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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20240012-EG

Commission review of numeric
conservation goals (Florida
Power & Light Company).

DOCKET NO. 20240013-EG

Commission review of numeric
conservation goals (Duke
Energy Florida, LLC).

DOCKET NO. 20240014-EG

Commission review of numeric
conservation goals (Tampa
Electric Company).

DOCKET NO. 20240015-EG

Commission review of numeric
conservation goals (Florida
Public Utilities Company).

DOCKET NO. 20240016-EG

Commission review of numeric
conservation goals (JEA).

DOCKET NO. 20240017-EG

Commission review of numeric
conservation goals (Orlando
Utilities Commission).

VOLUME 3
PAGES 539 - 648

PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING:

CHAIRMAN MIKE LA ROSA
COMMISSIONER ART GRAHAM
COMMISSIONER GARY F. CLARK
COMMISSIONER ANDREW GILES FAY
COMMISSIONER GABRIELLA PASSIDOMO

1

2 DATE : Thursday, August 8, 2024

3 TIME : Commenced: 2:30 p.m.
4 Concluded: 2:50 p.m.

4

5 PLACE : Betty Easley Conference Center
6 Room 148
7 4075 Esplanade Way
8 Tallahassee, Florida9 REPORTED BY : DEBRA R. KRICK
10 Court Reporter

11

12 APPEARANCES : (As heretofore noted.)

13

14 PREMIER REPORTING
15 TALLAHASSEE, FLORIDA
16 (850) 894-0828

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1	EXHIBITS			
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3	1	Comprehensive Exhibit List	644	644
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P R O C E E D I N G S

(Transcript follows in sequence from Volume
2.)
(Whereupon, prefiled rebuttal testimony of Tim
Duff was inserted.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: COMMISSION REVIEW OF NUMERIC CONSERVATION GOALS BY

DUKE ENERGY FLORIDA, LLC

FPSC DOCKET NO. 20240013-EG

REBUTTAL TESTIMONY OF TIM DUFF

JULY 1, 2024

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. Please state your name and business address.**

3 A. My name is Timothy J. Duff. My business address is 525 South Tyron Street,
4 Charlotte, NC 28201.

5

6 **Q. Have you previously filed direct testimony in this docket?**

7 A. Yes, I filed my Direct Testimony on behalf of Duke Energy Florida, LLC (“DEF”
8 or “Duke Energy”) on April 2, 2024.

9

10 **Q. Has your employment status and job responsibilities remained the same**
11 **since discussed in your previous testimony?**

12 A. Yes.

13

14 **II. Purpose of Testimony**

1

2 **Q. What is the purpose of your testimony?**

3 A. The purpose of my rebuttal testimony is to address the Direct Testimony of
4 Witnesses Jeffry Pollock on behalf of the Florida Industrial Power Users Group
5 (“FIPUG”) and Tony Georgis on behalf of White Springs Agricultural Chemicals,
6 Inc. D/B/A PCS Phosphate-White Springs and Nucor Steel Florida, Inc. Even
7 though each of their testimonies include analysis to support their positions,
8 review of the basis for their recommendations and examination of the
9 underlying assumptions reveals that their proposals are based on arbitrary,
10 overly simplistic, and incorrect assumptions. Additionally, their
11 recommendations are contrary to the provisions of the Florida Energy
12 Efficiency and Conservation Act (FEECA) and Rule 25-17.0021, Florida
13 Administrative Code. Finally, I briefly address the recommendation of Florida
14 Rising and the League of United Latin American Citizens (LULAC) related to
15 increasing the Company’s Recommended Goals.

16

17 **III. Rebuttal**

18 **Q. Do you agree with Witness Pollack and Witness Georgis that the**
19 **Company’s utilization of cost effectiveness modeling results to develop**
20 **the demand response program – Interruptible Service (IS), Curtailment**
21 **Service (CS) and Standby Generation (SG) credits in this proceeding is**
22 **inappropriate?**

1 A. No. I do not. In this proceeding, DEF is proposing Demand Side Management
2 (DSM) goals, Gigawatt Hour (GWh), Summer Megawatts (MW) and Winter
3 MW, of incremental system savings that will be the basis for the design of the
4 energy efficiency and demand response programs to meet the goals. DEF
5 believes that it is reasonable to develop these demand response credit levels
6 that would maintain the same Rate Impact Measure (RIM) results for the
7 programs that were used in 2019 to determine the goals. This approach aligns
8 with the best practice utilized in DSM program planning to design programs that
9 offer incentives at the lowest level necessary to move the market, thus keeping
10 program cost (expense to all customers) at a minimum. So, despite the
11 contentions of Witnesses Pollack and Georgis regarding the inappropriateness
12 of using cost effectiveness screening to set credit levels, proposing the demand
13 response credit levels that will maintain the RIM cost effectiveness is an
14 appropriate approach to developing the Company's proposed DSM goals in
15 this proceeding.

