

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Commission review of numeric conservation goals (JEA)

DOCKET NO.: 20240016-EG  
FILED: July 9, 2024

**JEA’S PREHEARING STATEMENT**

JEA, pursuant to the Order Consolidating Dockets and Establishing Procedure (Order No. PSC-2019-0062-PCO-EG), hereby files its Preheating Statement in the above-referenced proceeding, and states:

**1. JEA WITNESSES**

| <b>Witness</b>   | <b>Subject Matter</b>   | <b>Issue #</b> |
|--|---|----------------|
| <b>Direct</b>  |   |                |
| Brian Pippin,<br>JEA Grid Solutions<br>Specialist  | Provides a discussion of how JEA is governed; discusses recent trends in JEA's system load JEA growth; discusses JEA's proposed DSM goals; describes JEA's existing conservation and DSM programs; describes how the base load forecast was developed; describes how supply-side efficiencies are incorporated into JEA's planning process; and addresses how JEA' s proposed goals address demand-side renewable energy systems. | 1-8, 12, 13    |
| Bradley Kushner,<br>National Director,<br>Energy, and Executive<br>Consultant, nFront<br>Consulting, LLC | Discusses the methodology used to develop the avoided capacity costs and describes JEA’s fuel forecasts used in the production cost modeling forming the basis for the avoided energy costs.  | 1, 3-5         |
| Jim Herndon, Vice<br>President, Advisory<br>Services, Resource<br>Innovations                            | Discusses and summarizes the methodology and findings of the Market Potential Study conducted for JEA, as well as the development of JEA’s DSM programs.  | 1-4, 7, 12, 13 |
| <b>Rebuttal</b>  |   |                |
| Brian Pippin,<br>JEA Grid Solutions<br>Specialist  | Rebuts Florida Rising witness Mackenzie Marcellin’s proposed 5-fold increase in energy savings attributable to JEA’s low-income DSM programs. Discusses arbitrary nature of proposal and Mr. Marcellin’s failure to perform Commission-required cost-effectiveness analyses and failure to comport with prior Commission precedent.   | 12             |

**2. JEA EXHIBITS**

| <b>Witness</b>     | <b>Proffered By</b> | <b>Exhibit #</b> | <b>Description</b>   | <b>Issues #</b> |
|--------------------|---------------------|------------------|--|-----------------|
| <b>Direct</b>      |                     |                  |  |                 |
| Brian Pippin       | JEA                 | BP-1             | Brian Pippin Resume  | 1-8, 12, 13     |
| Brian Pippin       | JEA                 | BP-2             | JEA's Existing FEECA Goals   | 12              |
| Brian Pippin       | JEA                 | BP-3             | Current JEA FEECA Programs   | 1-8, 12, 13     |
| Brian Pippin       | JEA                 | BP-4             | Historical Participation in Current JEA FEECA Programs                                 | 12, 13          |
| Brian Pippin       | JEA                 | BP-5             | Summary of JEA's Marketing and Educational Activities                                  | 1-8, 12, 13     |
| Brian Pippin       | JEA                 | BP-6             | JEA Residential Bill Impact Analysis   | 4, 12           |
| Brian Pippin       | JEA                 | BP-7             | JEA's Proposed Demand-Side Management Goals  | 12              |
| Brian Pippin       | JEA                 | BP-8             | JEA's Existing v. Proposed Demand-Side Management Programs                             | 12              |
| Bradley E. Kushner | JEA                 | BEK-1            | Resumé of Bradley E. Kushner   | 1, 3-5          |
| Bradley E. Kushner | JEA                 | BEK-2            | Summary of Avoided Unit Costs  | 1, 3-5          |
| Jim Herndon        | JEA                 | JH-1             | Herndon Background and Qualifications  | 1-4, 7, 12, 13  |
| Jim Herndon        | JEA                 | JH-6             | TPS for JEA  | 1-4, 7, 12, 13  |
| Jim Herndon        | JEA                 | JH-8             | 2024 Measure Lists   | 1-4, 7, 12, 13  |
| Jim Herndon        | JEA                 | JH-9             | Comparison of Comprehensive 2019 Measure Lists to the 2024 Comprehensive Measure Lists | 1-4, 7, 12, 13  |
| Jim Herndon        | JEA                 | JH-12            | JEA Measure Screening & Economic Sensitivities   | 1-4, 7, 12, 13  |
| Jim Herndon        | JEA                 | JH-15            | JEA Program Development Summary  | 1-4, 7, 12, 13  |
| <b>Rebuttal</b>    |                     |                  |  |                 |
| Brian Pippin       | JEA                 | BP-9             | Summary of JEA's Neighborhood Energy Efficiency Program kW and kWh Reductions          | 12              |

### 3. STATEMENT OF BASIC POSITION

JEA is a municipal electric utility governed by a Board of Directors consisting of seven Members, who set policies consistent with the best interests of JEA's customers and community. JEA is an electric utility within the meaning of Section 366.02(2), Florida Statutes ("F.S."), and is subject to the Florida Energy Efficiency Conservation Act ("FEECA").

