

Participant and Rate Impact Measure (“RIM”) tests, which PCS Phosphate, FIPUG and other consumers support. With respect to Duke, developing DSM goals in this manner produces substantial energy and peak load reduction goals, although they are lower than the goals currently in place.

In contrast, the Southern Alliance for Clean Energy (“SACE”) and the Sierra Club continue to advocate for the application of a Total Resource Cost (“TRC”) test approach, which would call for a substantial increase in energy savings goals and utility spending levels that would be required to achieve that level of savings. The Sierra Club goes further and argues for establishing energy savings goals designed, at a minimum, to achieve a 1% annual savings relative to retail sales.

In the view of PCS Phosphate, periodically recycling the well-worn debate concerning the RIM and TRC tests, although effectively required by FEECA, to an increasing extent misses the point. There are related, important and current factors that should be taken into account as well. These concern basic changes in Duke customers’ usage patterns, particularly among weather-sensitive residential and commercial customers, economic and technological developments that are promoting lower average energy usage without utility-administered DSM program support, and substantial rate pressures associated with other Duke issues. In brief, the goals proposed by Duke represent a reasonable balance of FEECA’s express requirements and the cost and rate impacts to Florida consumers that cannot be ignored. The Commission should approve Duke’s proposed goals.

B. SPECIFIC ISSUES

With respect to the various issues presented in this proceeding, PCS Phosphate takes no position regarding the resolution of the issues with respect to any utility other than Duke, and it

reaffirms the positions that are reflected in the Commission's July 11, 2014 Pre-hearing Order (Order No. PSC-14-0356-PHO-EU) except as discussed below.

ISSUE 3: Do the Company's proposed goals adequately reflect the costs and benefits to the general body of rate payers as a whole, including utility incentives and participant contributions pursuant to Section 366.82(3)(b), F.S.?

PCS Phosphate: *Yes. PCS Phosphate agrees with Duke that the goals proposed by the utility based on the RIM test adequately reflect the costs and benefits to the general body of ratepayers.*

ISSUE 6: What cost-effectiveness test or tests should the Commission use to set goals, pursuant to Section 366.82, F.S.?

PCS Phosphate: *PCS Phosphate agrees with Duke that its DSM goals should be developed based on the RIM test.*

Issues 3 and 6 collectively address the basic foundation for utility-administered DSM plans under FEECA. With respect to these issues, PCS Phosphate agrees with the fundamental underlying energy efficiency goal expressed in FEECA, but it is apparent from the changes in the generation fleet and Duke's load forecasts that are reflected in that utility's most recent Ten Year Site Plan ("TYSP"), including the experience during the "polar vortex" last winter, that management of both rate levels and peak load growth associated with weather-sensitive usage should be an increasing concern.

Duke's 2014 Ten Year Site Plan reveals that, since 2011, the utility has experienced a significant reduction in average use by its residential and commercial customers. Tr. 575-576; Exhs. 172, 173. Duke projects that average usage in the commercial sector will begin to increase slowly but will remain well below 2004 historic levels for the entire ten year planning horizon. Exh. 173. For residential and rural customers, Duke's TYSP unveils an altered dynamic of depressed average usage throughout the planning time horizon. Exh. 172. Moreover, this

dramatic change is not attributable to Duke's existing DSM program efforts, but seems instead to be driven by the confluence of several economic and technological factors.

Overall, those trends would appear to be cause for general celebration among energy efficiency advocates, except for the fact that Duke is forecasting a steady increase in its summer and winter peak demands over the same period. Exhs. 175, 176. Reduced customer usage and net energy requirements that are not accompanied by comparable reductions in peak demands translate into reduced system load factors (and growth in sales revenues) without mitigating Duke's need to plan new generation and transmission resources to serve the rising peak demands.³ This circumstance, in turn, further exacerbates the pressure to increase Duke's average retail rates, which are already among the highest in Florida.

Looking at Duke's overall system needs as well as the mandates expressed in FEECA indicates that greater attention is required to limiting retail rate increases as well as the "particular importance" of satisfying FEECA's goal to reduce and control the growth rates of weather-sensitive peak demand.⁴ In designing DSM plan goals based upon application of the RIM test, Duke is reasonably developing goals consistent with FEECA that seek to minimize consumer rate impacts.