16

17 **Q. Witness Georgis argues that there are flaws in the DEF's cost assumption**
18 **related to the avoided unit utilized in modeling cost effectiveness in the**
19 **determination of the Company's DSM Goals and specifically in the**
20 **selection of a brownfield CT as its avoided generation unit. Why is it**
21 **appropriate for DEF to use the brownfield combustion turbine as the**
22 **avoided unit rather than a greenfield unit?**

1 A. Based on the information received from DEF's Resource Planning and
2 Analytics Department, the model underlying the development of the Company's
3 Ten-Year Site Plan (TYSP) selects the most cost-effective units to fill capacity
4 and energy needs as they arise. In this case, the model can select up to six
5 brownfield combustion turbines (CTs) to be located at existing DEF sites. Since
6 these CTs are assumed to be located on DEF owned land and to make use of
7 existing DEF infrastructure, they are projected to be constructed at a lower cost
8 than greenfield CTs, which are assumed to be constructed at a new site or
9 sites. Because of the lower cost, the model selects the brownfield CTs first
10 until the supply is exhausted. Thus, these CTs are used as the first avoided
11 unit.

12
13 **Q. How do you respond to Witness Georgis' contention that Duke has not**
14 **appropriately recognized the historical and on-going contribution of**
15 **existing IS and CS resources in its cost effectiveness analysis used to**
16 **establish incremental goals proposed in this proceeding?**

17 A. This critique of DEF's cost effectiveness modeling is inaccurate. While the cost
18 effectiveness analysis used to propose goals only reflects the incremental
19 benefits from the new participation, the new customer costs are comprised of
20 existing program costs plus additional startup costs associated with attracting
21 new participants. By leveraging this approach, the existing participants are

1 appropriately considered in the cost effectiveness modeling underlying the
2 proposed goals.

3

4 **Q. How do you respond to Witness Georgis' contention that DEF should**
5 **not use the costs for a brownfield frame CT as its avoided unit and**
6 **instead should be utilizing higher cost units like the Combined Cycle**
7 **unit used by FP&L and the reciprocating engine used by TECO?**

8 A. DEF was not involved in the preparation of the other utilities' TYSP and is not
9 in a position to comment on the selection of each utility's avoided unit that is
10 consistent with its next proposed fossil generating unit. The DEF Resource
11 Planning and Analytics Department is confident in the process that it used in
12 its TYSP and the identified brownfield frame CT as its next avoided proposed
13 fossil generating unit.

14

15 **Q. Both Witness Pollack and Witness Georgis assert that the underlying**
16 **costs associated with avoided generation costs are too low and should**
17 **be updated. Do you agree that the costs of avoided generation (the costs**
18 **of a frame CT) used by the Company to assess cost effectiveness in the**
19 **process of setting DSM Goals is too low and needs to be updated?**

20 A. No. The costs of avoided generation (a frame CT) were DEF's projected costs
21 in the Company's TYSP at the time DEF needed to provide inputs, including
22 costs, to Resource Innovation for the preparation of the potential studies

1 required for filing in this docket. While the Company is neither agreeing with or
2 rejecting the avoided generation values discussed by Witnesses Georgis and
3 Pollack associated with more recent prices for CTs, it would be erroneous to
4 assume that the resulting avoided costs can be adjusted in a vacuum. Given
5 all the different data provided, and underlying assumptions used by Resource
6 Innovations and the Company to model, develop and propose the DSM Goals,
7 it is important that the timing of the assumptions is consistent. The costs and
8 impacts of the DSM measures and programs were developed at the same point
9 in time as the avoided generation costs and would need to be updated as well
10 to ensure consistency in the process and outputs.

11

12 **Q. Do you agree with Witness Pollack's contention that the capacity**
13 **contributions associated with the non-firm loads of customers receiving**
14 **service under IS, CS, and SG (demand response programs) should**
15 **receive extra value for their contribution to maintaining a Reserve**
16 **Margin?**

17 A. No. The capacity values derived from the avoided cost are multiplied by 1.2
18 during the credit derivation process, fully valuing reserve margin in the analysis.

19

20 **Q. Do you agree with Witness Pollack and Witness Georgis that increasing**
21 **the avoided generation costs used by DEF would increase the cost**

1 **effectiveness of DEF's demand response programs and the proposed**
2 **credits for IS, CS and SG?**

3 A. Increasing benefits would allow for increased DSM program costs while
4 maintaining cost effectiveness ratios. DEF does not dispute that simply
5 increasing the cost associated with the avoided generation used in the
6 Resource Innovation potential modeling and Company's DSM Goal setting
7 process would increase the cost effectiveness of its demand response
8 programs and allow for higher customer credits while maintaining the cost
9 effectiveness results under RIM that were used in the 2019 Goal setting
10 process. However, increasing the cost of avoided generation would impact the
11 cost effectiveness of all energy efficiency and demand response measures and
12 programs considered in the DSM goal setting process and hence would
13 increase the magnitude of the proposed DSM goals.

