted.)  
23  
24  
25

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                                   **REBUTTAL TESTIMONY**

3   **OF**

4   **MARK R. ROCHE**

5  
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10  
11 **INTRODUCTION:**

12  
13 **Q.** Please state your name, address, occupation and employer.

14  
15 **A.** My name is Mark R. Roche. My business address is 702  
16 North Franklin Street, Tampa, Florida 33602. I am  
17 employed by Tampa Electric Company ("Tampa Electric" or  
18 "the company") as Manager, Regulatory Rates in the  
19 Regulatory Affairs Department.

20  
21 **Q.** Are you the same Mark R. Roche who filed direct testimony  
22 in this proceeding?

23  
24 **A.** Yes, I am.  
25

1   **Q.**   What is the purpose of your rebuttal testimony in this  
2       proceeding?

3

4   **A.**   The purpose of my rebuttal testimony is to address the  
5       deficiencies and misconceptions in the direct testimony  
6       and exhibits of Jim Grevatt and Forest Bradley-Wright,  
7       both of whom are testifying on behalf of the Southern  
8       Alliance for Clean Energy ("SACE").

9

10       Rebuttal testimony addressing the testimony of SACE  
11       witnesses Grevatt and Bradley-Wright is also being  
12       submitted by Mr. Jim Herndon (on behalf of Nexant, Inc.,  
13       the consulting firm assisting the Florida Energy  
14       Efficiency and Conservation Act ("FEECA") utilities in  
15       this proceeding) and Mr. Terry Deason (on behalf of the  
16       seven FEECA utilities). For the sake of brevity, I have  
17       omitted from my rebuttal testimony some of the concerns  
18       addressed by Mr. Deason and Mr. Herndon, and I support  
19       and endorse their rebuttal testimony on any points they  
20       make which are not repeated in my rebuttal testimony.

21

22   **Q.**   Do you have any general comments regarding the overall  
23       direct testimony of Mr. Grevatt and Mr. Bradley-Wright?

24

25   **A.**   Yes.   The testimony of both witnesses is highly critical

1 of the process utilized by the Commission and the FEECA  
2 utilities in setting Demand Side Management ("DSM")  
3 goals. However, that criticism principally relies on  
4 conclusions drawn by the SACE witnesses from select  
5 conclusory reports and other documentation primarily from  
6 two other jurisdictions, none of which is specific to the  
7 task at hand, which is setting DSM goals for the FEECA  
8 utilities for the 2020-2029 time period. Despite these  
9 witnesses' criticisms, Florida has been very successful  
10 in achieving significant demand and energy savings over  
11 time while keeping electric rates lower than the national  
12 average. Even as Mr. Grevatt and Mr. Bradley-Wright  
13 concede, the energy savings goals they are proposing lack  
14 any rigorous analysis, as required by Rule 25-17.0021  
15 Florida Administrative Code ("F.A.C."). Instead, they  
16 simply urge the adoption of arbitrary percentage energy  
17 only savings goals, with no proposed summer or winter  
18 demand goals, that lack any legitimate basis or  
19 foundation and are based only on other non-Florida  
20 jurisdictions. Neither Mr. Grevatt's nor Mr. Bradley-  
21 Wright's recommendations meet the requirements of FEECA.  
22 Moreover, they both simply ignore the impact their  
23 arbitrary energy goals would have on utility customers in  
24 Florida. This renders their proposed goals not only  
25 arbitrary, but irresponsible and indefensible.

1  
2 The general approach of Mr. Grevatt and Mr. Bradley-  
3 Wright is to ignore the nearly 40 years of successful  
4 delivery of conservation and energy efficiency programs  
5 by Tampa Electric and other FEECA utilities to their  
6 customers. Enacted in 1980 and amended since that time,  
7 FEECA required the affected utilities to offer efficiency  
8 programs to customers to help reduce those customers'  
9 demand and energy in order to meet the three main  
10 original focuses of FEECA: 1) reduce the growth rates for  
11 electricity demand at peak times, 2) reduce the  
12 consumption of electricity, and 3) conserve expensive  
13 resources. Tampa Electric was the first utility to  
14 receive Commission approval of its plans to meet the  
15 requirements of FEECA. The company has been a consistent  
16 contributor to the overall success of Florida's energy  
17 conservation efforts.

18  
19 The Commission has consistently required aggressive goals  
20 and at the same time has strived to be mindful of the  
21 rate impact that conservation programs have on customers.  
22 With one exception, discussed later, the Commission has  
23 accomplished this through the use of a Rate Impact  
24 Measure ("RIM") test and a Participant Cost test ("PCT")  
25 to screen potential DSM measures to avoid undue high

1 utility rate impacts and cross-subsidization of program  
2 participants by non-participants. As I will later  
3 describe, SACE is recommending to the Commission that it  
4 jettison its balanced and effective approach to DSM goals  
5 setting and adopt in its place an arbitrarily selected  
6 percentage reduction in energy consumption without any  
7 regard whatsoever for the rate impact that "goal" would  
8 have on consumers of electric power in Florida. Their  
9 approach is wrong and should be rejected.

10  
11 Contrary to these intervenor witnesses' suggestions, this  
12 Commission and the FEECA utilities have not gotten it all  
13 wrong. To the contrary, the FEECA utilities  
14 collectively, and Tampa Electric individually, have made  
15 and continue to make significant achievements in the area  
16 of DSM.

17  
18 **Q.** Does your rebuttal testimony address any overlap between  
19 the direct testimony of Mr. Grevatt and Mr. Bradley-  
20 Wright?

21  
22 **A.** Yes. Mr. Grevatt and Mr. Bradley-Wright share gross  
23 misconceptions regarding the RIM test and the use of a  
24 two-year payback screen for free-ridership. Both  
25 witnesses ignore the rigorous process that is required to

1 be performed at least every five years to determine the  
2 appropriate level of DSM goals in Florida.