In developing its proposed goals, JEA retained Resource Innovations to independently analyze the Technical Potential ("TP") for demand-side management ("DSM") measures across JEA's residential, commercial, and industrial retail customer classes. JEA also retained Resource Innovations to conduct an economic analysis of DSM measures, designed to determine which DSM measures are cost-effective from different test perspectives and to develop estimates of potential peak demand and energy reductions if these measures were adopted in JEA's service territory. In addition, JEA worked collaboratively with Resource Innovations on the DSM program development process to develop potential peak demand and energy reductions under three scenarios: (1) potential DSM programs that contribute to proposed DSM goals (Proposed Goals scenario); (2) potential DSM programs that pass the Participant and Rate Impact Measure Tests ("RIM-scenario"); and (3) potential DSM programs that pass the Participant and Total Resource Cost Tests ("TRC-scenario").

As discussed in the pre-filed testimony of Brian Pippin and Jim Herndon, the cost-effectiveness analysis of DSM programs shows that only one residential program (Home Efficiency Upgrades) is cost-effective under the RIM and Participant Tests combined, and no commercial/industrial programs (other than demand response which, as discussed in Mr. Pippin's testimony, is not included in JEA's proposed goals) pass the RIM and Participant Tests combined. Accordingly, consistent with the approach previously approved by the Commission, JEA is proposing numeric conservation goals based on DSM programs that JEA currently offers with some modifications. The net effect is an increase in JEA's residential goals and a tripling of JEA's commercial goals going forward. This goal-setting approach is consistent with the Commission's well-established policy that, for FEECA municipal utilities such as JEA, "it is appropriate to defer to municipal utilities' governing bodies to determine the level of investment if measures are not cost-effective." Order No. PSC-2020-0200-PAA-EG, p.5 (June 24, 2020) (citing Order No. PSC-2015-0324-PAA (Aug. 11, 2015)).

The Commission should reject Florida Rising's proposal that the Commission order JEA to expand its low-income Neighborhood Energy Efficiency ("NEE") Program by 500%. Florida Rising's proposed 5-fold increase is an arbitrary figure that is not supported by any analysis of achievability or cost-effectiveness as required by Commission rules. Furthermore, the analyses performed by Resource Innovations show that residential conservation measures of the type included in JEA's NEE Program do not pass the RIM test, and the NEE Program, as a whole, does not pass the RIM test, meaning that the NEE Program puts upward pressure (i.e., increases) JEA's rates to its customer. Thus, imposition of Florida Rising's proposal would be inconsistent with the Commission's long-standing policy regarding the basis of establishing numeric goals for municipal utilities under FEECA.

For all the reasons discussed above and below, and as explained in more detail in the direct and rebuttal testimony provided by its witnesses, JEA's proposed DSM Goals should be approved. JEA's proposed Goals comply with the requirements of Section 366.82, F.S., comply with Rule 25-17.0021, F.A.C, and are consistent with long-standing Commission policy regarding establishment of goals for municipal utilities. Accordingly, the Commission should approve JEA's proposed goals.

#### 4. ISSUES & POSITIONS

**ISSUE 1:** Are the utility's proposed goals based on an adequate assessment of the full technical potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems?

**JEA Position:** Yes. JEA's proposed goals are based on an adequate assessment of the full technical potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems, pursuant to Section 366.82(3), F.S. Consistent with the other FEECA utilities, JEA engaged Resource Innovations to evaluate DSM measures in JEA's service territory. Resource Innovations analyzed the technical potential for energy efficiency, demand response, and demand side renewable energy across residential, commercial, and industrial customer classes for the 2020-2029 time-period. For JEA, Resourced Innovations also conducted the economic screening for the economic and achievable scenarios and analyzed economic potential and achievable potential based on the passing measures. (Pippin; Kushner, Herndon)

**ISSUE 2:** Are the utility's proposed goals based on savings reasonably achievable through demand-side management programs over a ten year period?