14

15 **Q. Do you agree with Witness Georgis' recommendation that the Company**
16 **should not have relied on the RIM cost effectiveness results as the basis**
17 **for modeling the credit levels for the incremental IS, CS and SG**
18 **participation, but instead should have utilized the Total Resource Cost**
19 **(TRC) results?**

20 A. No. I do not agree with Witness Georgis' recommendation. The utilization of
21 the RIM test is designed to ensure that both participants and non-participants
22 benefit from the program in the form of downward pressure on rates. By

1 continuing to use RIM cost effectiveness analysis of the demand response
2 programs and the proposed credit levels, DEF is ensuring that the same ratio
3 of benefit to cost is being realized between participants and non-participants
4 that was utilized in the last goal setting proceeding. If DEF were to utilize a
5 TRC analysis for the DR programs, as suggested, it would not be done in
6 isolation and would need to also apply to all the Company's proposed energy
7 efficiency and demand response programs. The result would likely increase
8 the Company's goals and costs associated with energy efficiency programs
9 more than demand response programs because although the two tests
10 recognize similar benefits, the TRC test does not include lost revenues or
11 incentives (credits) to participants as a cost to all customers like the RIM test.

12

13 **Q. Do you agree that Witness Gregoris and Witness Pollock's contention**
14 **that IS, CS, and SG credits should be determined in a base rate case?**

15 A. No. Under Rule 25.17.0021(1) "The Commission will initiate a proceeding at
16 least once every five years to establish goals for each affected electric utility,
17 as defined by Section 366.82(1)(a), F.S. The Commission will set annual
18 Residential kilowatt (KW) and kilowatt-hour (KWH) goals and annual
19 Commercial/Industrial KW and KWH goals over a ten-year period." Therefore,
20 the DSM Goals docket proceedings is an appropriate proceeding to propose
21 the credits, as they need to be used for establishing the cost effectiveness of
22 programs and the cost to achieve the goals.

1

2 **Q. Do you agree with Florida Rising and LULAC Witness Marcelin’s**
3 **testimony recommending that Company should double its goals for the**
4 **Low-Income Weatherization Program and increase its Neighborhood**
5 **Energy Saver Program goal by 25%?**

6 A. No, I do not agree with the recommendations. While DEF believes that it is
7 important to ensure that it has meaningful programs available to low-income
8 customers that it serves as a component of its overall recommended DSM
9 goals, it is neither required to nor proposing to establish specific goals for low-
10 income customers. More importantly, Witness Marcelin provides no specific
11 analysis, basis, or an evaluation of feasibility of the proposed increases in
12 Company’s Recommended goals associated with the arbitrary proposed
13 increases. For example, since the structure of the Low-Income Weatherization
14 Program relies on coordination with the work of the local community action
15 agencies, it would not be appropriate to blindly assume that the Company can
16 simply double the energy and capacity savings associated with participants in
17 the program. The Company will continue to explore ways to meet and exceed
18 the energy and capacity savings from low-income customers that were included
19 in the Company’s Recommended Goals, but does not believe that adopting
20 Witness Marcelin’s recommendations is appropriate.

21

22 **IV. Conclusion**

1 **Q. What is your conclusion?**

2 A. DEF's Recommended goals that were presented to the Commission are cost
3 effective and beneficial to the general body of customers. The
4 recommendations of Witness Pollock and Witness Georgis cannot simply be
5 applied to the demand response programs and associated credits (IS, CS and
6 SG) used to determine the MW savings included in the Company's proposed
7 goals. Applying their recommendations would undermine the alignment of the
8 point in time basis for all data used in the modeling to determine goals and
9 would require a complete redo of the established goal setting process. The
10 likely impact of adopting their recommendations across the entire portfolio of
11 programs considered in determining the goals would be a significant increase
12 in goals and a higher ECCR rates and monthly bills for all customers, including
13 low-income customers, over the 10-year goal setting period. It would also be
14 problematic for the Commission to alter the Company's recommended goals
15 based on the arbitrary and unsubstantiated programmatic recommendations
16 put forth by Florida Rising and LULAC's relative to its Low-Income
17 Weatherization Program and Neighborhood Energy Saver Program. DEF's
18 recommended DSM goals were developed consistent with FEECA Statute,
19 Commission rules, the Order Establishing Procedure in this Docket and
20 reasonable assumptions and should be approved as requested.

21

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

1 A. Yes, this concludes my testimony.

1 (Whereupon, prefiled rebuttal testimony of
2 John F. Floyd was inserted.)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

FLORIDA POWER & LIGHT COMPANY

REBUTTAL TESTIMONY OF JOHN N. FLOYD

DOCKET NO. 20240012-EG

JULY 1, 2024

1 **I. INTRODUCTION**

2

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

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

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

8 A. Yes. I submitted direct testimony and exhibits in support of FPL’s proposed
9 2025-2034 Demand Side Management (DSM) Goals on April 2, 2024.

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

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

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

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

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

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

17
18 My rebuttal testimony addresses certain assertions and proposals made by FEL
19 witness Marcelin. I address his criticisms of FPL’s analyses and his proposed
20 costly and unsupported expansions of FPL’s Low Income program, Residential
21 Air Conditioning program, Low Income Renter Pilot, and subsequent
22 residential goals. I also address FEL witness Marcelin’s recommendation to
23 modify the credit levels for the Commercial/Industrial Load Control (CILC)

1 and Commercial/Industrial Demand Reduction (CDR) programs, which are
2 outside the scope of this proceeding.

3

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

6

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

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

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

23 A. No. As a preliminary matter, I note that although FEL witness Marcelin

1 apparently disagrees with the use of years-to-payback screening measures, he
2 offers no alternative as a method of complying with the requirement of the
3 Goals Rule to address free ridership in the goals process.