3  
4 **REBUTTAL TO DIRECT TESTIMONY OF JIM GREVATT:**

5  
6 **Q.** On page 3, Mr. Grevatt states that his testimony is  
7 focused most heavily on the goals proposed by Florida  
8 Power and Light Company ("FPL") and that he infers that  
9 the methodology to proceed from the technical potential  
10 to the achievable potential is the same for each utility.  
11 Do you agree that FPL's methodology to proceed from the  
12 technical potential to the achievable is identical for  
13 Tampa Electric?

14  
15 **A.** No, I do not. While I do agree that we utilized the same  
16 vendor to develop the technical potential for our  
17 individual company service areas and we follow the same  
18 Florida Administrative Code provisions and Florida Public  
19 Service Commission Rules, inferring further that factors  
20 such as avoided generating costs and timing, transmission  
21 and distribution costs, avoided fuel, program  
22 administrative costs, incentives, load forecasts,  
23 customer usage and patterns of that usage are the same is  
24 a gross misconception.

25

1 Q. On page 3 of his testimony, Mr. Grevatt states that the  
2 proposed savings goals for the utilities are unreasonably  
3 low. Do you agree with this statement?  
4

5 A. No, I do not agree with this statement because Mr.  
6 Grevatt provides no reliable gauge to compare it to,  
7 other than anecdotal information he utilizes regarding  
8 other states. In fact, Tampa Electric's accomplishments  
9 are significantly greater than most other utilities in  
10 the United States. Tampa Electric began its DSM efforts  
11 in the late 1970s prior to the 1980 enactment of FEECA.  
12 Since then, the company has aggressively sought  
13 Commission approval of numerous DSM programs designed to  
14 promote energy efficient technologies and to change  
15 customer behavioral patterns such that energy savings  
16 occur with minimal effect on customer comfort.  
17 Additionally, the company has modified existing DSM  
18 programs over time to promote evolving technologies and  
19 to maintain program cost-effectiveness.  
20

21 From the inception of Tampa Electric's Commission  
22 approved programs through the end of 2018, the company  
23 has achieved the following savings:  
24

25 Summer Demand: 729.7 MW

1 Winter Demand: 1,236.0 MW  
2 Annual Energy: 1,560.5 GWh  
3

4 These peak load achievements have eliminated the need for  
5 nearly seven 180 MW power plants.  
6

7 **Q.** On page 4 and 7 of his testimony, Mr. Grevatt states that  
8 the RIM test is not a cost-effectiveness test. Do you  
9 agree with this statement?  
10

11 **A.** No, I do not. In Florida, the RIM test is one of the  
12 three prescribed cost-effectiveness tests used to justify  
13 DSM programs. In the United States, it is one of five  
14 typically performed cost-effectiveness tests used to  
15 analyze the cost-effectiveness of DSM programs.  
16

17 **Q.** On page 7 of his testimony, Mr. Grevatt states that the  
18 RIM test does not assess changes in costs. Do you agree  
19 with this statement?  
20

21 **A.** No, I do not. Mr. Grevatt fails to understand that the  
22 benefits (avoided generation, transmission, distribution  
23 and incremental fuel costs) utilized in the RIM formula  
24 are all future costs that proposed DSM measures seek to  
25 avoid (i.e. defer or eliminate) and the costs in the

1 denominator are also costs that would be incurred in the  
2 future. Thus, by Mr. Grevatt's own definition on page 7,  
3 lines 13 and 14 of his testimony, the RIM test is a cost-  
4 effectiveness test.

5  
6 **Q.** On page 4 of his testimony, Mr. Grevatt states that  
7 potential rate impacts should not be the only factor  
8 considered. Do you agree that other factors should be  
9 used?

10  
11 **A.** Yes I do, and that is why Tampa Electric's proposed DSM  
12 goals are based upon the RIM test and the Participants  
13 Cost test ("PCT"), in combination, which examines bill  
14 savings, participation levels and rate impacts as Mr.  
15 Grevatt outlines on lines 1 and 2 of page 5 of his  
16 testimony.

17  
18 **Q.** On page 5 of his testimony, Mr. Grevatt states that the  
19 cost of the Total Resource Cost test ("TRC") portfolio,  
20 as compared to the RIM portfolio for FPL, would be  
21 \$0.00005/kWh (\$0.05/1,000 kWh). Does the same ratio  
22 apply to Tampa Electric for a residential customer?

23  
24 **A.** No, this same ratio does not apply. The additional cost  
25 to each of Tampa Electric's residential customers based

1           upon a monthly usage of 1,000 kWh would be approximately  
2           \$1.00 more per month for the TRC portfolio as compared to  
3           the RIM portfolio. While \$1.00 per customer each month  
4           does not sound like much, for Tampa Electric, with over  
5           750,000 residential, commercial and industrial customers,  
6           this equates to an increase of approximately \$17 million  
7           per year. The higher cost impact associated with TRC  
8           based programs provided the basis for the Commission  
9           reversion from the one-time use of TRC goals back to RIM-  
10          and PCT-based DSM goals.

11  
12       **Q.** Also, on page 5 of his testimony, Mr. Grevatt states that  
13           the potential study is flawed based on the use of the  
14           two-year simple payback screen to consider free-  
15           ridership. Do you believe the potential study that Tampa  
16           Electric follows is flawed because of this free-ridership  
17           consideration?

