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July 1, 2024

VIA ELECTRONIC FILING

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

Re: *Commission Review of Numeric Conservation Goals (Orlando Utilities Commission) – Docket No. 20240017-EG*

Dear Mr. Teitzman:

In accordance with with the Order Establishing Procedure dated January 23, 2024, please find attached for filing the Rebuttal Testimony of Kevin M. Noonan [and Exhibit KMN-6] to be filed in the above-referenced docket.

Thank you for your assistance in this matter. Please feel free to call me at (850)933-2016 should you have any questions concerning this filing.

Cordially,

Robert Scheffel Wright

IN RE: COMMISSION REVIEW OF NUMERIC CONSERVATION GOALS FOR ORLANDO UTILITIES COMMISSION, DOCKET NO. 20240017-EG

REBUTTAL TESTIMONY OF KEVIN M. NOONAN

ON BEHALF OF ORLANDO UTILITIES COMMISSION

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Kevin M. Noonan, and my business address is Orlando Utilities Commission, Reliable Plaza at 100 West Anderson, Orlando, Florida 32801. I am employed by the Orlando Utilities Commission ("OUC") as Director of Legislative Affairs.

Q. Have you previously submitted testimony in this docket?

A. Yes. I submitted direct testimony on behalf of OUC on April 2, 2024. My direct testimony describes OUC, our electric system, and our customer base, which is proportionately more low-income than most other Florida utilities. My direct testimony also generally describes our Demand-Side Management ("DSM") and energy conservation programs and initiatives pursuant to FEECA and also our energy conservation measures beyond those that OUC implements pursuant to the Florida Energy Efficiency and Conservation Act ("FEECA"). Finally, my direct testimony presents and supports OUC's

proposed FEECA goals and the programs by which OUC proposes to meet those goals.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. What is the purpose of your rebuttal testimony in this docket?

A. I am submitting this rebuttal testimony to rebut untrue, inaccurate, and misleading allegations and mischaracterizations of OUC's energy conservation programs, particularly our programs and measures that serve low-income customers, that were made in the direct testimony of Mr. MacKenzie Marcelin on behalf of Florida Rising, Inc. My rebuttal testimony also clarifies facts regarding OUC and our programs where Mr. Marcelin's testimony appears to be misleading. In addition, my rebuttal testimony points out that Mr. Marcelin's recommended goals are not based on any cost-effectiveness analyses and that his recommendations would likely harm the low-income customers whom he claims to be concerned about. Finally, my rebuttal testimony describes OUC's extensive support for our low-income customers.

Q. Please summarize the main points of your rebuttal testimony.

A. In his testimony, Mr. Marcelin makes several false statements regarding OUC – statements that are demonstrably untrue based on information contained in Mr. Marcelin's own exhibits. The most egregious of these false statements is his allegation, at page 42 of his testimony, that "OUC has been spending most of its

energy efficiency and conservation spending on commercial and industrial customers . . . ." His own Exhibit No. MM-19, at pages 19 through 32 of 32, shows that, in fact, in 2023, the substantial majority of OUC's expenditures on our FEECA DSM programs – more than 70 percent – was spent on our Residential programs.

Mr. Marcelin has made a number of additional statements that are demonstrably inaccurate based on reference to his own exhibits. Beyond his statements that are shown to be untrue by his own exhibits, he has made several additional inaccurate statements and additional statements that are misleading as presented.

Mr. Marcelin has recommended energy conservation goals for which he has provided no factual basis and no analysis as to the feasibility, the costs, the cost-effectiveness, or the rate impacts of implementing his proposed goals, no analysis of the cost-effectiveness of his proposed goals, and no analysis of the impacts of his proposals on OUC's general body of customers or on OUC's low-income customers about whom he claims to be concerned. In fact, as explained in my testimony below, his recommended goals would impose staggering additional costs on OUC's customers, including our low-income customers.

Overall, Mr. Marcelin's testimony reveals that he failed to inform himself of important facts regarding OUC and our conservation programs, including his failure to use information that is contained in the exhibits filed with his testimony. Beyond that, several of his assertions are presented in a way that likely creates false impressions of OUC and our programs. He performed no cost-effectiveness or rate impact analyses to support any of his recommendations.

In summary, the Commission should disregard Mr. Marcelin's erroneous testimony and recommendations and make its decision on the basis of competent, substantial, and accurate evidence presented in these proceedings.

III. REBUTTAL OF MACKENZIE MARCELIN'S TESTIMONY

Q. How is your rebuttal testimony organized?

A. My rebuttal testimony first generally addresses several false statements and allegations made by Mr. Marcelin with respect to OUC that are shown to be untrue by his own exhibits. My testimony next addresses allegations that, while not untrue on their face, are misleading with respect to OUC. I next respond to his mistaken and misleading critique of OUC's Efficiency Delivered program. Finally, I address the energy conservation goals that Mr. Marcelin recommends for OUC.

A. Allegations Demonstrated to be False by Mr. Marcelin's Own Exhibits.

Q. In his testimony, Mr. Marcelin makes the following statements at page 42, lines 22-24.

> **OUC has been spending most of its energy efficiency and conservation spending on commercial and industrial customers and has been neglecting its residential customers.**

Is his allegation that "OUC has been spending most of its energy efficiency and conservation spending on commercial and industrial customers . . ." true?

A. No. In fact, it is shown to be false by reference to his own Exhibit No. MM-19. That exhibit is a copy of OUC's Annual Conservation Report submitted on March

1, 2024, covering OUC's DSM programs offered in 2023. At pages 19-32 of 32 of his exhibit, Tables 3-6 through 3-19 show OUC's total spending (including non-recurring program costs and non-recurring rebates paid to customers) for all of OUC's FEECA programs for 2023; the total was $2,579,218. The sum of OUC's total program spending for all of OUC's Residential DSM programs covered in Tables 3-6 through 3-12 for 2023 was $1,843,659. Correspondingly, the sum of OUC's total program spending on OUC's Commercial DSM programs for 2023 was $735,559. Simple arithmetic shows that in 2023, OUC dedicated approximately 71.5 percent of its total DSM program expenditures on Residential programs, as compared to approximately 28.5 percent of its total DSM spending on Commercial & Industrial programs.

Mr. Marcelin's testimony on this point is false, and it is shown to be false by his own exhibits.

Q. In his testimony on page 42, Mr. Marcelin further alleges that OUC "has been neglecting its residential customers." Is this accurate in any way?

A. No, it is demonstrably untrue. Aside from the fact demonstrated above, that OUC is in fact devoting the substantial majority of its DSM spending to Residential programs and customers, Mr. Marcelin has simply failed to recognize and to inform himself of many additional facts that demonstrate OUC's commitment to our Residential customers.