In advocating for DSM plans using a TRC test, SACE is dismissive of customer rate impacts, but that is a fundamental mistake. SACE acknowledged, however, that electric rate levels are "very important" to many industrial customers. Tr. 1034. SACE also agreed that for demand metered customers, both commercial and industrial, it is important to understand how billing determinants (*i.e.*, rate components) and the customers' individual load shapes contribute

³ In Docket No. 140110-EI, Duke relied upon continued peak load growth notwithstanding depressed energy sales to justify its claimed need for Duke's proposed Citrus County combined cycle generating units.

⁴ See §366.81, F.S.

to their electric bills, but the witness had not actually considered whether, how or to what extent those customers assessed the effect those rate components have on their overall bills. Tr. 1035, 1041. Similarly, SACE had not even considered whether smaller customers that may be asked to enroll in optional rate programs should be expected to consider the cost implications of the rate alternatives (*i.e.*, whether they may benefit from a time-of-use or critical period pricing option). Tr. 1042. In short, notwithstanding SACE's blanket claim that rates do not really matter, it accepts that rate levels are important to a large segment of existing Duke customers.

Finally, electric policy discussions at the forefront today are focused on how to get better cost and rate information to as many customer groups as possible so that they can better respond to those conditions on their own through efficiency investments, improved usage behaviors and adoption of distributed energy technologies.⁵ Certainly a key to addressing growth in Duke's peak demands, although not addressed in the DSM goals proceeding, lies in better rate designs that better communicate, through rate structures, the costs that customers impose on Duke's system at peak times.

Duke's DSM goals filing properly recognizes that attempting to achieve ever-increasing levels of savings through a long-established menu of utility administered measures, many of which have reached the point of diminishing returns, will produce an unacceptable level of rate increases without making sufficient headway in terms of creating reliable reductions in peak load growth. The Duke filing adequately addresses cost and benefits to DSM participants and the general body of ratepayers and appropriately relies upon the RIM test.

⁵ See, *e.g.*, New York Public Service Commission Case 14-M-0101, *Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Developing the REV Market in New York: DPS Staff Straw Proposal in Track One Issues*, dated August 22, 2014.

C. **CONCLUSION**

For the reasons stated herein, PCS Phosphate urges the Commission to approve the DSM goals proposed by Duke Energy Florida in this proceeding.

Respectfully submitted,

BRICKFIELD, BURCHETTE, RITTS & STONE, P.C.

s/ James W. Brew

James W. Brew

Brickfield, Burchette, Ritts & Stone, P.C.

1025 Thomas Jefferson St., N.W.

Eighth Floor, West Tower

Washington, DC 20007

Tel: (202) 342-0800

Fax: (202) 342-0807

E-mail: jbrew@bbrslaw.com

Attorney for White Springs Agricultural Chemicals, Inc.

d/b/a/ PCS Phosphate – White Springs

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing has been furnished by electronic mail and/or U.S. Mail to the following this 30th day of September, 2014:

Dianne M. Triplett/Mathew R. Bernier
299 1st Avenue North
St. Petersburg, FL 33701
dianne.triplett@duke-energy.com
matthew.bernier@duke-energy.com

Mr. Mikelann Scerbo
Air-Cond., Heating and Ref. Institute
2111 Wilson Blvd, Suite 500
Arlington, VA 22201
mscerbo@ahrinet.org

Mr. Paul Lewis, Jr.
106 East College Ave., Suite 800
Tallahassee, FL 32301-7740
paul.lewisjr@duke-energy.com

Alton E. Drew
667 Peeples Street, SW #4
Atlanta, GA 30310
altondrew@altondrew.com

Jill M. Tauber
Earthjustice
1625 Massachusetts Ave., NW, Suite 702
Washington, DC 20036-2243
jtauber@earthjustice.org

J. Beasley/J. Wahlen/A. Daniels
Ausley Law Finn
Post Office Box 391
Tallahassee, FL 32302
jbeaslev@ausley.com
jwahlen@ausley.com
adaniel@ausley.com

Alisa Coe/David G. Guest
Earthjustice
111 S. Martin Luther King Jr. Blvd.
Tallahassee, FL 32301
acoe@earthjustice.org
dguest@earthjustice.org

