

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission Review of Numeric) DOCKET NO. 20240017-EG
Conservation Goals)
(Orlando Utilities Commission)) Dated: July 9, 2024
_____)

PREHEARING STATEMENT OF THE ORLANDO UTILITIES COMMISSION

The Orlando Utilities Commission (“OUC”), by and through its undersigned counsel and pursuant to the Order Establishing Procedure (“OEP”) in the consolidated Conservation Goals Dockets for the utilities subject to the Florida Energy Efficiency and Conservation Act (“FEECA”), Order No. PSC-2024-0022-PCO-EG, issued January 23, 2024, and the First Order Modifying Order Establishing Procedure, Order No. PSC-2024-0159-PCO-EG, issued May 17, 2024, hereby submits its Prehearing Statement.

APPEARANCES

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On behalf of the Orlando Utilities Commission.

1. OUC WITNESSES

OUC will call the following witnesses, who will address the issues indicated:

<u>Direct Testimony Only</u>	<u>Issues</u>
Bradley E. Kushner	3, 6, 12

Jim Herndon* 1-7, 12, 13

* Also testifying on behalf of other utilities in these consolidated dockets.

Direct & Rebuttal Testimony Issues

Kevin M. Noonan 1-5, 7, 12

2. ouc known exhibits - direct case

Exhibit No. ___ [BEK-1] Resume' of Bradley E. Kushner;

Exhibit No. ___ [BEK-2] Summary of Avoided Unit Costs; and

Exhibit No. ___ [BEK-3] Carbon Regulation Compliance Costs;

Exhibit No. ___ [KMN-1] Resumé of Kevin M. Noonan;

Exhibit No. ___ [KMN-2] OUC's 2024 Annual Conservation Report: Demand-Side Management and Conservation Programs Offered in Calendar Year 2023;

Exhibit No. ___ [KMN-3] OUC's Proposed Numeric Demand and Energy Goals, 2025-2034;

Exhibit No. ___ [KMN-4] OUC's Existing and Proposed FEECA Programs; and

Exhibit No. ___ [KMN-5] Estimated Bill Impact per 1,000 kWh Residential Service.

Exhibit No. ___ [JH-1] Biographical Information for Jim Herndon

Exhibit No. ___ [JH-7] Market Power Study for Orlando Utilities Commission

Exhibit No. ___ [JH-8] 2024 Measure Lists

Exhibit No. ___ [JH-9] Comparison of 2019 Measures List to 2024 Measures List

Exhibit No. ____ [JH-16] OUC Program Development Summary

OUC KNOWN EXHIBITS – REBUTTAL CASE

Exhibit No. ____ [KMN-6] OUC Responses to Staff’s Data Requests – 2024 Annual
Conservation Report

3. STATEMENT OF BASIC POSITION

OUC provides reliable, reasonably priced electric service to approximately 275,000 customer accounts in the City of Orlando, the City of St. Cloud, and portions of unincorporated Orange and Osceola Counties. In meeting the needs of OUC’s customers and serving the overall public interest, in these Energy Conservation Goals proceedings, OUC proposes an overall FEECA energy conservation goal for 2025 that is more than three times its Commission-approved goal for 2024. Supported by the values and desires of its customers and the Orlando area community, including OUC’s commitment to achieve net-zero greenhouse gas emissions by 2050, OUC’s overall demand-side and supply-side energy conservation efforts achieve energy savings much greater than just those realized through OUC’s FEECA DSM programs. In pursuing its broad energy goals and serving the public interest, OUC must balance the benefits of its energy efficiency programs under FEECA with the costs of those programs, particularly their impacts on customer rates. OUC’s proposed goals and programs strike this balance appropriately and meet all statutory and rule requirements. The Commission should approve OUC’s proposed goals

as submitted, and the Commission should also approve OUC's programs designed to achieve these goals in due course.