18  
19       **A.** No, the process Tampa Electric followed is not flawed and  
20           the company adhered to all statutory requirements.  
21           Regarding the free-ridership consideration, the company  
22           fully supports the two-year simple payback screen. The  
23           objective of the free-ridership consideration is to  
24           limit, as much as practical, paying incentives to  
25           customers who would implement an energy efficiency

1 measure without an incentive. The two-year payback screen  
2 has been consistently recognized by the Commission as the  
3 most appropriate means of considering free-ridership.  
4

5 **Q.** On page 6 of his testimony, Mr. Grevatt, states that his  
6 concerns about "problems" with the utilities potential  
7 studies are so numerous and complex that the studies by  
8 the utilities cannot be readily modified to produce  
9 appropriate goals. Do you agree the study that Tampa  
10 Electric conducted is full of "problems"?

11  
12 **A.** No, I do not agree that the study or the process Tampa  
13 Electric followed to develop its achievable potential and  
14 proposed DSM goals is full of problems. I will agree  
15 that the process is complex, and required many meetings,  
16 countless hours of analysis and almost two years to  
17 complete in order to develop the company's proposed DSM  
18 goals. While Mr. Grevatt's inability to complete this  
19 process in performing his analysis may be problematic,  
20 the problem is with his work - not that of Tampa Electric  
21 or the other FEECA utilities.  
22

23 **Q.** On page 8 of his testimony, Mr. Grevatt states that  
24 customers that use less energy are more accepting of  
25 paying a higher rate for energy than those that use more

1 energy. Do you agree with this statement?

2

3 **A.** No, I do not agree with this statement and can assure the  
4 Commission that in the over 400 plus commercial/  
5 industrial energy audits I have personally performed in  
6 my career, Tampa Electric customers would not agree with  
7 this statement either because the primary driver for  
8 these customers asking for an audit is to identify ways  
9 for them to lower their overall utility costs, in which  
10 the rate is a key component.

11

12 **Q.** On page 8 of his testimony, Mr. Grevatt states that the  
13 RIM test does not indicate how many customers would be  
14 adversely affected. Is this an accurate statement?

15

16 **A.** No, this statement is inaccurate. The RIM test will  
17 indicate how many customers will benefit and how many  
18 customers will be adversely impacted. The RIM test is  
19 also known as the "No Losers test" and the "Fairness and  
20 Equity test". There is a reason for these additional  
21 names associated with this cost-effectiveness test. To  
22 put it plainly, if a measure passes the RIM test and a  
23 customer installs the measure and receives a rebate, all  
24 rate payers benefit because that installation will place  
25 downward pressure on rates for all of the company's

1 customers, regardless of their energy usage on a monthly  
2 basis. If a measure fails the RIM test, then, following  
3 the same scenario, all customers are adversely impacted  
4 because the additional costs will place upward pressure  
5 on rates for customers.

6  
7 **Q.** On page 9 of his testimony, Mr. Grevatt discusses the  
8 fact that low-income programs would not be included in  
9 the achievable potential. Is this statement accurate?

10  
11 **A.** Yes, the analysis of DSM programs is not performed as  
12 part of the goalsetting process. The purpose of the  
13 potential study is to determine the amount of potential  
14 cost-effective demand and energy reduction in Tampa  
15 Electric's service area based upon the cost conditions  
16 the company is experiencing at this time. This does not  
17 limit Tampa Electric from including programs designed for  
18 low-income customers, such as the company's two current  
19 low-income programs (Energy Education, Awareness and  
20 Agency Outreach and Neighborhood Weatherization).

21  
22 **Q.** On page 10 of his testimony, Mr. Grevatt states that  
23 because the RIM test is not used for supply side  
24 evaluations, it is inappropriate to use RIM as a cost  
25 effectiveness test for energy efficiency measures. Do you

1           agree with this statement?

2

3       **A.**   No, I do not agree with this statement.   Mr. Grevatt's  
4           comments demonstrate that he fails to understand three  
5           main components.   He fails to understand core utility  
6           concepts such as the obligation to serve, reserve margin  
7           requirements, and many other requirements for the company  
8           to have the necessary infrastructure installed and  
9           available to safely and reliably serve all customers  
10          within its service area. It also demonstrates that Mr.  
11          Grevatt fails to understand that cost recovery from  
12          supply side investments made by Tampa Electric are either  
13          approved by the Commission prior to the facility being  
14          constructed or through the company's next rate case in  
15          which the costs of these investments will be carefully  
16          reviewed and scrutinized for prudence prior to approval  
17          of recovery.   He also fails to understand that the RIM  
18          test was never designed or intended to be a cost-  
19          effectiveness evaluation tool for screening generation  
20          investments due to the components that make up the cost  
21          side of the equation (the denominator).   The costs that  
22          make up the denominator make it unusable for a generation  
23          investment evaluation since the costs would be either  
24          zero or negative. There are no program costs, there are  
25          no utility incentives paid and there would be negative

1 lost revenue (i.e. the company would be collecting  
2 revenue from the kWh produced by the generation  
3 resource).

4  
5 **Q.** On page 13 of his testimony, Mr. Grevatt states that  
6 utility bills will increase by hundreds of millions of  
7 dollars by removing those measures that fail the RIM  
8 test. Do you agree with this statement?

9  
10 **A.** No, I do not agree with that statement. On the contrary  
11 and as stated in my direct testimony, by relying on the  
12 RIM and PCT test, Tampa Electric and the other Florida  
13 FEECA utilities have been able to achieve significant  
14 demand and energy savings for almost 40 years while  
15 keeping current rates 10.8 percent below the national  
16 average and substantially lower than other states such as  
17 Massachusetts with a residential retail price of 21.99  
18 cents per kWh, New York at 17.34 cents per kWh and  
19 California at 19.44 cents per kWh.

20  
21 **Q.** Also, on page 13 of his testimony, Mr. Grevatt states  
22 that adopting the TRC portfolio would only increase costs  
23 by less than 0.06 percent. Do you agree with this  
24 analysis for Tampa Electric?