4
5 FPL stands by the two-year payback screen to address free ridership for the
6 reasons discussed in my direct testimony. The two-year payback criterion is a
7 reasonable mechanism previously approved by the Commission to screen out
8 measures with a short payback that, by including in a DSM program, would
9 result in unnecessary expense for all customers as these measures already have
10 a reasonable economic payback. I note, however, that FPL's proposed Low
11 Income program does include measures with less than a two-year payback, as
12 FPL recognizes that low-income customers may not have the financial
13 resources to make energy-efficiency investments regardless of the payback
14 period.

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1 **III. FEL LOW INCOME PROGRAM, RESIDENTIAL**
2 **AIR CONDITIONING PROGRAM, AND LOW INCOME RENTER**
3 **PILOT PROPOSALS**

4
5 **Q. FEL witness Marcelin recommends expanding FPL’s low-income**
6 **programs to match TECO’s proposals on a per-capita basis – specifically,**
7 **reaching 6.92 times as many low-income customers as TECO. Do you**
8 **agree this is an appropriate approach?**

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

18
19 Further, FEL witness Marcelin’s approach to goal setting is clearly not
20 consistent with Commission rules and does not consider the incremental cost to
21 FPL customers, including low-income customers, that would occur if his
22 proposed increase in the low-income program were adopted. Witness
23 Marcelin’s recommendation would increase the projected cost of FPL’s Low

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

8
9 FPL is empathetic to the financial challenges faced by low-income customers
10 and continues to provide assistance to this vulnerable group. FPL offers
11 multiple programs to assist these customers, such as FPL Care to Share,
12 ASSIST, Always Watching for At-Risk Elders (AWARE), SolarTogether-
13 SunAssist, and Home Energy Surveys, along with federal and local financial
14 energy services assistance information. FEL witness Marcelin overlooks that
15 FPL is, in fact, proposing to significantly increase customer participation in the
16 Low Income Weatherization program compared to FPL's proposals in 2014 and
17 2019. FPL is also proposing to add ceiling insulation to the program to increase
18 the impact for customers.

19
20 FPL submits that its proposals reflect an appropriate balance between reaching
21 low-income customers with a program that provides meaningful savings, while
22 continuing to keep costs reasonable for all customers. Adopting FEL witness
23 Marcelin's proposal would substantially increase the cost borne by all

1 customers, including low-income customers and renters and those who would
2 not be able to participate in the program.

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

5 A. Yes. In preparing a response to FEL's direct testimony and discovery requests,
6 FPL discovered an error in the calculation of the per installation savings for the
7 Low Income program. The per installation savings calculation has been
8 corrected along with a revision of the Low Income program savings as shown
9 on Exhibit JNF-6. This correction results in an average savings increase of 1.0
10 Summer MW, 1.0 Winter MW, and 4.6 GWh per year for this proposed
11 program, and a revised total savings of 69 Summer MW, 20 Winter MW, and
12 153 GWh over the ten years of the goals period.

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

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

23

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

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

5 A. FPL estimates the incremental cost impact of FEL witness Marcelin's
6 recommendation would exceed \$930 million over the ten-year goals period. In
7 order to reach this level of customer participation, FPL would need to
8 significantly increase the rebates offered for this program. Assuming the rebate
9 levels in place during the years referenced in FEL witness Marcelin's testimony
10 (2013 and 2014), the rebate cost alone would exceed \$900 million over the
11 goals period, which is more than 22 times the current level. The estimated
12 average residential ECCR rate impact of this proposal is an additional \$0.69 per
13 1,000 kWh per month, or approximately 55% increase in the total ECCR rate
14 impact of FPL's proposed programs and goals.

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

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

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

13

14 IV. FEL CDR/CILC RECOMMENDATION

15

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

18 A. Yes. As discussed in my direct testimony, the credit levels for the CILC and
19 CDR programs were set in FPL's 2021 Rate Case Settlement Agreement, which
20 was approved by the Commission in Order Nos. PSC-2021-0446-S-EI, PSC-
21 2021-0446A-S-EI and PSC-2024-0078-FOF-EI. Importantly, Paragraph 4(e)
22 of the FPL 2021 Base Rate Case Settlement provides, in pertinent part, as
23 follows:

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

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

11

12 **V. FEL'S RECOMMENDED ADDITIONS**
13 **TO FPL'S PROPOSED RESIDENTIAL GOALS**

14

15 **Q. FEL witness Marcelin provides recommendations for FPL goals on pages**
16 **22 and 23 of his testimony. Does FPL support FEL's proposed goals?**

17 A. No. The goals proposed by FEL witness Marcelin are not based on an
18 assessment of the technical potential of energy-efficiency measures, any cost-
19 effectiveness analyses, nor any cost, rate, or bill impact analyses as further
20 explained by FPL witness Whitley in his rebuttal testimony. Instead, FEL
21 witness Marcelin's proposed goals are simply based on (i) prorating FPL's Low
22 Income program savings based on the difference in size between TECO and
23 FPL and (ii) reliance on results from a discontinued program as a benchmark
24 for future HVAC program potential. FEL's proposed goals, even if
25 theoretically achievable, would cost FPL customers \$1.1 billion *more* than
26 FPL's proposal and increase the annual ECCR rate impact by approximately
27 66% for all customers, including low-income customers and renters.