J. Stone/R. Badders/S. Griffin
Beggs & Lane
P.O. Box 12950
Pensacola, FL 32591-2950
jas@beggslane.com
rab@beggslane.com
srg@beggslane.com

John Finnigan
Environmental Defense Fund
128 Winding Brook Lane
Terrace Park, OH 45 174
jfinnigan@edf.org

Colleen McCann Kettles, JD
Florida Solar Energy Industries
Association
FL
ckettles@fsec.ucf.edu

Steven L. Hall, Senior Attorney
Office of General Counsel
Florida Dept. of Agriculture & Consumer
Services
407 South Calhoun Street, Suite 520
Tallahassee, FL 32399
Steven.Hall@FreshFromFlorida.com

Mr. Robert L McGee, Jr.
Gulf Power Company
One Energy Place
Pensacola, FL 32520-0780
rlmcgee@southernco.com

Jon C. Moyle, Jr./Karen Putnal
Moyle Law Firm, P.A.
118 N. Gadsden Street
Tallahassee, FL 32301
jmoyle@moylelaw.com
kputnal@moylelaw.com

Gary V. Perko/Brooke E. Lewis
Hopping Green & Sams, P.A.
P.O. Box 6526
119 S. Monroe Street, Suite 300
Tallahassee, FL 32314
gperko@hgslaw.com
blewis@hgslaw.com

Robert Scheffel Wright/John T. LaVia
Gardner, Bist, Wiener, Wadsworth,
Bowden, Bush Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308
schef@gbwlegal.com
jlavia@gbwlegal.com

Kevin Fox/Justin Barnes/Rusty Haynes
Keyes Law Firm
436 14th Street, Suite 1305
Oakland, CA 94612
kfox@kfwlaw.com

J.R. Kelly/Erik L. Saylor
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
Tallahassee, FL 32399
kelly.jr@leg.state.fl.us
Saylor.Erik@leg.state.fl.us

Thadeus B. Culley
Keyes Law Firm
401 Harrison Oaks Blvd., Suite 100
Cary, NC 27514
tculley@kfwlaw.com

Diana A. Csank, Esq.
Sierra Club
50 F Street, N.W., 8th Floor
Washington, DC 20001
Diana.Csank@sierraclub.org

Mike Rogers
P.O. Box 12552
Tallahassee, FL 32317
mrogers@comcast.net

George Cavros, Esq.
Southern Alliance for Clean Energy
120 E. Oakland Park Blvd., Suite 105
Fort Lauderdale, FL 33334
george@cavros-law.com

Alex Lopez
OPOWER
FL
alex.lopez@opower.com

Kenneth E. Baker
Energy Department
Wal-Mart Stores East, LP/Sam's East, Inc.
2001 SE 10th Street
Bentonville, AR 72716-0550
Ken.Baker@walmart.com

Abby Schwimmer
Southeast Energy Efficiency Alliance
FL
aschwimmer@seealliance.org

Anne Smart
The Alliance for Solar Choice
595 Market Street, 29th Floor
San Francisco, CA 94105
anne@allianceforsolarchoice.com

Ms. Paula K. Brown
Tampa Electric Company
Regulatory Coordination
P.O. Box 111
Tampa, FL 33602
pkbrown@tecoenergy.com

Lee Eng Tan/Charles Murphy
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850
cmurphy@psc.state.fl.us
LTan@psc.state.fl.us

Mr. W. Christopher Browder
P.O. Box 3193
Orlando, FL 32802-3193
cbrowder@ouc.com

Ms. Cheryl M. Martin
1641 Worthington Road, Suite 220
West Palm Beach, FL 33409-6703
cyoung@fpuc.com

Mr. P. G. Para
21 West Church Street, Tower 16
Jacksonville, FL 32202-3158
parapg@jea.com

BRICKFIELD, BURCHETTE, RITTS & STONE, P.C.

s/ James W. Brew

James W. Brew
Brickfield, Burchette, Ritts & Stone, P.C.
1025 Thomas Jefferson St., N.W.
Eighth Floor, West Tower
Washington, DC 20007
Tel: (202) 342-0800
Fax: (202) 342-0807
E-mail: jbrew@bbrslaw.com