25

1     **A.**    No, I do not. As I discussed earlier the increase in the  
2            Energy Conservation Cost Recovery ("ECCR") Clause for  
3            Tampa Electric residential customers would be \$1.00 more  
4            each month for each 1,000 kWh used. This equates to an  
5            increase of 44.6 percent.

6  
7     **Q.**    On page 14 of his testimony, Mr. Grevatt states that  
8            Florida is the only state that uses the RIM test as the  
9            primary cost-effectiveness test to evaluate DSM programs.  
10           He then gives examples regarding Virginia and Iowa. Do  
11           you have an opinion regarding these examples?

12  
13     **A.**    Yes, Florida is not the same as these states in terms of  
14            climate, population, type and number of customers (fixed  
15            income, low-income, for example) and many other aspects.  
16            While I do not know the specific reasons these states  
17            shift from one cost-effectiveness test to another,  
18            migrating from the RIM test to any of the other cost  
19            effectiveness tests (TRC, Societal Cost Test ("SCT") and  
20            the Utility Cost Test ("UCT")) would require the  
21            acceptance of some level of subsidization between  
22            customers (i.e. the participant of the DSM programs wins  
23            and those that do not participate lose). In his  
24            explanation, Mr. Grevatt details subsidizing other non-  
25            cost-effective DSM programs with cost-effective demand

1 response programs. I believe his statements  
2 inappropriately disregard basic fairness for customers  
3 who, for one reason or another, are not able to  
4 participate in DSM programs. That unfairness is avoided  
5 by use of the RIM and Participant cost-effectiveness  
6 tests. Tampa Electric does support subsidization for  
7 only low-income DSM programs because customers in those  
8 programs may not have the financial means to invest in  
9 energy efficient technology to receive a rebate in a  
10 cost-effective rebate type program.

11  
12 **Q.** On page 15 and 16 of his testimony, Mr. Grevatt says that  
13 measures with two-year paybacks were inappropriately  
14 excluded from the estimates of efficiency potential. Do  
15 you agree with this statement?

16  
17 **A.** No. In fact, Tampa Electric's technical and economic  
18 potentials do not have any consideration of free-riders.  
19 The impact from the consideration of free-riders is only  
20 reflected in Tampa Electric's achievable potential. The  
21 premise of Mr. Grevatt's discussion is that Tampa  
22 Electric purposely and inappropriately excluded energy  
23 efficiency measures when consideration of free-ridership  
24 is required by Florida law. I believe that if Florida  
25 chose some other method to consider free-ridership, Mr.

1 Grevatt would also consider that method inappropriate  
2 because he provides no suggestions for any alternative  
3 methods other than asserting on page 21 of his testimony  
4 that Florida is different from other jurisdictions.

5  
6 **Q.** On page 19 of his testimony, Mr. Grevatt states that  
7 naturally occurring efficiency was excluded from the  
8 technical potential. Do you agree with this statement?

9  
10 **A.** No, I do not. The load forecast that was prepared and  
11 provided to Nexant to calculate Tampa Electric's  
12 technical potential included the effects of naturally  
13 occurring energy efficiency. To ensure the accuracy of  
14 how Tampa Electric and the other FEECA utilities  
15 recognize demand and energy savings, we account for only  
16 the incremental increase in energy efficiency or demand  
17 savings from a Federal, state or appliance energy  
18 efficiency standard or building codes (i.e. - the minimum  
19 energy efficiency standard or base level that is on the  
20 market that the customer would be purchasing). Adjusting  
21 the base lines to recognize upcoming changes to building  
22 and appliance standards is the appropriate method to  
23 ensure that the eventual DSM programs Tampa Electric or  
24 the other FEECA utilities offer are not paying customers  
25 to install the base minimum in energy efficiency.

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**Q.** On page 22 of his testimony, Mr. Grevatt states that the free-ridership screen should only be applied when designing DSM programs. Do you agree with this statement?

**A.** No, I do not. As I stated earlier, if the free-ridership consideration were removed, FEECA would be violated and the amount of DSM goals which is cost-effective to achieve would be inflated.

**Q.** On page 22 of his testimony, Mr. Grevatt states that Tampa Electric's economic potential would increase by 139 percent if the two-year payback free-ridership screen were removed. Is this statement accurate?

**A.** No, it is completely inaccurate. Tampa Electric's economic potential was provided without any free-ridership consideration so it would be impossible to increase it with Mr. Grevatt's faulty analysis and incorrect assumptions. The chart he provided on page 23 states that Tampa Electric's economic potential can be increased or decreased by the free-ridership when in fact, it cannot because it was not examined at that point in the company's process to determine its economic potential.

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**Q.** On page 23 and 24 of his testimony, Mr. Grevatt states that the two-year free-ridership screen should not be used because not all customers will purchase the technology even if the technology has a two-year payback. Do you agree with this assessment?

**A.** I do agree that not all customers will purchase and install all technologies that have a two-year payback, but I think Mr. Grevatt is missing the point. If a technology has a two-year or less payback, the technology is already financially and economically attractive for that customer and they should be willing to purchase that technology without any additional economic assistance through a DSM program incentive. The two-year free ridership screen is used to recognize this, not to address an unlimited number of possible reasons as to why a customer chooses not to purchase and install a technology.

**Q.** On page 25 through 27 of his testimony, Mr. Grevatt states that early retirement was not included in the assessment. What would happen if early retirement was included in the assessment?