He included OUC's 2024 Annual Conservation Report in his exhibits. If he had reviewed OUC's responses to the Commission Staff's Data Requests to OUC

regarding OUC's Annual Conservation Report, which were submitted on April 29, 2024, attached here as Exhibit KMN-6 to my rebuttal testimony, he would have learned that OUC implemented so many additional measures in residential applications in 2023 that the Staff asked special data requests regarding those measures. They included data requests asking that OUC explain the following:

- How OUC increased the number of residential energy audits from 1,469 in 2022 to 1,835 in 2023;
- How OUC provided rebates to 332 participants in OUC's Residential Duct Repair Rebate program in 2023 vs. only 34 rebates in 2022;
- How OUC provided rebates to 389 participants in OUC's Residential Ceiling Insulation Rebate program vs. only 79 participants in 2022; and
- How OUC provided rebates to 452 participants in OUC's Residential Heat Pump Water Heater Rebate program in 2023 vs. only 161 participants in 2022.

OUC achieved these substantial successes in delivering energy conservation to its residential customers by engaging with a large multifamily rental property account to accomplish the installation of these efficiency measures as part of the owner's upgrades. One project alone consisted of 296 apartments.

Later in my rebuttal testimony, I provide additional evidence of OUC's energy efficiency achievements in serving its low-income residential customers.

Q. At page 44, lines 8-9, Mr. Marcelin alleges that "OUC is not tracking how many customers it is reaching." Is this true?

A. No. This statement is erroneous, and again, it is shown to be untrue by reference to the exhibits to Mr. Marcelin's own testimony. Referring again to the tables on pages 19-32 of 32 of his Exhibit No. MM-19, the Commission will readily see that each table presents the actual annual number of participants and the actual cumulative total number of program participants for each of OUC's FEECA programs for each year of the reporting period. For example, Table 3-12 presents information for OUC's Residential Heat Pump Water Heater program, which has 452 participants in 2023 and a cumulative total of 984 participants through 2023. Mr. Marcelin's allegation that "OUC is not tracking how many customers it is reaching" is belied by his own exhibit.

Q. At page 13, lines 9-10 of his testimony, following a listing of the shares of energy savings contributed by the Residential rate classes and the Commercial and Industrial rate classes for all of the FEECA Utilities except FPUC, Mr. Marcelin asserts that "Residential customers make up a majority of each of these utilities both by accounts and by total sales." Is this true for OUC?

A. This statement is only partly true. It is true that residential customer accounts represent the majority of OUC's total customer accounts, but his assertion that OUC's residential customers 'make up a majority" of OUC's total sales is disproven by his own Exhibit No. MM-34, which is an excerpt from OUC's 2024 Ten-Year Site Plan. His Exhibit MM-34, at pages 2 of 4 and 3 of 4, shows that, in

2023, sales to Residential customers made up only 39.9 percent – substantially less than half – of OUC's total sales to ultimate consumers, whereas the Commercial and Industrial classes accounted for 57.2 percent of OUC's total sales. The balance was sales to Other Public Authorities and Street & Highway Lighting customers.

Q. In attempting to justify his proposed goals for OUC's Efficiency Delivered program, at page 44, lines 10-14, Mr. Marcelin makes the following statement:

> **Given that OUC is able to reach thousands of customers per year through its commercial programs, it should try to achieve something similar in its Efficiency Delivered program. I recommend multiplying its participation goal by a factor of 100 so that it tries to reach 4,000 measures in 2025 and escalates from there.**

Does his alleged basis for his recommendation have any basis in reality?

A. No, his alleged justification – that "OUC is able to reach thousands of customers per year through its commercial programs" – is also demonstrated to be extraordinarily inaccurate by reference to his own Exhibit No. MM-19. Again looking at Tables 3-13 through 3-19, on pages 26-32 of 32 of his exhibit, which provide actual data for OUC's seven Commercial/Industrial DSM programs, the Commission will readily note that the sum of cumulative participating customers in OUC's Commercial/Industrial DSM programs through 2023 is 247 total customers in all of OUC's Commercial/Industrial programs – a far cry from the "thousands" that he claims justify his proposal. In contrast, Tables 3-6 through 3-

12 of his Exhibit No. M-19 show that a cumulative total of 7,506 Residential customers participated in OUC's DSM programs in 2023.

Yet again, Mr. Marcelin has offered the Commission inaccurate statements to justify his position when his own exhibit provides accurate information that is vastly different from his claims.

B. Mr. Marcelin's Testimony Contains Additional Statements About OUC That Are Misleading.

Q. At page 13 of his testimony, Mr. Marcelin makes the following statements:

> **Residential customers make up a majority of each of these utilities [FPL, Duke Energy Florida, TECO, JEA, and OUC] both by accounts and by total sales. Exhibits MM-20-MM-24. Yet for almost every utility, most energy efficiency savings go to the commercial and industrial classes. That means that residential customers pay more into the programs through the energy conservation cost recovery clause, but businesses get most of the benefits. OUC stands as the most lopsided, giving businesses more than 82% of total savings, and less than 18% to residential customers. As discussed later, most energy efficiency funding goes to bill credits for big commercial and industrial customers for participating in interruptible or curtailable programs – even though they don't actually get interrupted or curtailed.**

Is his allegation that "residential customers pay more into the programs through the energy conservation cost recovery clause" accurate with respect to OUC?

A. No. This allegation is inaccurate with respect to OUC. First, OUC does not have an energy conservation cost recovery clause like Florida's investor-owned utilities. Instead, OUC's energy conservation program costs are recovered through its base rates. Second, and more importantly, OUC's Residential customer class is only allocated approximately 45.7 percent of OUC's total DSM program costs (as shown in Exhibit No. KMN-5 to my direct testimony), while commercial and industrial customers, along with lighting and other public authorities, pay the balance.

Q. Is his characterization of OUC as "giving businesses more than 82% of total savings, and less than 18% to residential customers" accurate?

A. No, while he has correctly stated the percentages of energy saved through OUC's Residential and Commercial/Industrial conservation programs, his characterization of OUC as "giving businesses more than 82% of total savings" is misleading. A more accurate characterization of this relationship is that, while it is true that the total kWh reductions on commercial and industrial customers' bills comprises more than 82 percent of OUC's total energy savings from customer-facing DSM programs, it is also true that OUC's commercial and industrial customers provide more than 82 percent of the total energy conservation savings realized for the benefit of all of OUC's customers. His assertion that residential customers pay more for the programs and that OUC is thus "giving" commercial and industrial

customers the vast majority of energy conservation savings simply misapprehends and mischaracterizes the economic bargain of energy conservation programs. Further, recognizing that sales to commercial and industrial customers account for the substantial majority of all of OUC's energy sales, one should expect that they would contribute a majority of the energy savings. Finally, the fact that commercial and industrial customers provide the majority of DSM savings for less than 30 percent of OUC's DSM spending indicates that these programs are significantly cost-effective.

Q. Is Mr. Marcelin's allegation, at page 13, lines 15-19, that "most energy efficiency funding goes to bill credits for big commercial and industrial customers for participating in interruptible and curtailable programs" true as applied to OUC?

A. No, it is not true as applied to OUC. Even though Mr. Marcelin does not specifically state that the majority of OUC's energy efficiency funding goes to credits for interruptible and curtailable customers, this statement immediately following his allegations regarding OUCs' residential and commercial/industrial energy conservation savings would give this impression to any reader. The fact is that OUC's retail tariff contains a General Service Demand Curtailable Rider (Tariff Sheets 5.800-5.801), but OUC has not had a customer on this tariff for more than ten (10) years.