OUC is an electric utility within the meaning of Section 366.02(2), Florida Statutes, and is subject to FEECA. OUC's electric service area covers 419 square miles and includes the City of Orlando, portions of unincorporated Orange County, and portions of unincorporated Osceola County. Additionally, pursuant to an Interlocal Agreement, OUC serves the entire electric service requirements of St. Cloud and treats the St. Cloud load and customers as part of OUC's retail obligations for planning and energy conservation purposes.

OUC currently serves approximately 275,000 electric customer accounts, including approximately 242,000 electric residential customers, 28,000 electric commercial customers, and 5,100 electric industrial customers. Approximately 43 percent of OUC's residential customers (including those in St. Cloud) live in multi-family residences, and many of these are rental units. Additionally, a significant number of single-family residences served by OUC are renter-occupied. Approximately 33 percent of OUC's residential customers have household incomes less than \$50,000, which is approximately 1.6 times the Federal Poverty Level for a family of four as of 2024.

OUC currently offers a number of programs that promote energy conservation and summer and winter peak demand reductions. OUC continually seeks and implements supply-side efficiency measures. OUC also has extensive solar energy initiatives, including both demand-side and supply-side solar power projects, and OUC also obtains

renewable electricity generated using landfill gas. OUC has committed to a goal of net-zero greenhouse gas emissions by 2050.

For these consolidated conservation goal-setting dockets, OUC joined with the other utilities subject to FEECA – Florida Power & Light, Duke Energy Florida, Tampa Electric Company, Florida Public Utilities Company, and JEA – to engage Resource Innovations, Inc. (“RI”), to analyze and estimate the full Technical Potential for energy conservation for all of the FEECA Utilities. OUC provided extensive load and customer forecast information, as well as system cost and avoided-cost information to support RI’s analyses. OUC also engaged RI to conduct cost-effectiveness analyses of approximately 400 potential energy conservation measures (combined in several thousand permutations of those measures) identified in the Technical Potential analyses using the Commission-prescribed Rate Impact Measure (“RIM”) test, Total Resource Cost (“TRC”) test, and the Participant Test. OUC also engaged RI to conduct cost-effectiveness analyses for a sensitivity case considering potential costs of complying with future carbon emissions regulations.

OUC further engaged RI to assist with bundling conservation measures, including nearly all of those offered through OUC’s existing DSM programs into programs based on the RIM and TRC test results and practical considerations including program costs, incentives, and projected adoption of measures by OUC’s customers. Energy and peak demand savings for these measures and programs were calculated based on projected participation rates over the 2025-2034 period, and the resulting energy and demand savings goals are those that these programs are projected to produce. OUC’s proposed energy goal

for 2025 is 4,242 MWH, which is more than three times OUC's Commission-approved energy goal of 1,370 MWH for 2024.

OUC has consistently exceeded its FEECA Goals with measures developed on OUC's initiative. OUC will continue to develop and implement both demand-side and supply-side conservation and efficiency measures, as well as solar and other renewable energy initiatives, based on OUC's unique characteristics, OUC's knowledge of its system and customer base, and changing circumstances in the energy sector. OUC will pursue this course, as it has successfully done for years, to serve the State's policies set forth in FEECA and to meet the needs and circumstances of OUC's customers. OUC respectfully asks the Commission to approve OUC's proposed FEECA Goals as submitted, and to approve OUC's proposed programs in due course.

4. STATEMENT OF FACTUAL ISSUES AND POSITIONS

ISSUES

2024 Demand-Side Management Goalsetting Proceeding

All FEECA Electric Utilities Issues

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?

OUC Position: Yes. OUC's proposed goals are based on a thorough and robust assessment of the full technical potential of all available demand-side and

supply-side conservation and efficiency measures, including demand-side renewable energy resources.

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

OUC Position: Yes. OUC's proposed goals are based on savings reasonably achievable through OUC's proposed DSM programs over the period 2025 through 2034. The proposed goals are based on a sound assessment of the basic economic potential of the measures incorporated into OUC's proposed programs, program administrative costs and incentives, and analyses of customer adoption and participation in the programs.

