

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission Review of Numeric Conservation Goals (Duke Energy Florida, LLC).

Docket No. 20240013-EG

Date: July 9, 2024

**DUKE ENERGY FLORIDA, LLC'S
PREHEARING STATEMENT**

Pursuant to the Order Establishing Procedure, Order No. PSC-2024-0022-PCO-EG, Duke Energy Florida, LLC (“DEF”) hereby submits its Prehearing Statement with respect to its petition for approval of DEF’s proposed conservation goals for the period 2025-2034.

1. **Known Witnesses** - DEF intends to offer the testimony of:

Direct Testimony

Witness	Subject Matter	Issues#
Tim Duff	DEF’s proposed conservation goals (2025-2034); DEF’s ten-year projections (2025-2034); DEF’s economic and achievable potential	1 through 7 and 12 through 13
Jim Herndon	Technical potential for reducing electricity use and peak demand by implementing a wide range of end-use energy efficiency and demand response measures; solar photovoltaic and solar thermal installations	1, 2, & 7

Rebuttal Testimony

Witness	Subject Matter	Issues#
Tim Duff	DEF’s proposed conservation goals (2025-2034); DEF’s ten-year projections (2025-2034); DEF’s economic and achievable potential	1 through 7 and 12 through 13

Jim Herndon

Technical potential for reducing electricity use and peak demand by implementing a wide range of end-use energy efficiency and demand response measures; solar photovoltaic and solar thermal installations

1, 2, & 7

2. **Known Exhibits** - DEF intends to offer the following exhibits:

Witness	Proffered By	Exhibit #	Description
Tim Duff	DEF	(TD-1)	Proposed Residential and Non-Residential Annual Potential RIM Evaluation for 2025-2034 (at the Generator)
Tim Duff	DEF	(TD-2)	Proposed Residential and Non-Residential Annual Potential TRC Evaluation for 2025-2034 (at the Generator)
Tim Duff	DEF	(TD-3)	Proposed Residential and Non-Residential Annual Potential Recommended Evaluation for 2025-2034 (at the Generator)
Tim Duff	DEF	(TD-4)	Avoided Cost Assumptions
Tim Duff	DEF	(TD-5)	Projected Total Portfolio Costs & Residential Rate Impacts
Tim Duff	DEF	(TD-6)	RIM, TRC & Participant Tests Benefits & Cost Analysis for all Programs for all portfolios
Tim Duff	DEF	(TD-7)	Cost-Effectiveness Tests for all DSM Programs in RIM Portfolio
Tim Duff	DEF	(TD-8)	Cost-Effectiveness Tests for all DSM Programs in TRC Portfolio
Jim Herndon	RESOURCE INNOVATIONS/DEF	(JH-1)	Background & Qualifications
Jim Herndon	RESOURCE INNOVATIONS/DEF	(JH-3)	Technical Potential Study of DSM for DEF

Jim Herndon	RESOURCE INNOVATIONS/DEF	(JH-8)	2024 Measure List (Residential, Commercial & Industrial)
Jim Herndon	RESOURCE INNOVATIONS/DEF	(JH-9)	Comparison of 2019 Measure List to 2024 Measure List
Jim Herndon	RESOURCE INNOVATIONS/DEF	(JH-10)	DEF Measure Screening and Economic Sensitivities

DEF reserves the right to identify additional exhibits for the purpose of cross-examination or rebuttal.

3. **Statement of Basic Position -**

DEF has been offering energy efficiency programs and measures to its customers for more than 35 years. In addition, changes in building codes, federal baseline standards and economic conditions have increased the amount of efficiency that customers are undertaking on their own, without incentive from the utility. These factors over time will reduce the number of programs and measures that DEF can cost-effectively offer its customers. Accordingly, the ten-year proposed conservation goals set forth in the testimony of DEF witness Tim Duff are based upon DEF’s most recent planning process of the total, cost-effective, winter and summer peak demand (MW) and annual energy (GWH) savings reasonably achievable in the residential and commercial/industrial classes through demand side management. DEF’s projections of summer and winter demand savings, annual energy savings, and participants reflect consideration of overlapping measures, rebound effects, free riders, effects of changes to building codes and appliance efficiency standards, and DEF’s evaluation of conservation programs and measures.

The Company’s proposed Recommended goals are based on a collection of programs and underlying measures that pass the Participant, Total Resource Cost (“TRC”) and Rate Impact Measure (“RIM”) tests, with the exception of a few measures included in programs targeting low-income customers. Specifically, DEF is proposing a goal of 362 MW of winter peak demand reduction, 291 MW of summer peak demand reduction, and 561 GWh of energy reduction over the 2025-2034 time period. The proposed cost-effective DSM goals meet the requirements of Chapter 25-17, Florida Administrative Code (F.A.C.). DEF proposes that the Commission set DSM goals based on programs including measures that pass the PCT, TRC and RIM tests, because these tests are well-balanced and ensure that the perspectives of participants and all other ratepayers (including non-participants) are fairly considered.

The Commission should approve DEF’s overall Residential MW and GWh goals and overall commercial/industrial MW and GWh goals set forth in Mr. Duff’s testimony. These goals reflect the reasonably achievable demand side management potential in DEF’s service territory over the ten-year period 2025-2034 developed in DEF’s planning process.