1     **A.**    Two main things would happen and they both would drive  
2            the overall proposed DSM goals in the downward direction.  
3            First, administrative and measurement and verification  
4            costs (program costs) would go up, making programs less  
5            cost-effective.  On page 27 of his testimony, Mr. Grevatt  
6            mentions the state of Arkansas's Technical Reference  
7            Manual, which calls for a "number of evaluations and  
8            additional verifications."  Someone would clearly have to  
9            pay to have these evaluations and verifications performed  
10           which would add significant and unnecessary costs to the  
11           DSM program.  Second, since the equipment is assumed to be  
12           replaced early, this would cause the projected life of  
13           the equipment to be reduced.  Again, this would cause the  
14           cost-effectiveness of the technology to be reduced  
15           because the savings would be reduced due to the shorter  
16           life.  As Mr. Grevatt discusses, other states that have  
17           this utilize a different cost-effectiveness test as their  
18           primary measure since those other cost-effectiveness  
19           tests can absorb these additional costs which provide  
20           very little benefit to customers, even when these DSM  
21           programs are funded by those customers.

22  
23     **Q.**    On page 29 and 30 of his testimony, Mr. Grevatt states  
24            that Tampa Electric should have included the efficiency  
25            of a SEER 14 heat pump displacing electric resistance

1 heat. Did Tampa Electric make a mistake in its potential  
2 analysis?

3

4 **A.** No, Tampa Electric did not make a mistake in its  
5 potential analysis. No value should be provided to a  
6 Seasonally Averaged Energy Efficiency Ratio ("SEER") 14  
7 heat pump. This is the base federal appliance energy  
8 efficiency standard in the United States for residential  
9 air conditioning equipment. In addition, in Tampa  
10 Electric's climate zone during the winter it routinely  
11 gets below 40 degrees. When it is below 40 degrees there  
12 is not enough random heat in the ambient air for the heat  
13 pump to collect, so the supplemental heat of the heat  
14 pump (electric strip heat) will be energized. As a  
15 result, SEER 14 heat pumps will produce no demand savings  
16 that would support assigning zero savings to the base  
17 standard heat pump.

18

19 **Q.** On page 36 of his testimony, Mr. Grevatt proposes an  
20 alternative approach to establishing DSM goals by taking  
21 a percentage of kWh sales, does Tampa Electric support  
22 this approach?

23

24 **A.** No, Tampa Electric does not support this alternative  
25 approach. This same approach was proposed in the most

1 recent prior DSM goals proceeding. If this approach were  
2 taken, utilizing the projected kWh sales for 2019 and  
3 conservatively holding this sales forecast flat over the  
4 DSM goalsetting ten-year period, the resulting ECCR  
5 clause monthly rate would increase by a factor of 17.6.  
6 I cannot fathom the Commission or Tampa Electric  
7 explaining to a fixed income, low-income, or any of the  
8 other remaining residential customers that their overall  
9 electric bill is going up each month by over 40 percent  
10 to support non-cost-effective DSM programs.

11  
12 **Q.** On page 37 and 38 of his testimony, Mr. Grevatt states  
13 that the TRC was improperly executed. Do you agree with  
14 this statement?

15  
16 **A.** No, I do not agree with this statement. Tampa Electric  
17 conducted the TRC test in accordance with the prescribed  
18 methodology in the FPSC Cost-Effectiveness Manual, as it  
19 has done in all of the prior goal setting proceedings, as  
20 confirmed in all annual audits, audit discovery and  
21 annual discovery from Commission Staff.

22  
23 **REBUTTAL TO DIRECT TESTIMONY OF FOREST WRIGHT-BRADLEY:**

24  
25 **Q.** On page 2 of his testimony, Mr. Bradley-Wright discusses

1 a need for low-income energy efficiency that matches this  
2 important customer segment. Do you agree with this  
3 statement?

4  
5 **A.** Yes, I do agree with this statement, and this is why  
6 Tampa Electric currently has two of the best low-income  
7 DSM programs. These DSM programs will also be proposed  
8 in the eventual DSM Plan that will support the goals  
9 established by the Commission in this proceeding.

10  
11 **Q.** On page 3, Mr. Bradley-Wright states that there are flaws  
12 with the applicability of the RIM test and that low-  
13 income efficiency should be based upon the TRC test. Do  
14 you agree with this statement?

15  
16 **A.** No, I do not agree with this statement. The purpose of  
17 DSM goal setting is to determine the amount of cost-  
18 effective DSM available when the goals are set. This  
19 includes the analysis of individual measures that would  
20 be, could be or may be used as a component of a low-  
21 income program. I believe that Mr. Bradley-Wright is  
22 confusing the development of potential DSM programs with  
23 DSM goals setting.

24  
25 **Q.** On pages 3 through 6 of his testimony, Mr. Bradley-Wright

1 discusses concerns with high energy burdens and suggests  
2 that those burdens can be reduced through energy  
3 efficiency programs. Do you agree with this assessment?  
4

5 **A.** I partially agree with this assessment. I agree that  
6 there are customers in Tampa Electric's service area that  
7 are on fixed income and/or fall into the low-income  
8 classifications as designated by census tract data.  
9 Tampa Electric supports offering low-income programs to  
10 customers and for the same reasons supports the continued  
11 use of the RIM test to ensure that all customers  
12 experience the benefits of cost-effective DSM programs  
13 that place pressure to reduce overall electric rates.  
14

15 **Q.** On page 9 of his testimony, Mr. Bradley-Wright states  
16 that Tampa Electric's only programs that are offered that  
17 do not pass cost-effectiveness are the programs that are  
18 targeted toward eligible low-income customers, is this  
19 statement accurate?  
20

21 **A.** No, in addition to the low-income programs Tampa Electric  
22 offers, the residential and commercial energy audit  
23 programs are also not cost-effective.  
24

25 **Q.** On page 10 and 11 of his testimony, Mr. Bradley-Wright

1 states that Tampa Electric is intending to continue its  
2 energy education and weatherization programs in the next  
3 DSM Plan, is this statement accurate?

4  
5 **A.** Yes, it is.