Thus, the fact is that none of OUC's DSM funding goes to bill credits for interruptible and curtailable customers.

C. Mr. Marcelin's Allegations and Claims Regarding OUC's Efficiency Delivered Program Are Misleading and Inaccurate.

Q. At pages 43-46 of his testimony, Mr. Marcelin criticizes OUC's Residential Efficiency Delivered program, apparently based on his beliefs that the program imposes unacceptable burdens on potential program participants. Are his criticisms accurate?

A. No, his criticisms are not accurate. Before continuing, I offer the following description of OUC's Residential Efficiency Delivered program. This program is, objectively, a very generous DSM program designed to promote energy conservation by low-income customers. Our Efficiency Delivered program provides up to $2,500 of energy and water efficiency upgrades for residential customers. Eligible measures include the following:

- Air filter replacement
- Attic insulation
- Caulking and weather stripping
- Duct leak repairs
- Hot water pipe insulation
- Irrigation repairs
- Minor plumbing repairs
- Toilet replacement
- Water flow restrictors
- Window film installation

For those households that have a family income of less than $40,000, OUC pays 85% of the cost. The remaining 15% can be paid back through the OUC monthly

utility bill over 24 monthly installments, interest free. Households with greater incomes can participate on a sliding-scale basis, with OUC paying lower percentages for households with greater incomes.

Q. At page 43, line 25 through page 44, line 4, Mr. Marcelin alleges that OUC's Efficiency Delivered program is only available to owners of single family homes. Is this statement accurate?

A. No, it is not. OUC's Efficiency Delivered program is available to customers who reside in single family homes, townhomes, and condominiums. There are no restrictions based on ownership status or exclusions based on rental status. While only a few rental customers have participated in the Efficiency Delivered program, OUC has provided energy conservation measures that benefit a substantial number of renters through our Multifamily Efficiency Program which has reached more than 20 large apartment complexes.

Moreover, OUC intends to reach out to more landlords and renters through program enhancements and improvements in the language of promotional materials and advertising to emphasize that Efficiency Delivered participation and benefits are available for rental properties and customers.

Q. At page 43, lines 2-24, Mr. Marcelin criticizes OUC's Efficiency Delivered program because of the requirement that a participating customer whose household income is less than $40,000 per year pay 15 percent of the costs of measures implemented, or that a participant pay up to $16 a month to obtain

the benefits provided by OUC's expenditure for measures chosen by the customer. Is this allegation reasonable?

A. No, it is not, and it demonstrates a fundamental failure to understand the simple economics of a customer's decision whether to participate in a program. Before making a decision to participate in OUC's Residential Efficiency Delivered program, OUC would provide the customer with a free Home Energy Survey (energy audit) that will identify potential energy saving measures and show how much the customer should expect to save using specified measures. This free information enables the customer to make an informed decision about participation and about what measures they would implement in taking advantage of the program.

The co-payment requirement is that the customer pay 15 percent of the total cost of measures chosen by the customer: if the customer chooses measures that cost $1,000, the customer pays $150; if the customer chooses measures that cost $2,500, the co-payment is $375. The customer has the option of financing the co-payment on his or her bill over 24 months at zero interest. If the customer chose the maximum, then the customer's monthly co-payment would be about $16 per month.

Mr. Marcelin asserts that "many low-income customers will not be willing to take on" this co-payment obligation. (Page 43, lines 17-18) This allegation is nonsensical and implies that Mr. Marcelin believes customers are irrational. Remembering the obvious facts that a customer does not have to put down any money up front and that the customer would only choose measures that are

projected to cost-effectively reduce their electric bills, Mr. Marcelin is suggesting that a customer would not be willing to take on, with zero up front cost and zero interest, a co-payment of $16 a month that would save the customer more than that. In other words, he is suggesting that a customer would opt to continue paying higher bills rather than participate in the Efficiency Delivered program. If he wants to argue for zero co-payments supported by all of OUC's other customers, he can make that argument, but trying to justify it on the basis of non-rational decision-making by program participants is nonsense.

Mr. Marcelin also ignores the fact that the Residential Efficiency Delivered program is significantly cost-effective to participating customers as measured by the Commission-approved Participant Cost Test (PCT). At page 5 of 11 of Mr. Herndon's Exhibit No. JH-16, Table 6 shows that the PCT benefit cost ratio for a participant in the Residential Efficiency Delivered program is 3.0 to 1. This means that an average participant in OUC's Efficiency Delivered program who paid the maximum co-payment of $375 would be expected to save $1,125, three times the co-payment, in lower electric bills. This further bolsters the point that a reasonable customer would expect to save significantly more than the customer's modest co-payment, backstopped by the fact that the customer has information on estimated savings from a free energy audit (Home Energy Survey) before he or she has to make any co-payment at all.

Q. At page 43, lines 18-20, of his testimony, Mr. Marcelin also advocates "that for customers that make a household income of less than $60,000, OUC cover

100% of the costs of the program." Is this recommendation reasonable? Is it fair to OUC's other customers?

A. This proposal is both unreasonable and unfair to OUC's other customers. Mr. Marcelin's suggestion that OUC should cover 100 percent of the costs appears not to even comprehend that all of OUC's costs are borne by all of OUC's customers. OUC is not a private company that can simply donate cash from earnings to programs in this way. (And by the way, even an investor-owned utility is fully entitled to recover all of its reasonable and prudent costs of service, including energy conservation programs, so if requiring a utility to finance programs as Mr. Marcelin recommends was reasonable, it would be that utility's other retail customers who would pay.) Imposing such costs on OUC's other customers, particularly at the magnitudes recommended by Mr. Marcelin, would not be fair or reasonable.

D. Mr. Marcelin's Proposed Goals Are Unsupported, Not Cost-Effective, and Contrary to the Interests of OUC's Customers, Including OUC's Low-Income Customers.

Q. For context, what are OUC's proposed goals for total energy savings and for OUC's Residential Efficiency Delivered program for 2025?

A. OUC is proposing to more than triple our total energy conservation goal from our current approved 2024 goal of 1,370 MWH to 4,242 MWH in 2025. The energy goal for our Efficiency Delivered program is 74 MWH in 2025.

Q. What are Mr. Marcelin's recommended goals for OUC?

A. For simplicity, I will focus only on his proposed energy conservation goals, which I will state in megawatt-hours (MWH). In a table on page 45, he recommends an annual energy goal for OUC's Residential Efficiency Delivered program in 2025 of 7.35 gigawatt-hours, which is 7,350 MWH, with increasing goals every year thereafter. In a separate table on page 46, he recommends that OUC's total Residential energy conservation goal should be 8,320 MWH for 2025 and 8,730 MWH for 2026, with further increases thereafter.

Q. What is the basis for Mr. Marcelin's recommended goals?

A. As discussed above, at page 44 of his testimony, he states that the Efficiency Delivered program goal should be set at 100 times the energy savings goal shown in Mr. Herndon's Exhibit No. JH-16 because he believes "that OUC is able to reach thousands of customer per year through its commercial programs," so OUC should "try to achieve something similar in its Efficiency Delivered program." For example, OUC's Efficiency Delivered goal shown in Mr. Herndon's Exhibit JH-16 is 74 MWH (rounded up from 73.5 MWH) for 2025, and Mr. Marcelin has simply multiplied this value by 100 to get his recommended goal of 7,350 MWH. His total Residential goal appears to be the sum of his recommended additional Efficiency Delivered goal plus the rest of OUC's proposed Residential energy goals; for 2025, his recommended Residential energy conservation goal is 8,320 MWh.