4. **DEF's Statement of Issues and 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?

DEF: Yes. DEF's technical potential, that is the basis for the proposed goals, includes an evaluation of all potential demand-side conservation and efficiency measures and demand-side renewable energy systems. Demand-side renewable energy systems were evaluated based on the same cost effectiveness standards that were used to evaluate other energy efficiency measures. No renewable measures were found to be cost-effective and therefore, none are included in the proposed goals.

(Witnesses: Duff, Herndon).

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

DEF: Yes. DEF's Recommended goals were developed through a well-tested data-driven process consistent with Florida statute and Commission rules that appropriately considers market conditions and customer adoptions curves to yield reasonably achievable goals over the 2025-2034 period.

(Witnesses: Duff, Herndon).

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

DEF: Yes. The DEF's proposed Recommended goals are based on measures that pass the Participant Cost Test. This test compares the incremental cost to participants to the participant benefits (bill savings). This ensures that the measures provide net benefits to participants.

(Witness: Duff).

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?

DEF: Yes. DEF's proposed Recommended goals do adequately reflect the costs and benefits to the general body of ratepayers, as a whole, because the goals are based on measures that pass both the RIM and Participant tests. The Participant, TRC

and RIM tests, in combination with each other, effectively ensure that both participants and non-participants benefit.

(Witness: Duff).

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?

DEF: Yes, the utility's Recommended proposed goal adequately reflects the need for incentives to promote both customer-owned and utility-owned energy efficiency systems. DEF does not believe there is currently a need for incentives to promote demand-side renewable energy systems as the demand-side renewable market has continued to mature and there has been significant growth in customer sited demand-side renewable energy systems. Florida currently ranks among the top ten states based on the cumulative amount of solar electric capacity installed. The cost to install solar has dropped significantly in recent years, and with that, DEF is seeing continued growth in the number of customers installing demand-side renewable systems on their own, without incentives from the utility.

(Witness: Duff).

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

DEF: Yes. Given the uncertainty of future carbon regulation, it is reasonable to exclude the cost of carbon emissions in this goal setting process.

(Witness: Duff).

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

DEF: Yes. The DEF's proposed Recommend goals are based on measures that have greater than a two-year payback period. A two-year payback period is a reasonable time-period in which to limit measures and assume that customers will adopt the measures absent a utility incentive. This time-period has been recognized by the Commission in past proceedings as a reasonable proxy to eliminate free riders.

(Witnesses: Duff, 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?

DEF: Absent a comprehensive settlement agreement approved in a separate Commission docket (e.g., in a rate case settlement), under 25-17.0021(1), the credit rates should be addressed in this proceeding for the rate-regulated FEECA Utilities.

FPL-Specific Issues

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

DEF: 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?

DEF: 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?

DEF: 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?

DEF:

DUKE ENERGY FLORIDA - RECOMMENDED GOALS 2025-2034			
	Winter Peak MWs	Summer Peak MWs	GWH's
Residential	320	207	506
Non-Residential	42	84	55
Total	362	291	561

(Witness: Duff).

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

DEF: Given that renewable systems were not deemed cost effective under the RIM test, it would not be appropriate to establish goals for demand-side renewable systems in this goal setting proceeding. Demand-side renewable systems were evaluated using the same criteria used for other energy efficiency measures. Programs that provide incentives to customers who install renewable systems would result in cross subsidies between participants and non-participants and increase rates to all customers.

(Witness: Duff).

5. **Stipulated Issues** - None at this time.

6. **Pending Motions** - DEF does not have any pending motions at this time.

7. **Requests for Confidentiality**

DEF has the following pending request for confidential classification:

- May 28, 2024 DEF's Request for Confidential Classification concerning its Response to FIPUG's First Request for Production of Documents (1-5), (DN 04274-2024).
- May 28, 2024 DEF's Request for Confidential Classification concerning its Response to PCS Phosphate's Second Request for Production of Documents (3-4), (DN 04318-2024).
- June 5, 2024 DEF's Request for Confidential Classification concerning its Response to FL Rising & Lulac's First Set of Interrogatories (1-52) and First Request for Production of Documents (1-2), (DN 04629-2024).
- June 20, 2024 DEF's Request for Confidential Classification concerning its Supplemental Response to FL Rising & Lulac's First Request for Production of Documents (1-2), (DN 06749-2024).
- June 24, 2024 DEF's Request for Confidential Classification concerning its Response to FIPUG's Second Request for Production of Documents (6-10), (DN 06903-2024).

8. **Objections to Qualifications** - DEF has no objection to the qualifications of any expert witnesses in this proceeding at this time, subject to further discovery in this matter.

9. **Sequestration of Witnesses** - DEF has not identified any witnesses for sequestration at this time.

10. **Requirements of Order** - At this time, DEF is unaware of any requirements of the Order Establishing Procedure of which it will be unable to comply.

RESPECTFULLY SUBMITTED this 9th day of July, 2024.

/s/ Stephanie A. Cuello

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CERTIFICATE OF SERVICE

Docket No. 20240013-EG

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 9th day of July, 2024.

/s/ Stephanie A. Cuello

Attorney

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