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July 1, 2024

**-VIA ELECTRONIC FILING-**

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

**Re: Docket No. 20240012-EG: Commission Review of Numeric Conservation Goals (Florida Power & Light Company)**

Dear Mr. Teitzman:

In accordance with Rule 25-17.0021, Florida Administrative Code, please find enclosed for filing on behalf of Florida Power & Light Company (FPL) in the above referenced docket the Rebuttal Testimony and Exhibits of FPL witness John N. Floyd.

A copy of this filing is being served in accordance with the attached certificate of service. Please contact me if there are any questions regarding this filing.

Sincerely,

*s/ William P. Cox*
William P. Cox
Fla. Bar No. 0093531

Enclosures
cc: Counsel for Parties of Record (w/encl.)

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

**FLORIDA POWER & LIGHT COMPANY**

**REBUTTAL TESTIMONY OF JOHN N. FLOYD**

**DOCKET NO. 20240012-EG**

**JULY 1, 2024**

## I. INTRODUCTION

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

A. My name is John N. Floyd. My business address is One Energy Place, Pensacola, Florida 32520. I am employed by Florida Power & Light Company (FPL or the Company) as Director, Demand-Side Management Strategy.

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

A. Yes. I submitted direct testimony and exhibits in support of FPL's proposed 2025-2034 Demand Side Management (DSM) Goals on April 2, 2024.

**Q. Are you sponsoring any exhibits with your rebuttal testimony?**

A. Yes. I am sponsoring Exhibits JNF-6 and JNF-7, which are attached to my testimony:

- JNF-6 – Revised Low Income Program Savings
- JNF-7 – HVAC Incremental Measure Costs

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

A. FPL does not agree with the characterizations, nor support the recommendations in the testimony of Florida Rising, Environmental Coalition of Southwest Florida, and League of United Latin American Citizens (collectively, "FEL") witness MacKenzie D. Marcelin, Florida Rising Climate Justice Director. Notably, witness Marcelin does not address the significant economic burden his recommendations would inflict on FPL customers, including low-income customers and renters. In addition, these proposals comply with neither the requirements of the Florida Energy Efficiency and

Conservation Act (FEECA) nor the Commission's Rule 25-17.0021, Florida Administrative Code (the "Goals Rule"), unlike FPL's proposed 2025-2034 DSM Goals and supporting comprehensive analyses. FEL witness Marcelin's testimony provides personal anecdotal assertions with no supporting technical analysis, while FPL followed the process and requirements prescribed by the FEECA statute and Commission rules in developing the proposed goals scenarios. FEL witness Marcelin's recommendations would add over $1 billion of cost to implement FPL's proposed programs, a cost that is paid by all customers including low-income customers and renters, even those who are not participating in these programs. These increased program costs are included in FPL witness Whitley's rebuttal testimony calculation of the Levelized System Average Electric Rate impact that would result from FEL witness Marcelin's recommendations. FPL's proposal establishes DSM goals at a reasonable and appropriate level based on current projections of FPL system costs while continuing to maintain low electric rates for all FPL customers. In sum, the FEL proposals are flawed and should be rejected by the Commission.

My rebuttal testimony addresses certain assertions and proposals made by FEL witness Marcelin. I address his criticisms of FPL's analyses and his proposed costly and unsupported expansions of FPL's Low Income program, Residential Air Conditioning program, Low Income Renter Pilot, and subsequent residential goals. I also address FEL witness Marcelin's recommendation to modify the credit levels for the Commercial/Industrial Load Control (CILC) and Commercial/Industrial Demand Reduction (CDR) programs, which are outside the scope of this proceeding.

## II. USE OF 1,000-KWH BILL COMPARISON AND TWO-YEAR PAYBACK SCREENING FOR FREE RIDERSHIP

**Q. Do you agree with FEL witness Marcelin that FPL's use of the 1,000-kWh customer bill comparison is not appropriate?**

A. No. The 1,000-kWh residential electric bill is a widely accepted benchmark for evaluating and comparing electric rates. It is used by regulatory commissions across the country, including this Commission, as it provides a common standard, allowing for better analysis of pricing for electricity consumption. Conversely, the use of an "average" electric bill can be misleading because average electric usage varies significantly across the country due to geographical location and associated climate, weather, availability of gas or other alternatives to electricity, and many other factors. The electric service rate per unit of consumption is the most "apples to apples" comparison of utility costs. By this metric, FPL residential rates are well below the national average, which benefits all customers, regardless of income, voluntary participation in energy-efficiency programs, or home ownership/renter status.