Q. Did Mr. Marcelin provide any other analysis of his recommended goals? For example, did he provide any analysis of the practical feasibility of achieving his recommended goals, or any estimates of the costs to achieve his recommended goals, or any cost-effectiveness analyses of his recommended goals?

A. No, he provided no justification other than his erroneous allegation that because OUC is able to reach "thousands" of commercial customers with our DSM programs, OUC should be able to increase the energy savings from Efficiency Delivered by a hundred times. The Commission should recall here that Mr. Marcelin's own exhibit shows that, through 2023, the total cumulative number of commercial and industrial customers participating in OUC's DSM programs was 247 customers.

Q. Are Mr. Marcelin's proposed goals for OUC reasonable?

A. No. His proposed goals are neither reasonable nor based on any analysis of feasibility, cost, cost-effectiveness, or impacts on customers' rates. The most astonishingly irrational aspect of his proposed goals is that he completely ignores and neglects the impacts that increasing the number of customers receiving rebates under OUC's Efficiency Delivered and other DSM programs will have on the low-income customers that he claims to be concerned about.

Aside from his failure to address any considerations of cost or feasibility, Mr. Marcelin completely ignores the impacts that his proposals would have on the rates paid by all OUC's customers, including our low-income customers.

Q. Is it possible to estimate what the costs and rate impacts of achieving Mr. Marcelin's recommended goals might be?

A. It is possible, but his recommendation – increasing goals by a hundred times – is so extreme that such estimates are difficult. The following are simple proportionate extrapolations of costs based on OUC's estimated costs to achieve OUC's proposed goals. Because this simple proportional approach ignores the reality of diminishing returns in attempting to scale up any program or economic activity by a factor of 100, the following rough estimates must be regarded as highly conservative (i.e., they underestimate the costs of increasing OUC's Efficiency Delivered goal by 100 times as recommended by Mr. Marcelin).

OUC's budget to achieve its 2025 energy goal for Residential Efficiency Delivered is $91,000. (This is shown in Table 5 of Mr. Herndon's Exhibit No. JH-16.) Leaving aside the fact that the incremental costs of increasing participation in programs will almost certainly be greater than the average cost to achieve OUC's baseline goals, due to the principle of diminishing returns, simply multiplying OUC's baseline 2025 Efficiency Delivered budget of $91,000 by 100 would result in spending on Efficiency Delivered in 2025 of $9,100,000, or $9.1 million. This is more than triple OUC's total DSM spending in 2023, and it would more than quadruple OUC's projected total DSM budget of $2.758 million for 2025, from $2.758 million to $11.767 million. Further, Mr. Marcelin's goal for 2026 would almost certainly exceed 100 times the $98,000 that OUC has budgeted – another $9.8 million. The same is true for the rest of the goals period.

The result of trying to implement Mr. Marcelin's recommendations would be to require OUC to spend **well over $100 million** on just our Efficiency Delivered program over the 2025-2034 goals period. Multiplying the annual Efficiency Delivered budgets from Mr. Herndon's Table 5 would total to $119 million. Again, this increase is more than three times OUC's budgets for all of its DSM programs for the 2025-2034 period. The rate impacts would be proportional to these cost increases.

Q. How would cost increases of these magnitudes affect low-income customers?

A. Aside from the extreme total cost impacts, this is perhaps the most shocking aspect of Mr. Marcelin's recommendations. He claims to be concerned about rate impacts on low-income customers, but his recommendations would impact them as well. Making the reasonable assumption that low-income customers' electric bills represent a larger percentage of their incomes than for middle- and higher-income households, the impacts would be felt more acutely by low-income customers. Even in the most unrealistically optimistic scenario, it would take years for customers to become enrolled in the program, and many would likely still not participate.

Q. Would the benefits of these increased goals provide net benefits to OUC's customers?

A. No. OUC's evidence in this proceeding includes the testimony of Mr. Jim Herndon, which includes the results of cost-effectiveness analyses of OUC's proposed

programs, including Residential Efficiency Delivered. Table 6 of Mr. Herndon's Exhibit JH-16, page 5 of 11, shows that the benefit-cost ratio using the Rate Impact Measure test is 0.3, and that the benefit-cost ratio for Efficiency Delivered using the Total Resource Cost test is 0.6. This means that even measuring cost-effectiveness on the basis of total resource costs, the program is not cost-effective, saving only 60 cents in resource costs (in present value terms) for each dollar spent on the program. The RIM Test result means that the benefits to non-participating customers are significantly less than the costs, resulting in rate increases that exceed the value of the energy conservation benefits provided by the program. Even so, OUC is committed to continue our long-standing policy of offering this program because of the benefits it provides to our low-income customers.

The overarching problem with Mr. Marcelin's proposal is obvious: if OUC were to try to expand our Efficiency Delivered program even more, the impacts on customer rates would be proportionally greater, probably worse the higher the goals were set because of non-linear incremental costs to reach more customers. Dramatically increasing the scope of a non-cost-effective program, as recommended by Mr. Marcelin, will only exacerbate the rate impacts on the low-income customers that Mr. Marcelin claims to be concerned about. This is simply irrational, and the Commission should reject his recommendations.

E. OUC Provides Extensive and Meaningful Support to Low-Income Customers.

Q. Mr. Marcelin's testimony alleges that OUC "has been neglecting" our residential customers and goes on to criticize OUC's Efficiency Delivered

program, which is specifically designed to meet the needs of low-income customers through a contribution of up to 85 percent of the cost of energy conservation measures implemented by program participants. Please summarize OUC's approach to achieving energy savings for and by low-income customers.

A. At the outset, OUC recognizes that a substantial percentage of OUC's customer base has relatively lower incomes, approximately 33% of households with incomes below $50,000 per year in 2024, and that many of OUC's customers are renters. With this recognition, OUC acts to help low-income customers through many efforts and with many partners, through significant efforts to promote energy efficiency and thus savings for our low-income customers as well as basic support of these customers' energy needs.

In developing, designing, and implementing formal DSM programs and other energy conservation and related programs and measures for low-income customers and for all OUC customers, OUC considers the following: whether the program will be particularly beneficial to low-income participants; whether the program is meaningfully accessible to low-income customers, i.e., within their means to take advantage of the program; whether the program will provide meaningful energy savings benefits and peak demand reduction benefits, to the extent applicable; potential impacts on the rates paid by all of OUC's customers, which naturally includes the degree to which the program involves subsidies of program participants by all customers. Note, however, that OUC does not address this last criterion or consideration by a rigid application of the RIM test; OUC has

programs and measures available to low-income customers that do not pass the conventional RIM test, but OUC implements these programs and measures in the general public interest, with due consideration of the particular needs of low-income customers, rate impacts on all customers, and the energy savings benefits to be provided by the program or measure.