6  
7 **Q.** On page 12 of his testimony, Mr. Bradley-Wright states  
8 that additional formal goals should be established for  
9 low-income energy efficiency, do you agree with this  
10 proposal?

11  
12 **A.** No, I do not agree with this proposal. To set additional  
13 DSM goal amounts above the amount proposed by Tampa  
14 Electric in this DSM goals proceeding would place upward  
15 pressure on rates by proposing a block of demand and  
16 energy that is purposely not cost-effective.

17  
18 **Q.** On page 13 of his testimony, Mr. Bradley-Wright supports  
19 Mr. Grevatt's assessment of the RIM test. Do these  
20 reasons support deviating away from the RIM test?

21  
22 **A.** No. As I explained above in response to Mr. Grevatt's  
23 misconceptions and misunderstanding of the RIM test,  
24 neither Mr. Grevatt's assessment nor Mr. Bradley-Wright's  
25 endorsement of it support deviating away from the RIM

1 test.

2

3 **Q.** On page 14 and 15 of his testimony, Mr. Bradley-Wright  
4 states that the TRC test is the natural choice for  
5 evaluating low-income DSM programs. Do you agree with  
6 this assessment?

7

8 **A.** No, I do not agree with this assessment. Just because  
9 another cost-effectiveness test provides an output that  
10 may appear more attractive for a particular measure, or  
11 in this scenario which would be applied to the eventual  
12 DSM programs, does not mean it should be used.

13

14 **Q.** On page 15 of his testimony, Mr. Bradley-Wright states  
15 that the PCT would be an inappropriate cost-effectiveness  
16 test for low-income programs, do you agree with his  
17 assessment?

18

19 **A.** Yes, his assessment of the PCT and its inappropriateness  
20 in regard to this topic is correct.

21

22 **Q.** On page 16 of his testimony, Mr. Bradley-Wright asserts  
23 that the use of the RIM test and two-year free-ridership  
24 screen results in double counting, do you agree with this  
25 statement?

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**A.** No, I do not agree with this assessment. The use of the RIM test and free-ridership consideration in this proceeding does not double count energy efficiency measures, including those that would be, could be or may be used as part of an eventual low-income DSM program.

**Q.** Also, on page 16 of his testimony, Mr. Bradley-Wright suggests that for the technical potential to be accurate, the load forecast used to establish goals should be elevated to ignore any naturally occurring DSM activities by customers. Is this methodology sound?

**A.** No. This methodology contradicts the methodology Tampa Electric has consistently used for load forecasting and conflicts with the methodology that has been applied in every prior DSM goal setting proceeding for Tampa Electric. In fact, as part of the order establishing procedure, Tampa Electric provided the impact over the DSM goals period of naturally occurring DSM and Building Codes and Appliance Standards. Tampa Electric does not get to count these DSM savings toward the eventual Commission approved goals the company is assigned, so it would be inappropriate to ignore them in the company's load forecast or the technical potential study completed

1 by Nexant.

2

3 **Q.** On page 23 of his testimony, Mr. Bradley-Wright proposed  
4 a different evaluation method to assess low-income DSM  
5 measures. Do you support this proposal?

6

7 **A.** No, I do not support this proposed alternative. Removing  
8 the free-ridership screen would ignore Florida law. The  
9 proposed method of just arbitrarily selecting some  
10 percentage of economic potential for the achievable  
11 potential would remove the rigor and professional work to  
12 determine the amount of cost-effective DSM available to  
13 Tampa Electric and would place upward pressure on rates  
14 due to the promotion of non-cost-effective measures.  
15 This would also unduly place a much higher monthly ECCR  
16 cost on those customers Mr. Bradley-Wright seems  
17 interested in helping.

18

19 **Q.** On page 24 of his testimony, Mr. Bradley-Wright proposes  
20 different levels of achievable potential for Tampa  
21 Electric. Do you support these proposed levels?

22

23 **A.** No, I do not support the different levels of DSM goals  
24 for the many reasons I have outlined in this rebuttal  
25 testimony. I also do not support selecting a DSM goal

1 level that lacks any analysis to examine the cost-  
2 effectiveness of those measures against the current costs  
3 Tampa Electric projects for its next avoided unit. This  
4 is the main purpose of establishing DSM goals, to either  
5 defer or eliminate the need for the next avoided  
6 generating unit. Mr. Bradley-Wright's proposal ignores  
7 any evaluation methodology and merely selects a  
8 percentage that promotes the use of non-cost-effective  
9 measures because it results in higher goals.

10  
11 **Q.** On page 27 of his testimony, Mr. Bradley-right discusses  
12 several ideas to promote deeper savings for low-income  
13 eligible customers. Do you support these ideas?

14  
15 **A.** I fully support offering DSM programs that are focused on  
16 low-income customers and, as previously explained, Tampa  
17 Electric will propose low-income DSM programs in the  
18 eventual DSM Plan that will support the Commission  
19 approved goals in this proceeding. I do not agree with  
20 the ideas that Mr. Bradley-Wright suggests that Tampa  
21 Electric should supply free heating, ventilating and air  
22 conditioning ("HVAC"), water heaters and appliance  
23 upgrades. I do support offering building envelope  
24 improvements, adding insulation, sealing ductwork and the  
25 continued offering of energy efficiency kits to eligible

1 customers. The main reason for offering these  
2 assortments of measures is to assist customers in  
3 reducing their energy usage and subsequently also benefit  
4 Tampa Electric by assisting in the reduction of weather  
5 sensitive peak demand.

6  
7 **Q.** On page 29 of his testimony, Mr. Bradley-Wright suggests  
8 that Tampa Electric does not afford opportunities for  
9 residential customers across all categories of housing.  
10 Is this suggestion accurate?