**Q. Do you agree with FEL witness Marcelin that FPL should no longer use the two-year payback screen as a means to screen for free ridership?**

A. No. As a preliminary matter, I note that although FEL witness Marcelin apparently disagrees with the use of years-to-payback screening measures, he offers no alternative as a method of complying with the requirement of the Goals Rule to address free ridership in the goals process.

FPL stands by the two-year payback screen to address free ridership for the reasons discussed in my direct testimony. The two-year payback criterion is a reasonable mechanism previously approved by the Commission to screen out measures with a short payback that, by including in a DSM program, would result in unnecessary expense for all customers as these measures already have a reasonable economic payback. I note, however, that FPL's proposed Low Income program does include measures with less than a two-year payback, as FPL recognizes that low-income customers may not have the financial resources to make energy-efficiency investments regardless of the payback period.

## III. FEL LOW INCOME PROGRAM, RESIDENTIAL AIR CONDITIONING PROGRAM, AND LOW INCOME RENTER PILOT PROPOSALS

**Q. FEL witness Marcelin recommends expanding FPL's low-income programs to match TECO's proposals on a per-capita basis – specifically, reaching 6.92 times as many low-income customers as TECO. Do you agree this is an appropriate approach?**

A. No. FEL witness Marcelin offers no analytical support for this recommendation and is simply suggesting that FPL's goals should be based on another utility's activity and DSM programs. FEL witness Marcelin's low-income proposal ignores the fact that FPL and TECO are entirely different utilities with different costs, rates, systems, service areas, and customers. FEL witness Marcelin offers no technical analysis or support to explain why his per-capita extrapolation for the low-income program is appropriate under these circumstances. For this reason alone, FEL witness Marcelin's unsupported low-income proposal should be rejected.

Further, FEL witness Marcelin's approach to goal setting is clearly not consistent with Commission rules and does not consider the incremental cost to FPL customers, including low-income customers, that would occur if his proposed increase in the low-income program were adopted. Witness Marcelin's recommendation would increase the projected cost of FPL's Low

Income Weatherization program by approximately $173 million over the ten-year period, an increase of over 350%. The estimated average residential ECCR rate impact of this proposal would be $0.13 per 1,000 kWh, a 10% increase in FPL's total proposed portfolio. This would negatively affect all customers, including non-participating low-income customers. Again, FPL believes the best way to support low-income customers is by keeping rates low, and this proposal would do just the opposite.

FPL is empathetic to the financial challenges faced by low-income customers and continues to provide assistance to this vulnerable group. FPL offers multiple programs to assist these customers, such as FPL Care to Share, ASSIST, Always Watching for At-Risk Elders (AWARE), SolarTogether-SunAssist, and Home Energy Surveys, along with federal and local financial energy services assistance information. FEL witness Marcelin overlooks that FPL is, in fact, proposing to significantly increase customer participation in the Low Income Weatherization program compared to FPL's proposals in 2014 and 2019. FPL is also proposing to add ceiling insulation to the program to increase the impact for customers.

FPL submits that its proposals reflect an appropriate balance between reaching low-income customers with a program that provides meaningful savings, while continuing to keep costs reasonable for all customers. Adopting FEL witness Marcelin's proposal would substantially increase the cost borne by all customers, including low-income customers and renters and those who would not be able to participate in the program.

**Q. Is there anything else you would like to address regarding FPL's proposed Low Income program?**

A. Yes. In preparing a response to FEL's direct testimony and discovery requests, FPL discovered an error in the calculation of the per installation savings for the Low Income program. The per installation savings calculation has been corrected along with a revision of the Low Income program savings as shown on Exhibit JNF-6. This correction results in an average savings increase of 1.0 Summer MW, 1.0 Winter MW, and 4.6 GWh per year for this proposed program, and a revised total savings of 69 Summer MW, 20 Winter MW, and 153 GWh over the ten years of the goals period.