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

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

12 A. Yes.

1 (Whereupon, prefiled rebuttal testimony of
2 Andrew W. Whitley was inserted.)

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ATTACHMENT 1

**Florida Power & Light Company
Docket No. 20240012-EG**

**Corrected Rebuttal Testimony of Andrew W. Whitley
Corrected by Second Errata Filed July 12, 2024**

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
FLORIDA POWER & LIGHT COMPANY
CORRECTED REBUTTAL TESTIMONY OF ANDREW W. WHITLEY
DOCKET NO. 20240012-EG
JULY 1, 2024

1 **I. INTRODUCTION**

2

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

4 A. My name is Andrew W. Whitley. My business address is 700 Universe Blvd.,
5 Juno Beach, Florida 33408. I am employed by Florida Power & Light Company
6 (FPL) as Engineering Manager in the Integrated Resource Planning department
7 of FPL's Finance Business Unit.

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

9 A. Yes. I submitted direct testimony and exhibits in support of FPL's proposed
10 2025-2034 Demand Side Management (DSM) Goals on April 2, 2024.

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

12 A. Yes. I am sponsoring Exhibits AWW-18 through AWW-21, which are attached
13 to my testimony:

- 14 • AWW-18 – FEL Plan Analysis: Levelized System Average Electric
15 Rate
- 16 • AWW-19 – FEL Plan Analysis: Comparison of Levelized System
17 Average Electric Rates
- 18 • AWW-20 – FEL Plan Analysis: Additional Cost Needed to be Added to
19 FPL's Proposed Plan to Increase its Levelized System Average Electric
20 Rate to That of FEL Plan Analysis
- 21 • AWW-21 – FEL Plan Analysis: Comparison of the Resource Plans:
22 Projection of System Average Electric Rates and Customer Bills
23 (Assuming 1,000 kWh Usage)

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

2 A. My rebuttal testimony responds to certain parts of the direct testimony of
3 witness MacKenzie D. Marcelin submitted on behalf of Florida Rising,
4 Environmental Coalition of Southwest Florida, and League of United Latin
5 American Citizens (collectively, “FEL”). My testimony addresses the
6 deficiencies in FEL witness Marcelin’s testimony regarding the process for
7 evaluating DSM, both in terms of cost-effectiveness and in how DSM fits into
8 the resource planning process. I also calculate the rate impact of FEL witness
9 Marcelin’s proposed goals for FPL, which shows that – despite claiming to have
10 the goal of lowering energy burdens for FPL’s customers – FEL’s proposals, if
11 adopted, would increase the rates of all FPL’s customers, including low-income
12 customers, renting customers, and customers who cannot participate in DSM
13 programs.

14

15 **II. ISSUES WITH FEL’S PROPOSED GOALS**

16

17 **Q. Did FEL witness Marcelin provide a complete set of proposed goals for**
18 **FPL?**

19 A. No, he did not. Based on a review of the goals set forth on pages 18-23 of his
20 testimony, it appears FEL witness Marcelin is only proposing a set of annual
21 goals for the Residential sector.

22

23

1 **Q. Do these proposed goals for FPL mention or address the Commercial or**
2 **Industrial sectors?**

3 A. No, they do not. However, on page 21 of his testimony, FEL witness Marcelin
4 proposes that the credits for FPL's Commercial/Industrial Load Control (CILC)
5 and Commercial/Industrial Demand Reduction (CDR) programs be reduced at
6 least by half in this proceeding. As explained in the rebuttal testimony of FPL
7 witness Floyd, the CILC and CDR credits cannot be changed or reset until
8 FPL's next general base rate proceeding.

9 **Q. Does FEL witness Marcelin's proposal utilize the cost-effectiveness tests**
10 **required by the Commission?**

11 A. No. Although Rule 25-17.0021(3), Florida Administrative Code, expressly
12 provides that the DSM Goals must be developed under both (i) the Participant
13 and Rate Impact Measure tests and (ii) the Participant and Total Resource Cost
14 tests, there is nothing in the testimony of FEL witness Marcelin indicating that
15 his proposed goals were analyzed with any cost-effectiveness tests, other than
16 noting that FPL's proposed Residential HVAC program passes TRC. Likewise,
17 there is nothing in the workpapers and other supporting documents produced in
18 response to FPL's discovery requests that suggests FEL witness Marcelin
19 undertook any analysis of the cost-effectiveness or rate impacts of his proposed
20 goals. Rather, it appears that the goals proposed by FEL witness Marcelin are
21 based on simple extrapolations of various FPL programs and scaling them up
22 by various extraneous factors, such as comparison to other Florida utilities,

1 without any consideration or evaluation of cost-effectiveness, achievability, or
2 rate impacts.

3 **Q. Does FEL witness Marcelin’s proposal utilize FPL’s most recent planning**
4 **process?**

5 A. No, it does not. FEL witness Marcelin does not attempt to reconcile his
6 proposal with FPL’s resource plan, nor does he attempt to show how his
7 proposals will impact FPL’s resource plan.