**JEA Position:** Yes. JEA's proposed goals are based on savings reasonably achievable through demand-side management programs over a ten-year period. The proposed goals are based on programs already implemented by JEA and the projected market adoption forecasts collaboratively developed for the proposed programs by Resource Innovations and JEA. (Pippin, Herndon)

**ISSUE 3:** Do the utility's proposed goals adequately reflect the costs and benefits to customers participating?

**JEA Position:** Yes. JEA's proposed goals adequately reflect the costs and benefits to customers participating in the measure, pursuant to Section 366.82(3)(a), F.S. JEA's proposed goals are based on forecasts of achievable potential that are driven primarily by measure-level assessments of cost-effectiveness to customers. Specifically, customer cost-effectiveness is assessed using the Participant Test,

where benefits are calculated based on customer bill savings and costs are based on participant costs of acquiring and installing the energy efficiency measure (net of utility program incentives). Both the participant benefits and participant costs are assessed on present value basis over the life of the measure. (Pippin, Kushner, Herndon)

**ISSUE 4:** Do the utility'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?

**JEA Position:** Yes. JEA's proposed goals are based on market adoption forecasts that included consideration of the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions, through use of the RIM and Participant tests. (Pippin, Kushner, Herndon)

**ISSUE 5:** Do the utility's proposed goals adequately reflect the need for incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems?

**JEA Position:** Yes. JEA has comprehensively analyzed customer-owned energy efficiency measures and only one program was found to be cost-effective. JEA's load forecast reflects the impacts of net metering associated with customer-owned rooftop solar photovoltaic ("PV") systems, and this load forecast was incorporated in the cost-effectiveness analysis performed for demand-side renewable energy ("DSRE") systems in this docket, which found no DSRE measures were cost-effective under the RIM Test. JEA also reviewed current FEECA programs and evaluated updates to incentives for these programs. As such, incentives to promote customer-owned energy efficiency and DSRE systems are adequately reflected in JEA's proposed goals. Utility-owned energy efficiency and renewable energy systems are supply-side issues. (Pippin, Kushner, Herndon)

**ISSUE 6:** Do the utility's proposed goals adequately reflect the costs imposed by state and federal regulations on the emissions of greenhouse gases?

**JEA Position:** Yes. At the time JEA's proposed goals were filed in this docket, there were no existing or pending regulations that would impose costs for the emissions of greenhouse gases ("CO<sub>2</sub>"). The U.S. Environmental Protection Agency ("EPA") has since adopted rules that will potentially limit or otherwise affect the operation of some new and existing generating units, but do not assess a direct cost of emissions of CO<sub>2</sub>. Furthermore, the new regulations do not apply within the planning period for this FEECA goal-setting proceeding. JEA performed a sensitivity analysis that considered a 25% increase to the avoided energy costs,

which may be viewed as a proxy for the potential impact of costs associated with possible future regulations of CO<sub>2</sub> emissions.

**ISSUE 7:** Do the utility's proposed goals adequately reflect consideration of free riders?

**JEA Position:** Yes. The screening criteria were based on simple payback to the customer (2 years or less) and were designed to remove measures from the achievable potential forecasts that exhibit the key characteristic most associated with high levels of free-ridership in utility rebate programs, i.e., measures with naturally high levels of cost-effectiveness to the customer. The sensitivity of total achievable potential to this particular screening criterion was tested using alternative simple payback screening values (1 year and 3 years). In addition to this screening step, the naturally occurring analysis performed in estimating achievable potential represents an estimate of the amount of "free riders" that are reasonably expected to participate in the particular program offering simulated. In this sense, the payback-based screening criteria were implemented to develop portfolios with necessarily low free-ridership levels, and within the achievable potential forecasts for those portfolios, the forecasting methodology produces explicit estimates of the expected level of free-ridership within those programs. (Pippin, Herndon)

**ISSUE 8:** Should demand credit rates for interruptible service, curtailable service, stand-by generation, or similar potential demand response programs be addressed in this proceeding or in the base rate proceedings for the rate regulated FEECA Utilities? If this proceeding, what demand credit rates are appropriate for purposes of establishing the utilities' goals?

**JEA Position:** This issue does not apply to JEA. As such, JEA takes no position.

#### **FPL-Specific Issues**

**ISSUE 9:** Should the savings associated with FPL's Residential Low Income Renter Pilot program be included in its conservation goals?

**JEA Position:** This issue does not apply to JEA. As such, JEA takes no position.

**ISSUE 10:** Is FPL's proposed HVAC On-Bill option for its existing Residential On-Call program with its associated HVAC Services Agreement (proposed Tariff sheets 9.858 through 9.866) a regulated activity within the jurisdiction of the Commission? If not, should the savings associated with FPL's HVAC On-Bill option and HVAC Services Agreement be removed from its conservation goals?

**JEA Position:** This issue does not apply to JEA. As such, JEA takes no position.

**ISSUE 11:** Should the Commission approve FPL's proposed plan to cap participation for non-RIM Test passing programs once sector-level goals are achieved?