11  
12 **A.** No. Tampa Electric currently offers many programs that  
13 all residential owners and renters in all segments  
14 (single family, multi-family and manufactured homes) can  
15 take advantage of.

16  
17 **Q.** Does this conclude your rebuttal testimony?

18  
19 **A.** Yes.

20  
21  
22  
23  
24  
25

1 BY MR. MEANS:

2 Q Mr. Roche, did you have any exhibits to that  
3 rebuttal testimony?

4 A No, I did not.

5 Q And did you prepare a summary of your rebuttal  
6 testimony?

7 A Yes, I did.

8 Q Will you please read that now?

9 A Yes.

10 Good evening, Commissioners. My rebuttal  
11 testimony addresses the serious deficiencies and  
12 inaccuracies in the testimonies submitted by the  
13 witnesses for the Southern Alliance for Clean Energy, or  
14 SACE.

15 The general approach SACE's witnesses utilizes  
16 is simply cast aside the sound policies and methods that  
17 have produced nearly 40 years of successful delivery of  
18 conservation and energy efficiency programs by Tampa  
19 Electric and the other FEECA utilities to customers.

20 Contrary to these witnesses' testimony, the  
21 State of Florida, its Legislature and the Commission  
22 have done many things extremely well in regard to the  
23 amount of DSM achieved as well as its impacts and  
24 benefits.

25 Collectively the witnesses for SACE propose

1 arbitrarily energy only DSM goals for Tampa Electric  
2 with no demand goals at all, thereby ignoring the key  
3 purposes of this proceeding. The energy only goals they  
4 do propose lack any analytical support. They lack any  
5 association with the company's resource planning  
6 process. They fail to consider any cost-effectiveness  
7 analysis. And they lack any adherence to FEECA or the  
8 Commission's implementing rule for setting DSM goals for  
9 electric utilities.

10 In addition to casting aside the statutes,  
11 rules and policies that have served Florida well for  
12 almost four decades, the SACE witnesses fail to consider  
13 the financial burden their approach would place on  
14 customers, both from rates and overall electric bill  
15 costs.

16 By proposing the use of the total resource  
17 cost as the primary cost-effectiveness test, they ask  
18 you to place upward pressure on rates, but by far their  
19 most serious lack of understanding has to do with the  
20 significant cost impacts that would be placed on  
21 customers, including low income customers, by their  
22 overly aggressive DSM energy goals.

23 If the energy only goals proposed by SACE  
24 witnesses were adopted, Tampa Electric's ECCR clause  
25 factor would increase approximately 17.6 times over the

1 projected rate. For a residential customers using 1,000  
2 kilowatt hours, this would equate to an ECCR charge of  
3 over \$43 per month, as compared to the projected \$2.48  
4 per month. This increase would be approximately \$500 on  
5 an annual basis compared to the effective goals proposed  
6 upon the proposed rate impact measure portfolio.

7 I just want to put the significant increase in  
8 perspective for a typical Tampa Electric customer. This  
9 increase in ECCR alone would cause the overall monthly  
10 bill of a Tampa Electric residential customer to  
11 increase by over 40 percent.

12 For these reasons, and for the other reasons  
13 outlined in my rebuttal testimony, Tampa Electric urges  
14 the Commission to soundly reject the proposals of SACE  
15 in setting DSM energy goals and approve the proposal put  
16 forth to you by Tampa Electric.

17 Thank you.

18 MR. MEANS: Mr. Chairman, we tender the  
19 witness for cross.

20 CHAIRMAN GRAHAM: Thank you.

21 Sir, welcome back for the last time.

22 THE WITNESS: Thank you, Chairman Graham.

23 CHAIRMAN GRAHAM: OPC?

24 MS. FALL-FRY: No questions.

25 CHAIRMAN GRAHAM: FIPUG?

1 EXAMINATION

2 BY MR. MOYLE:

3 Q You made some comments about the SACE proposal  
4 and the impact on residential customers. I assume that  
5 there would also be a significant impact if SACE's  
6 proposal were adopted on commercial and industrial  
7 customers; is that right?

8 A That is correct, Mr. Moyle.

9 Q Yeah. And you said 43 times for residential?

10 A The factor would increase by 17.6 times.

11 Q 17.6.

12 And do you know how many times it would  
13 increase for commercial or industrial?

14 A I would probably be safe to say in the same  
15 ballpark.

16 Q Yeah. And 40 percent probably in the same  
17 ballpark as well with respect to the amount of the  
18 charge increasing?

19 A Yeah. I did not do the analysis on the  
20 commercial/industrial just due to the varying rates, but  
21 it would be substantial.

22 Q All right. And you had talked about the  
23 energy only proposal. I mean, demand management  
24 provides excellent resources for Tampa Electric because  
25 they are managing peak --

1 A Yes --

2 Q -- peak demand, does it not?

3 A It does.

4 MR. MOYLE: That's all I have. Thank you.

5 CHAIRMAN GRAHAM: Kelley?

6 MS. WYNN: No questions.

7 MS. CORBARI: No questions.

8 CHAIRMAN GRAHAM: SACE?

9 EXAMINATION

10 BY MR. MARSHALL:

11 Q We have a few questions.

12 If I could direct your attention to page 12,  
13 lines three through 10 of your rebuttal testimony.

14 A Bradley, could you read the page?

15 Q Yes. Page 12, lines three through 10.

16 A Yes, I am there.

17 Q So you have performed energy audits for many  
18 customers?

19 A Could you repeat the question?

20 Q You personally have performed energy audits  
21 for many customers?

22 A Yes, I have personally performed many  
23 commercial and industrial audits, as well as, you know,  
24 I guess, ride along with residential. But I started my  
25 tenure working at the Energy Technology Resource Center,

1 which I oversaw two food service auditors, and I would  
2 conduct commercial/industrial auditors at that time.  
3 Then I migrated on to the manager of Load Management and  
4 Power Quality for the company. And then when I came  
5 back to Tampa Electric after leaving for Progress Energy  
6 Florida, now Duke, in May of 2011, for that three years,  
7 I supervised the commercial/industrial energy auditing  
8 team.