**Q. FEL witness Marcelin recommends increasing FPL's residential HVAC program enrollment target to 150,000 customers per year. Do you agree this is an appropriate approach?**

A. No. Again, FEL witness Marcelin does not offer any technical or analytical support for FPL's ability to reach this level of customer participation with FPL's proposed program. Further, the results he references were for a different program than what FPL has proposed -- one that FPL determined was not cost-effective and was changed in FPL's 2015 DSM Plan, which was approved by the Commission. FPL's proposed participation targets for its recommended HVAC program reflect actual market conditions and current program results.

FEL witness Marcelin's recommendation would cause enormous cost increases for FPL customers.

**Q. Describe the cost impact of FEL's Residential HVAC program recommendation.**

A. FPL estimates the incremental cost impact of FEL witness Marcelin's recommendation would exceed $930 million over the ten-year goals period. In order to reach this level of customer participation, FPL would need to significantly increase the rebates offered for this program. Assuming the rebate levels in place during the years referenced in FEL witness Marcelin's testimony (2013 and 2014), the rebate cost alone would exceed $900 million over the goals period, which is more than 22 times the current level. The estimated average residential ECCR rate impact of this proposal is an additional $0.69 per 1,000 kWh per month, or approximately 55% increase in the total ECCR rate impact of FPL's proposed programs and goals.

**Q. FEL witness Marcelin expresses concerns about FPL's proposed Low Income Renter Pilot. Are those concerns warranted?**

A. No. First, FEL witness Marcelin questions the cap of $1,000 to cover the incremental cost of higher-efficiency HVAC equipment. FPL selected this value based on data provided by Resource Innovations for the Technical Potential Study. This data indicates that $1,000 should easily cover the typical incremental cost of upgrading from code-compliant equipment to higher-efficiency equipment. See Exhibit JNF-7 for the Resource Innovations incremental measure cost data.

FEL witness Marcelin also expresses concern that a landlord may shift any remaining cost to the tenant in the form of higher rent. While FPL cannot control the rent charged to tenants, FPL's intention with this pilot is to encourage landlords, when replacing an end-of-life HVAC unit, to invest in more energy-efficient HVAC equipment that will benefit their tenants. The proposed pilot program design seeks to remove any cost-driven motive a property owner may have to increase rent due to installation of more efficient HVAC equipment. When a landlord replaces HVAC equipment, FPL will pay the incremental cost of a more efficient HVAC unit, up to $1,000. This way, the landlord will only cover the cost of installing code-compliant equipment when replacing an HVAC unit for a tenant property -- something that a landlord would normally handle for a rental property.

## IV. FEL CDR/CILC RECOMMENDATION

**Q. FEL witness Marcelin proposes to reduce the CDR/CILC credits in this docket. Do you have a response?**

A. Yes. As discussed in my direct testimony, the credit levels for the CILC and CDR programs were set in FPL's 2021 Rate Case Settlement Agreement, which was approved by the Commission in Order Nos. PSC-2021-0446-S-EI, PSC-2021-0446A-S-EI and PSC-2024-0078-FOF-EI. Importantly, Paragraph 4(e) of the FPL 2021 Base Rate Case Settlement provides, in pertinent part, as follows:

> The Parties agree that no changes in these credits shall be implemented any earlier than the effective date of new FPL base rates implemented pursuant to a general base rate proceeding, and that such new CILC and CDR credits shall only be implemented prospectively from such effective date. At such time as FPL's base rates are reset in a general base rate proceeding, the CILC and CDR credits shall be reset.

Thus, this is not the appropriate proceeding to reset the CILC and CDR credits for FPL as recommended by FEL witness Marcelin.

## V. FEL'S RECOMMENDED ADDITIONS TO FPL'S PROPOSED RESIDENTIAL GOALS

**Q. FEL witness Marcelin provides recommendations for FPL goals on pages 22 and 23 of his testimony. Does FPL support FEL's proposed goals?**

A. No. The goals proposed by FEL witness Marcelin are not based on an assessment of the technical potential of energy-efficiency measures, any cost-effectiveness analyses, nor any cost, rate, or bill impact analyses as further explained by FPL witness Whitley in his rebuttal testimony. Instead, FEL witness Marcelin's proposed goals are simply based on (i) prorating FPL's Low Income program savings based on the difference in size between TECO and FPL and (ii) reliance on results from a discontinued program as a benchmark for future HVAC program potential. FEL's proposed goals, even if theoretically achievable, would cost FPL customers $1.1 billion *more* than FPL's proposal and increase the annual ECCR rate impact by approximately 66% for all customers, including low-income customers and renters.