8 **Q. On pages 14-15 of his direct testimony, FEL witness Marcelin expresses his**
9 **opinion on the use of the two-year payback screening criteria. Do you have**
10 **a response?**

11 A. Yes. It appears that FEL witness Marcelin is opposed to using any years-to-
12 payback screening criteria to develop DSM Goals. However, Rule 25-
13 17.0021(3) expressly provides each utility’s goal projections must consider,
14 among other things, “free riders.” As explained in my direct testimony, the
15 purpose of the years-to-payback test is to address the “free rider” consideration
16 required by the Rule. FPL witness Floyd further addresses why use of the two-
17 year payback screening criterion is appropriate for the development of FPL’s
18 proposed DSM Goals.

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III. RATE IMPACT OF FEL’S PROPOSED GOALS

Q. Does FEL witness Marcelin offer any analysis of the projected rate and bill impacts of his proposed goals for FPL?

A. No.

Q. Did FPL conduct an analysis of the projected rate and bill impacts of FEL witness Marcelin’s proposed goals?

A. Yes.

Q. How was this analysis conducted?

A. For purposes of this analysis, FPL assumed that FPL’s proposed 2025-2034 DSM Goals for Commercial and Industrial segments would remain the same given that FEL witness Marcelin did not propose any specific goals for these segments. FPL began with the Levelized System Average Electric Rate calculation for its TRC Resource Plan¹ that was previously presented in my direct testimony in Exhibit AWW-11. The following modifications to this spreadsheet were then made to approximate the effects of FEL’s proposed increase in the Residential goals.

- Assuming no changes were made to the Commercial and Industrial segments of the FPL Proposed Resource Plan, I added FEL witness Marcelin’s proposed increase to Residential goals to derive reduced

¹ FPL used its TRC Resource Plan as a basis for these calculations because it has the largest amount of DSM demand and energy.

1 annual total sales projections in line with the GWh goal. This
2 appears in Column (8a) of Exhibit AWW-18.

- 3 • Because FEL witness Marcelin's proposed increase to the
4 Residential goals would reduce projected variable costs, the same
5 annual modifiers were multiplied by the previously projected
6 variable costs to derive reduced annual variable costs. This is shown
7 in Column (2) of Exhibit AWW-18.
- 8 • In order to achieve this increase in GWh reduction associated with
9 FEL witness Marcelin's proposed Residential goals, projected DSM
10 expenditures would have to increase. The GWh associated with
11 FEL's proposed DSM Goals are, in total, roughly 1.5 times the GWh
12 associated with FPL's TRC Resource Plan. FPL assumed that the
13 currently-projected DSM program costs for the TRC Resource Plan
14 would increase by this same factor.² This is shown in Column (3)
15 of Exhibit AWW-18.

16 FPL then produced a Levelized System Average Electric Rate based on these
17 assumptions and compared this rate to the levelized rates and bill impacts of the
18 four resource plans originally presented in my direct testimony (*i.e.*, Supply
19 Only Plan, RIM Resource Plan, TRC Resource Plan, and FPL Proposed
20 Resource Plan).

² This assumption is very conservative because this only leads to a modest increase in the administrative and incentive costs over the TRC Resource Plan. The rebuttal testimony of FPL witness Floyd provides more detail about the high DSM program costs that would result from goals at FEL's recommended levels.

1 **Q. What were the results of this analysis?**

2 A. These results are presented in Exhibits AWW-18 through AWW-21. Exhibit
3 AWW-18 shows that FEL witness Marcelin's proposed increase to Residential
4 goals results in a Levelized System Average Electric Rate of 14.9345
5 cents/kWh.

6 **Q. How does this compare to the Levelized System Average Electric Rates of**
7 **the four resource plans presented in your direct testimony?**

8 A. Exhibit AWW-19, which is an expanded version of Exhibit AWW-12 from my
9 direct testimony, shows this comparison. The levelized rate for FEL's proposal
10 appears on the last row and is larger than the levelized rate for all four of the
11 resource plans presented in my direct testimony. To provide some context for
12 the rate impact of FEL's proposed goals, Exhibit AWW-20 shows the one-time
13 cost that would need to be added in 2034 in order to make the Levelized System
14 Average Electric Rate of the FPL Proposed Resource Plan equivalent to the
15 Levelized System Average Electric Rate of FEL's plan (*i.e.*, the cost differential
16 between the FPL Proposed and FEL plans by year 2034). This exhibit shows
17 in Column (5) that on a levelized system average electric rate basis roughly \$3.6
18 billion dollars would need to be added in 2034 to equalize the rates of these two
19 plans.

20 **Q. What effect does FEL's recommendation have on annual rates and bill**
21 **impact for customers?**

22 A. This effect is shown in Exhibits AWW-20 and AWW-21. For the period of
23 2025-2034, FEL's plan is expected to increase the cost to a non-participating

1 residential customer using 1,000 kWh per month by almost \$129 over ten years
2 when compared to the Supply Only Resource Plan. For reference, over the
3 same period, the FPL Proposed Resource Plan will only increase the costs to
4 the same non-participating customer using 1,000 kWh per month by \$51 over
5 the same ten-year period. As compared to the FPL Proposed Resource Plan,
6 FEL's plan (through 2034) would cost the same non-participating customer
7 using 1,000 kWh per month approximately \$78 more over the ten-year period
8 than a plan based on FPL's proposed DSM Goals.