Q. Beyond OUC's Residential Efficiency Delivered program, please summarize OUC's other efforts and activities that promote and support energy conservation and the energy needs of OUC's low-income customers.

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

- Partnership with The Central Florida Foundation to help educate customers and to fund energy and water efficiency upgrades.
- Project CARE, OUC's utility assistance fund.
- Extensive outreach efforts through neighborhood meetings and community events.
- Home Energy Reports – offered to all customers, estimated energy savings of more than 6,000 MWH in 2023.
- Multifamily Efficiency Program.
- Power Pass Program – offered to all customers, estimated energy savings of more than 11,000 MWH in 2023.
- Conservation Kits.

Q. Please describe OUC's partnership with The Central Florida Foundation and how it promotes energy and water efficiency.

A. OUC has partnered with The Central Florida Foundation, Inc. to help revitalize communities, educate customers and fund energy & water efficiency upgrades. The Central Florida Foundation established the Central Florida Regional Housing Trust (CFRHT) as a land trust designed to acquire residential dwellings with the purpose of neighborhood revitalization without gentrification. After acquiring 86 housing units in 2019, the CFRHT focused on Orlando's historic Parramore community—where the median household income was recently $15,000 and the unemployment rate was 23.8%. Through the partnership, OUC invested $100,000 in energy-efficiency improvements in 81 of these homes, resulting in the residents of the homes realizing a collective estimated net savings of more than 160,000 kWh of electricity and more than 1.1 million gallons of water annually. Compared to their 2019 usage, in 2022, the residents of the improved homes experienced estimated net bill savings of $575 per home per year, based on OUC's 2022 rates.

Q. Please describe Project CARE.

A. Project CARE is OUC's financial assistance program that assists customers who are having difficulties paying their utility bills. It provides emergency assistance to those in our community who have experienced a recent personal or family crisis that has placed them in danger of losing their utility service. All funds for the program are collected by OUC and turned over to Heart of Florida United Way, a

local, non-profit community assistance agency. Customers can contribute to Project CARE by adding $1, $2, $5, or a specified amount to their monthly utility bill. Project CARE raises thousands of dollars each year through customer donations that are matched by OUC. For every $1 donated by customers, OUC contributes $2 to the program. Since its inception in December of 1994, Project CARE has raised more than $9.4 million, helping thousands of families and individuals in need.

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

A. OUC reaches out to our low-income customers in many additional ways, including sponsoring and participating in numerous community events. In addition to these outreach activities, OUC is proud to be a strong community partner supporting the efforts of numerous non-profit organizations that directly benefit low-income customers. Organizations with whom OUC partners to provide these benefits include the following: Boys and Girls Club of Central Florida, Central Florida Urban League, Christian Service Center, After School All-Stars, City Year Orlando, Feeding Children Everywhere, Heart of Florida United Way, and Seniors First. OUC also works with the City of Orlando and Orange County to inform low-income customers of available benefits and programs.

Q. Please describe the Multifamily Efficiency Program.

A. About 50% of OUC's residential population live in multifamily dwellings, and many are likely low-income. Historically, the multifamily segment has been difficult to gain DSM participation primarily due to the "split incentive" barrier where the landlords do not pay the electric bills and the renters do not want to invest in property they do not own. To address this barrier, in 2015, OUC developed the Multifamily Efficiency Program ("MFEP"), which is a rebate program that provides rebate incentives to property owners to improve energy and water efficiency in their buildings and communities. Through the MFEP, since 2015 OUC has been working with multifamily complex owners to encourage and educate them on all of the benefits of making efficiency improvements that can benefit them, such as higher tenant retention rates, lower maintenance and operating costs, and greater property values. The incentives are offered only to the owner, but the MFEP provides holistic and bundled incentives for tenant and common-area projects. OUC provides a full energy and water evaluation, which outlines the recommended conservation upgrades and payback periods for each improvement. OUC oversees the project completion from start to finish utilizing our Preferred Contractor Network or a contractor of choice. Since launching the program in 2015, 21 apartment complexes have participated.

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

- Window Film Insulation

- ENERGY STAR® Windows
- Cool / Reflective Roof
- Attic Insulation
- Heat Pump / Straight Cool HVAC
- Duct Repair / Replacement
- A/C Proper Sizing
- ENERGY STAR Heat Pump Water Heater
- Ultra Low Flow Toilet
- Florida Water Star Certification

Q. Please describe OUC's Power Pass program.

A. OUC's PowerPass program is a customer-facing program that is not part of OUC's FEECA DSM Plan. PowerPass is an optional prepaid program that allows customers to pay-as-they-go for utility services. Instead of getting a monthly bill, nearly 20,000 participating OUC customers pay in advance for their electric and water service. Customers can check their electric usage as often as they want, even every day. OUC Power Pass customers never pay a deposit or incur late fees. The program allows customers to pay for utility services when they want, how they want, and in the amount they want. Customers have the flexibility to make daily, weekly, or biweekly payments on electric bills rather than making one large payment each month. As long as customers maintain a positive balance, their services are continued. Customers can monitor their usage through the OUC Power Pass portal and check their daily consumption and receive high

consumption and low balance alerts via text, email and/or phone. Statistics show that customers who use prepaid programs such as OUC Power Pass tend to use less electricity because they are more aware of how much they are using.

IV. CONCLUSIONS

Q. Does anything in Mr. Marcelin's testimony affect your and OUC's position that the Florida PSC should adopt OUC's proposed numeric energy and demand conservation goals for OUC in this FEECA goal-setting proceeding?

A. No. OUC has demonstrated, and continues to demonstrate, its commitment to energy conservation by all customers, and we have demonstrated our extensive commitments to energy conservation and meeting the energy needs of our low-income customers through the many efforts described in my testimony above. Mr. Marcelin's recommendations – unsupported by any analyses of practical feasibility, cost, cost-effectiveness, or rate impacts – would more than triple OUC's total DSM spending on programs that do not come close to providing net benefits to OUC's customers. Particularly, Mr. Marcelin's recommendations would put even more economic pressure on the low-income customers that he claims to be concerned about.

Q. Please summarize the main conclusions of your rebuttal testimony.

A. Most importantly, in the interests of OUC's customers and in the public interest, the Commission should reject Mr. Marcelin's recommendations because they are unsupported and would not provide economic benefits to any of OUC's customers

or to the public generally. In fact, his recommendations would cause OUC's customers to incur significantly more total resource costs than they would save, as measured by the Total Resource Cost test, and the adverse impacts on customer rates would be even worse. Given the numerous erroneous statements in his testimony, and the complete lack of any factual basis regarding feasibility, cost, cost-effectiveness, or rate impacts, the Commission should simply disregard Mr. Marcelin's testimony.

In the public interest, the Commission should approve OUC's goals because they strike a reasonable balance of the interests of all of OUC's customers in promoting energy conservation and addressing the particular needs of our low-income customers.