Although FEL witness Marcelin spends multiple pages of his testimony addressing the affordability of electricity in Florida, his recommendations in this docket would, if adopted, increase the cost of electricity to all FPL customers, including low-income and renter customers, and he completely fails to provide any technical or analytical support required by FEECA and the Commission's DSM Goals Rule. FPL's proposed 2025-2034 DSM Goals, on the other hand, fully comply with the Commission's goal-setting requirements in Rules 25-17.0021 and 25-17.008 and will continue to provide robust and cost-effective DSM programs for all customer sectors in a manner that does not cause any incremental rate impact beyond current spending levels.

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

A. Yes.

**Goals Scenario:** Proposed

**Program:** Residential Low Income Weatherization
**Summary Program Description:** Direct installation of energy saving measures

| | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 |
|---|---|---|---|---|---|---|---|---|---|---|
| Participants | 11,000 | 11,110 | 11,221 | 11,333 | 11,447 | 11,561 | 11,677 | 11,793 | 11,911 | 12,031 |
| Summer MW* | 6.60 | 6.67 | 6.74 | 6.80 | 6.87 | 6.94 | 7.01 | 7.08 | 7.15 | 7.22 |
| Winter MW* | 1.88 | 1.90 | 1.91 | 1.93 | 1.95 | 1.97 | 1.99 | 2.01 | 2.03 | 2.05 |
| Annual GWh* | 14.61 | 14.76 | 14.90 | 15.05 | 15.20 | 15.35 | 15.51 | 15.66 | 15.82 | 15.98 |
| Program Cost Estimate | $ 4,719,000 | $ 4,766,190 | $ 4,813,852 | $ 4,861,990 | $ 4,910,610 | $ 4,959,716 | $ 5,009,314 | $ 5,059,407 | $ 5,110,001 | $ 5,161,101 |

**<u>Program Measures</u>**
Weatherization (Caulking/Stripping)
Duct Testing & Repair
Air Conditioning Unit Maintenance
Air Conditioning Outdoor Coil Cleaning
Faucet Aerators - Kitchen and Bathroom
Low-Flow Showerhead
Water Heater Pipe Wrap
Ceiling Insulation
LED

Docket No. 20240012-EG
Revised Low Income Program Savings
Exhibit JNF-6, Page 1 of 1

**Cost Effectiveness**

| $(000) | RIM | TRC | Participant |
|---|---|---|---|
| NPV Benefits | 131,056 | 131,056 | 241,019 |
| NPV Cost | 215,904 | 29,729 | 0 |
| Score | 0.61 | 4.41 | INFINITE |

* Values are @ Generator

| Measure Name | Segment | Incremental Measure Cost* | Units |
|---|---|---|---|
| ASHP - ENERGY STAR/CEE Tier 1: 16 SEER/15.2 SEER2, 9.0 HSPF | Mobile Home | $ 1,050 | Per Unit |
| ASHP - ENERGY STAR/CEE Tier 1: 16 SEER/15.2 SEER2, 9.0 HSPF | Multi-Family | $ 875 | Per Unit |
| ASHP - ENERGY STAR/CEE Tier 1: 16 SEER/15.2 SEER2, 9.0 HSPF | Single Family | $ 1,050 | Per Unit |
| Average Incremental Measure Cost (SF/MF/MH) | | $ 992 | Per Unit |
| Central AC - ENERGY STAR/CEE Tier 1: 16 SEER/15.2 SEER2 | Mobile Home | $ 408 | Per Unit |
| Central AC - ENERGY STAR/CEE Tier 1: 16 SEER/15.2 SEER2 | Multi-Family | $ 340 | Per Unit |
| Central AC - ENERGY STAR/CEE Tier 1: 16 SEER/15.2 SEER2 | Single Family | $ 408 | Per Unit |
| Average Incremental Measure Cost (SF/MF/MH) | | $ 385 | Per Unit |

*Resource Innovations incremental measure cost assumptions provided in response to FEL POD #1 in file named "EE Measure Workbook (Res)_FPL.xlsx"