**JEA Position:** This issue does not apply to JEA. As such, JEA takes no position.

### **All FEECA Electric Utilities Issues**

**ISSUE 12:** What residential and commercial/industrial summer and winter megawatt (MW) and annual Gigawatt-hour (GWh) goals should be established for the period 2025-2034?

**JEA Position:** The Commission should establish the goals set for in the following table. Consistent with the goals previously approved by the Commission, JEA's proposed numeric conservation goals based on the DSM programs that JEA currently offers with some modifications. This goal-setting approach is consistent with the Commission's well-established policy that for FEECA municipal utilities, such as JEA, "it is appropriate to defer to municipal utilities' governing bodies to determine the level of investment if measures are not cost-effective." Order No. PSC-2020-0200-PAA-EG, p.5 (June 24, 2020) (citing Order No. PSC-2015-0324-PAA (Aug. 11, 2015).

The Commission should reject Florida Rising's proposal that the Commission order JEA to expand its low-income NEE Program by 500% and increase JEA's goals accordingly. Florida Rising's proposed 5-fold increase is an arbitrary figure that is not supported by any analysis of achievability or cost-effectiveness as required by Commission rules. Furthermore, the analyses performed by Resource Innovations show that residential conservation measures of the type included in JEA's NEE Program do not pass the RIM Test, and the NEE Program, as a whole, does not pass the RIM Test, meaning that the NEE Program puts upward pressure (i.e., increases) JEA's rates to its customer. Thus, imposition of Florida Rising's proposal would be inconsistent with the Commission's long-standing policy regarding the basis of establishing numeric goals for municipal utilities under FEECA.

| Year | Residential                       |                                   |                     | Commercial/Industrial             |                                   |                     | Total                             |                                   |                     |
|------|-----------------------------------|-----------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|
|      | Summer Peak Demand Reduction (MW) | Winter Peak Demand Reduction (MW) | Annual Energy (MWh) | Summer Peak Demand Reduction (MW) | Winter Peak Demand Reduction (MW) | Annual Energy (MWh) | Summer Peak Demand Reduction (MW) | Winter Peak Demand Reduction (MW) | Annual Energy (MWh) |
| 2025 | 0.68                              | 0.88                              | 3,172               | 0.44                              | 0.37                              | 3,346               | 1.12                              | 1.25                              | 6,518               |
| 2026 | 0.84                              | 0.99                              | 3,670               | 0.47                              | 0.39                              | 3,562               | 1.31                              | 1.38                              | 7,232               |
| 2027 | 1.03                              | 1.11                              | 4,257               | 0.50                              | 0.41                              | 3,771               | 1.53                              | 1.52                              | 8,028               |
| 2028 | 1.26                              | 1.25                              | 4,917               | 0.53                              | 0.42                              | 3,975               | 1.79                              | 1.67                              | 8,892               |
| 2029 | 1.50                              | 1.38                              | 5,608               | 0.56                              | 0.44                              | 4,169               | 2.06                              | 1.82                              | 9,777               |
| 2030 | 1.73                              | 1.51                              | 6,250               | 0.58                              | 0.45                              | 4,334               | 2.31                              | 1.96                              | 10,584              |
| 2031 | 1.90                              | 1.60                              | 6,733               | 0.60                              | 0.46                              | 4,444               | 2.50                              | 2.06                              | 11,177              |
| 2032 | 1.96                              | 1.65                              | 6,951               | 0.60                              | 0.46                              | 4,470               | 2.56                              | 2.11                              | 11,421              |
| 2033 | 1.89                              | 1.63                              | 6,850               | 0.59                              | 0.46                              | 4,403               | 2.48                              | 2.09                              | 11,253              |
| 2034 | 1.70                              | 1.57                              | 6,474               | 0.57                              | 0.45                              | 4,257               | 2.27                              | 2.02                              | 10,731              |

**ISSUE 13:** What goals are appropriate for increasing the development of demand-side renewable energy systems?

**JEA Position:** The cost-effectiveness analysis of demand-side renewable energy systems shows that they are not cost-effective. Therefore, no goals should be established for demand-side renewable systems. (Pippin, Herndon)

**5. STIPULATED ISSUES**

None at this time.

**6. PENDING MOTIONS**

None at this time.

**7. PENDING REQUESTS FOR CONFIDENTIAL CLASSIFICATION**

JEA has the following requests for confidentiality pending:

- Corrected first request for confidential classification filed on 5/21/2024
- Second request for confidential classification filed on 5/20/2024

**8. OBJECTIONS TO WITNESS' QUALIFICATIONS**

None.



**9. SEQUESTRATION OF WITNESSES**

JEA is not requesting sequestration of witnesses.

**10. REQUIREMENTS OF THE PREHEARING ORDER THAT CANNOT BE MET**

None.

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**CERTIFICATE OF SERVICE**

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