9

10 IV. CONCLUSION

11

12 **Q. Please summarize the main concerns you have with FEL witness**
13 **Marcelin's testimony.**

14 **A.** My primary concerns with FEL witness Marcelin's testimony can be
15 summarized as follows:

- 16 - FEL witness Marcelin completely disregards the Commission's
17 requirement that the DSM Goals be developed using prescribed cost-
18 effectiveness tests;
- 19 - FEL witness Marcelin's proposals lack any technical analysis or support
20 and, instead, simply scale FPL's Goals to arbitrary values as further
21 addressed by FPL witness Floyd; and
- 22 - Although he devotes several pages of his testimony to the affordability
23 of electric bills in Florida, FEL witness Marcelin completely disregards

1 that his proposal would result in significant rate impacts to all of FPL's
2 customers, including low-income customers, renters, and customers
3 who are unable to participate in DSM programs.

4 For these reasons, I recommend that the Commission reject the entirely
5 unsupported Residential-only goals recommended by FEL witness Marcelin.

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

7 A. Yes.

1 (Whereupon, prefiled rebuttal testimony of
2 Mark R. Roche was inserted.)

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20240014-EG
IN RE: COMMISSION REVIEW OF
NUMERIC CONSERVATION GOALS
TAMPA ELECTRIC COMPANY

REBUTTAL TESTIMONY

OF

MARK R. ROCHE

ON BEHALF OF TAMPA ELECTRIC COMPANY

FILED: JULY 1, 2024

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **REBUTTAL TESTIMONY**

3 **OF**

4 **MARK R. ROCHE**

5 **ON BEHALF OF TAMPA ELECTRIC COMPANY**

6
7 **INTRODUCTION**

8 **Q.** Please state your name, address, occupation and employer.

9
10 **A.** My name is Mark R. Roche. My business address is 219
11 Lithia Pinecrest Road, Brandon, Florida, 33511. I am
12 employed by Alternative Energy Applications ("AEA") as
13 Vice President of North America Customer Energy
14 Efficiency Solutions. In this proceeding, I am a
15 consultant supporting Tampa Electric Company ("Tampa
16 Electric" or the "company").

17
18 **Q.** Are you the same Mark R. Roche who filed direct testimony
19 in this proceeding?

20
21 **A.** Yes.

22
23 **Q.** What are the purposes of your rebuttal testimony in this
24 proceeding?

1 **A.** The purposes of my rebuttal testimony is to address the
2 deficiencies and misconceptions in the direct testimony
3 of Mackenzie D. Marcelin, who is testifying on behalf of
4 Florida Rising, League of United Latin American Citizens
5 ("LULAC"), and Environmental Confederation of Southwest
6 Florida ("ECOSWF").

7
8 **Q.** Do you have any general comments regarding the overall
9 direct testimony of Mackenzie D. Marcelin?

10
11 **A.** Yes. The testimony of Mr. Marcelin criticizes the amount
12 of energy efficiency achieved in Florida and recommends
13 increasing the number of projected participants in
14 several of Tampa Electric's proposed Demand Side
15 Management ("DSM") programs. In addition, Mr. Marcelin's
16 testimony reveals that he does not fully understand how
17 benefits are derived from DSM programs, such as load
18 management or demand response programs, including how DSM
19 programs are funded through the Energy Conservation Cost
20 Recovery ("ECCR") clause.

21
22 Mr. Marcelin's criticism and recommendations principally
23 rely on conclusions from using select conclusory reports
24 and select historical reports from the company. These
25 recommendations are not based on a full understanding of

1 the underlying reasons and basis for the company's
2 proposed participation levels that were used to develop
3 Tampa Electric's proposed DSM goals and programs for the
4 2025-2034 period. Mr. Marcelin's recommendations are also
5 provided without any consideration of the additional
6 costs that Tampa Electric's customers would pay.

7
8 Despite Mr. Marcelin's criticisms, Florida has been very
9 successful in achieving significant demand and energy
10 savings over time while keeping electric rates lower than
11 the national average.

12
13 Mr. Marcelin minimizes the nearly 40 years of successful
14 delivery of conservation and energy efficiency programs
15 by Tampa Electric and other select FEECA utilities to
16 their customers. Enacted in 1980 and amended since that
17 time, FEECA required the affected utilities to offer
18 efficiency programs to customers to help reduce those
19 customers' demand and energy in order to meet the three
20 main original objectives of FEECA: 1) reduce the growth
21 rates for electricity demand at peak times, 2) reduce the
22 consumption of electricity, and 3) conserve expensive
23 resources.

24
25 To achieve these objectives, the Commission has

1 consistently required aggressive goals and at the same
2 time has strived to be mindful of the rate impacts that
3 conservation programs have on customers. Tampa Electric
4 has been a consistent contributor to the overall success
5 of Florida's energy conservation efforts over the last
6 forty-plus years.