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

OUC Position: Yes. OUC's proposed goals are based on a full consideration of the results of Participant Cost Test analyses performed by Resource Innovations, and those analyses adequately and appropriately reflect the costs and benefits to customers who might participate in the DSM measures and programs analyzed. Thus, OUC's proposed goals adequately reflect the costs and benefits to participating customers.

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?

OUC Position: Yes. OUC's proposed goals adequately and appropriately reflect the costs and benefits of potential customer-funded DSM measures to the general body of OUC's ratepayers considered as a whole, including consideration of utility incentives and participant contributions. The costs and benefits to OUC's general body of customers are fully reflected in RI's RIM Test analyses.

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?

OUC Position: Yes. OUC'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.

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

OUC Position: Yes. Even though at this time there are no costs imposed by either state or federal regulations on emissions of greenhouse gases, OUC engaged RI to conduct a sensitivity analysis of the potential costs of future greenhouse gas regulations on the cost-effectiveness of potential energy efficiency program, and OUC considered these results in developing its proposed goals and FEECA programs.

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

OUC Position: Yes. OUC's proposed goals appropriately reflect consideration of free riders by application of the two-year payback screen that the Commission has approved for the past 30 years. The free ridership issue is important because free riders, by definition, are customers who receive incentive payments, paid for by OUC's other customers, to implement DSM measures that they would otherwise implement without any utility-funded incentive payment to do so. In other words, where free ridership occurs, all OUC customers are paying unnecessarily for the conservation benefits provided by the free rider's DSM measures. Based on the PSC's consistent approval of the two-year payback screen over the past 30 years, OUC has come to believe that the two-year screen strikes a reasonable and appropriate balance between the desire for greater energy conservation and the desire to avoid the adverse economic effects of free ridership, i.e., that free riders cause all customers to pay more than necessary to achieve the conservation benefits flowing from free riders' participation in DSM programs.

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?

OUC Position: This Issue 8 is not at issue for OUC.

FPL-Specific Issues

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

OUC Position: This Issue 9 is not at issue for OUC.

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?

OUC Position: This Issue 10 is not at issue for OUC.

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?

OUC Position: This Issue 11 is not at issue for OUC.

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?

OUC Position: The Commission should approve the FEECA Goals recommended by OUC’s witness Kevin M. Noonan. The following table summarizes OUC’s proposed MWH Energy Savings, Summer KW Savings, and Winter KW Savings goals for 2025, 2030, and 2034; annual goals are presented in Mr. Noonan’s testimony and exhibits.

<u>Goal</u>	<u>2025</u>	<u>2030</u>	<u>2034</u>
Summer KW Savings	590	580	890
Winter KW Savings	560	730	810
Energy (NEL) Savings (MWH)	4,242	5,760	6,382

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

OUC Position: Because there are no cost-effective demand-side renewable energy measures available for OUC, the Commission should not approve any numeric goals for such systems in the current FEECA Goals proceedings.

5. **STIPULATED ISSUES**

None at this time.

6. **PENDING MOTIONS**

OUC has no pending motions.

7. **STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY**

OUC has no pending requests or claims for confidentiality.

8. **OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT**

OUC does not expect to challenge the qualifications of any witness to testify, although OUC reserves all rights to question witnesses as to their qualifications as related to the credibility and weight to be accorded their testimony.

9. **STATEMENT REGARDING SEQUESTRATION OF WITNESSES**

OUC does not intend to invoke the rule requiring sequestration of witnesses.

10. **STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING
PROCEDURE**

There are no requirements of the Order Establishing Procedure with which the Orlando Utilities Commission cannot comply.

Respectfully submitted this 9th day of July, 2024.

/s/ Robert Scheffel Wright

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by Electronic Mail this 9th day of July, 2024, to the following:

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