Q. Does this conclude your rebuttal testimony?

A. Yes, it does.

Gardner, Bist, Bowden, Dee, LaVia
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April 29, 2024

ELECTRONIC FILING

Mr. Adam Teitzman
Commission Clerk
Florida Public Service Commission
Betty Easley Conference Center
2540 Shumard Oak Boulevard, Room 110
Tallahassee, Florida 32399-0850

RE: Orlando Utilities Commission's Responses to Staff's First Data Requests Nos. 1-9 re: OUC's 2024 Annual Conservation Report

Dear Mr. Teitzman:

Attached for filing are Orlando Utilities Commission's responses to Staff's First Data Requests Nos. 1-9, regarding OUC's 2024 Annual Conservation Report, which was submitted to the Commission Staff on March 1, 2024. A copy of the Staff's Data Requests is attached with OUC's responses.

As always, OUC thanks you and your staff for your professional assistance with handling this filing. Please call or email me if you or the Commission Staff have any questions regarding this filing.

Cordially yours,

/s/ Robert Scheffel Wright
Robert Scheffel Wright

Enclosure

Copy: Mr. Michael Barrett, Economic Supervisor

Orlando Utilities Commission
Responses to Staff's First Data Requests Nos. 1-9 re: OUC's 2024 Annual Conservation Report UNDOCKETED

1. Please answer the following regarding federal energy efficiency standards and Florida Building Code requirements.

   A. Please describe how OUC has changed the way it monitors current federal energy efficiency standards and Florida Building Code requirements, compared to the methods it used in 2023, if applicable.

OUC Response

OUC has not changed its monitoring of current federal energy efficiency standards and Florida Building Code requirements as compared to OUC's monitoring activities in 2023. The OUC Conservation team periodically reviews the criteria applicable to eligibility for and amounts of rebates and compares those criteria to the federal energy standards and Florida Building Code requirements. OUC ensures that we have continuous access to the latest copy of the Florida Building Code requirements, especially for our Commercial & Industrial incentive calculations.

   B. What impact, if any, did changes in federal or state standards have on the cost effectiveness of conservation programs in 2023?

OUC Response

By themselves, any increases in the minimum efficiency standards or construction techniques applicable to DSM measures will reduce the energy savings from implementing any given DSM measure at a given point in time. Assuming that rebate amounts and other program costs remain the same, this will reduce the cost-effectiveness of any affected DSM measures. OUC has not quantified such impacts in its cost-effectiveness calculations of DSM measures that were offered and implemented in 2023.

As noted above, OUC periodically reviews federal and state standards as part of its overall DSM monitoring and planning activities. Currently, as stated in the testimony of Jim Herndon and Kevin Noonan on behalf of OUC in Docket No. 20240017-EG, the current Goals Docket for OUC, the cost-effectiveness analyses supporting OUC's proposed numeric conservation goals and proposed programs are based on the most current federal appliance efficiency standards and the most current requirements of the Florida Building Code.

C. If applicable, identify what existing programs are under review for modification in 2024 to reflect changes to federal or state standards?

OUC Response

The Florida Building Code minimum ceiling insulation requirement for new construction is now R-38. Accordingly, OUC has eliminated the ceiling insulation rebate from our New Home Rebates program because R-38 is now the minimum Code requirement. OUC is considering increasing the final R-value for our existing homes/businesses ceiling insulation rebates to R-38 and hopes to do so soon after our revised rebate application has been tested. When OUC makes this change, we will increase our ceiling insulation rebate from $0.10 per square foot to $0.11 per square foot based on additional energy savings from R-38 as compared to R-30 insulation.

2. Please answer the following regarding OUC's conservation research and development (CRD) initiatives that evaluate emerging DSM opportunities:

A. Identify and describe any new CRD initiatives that were launched in 2023.

OUC Response

For our residential customers, we are currently in the process of developing a research and development (R&D) roadmap for Demand Response (DR) measures based on recent research and anticipated research outcomes for other utilities' DR offerings, their efficacy, costs, and other factors to determine the best approach for OUC. This effort is also focused on Vehicle to Grid (V2G) as a significant contributor to OUC's long-term goals and opportunity to partner with our customers. The average vehicle battery is roughly 3-5 times more than the energy stored by a stationary residential battery and 2-6 times more than the impact on demand of most DR solutions. This technology is still new and most car vendors are not allowing it based on warranty concerns. OUC is continuing its pilot efforts and we are considering evolving our current internal pilot into a customer facing pilot in the coming year. In the longer term, OUC also plans to focus on V2G applications for commercial fleets.

For commercial customers we are in the process of developing controls and microgrid solutions that will help our commercial customers reduce their demand and overall load by more effectively dispatching solar and storage. A few years ago, OUC built a test facility called the Grid Integration Lab where we are developing controls in partnership with a local university and vendors in the EV, Solar, and Storage industries. In 2023, OUC partnered with the University of Central Florida (UCF) to advance these controls in an effort to start rolling them out to customer sites.

OUC has an ongoing research and development project that includes floating solar and battery storage at its Gardenia location. In 2024, OUC plans to advance these efforts with the installation of a customer-sited floating solar, battery and EV charging location that will include solar generation and battery storage to mitigate demand on the grid and provide contingency support for EV charging. OUC has also funded research at UCF in 2023/24 to improve our cloud tracking solution that will optimize our dispatch efforts and improve our operations of the DSM solutions for our customers. Understanding how clouds and weather impact load and generation will help us better balance and optimize customer loads and OUC's system operations.

Finally, in 2023, OUC renegotiated a grant with the U.S. Department of Energy to study hydrogen as a tool for dispatching more solar and mitigating demand spikes from EV charging of heavy-duty vehicles through the use of hydrogen as a transportation fuel for large format vehicles. This grant, which will start in 2024, will allow OUC to understand hydrogen as a controllable load to smooth PV, an energy storage medium, and a fueling solution for large format vehicles, all of which will serve to smooth OUC's load curve and allow more efficient and reliable operations.

B. Provide updates on the status of all on-going CRD initiatives that began before 2023, and if applicable, attach interim and/or final reports on work completed in 2023.

OUC Response

Please see OUC's response to No. 2.A above, which describes the current status of OUC's ongoing R&D conservation and DSM initiatives, including initiatives that began before 2023. OUC did not complete any final or interim reports on these efforts in 2023.

3. Page 3-1 of the Report references information on the utility's audit programs.

A. Is the "Residential Proactive" a new audit type launched in 2023? Please provide a description of this audit. Address in your response if this audit is offered as an in-person or a virtual audit.

OUC Response

This is not a new audit offering as OUC has been offering this type of audit since April 2020. This audit is performed in person. Our team is continuing to expand our utilization of our AMI system to locate abnormalities in customer meter data to identify and perform these audits. We call it *proactive* because this type of audit is trying to prevent a customer from potentially receiving a series of high bills and consuming more energy than they would typically consume.

B. In total, 1,835 residential energy audits were conducted in 2023, compared to 1,469 in 2022. Please explain what actions the utility took in 2023 to attract more participants to the three named programs.

OUC Response

OUC's customer outreach includes promotion of audits, particularly during high-usage periods, e.g., OUC's "Beat the Heat" promotion in the summer, but OUC did not engage in any additional paid advertising in 2023. OUC does intend to promote audits through paid advertising in 2024. It should be noted that in January 2023, OUC increased our fuel rates and experienced some very cold weather, followed by an abnormally warm summer, which likely increased demand for audits.