9 **Q And is it your testimony that those customers**  
10 **get audits in order to lower their rates and not their**  
11 **bills?**

12 A Yeah, customers -- kind of the premise of this  
13 statement, this kind of revolves around would a  
14 customer -- would a commercial customer be willing to  
15 accept a higher rate if I performed an energy audit?  
16 Which I can tell you that all commercial/industrial  
17 customers would -- would -- they would recommend that  
18 that would be insane to do.

19 **Q So those customers wouldn't be -- I am just**  
20 **trying to understand what you are saying there.**

21 A Those customers --

22 **Q Those customers aren't willing to accept**  
23 **audits that you audit?**

24 A Yeah, what I am trying to say, Bradley, is  
25 that if I went out to do a audit of an industrial site,

1 and then I said to them, it's like, okay, well, I am  
2 going to go through, I am going to identify a whole slew  
3 of energy conservation measures that will benefit you.  
4 And, oh, by the way, when you do those energy  
5 conservation measures, I am going to increase your rate  
6 to keep your bill the same.

7 **Q Well, don't they -- isn't the point of an**  
8 **audit to look at those energy conservation measures to**  
9 **lower their energy use?**

10 A That is the premise of an energy audit, to  
11 lower their energy use. But my rebuttal testimony to  
12 your statement was that your witnesses stated that they  
13 would be okay with paying a higher rate if their energy  
14 usage went down, and I do not agree with that.

15 **Q But all other things being equal, I mean,**  
16 **after an audit, if a customer lowers their energy usage,**  
17 **it lowers their bills?**

18 A That is correct.

19 **Q If I could direct your attention to page 13,**  
20 **line three of your rebuttal testimony.**

21 A Yes.

22 **Q And you say: If a measure fails the RIM test,**  
23 **all customers are adversely impacted?**

24 A That is correct.

25 **Q Does that include a participating customer**

1 **whose bill is lower as a result of the implementation of**  
2 **the DSM measure?**

3 A If a customer participates in a conservation  
4 measure that fails RIM, right, yes, they will win. But  
5 eventually that upward pressure, they are going to now  
6 win less, while your nonparticipants lose. So really  
7 everybody loses in that case.

8 Q **But you don't disagree that a participating**  
9 **customer might see their bill go down?**

10 A I would actually hope to see their bill go  
11 down.

12 Q **If I could direct your attention to page 14 of**  
13 **your rebuttal testimony. And you say: RIM would be**  
14 **inappropriate to use to evaluate supply side**  
15 **investments?**

16 A That is correct. When you look at the RIM  
17 test for the denominator and the cost, there are no  
18 program costs for a supply side. There is no incentives  
19 for supply side unit, and then lost revenues would  
20 actually be negative because that unit would actually be  
21 selling kilowatt hours. So the RIM test was never  
22 designed to be a cost-effectiveness tool for supply side  
23 options.

24 Q **And would it be fair to say that new**  
25 **construction of new supply side generating resources can**

1 put upward pressure on rates?

2 A Yes.

3 Q Thank you.

4 MR. MARSHALL: No further questions.

5 CHAIRMAN GRAHAM: Staff?

6 MS. DUVAL: No questions.

7 CHAIRMAN GRAHAM: Commissioners?

8 Redirect?

9 MR. MEANS: No redirect.

10 CHAIRMAN GRAHAM: Okay. Do you want to send  
11 him home?

12 MR. MEANS: Yes. May the witness be excused?

13 CHAIRMAN GRAHAM: Yes, you can.

14 Thank you, sir.

15 THE WITNESS: Thank you very much,  
16 Commissioners, Chairman Graham.

17 CHAIRMAN GRAHAM: Please travel safe.

18 THE WITNESS: Thank you.

19 (Witness excused.)

20 CHAIRMAN GRAHAM: Okay. I have two  
21 supplemental low income pilot projects, one from  
22 Gulf, one from Florida Power & Light. All the  
23 parties have a copy of each one of these?

24 Is anybody opposed to either one of these  
25 going into the record?

1           MR. MARSHALL: Yes. We are opposed to these  
2 going into the record.

3           CHAIRMAN GRAHAM: Enough said. We will not  
4 consider them. We will take them up during the  
5 program part.

6           Concluding matters. Anybody got any  
7 concluding matters?

8           Staff?

9           MS. DUVAL: Briefs will be due on  
10 September 20th, 2019, and are limited to 50 pages  
11 inclusive of attachments.

12          CHAIRMAN GRAHAM: Everybody understand when  
13 the briefs are due and the limit to the pages?

14          MR. S. WRIGHT: Yes, sir.

15          CHAIRMAN GRAHAM: All right. That all being  
16 said, I thank everybody for their cooperation. I  
17 apologize, yesterday, I know we had a little bit of  
18 problem with the air conditioner. It got a little  
19 warm there for a while. There was a huge scare for  
20 today, but they've done a good job of channeling  
21 all the cool air here so we really didn't have to  
22 deal with that. So thank the facility managers  
23 here for handling that for us.

24          Everybody, please travel safe. Thank you so  
25 very much for your time and your patience, and we

1           are adjourned.

2           Thank you.

3           (Proceedings adjourned at 6:29 p.m.)

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## CERTIFICATE OF REPORTER

STATE OF FLORIDA     )  
COUNTY OF LEON     )

I, DEBRA KRICK, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 22nd day of August, 2019.



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DEBRA R. KRICK  
NOTARY PUBLIC  
COMMISSION #GG015952  
EXPIRES JULY 27, 2020