C. In total, 63 commercial energy audits were conducted in 2023, compared to 30 in 2022. Please explain what actions the utility took in 2023 to more than double participation in this program.

OUC Response

OUC Conservation works closely with our Key Account Representatives who help support large key accounts for the Commission. In 2023, there was frequent engagement between our large customer accounts and our Key Account team on multiple, scheduled, customer campus retrofit projects. OUC supported these efforts through our rebate programs and commercial audits. One example of our Key Account team's success is that in 2023, 18 audits were attributed to just 3 commercial customers who had multiple projects and properties scheduled and audited in 2023.

4. Page 3-7 of the Report references information on the utility's Residential Duct Repair Rebate program. In 2023, the utility processed rebates for 332 participants, whereas in 2022, it processed rebates for 34 participants. Please describe what marketing efforts or other actions the utility took in 2023 to enhance participation in this program.

OUC Response

In 2023, we had a large account engage with us on planned renovations for large multi-family properties. We were able to successfully work with this customer on offering rebates for their planned apartment upgrades. This one project alone consisted of 296 individual apartments for which duct repairs were performed and for which rebates pursuant to OUC's Residential Duct Repair Rebate program were paid.

5. Page 3-8 of the Report references information on the utility's Residential Ceiling Insulation Rebate program. In 2023, the utility processed rebates for 389 participants, whereas in 2022, it processed rebates for 79 participants. Please describe what marketing efforts or other actions the utility took in 2023 to enhance participation in this program.

OUC Response

In 2023, we had a large account engage with us on planned renovations for large multi-family properties. We were able to successfully work with this customer on offering rebates for their planned apartment upgrades. This one project alone consisted of 296 individual apartments for which ceiling insulation upgrades were performed and for which rebates pursuant to OUC's Residential Ceiling Insulation Rebate program were paid.

6. Page 3-11 of the Report references information on the utility's Residential New Home Rebate program.

   A. The utility reported that its Nonrecurring Cost Per Participant in 2023 was $441.50, whereas in 2022, the Nonrecurring Cost Per Participant was $1,017. Please explain the reasons for the year-to-year change in the Nonrecurring Cost amounts.

OUC Response

The estimated nonrecurring costs (which do not include rebates) reported in OUC's Annual Conservation Report were developed by allocating OUC's total nonrecurring costs for residential electric conservation programs to each program based on the ratio of energy reductions associated with each residential program to the total energy reductions of all of OUC's residential programs (including those included in OUC's 2020 DSM Plan as well as additional residential rebate programs offered by OUC since 2020). As such, differences when comparing nonrecurring costs reported for various years (i.e., 2023 as compared to 2022) will be influenced by OUC's total residential nonrecurring conservation expenditures, total residential energy reductions associated with OUC's conservation programs, and energy reductions associated with each residential program. As a point of reference, in 2023 the energy reductions associated with OUC's Residential New Home Rebate Program comprised approximately 3.5% of the total energy reductions from OUC's residential programs (including those included in OUC's 2020 DSM Plan as well as additional residential rebate programs offered by OUC), whereas in 2022 the energy reductions associated with OUC's Residential New Home Rebate Program comprised approximately 13.5% of the total energy reductions from OUC's residential programs (including those included in OUC's 2020 DSM Plan as well as additional residential rebate programs offered by OUC). This change in the composition of total energy reductions (the allocation factor for nonrecurring costs) would affect the observed reduction in the reported nonrecurring cost per participant from 2022 to 2023.

B. The utility reported that its Nonrecurring Rebate Per Participant in 2023 was $269.57, whereas in 2022, the Nonrecurring Rebate Per Participant was $528. Please explain the reasons for the year-to-year change in the Nonrecurring Rebate amounts.

OUC Response

Differences in nonrecurring rebates per participant reported for 2023 as compared to 2022 for the Residential New Home Rebate program are due to differences in the number of measures implemented (with different associated rebate amounts between years based on the measures implemented). For example, in 2023 the Residential New Home Rebates program consisted of 59 high efficiency heat pump installations (of various efficiencies), 24 Energy Star® water heater installations, and 3 ceiling insulation installations, whereas in 2022 the Residential New Home Rebates program consisted of 90 high efficiency heat pump installations (of various efficiencies), 65 Energy Star® water heater installations, and 26 ceiling insulation installations. It should be noted that OUC eliminated the ceiling insulation rebate for new homes due to the increase in the required final R-value per the Florida Building Code from R-30 to R-38.

7. Page 3-13 of the Report references information on the utility's Residential Heat Pump Water Heater Rebate program.

A. In 2023, the utility processed rebates for 452 participants, whereas in 2022, it processed rebates for 161 participants. Please describe what marketing efforts or other actions the utility took in 2023 to enhance participation in this program.

OUC Response

In 2023, through the efforts of our Key Account Representatives, we had a large account engage with us on planned renovations for large multi-family properties. We were able to successfully work with this customer on offering rebates for their planned apartment upgrades. This one project alone consisted of 296 individual apartments for which OUC paid a rebate.

B. The utility reported that its Nonrecurring Cost Per Participant in 2023 was $2,899, whereas in 2022, the Nonrecurring Cost Per Participant was $1,162. Please explain the reasons for the year-to-year change in the Nonrecurring Cost amounts.

OUC Response

The estimated nonrecurring costs (which do not include rebates) reported in OUC's Annual Conservation Report were developed by allocating OUC's total nonrecurring costs for residential electric conservation programs to each program based on the ratio of

energy reductions associated with each residential program to the total energy reductions of all of OUC's residential programs (including those included in OUC's 2020 DSM Plan as well as additional residential rebate programs offered by OUC since 2020). As such, differences when comparing nonrecurring costs reported for various years (i.e., 2023 as compared to 2022) will be influenced by OUC's total residential conservation nonrecurring expenditures, total residential energy reductions associated with OUC's conservation programs, and energy reductions associated with each residential program. As a point of reference, in 2023 the energy reductions associated with OUC's Residential Heat Pump Water Heater Rebate Program comprised approximately 43.6% of the total energy reductions from OUC's residential programs (including those included in OUC's 2020 DSM Plan as well as additional residential rebate programs offered by OUC), whereas in 2022 the energy reductions associated with OUC's Residential Heat Pump Water Heater Rebate Program comprised approximately 25.2 % of the total energy reductions from OUC's residential programs (including those included in OUC's 2020 DSM Plan as well as additional residential rebate programs offered by OUC). This change in the composition of total energy reductions (the allocation factor for nonrecurring costs) would affect the observed increase in the reported nonrecurring cost per participant from 2022 to 2023.

8. Page 3-19 of the Report references information on the utility's Commercial Indoor Lighting Rebate program.

   A. The utility reported that its Nonrecurring Cost Per Participant in 2023 was $12,816.13, whereas in 2022, the Nonrecurring Cost Per Participant was $1,108. Please explain the reasons for the year-to-year change in the Nonrecurring Cost amounts.

OUC Response

The estimated nonrecurring costs (which do not include rebates) reported in OUC's Annual Conservation Report were developed by allocating OUC's total nonrecurring costs for commercial electric conservation programs to each program based on the ratio of energy reductions associated with each commercial program to the total energy reductions of all of OUC's commercial programs (including those included in OUC's 2020 DSM Plan as well as additional commercial rebate programs offered by OUC). As such, differences when comparing nonrecurring costs reported for various years (i.e., 2023 as compared to 2022) will be influenced by OUC's total commercial conservation nonrecurring expenditures, total commercial energy reductions associated with OUC's conservation programs, and energy reductions associated with each commercial program. As a point of reference, in 2023 the energy reductions associated with OUC's Commercial Indoor Lighting Rebate Program comprised approximately 39.5 % of the total energy reductions from OUC's commercial programs (including those included in OUC's 2020 DSM Plan as well as additional commercial rebate programs offered by OUC), whereas in 2022 the energy reductions associated with OUC's Commercial Lighting

Rebate Program comprised approximately 11.0 % of the total energy reductions from OUC's commercial programs (including those included in OUC's 2020 DSM Plan as well as additional commercial rebate programs offered by OUC). This change in the composition of total energy reductions (the allocation factor for nonrecurring costs) would affect the observed increase in the reported nonrecurring cost per participant from 2022 to 2023.

B. The utility reported that its Nonrecurring Rebate Per Participant in 2023 was $24,947.19, whereas in 2022, the Nonrecurring Rebate Per Participant was $2,539. Please explain the reasons for the year-to-year change in the Nonrecurring Rebate amounts.

OUC Response

There were a similar number of participants in OUC's Commercial Lighting Rebate Program in 2023 (10) as compared to 2022 (12); however, the projects completed in 2023 were considerably larger than in 2022, resulting in higher rebates amounts and higher rebate amounts per participant when comparing 2023 to 2022.

9. Page 3-20 of the Report references information on the utility's Commercial Custom Incentive program. The utility reported that its Nonrecurring Rebate Per Participant in 2023 was $13,815.33, whereas in 2022, the Nonrecurring Rebate Per Participant was $23,054. Please provide more information on the year-to-year change in the Nonrecurring Rebate amounts.

OUC Response

There were a similar number of participants in OUC's Commercial Custom Incentive Program in 2023 (11) as compared to 2022 (9); however, the types of projects completed under the Commercial Custom Incentive Program (and associated rebate amounts) differed between 2023 and 2022, resulting in the total nonrecurring rebates per participant in 2023 being less than in 2022.

STATE OF FLORIDA

DIVISION OF ECONOMICS
ELISABETH J. DRAPER
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(850) 413-6410

Public Service Commission

March 28, 2024

Kevin M. Noonan, Director of Legislative Affairs
Orlando Utilities Commission
P.O. Box 3193
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STAFF'S FIRST DATA REQUEST
VIA EMAIL

Re: Orlando Utilities Commission's 2023 DSM Annual Report

Dear Mr. Noonan:

Staff has completed its initial review of Orlando Utilities Commission (OUC or utility)'s 2023 DSM Annual Report (Report), submitted to the Commission on March 1, 2024. The questions below arise from the initial review.

1. Please answer the following regarding federal energy efficiency standards and Florida Building Code requirements.

   A. Please describe how OUC has changed the way it monitors current federal energy efficiency standards and Florida Building Code requirements, compared to the methods it used in 2023, if applicable.

   B. What impact, if any, did changes in federal or state standards have on the cost effectiveness of conservation programs in 2023?

   C. If applicable, identify what existing programs are under review for modification in 2024 to reflect changes to federal or state standards?

2. Please answer the following regarding OUC's conservation research and development (CRD) initiatives that evaluate emerging DSM opportunities:

   A. Identify and describe any new CRD initiatives that were launched in 2023.

   B. Provide updates on the status of all on-going CRD initiatives that began before 2023, and if applicable, attach interim and/or final reports on work completed in 2023.

3. Page 3-1 of the Report references information on the utility's audit programs.

   A. Is the "Residential Proactive" a new audit type launched in 2023? Please provide a description of this audit. Address in your response if this audit is offered as an in-person or a virtual audit.

   B. In total, 1,835 residential energy audits were conducted in 2023, compared to 1,469 in 2022. Please explain what actions the utility took in 2023 to attract more participants to the three named programs.

   C. In total, 63 commercial energy audits were conducted in 2023, compared to 30 in 2022. Please explain what actions the utility took in 2023 to more than double participation in this program.

4. Page 3-7 of the Report references information on the utility's Residential Duct Repair Rebate program. In 2023, the utility processed rebates for 332 participants, whereas in 2022, it processed rebates for 34 participants. Please describe what marketing efforts or other actions the utility took in 2023 to enhance participation in this program.

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   A. The utility reported that its Nonrecurring Cost Per Participant in 2023 was $441.50, whereas in 2022, the Nonrecurring Cost Per Participant was $1,017. Please explain the reasons for the year-to-year change in the Nonrecurring Cost amounts.

   B. The utility reported that its Nonrecurring Rebate Per Participant in 2023 was $269.57, whereas in 2022, the Nonrecurring Rebate Per Participant was $528. Please explain the reasons for the year-to-year change in the Nonrecurring Rebate amounts.

7. Page 3-13 of the Report references information on the utility's Residential Heat Pump Water Heater Rebate program.

   A. In 2023, the utility processed rebates for 452 participants, whereas in 2022, it processed rebates for 161 participants. Please describe what marketing efforts or other actions the utility took in 2023 to enhance participation in this program.

   B. The utility reported that its Nonrecurring Cost Per Participant in 2023 was $2,899, whereas in 2022, the Nonrecurring Cost Per Participant was $1,162. Please explain the reasons for the year-to-year change in the Nonrecurring Cost amounts.

8. Page 3-19 of the Report references information on the utility's Commercial Indoor Lighting Rebate program.

   A. The utility reported that its Nonrecurring Cost Per Participant in 2023 was $12,816.13, whereas in 2022, the Nonrecurring Cost Per Participant was $1,108. Please explain the reasons for the year-to-year change in the Nonrecurring Cost amounts.

   B. The utility reported that its Nonrecurring Rebate Per Participant in 2023 was $24,947.19, whereas in 2022, the Nonrecurring Rebate Per Participant was $2,539. Please explain the reasons for the year-to-year change in the Nonrecurring Rebate amounts.

9. Page 3-20 of the Report references information on the utility's Commercial Custom Incentive program. The utility reported that its Nonrecurring Rebate Per Participant in 2023 was $13,815.33, whereas in 2022, the Nonrecurring Rebate Per Participant was $23,054. Please provide more information on the year-to-year change in the Nonrecurring Rebate amounts.

Please file all responses electronically no later than April 29, 2024 from the Commission's website at www.floridapsc.com, by selecting the Clerk's Office tab and Electronic Filing Web Form. In addition, please email the filed response to discovery-gcl@psc.state.fl.us. Please feel free to call me at (850) 413- 6544, or Bill McNulty at (850) 413-6848 if you have any questions.

Respectfully,

/s/Michael Barrett

Michael Barrett, Economic Supervisor

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by Electronic Mail this 1st day of July, 2024, to the following:

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