7
8 **Q.** Have you prepared any exhibits in support of your
9 rebuttal testimony?

10
11 **A.** Yes. I have prepared an exhibit entitled, "Exhibit of
12 Mark R. Roche", which is identified as Exhibit No. MRR-2.
13 It consists of one (1) 1 document titled "Additional Cost
14 Impacts of Mr. Marcelin's Recommendations" which contains
15 the additional costs, over the 2025 through 2034 period,
16 that would be incurred by Tampa Electric's customers if
17 the recommendations proposed by Mr. Marcelin were
18 approved by the Commission.

19
20 **REBUTTAL TO DIRECT TESTIMONY OF MACKENZIE MARCELIN**

21 **Q.** On Page 5, Line 20, Mr. Marcelin asserts that Florida has
22 the fourth highest electricity bills in the nation. Do
23 you agree with this statement?

24
25 **A.** I think this statement presents a faulty comparison. In

1 Florida, customers use electricity to provide air
2 conditioning (cooling) in their homes, and most homes
3 also use electricity to heat their homes during the
4 winter months. Using the electricity bill as a comparison
5 tool fails to recognize that customers in northern states
6 (like Connecticut and New Hampshire) use other fuels such
7 as heating oil, natural gas, and propane to heat their
8 homes during the winter.

9
10 **Q.** On Page 6, Lines 12 through 19, Mr. Marcelin points to
11 the United States Energy Information Administration's
12 ("EIA") data showing Florida's average electricity bills
13 have increased from \$129.86 to \$167.76 to argue that
14 Florida customers have high electricity bills compared to
15 other states. Do you agree with how he uses this
16 information?

17
18 **A.** No, I think it is improper and misleading to only look at
19 average total bills and not electricity rates. As I
20 mentioned above, customers in northern states like
21 Connecticut and New Hampshire may also use other fuels
22 for winter heating, so comparing total electricity bills
23 between Florida and those states is not an apples-to-
24 apples comparison. I think it is also important to
25 compare electricity rates between states. In fact, the

1 United States EIA data shows that for electric prices in
2 kilowatt-hours ("kWh") from 2012 through 2022, Florida's
3 electricity price per kWh has increased 21.72 percent,
4 while at the same time electricity prices in Connecticut
5 and New Hampshire over the same ten-year period increased
6 41.92 percent and 58.43 percent respectively.

7
8 **Q.** On Page 7, Line 11, Mr. Marcelin discusses the importance
9 of comparing Florida with other states. Do you agree with
10 this discussion?

11
12 **A.** I do agree that showing relative comparisons to other
13 states could be helpful, but as I explained above it is
14 important to use the full context for comparison, not
15 just those portions that may support one's position.

16
17 **Q.** On Page 7, Line 12, Mr. Marcelin states that the factors
18 driving Florida's electric bills higher, such as higher
19 fuel costs or hotter summers, are not impacting other
20 states in the same way. Do you agree with this statement?

21
22 **A.** No. Many of Florida's neighboring states and utilities in
23 farther away states are in fact impacted by many of the
24 same drivers that drove electric bills to be higher in
25 the recent past. For example, during 2022, the price of

1 natural gas experienced much more volatility than prior
2 years due to the supply and demand of the fuel. This
3 volatility in price was seen by most utilities across the
4 United States that use natural gas for generation.

5
6 **Q.** On Page 7, line 17, Mr. Marcelin states that the last
7 time the Florida Public Service Commission ("Commission")
8 set energy efficiency goals was in 2014. Do you agree
9 with this statement?

10
11 **A.** No. Tampa Electric filed proposed DSM goals in 2019 for
12 consideration by the Commission. For these proposed DSM
13 goals, Tampa Electric recommended the Commission to
14 continue to use the Rate Impact Measure ("RIM") Test,
15 coupled with the Participant Cost Test ("PCT") as the
16 primary method for setting goals. In the establishment of
17 DSM goals, the Commission considered the proposed DSM
18 goals and chose to continue the DSM goal amounts that
19 were approved in 2014. It is important to note that the
20 DSM goals the company proposed in 2019 were higher than
21 the DSM goals that were established for the 2020 through
22 2024 period.

23
24 **Q.** On Page 7, Line 21, through Page 8, Line 3, Mr. Marcelin
25 states that the energy efficiency goals set in 2014 were

1 not successful. Do you agree with this statement?

2

3 **A.** No. Mr. Marcelin is confused about the purpose of
4 offering DSM programs and goals and how to determine if
5 they are successful. In his first sentence, Mr. Marcelin
6 states that the reason the DSM goals are unsuccessful is
7 that electric bills have continued to rise. Electric bill
8 amounts are not a metric for determining if DSM programs
9 are successful. Electric bills are also impacted by many
10 other factors in addition to DSM participation, such as
11 weather and fuel prices, among others. The company has
12 been very successful over the last ten-year period by
13 offering many DSM programs in which customers can
14 participate in. The company has also had significant
15 participation in those programs, which is shown by the
16 company's achievement of the annual DSM goals that were
17 approved by the Commission.

18

19 **Q.** On Page 8, Lines 4 through 9, Mr. Marcelin states that
20 the Florida electric rate shown by the EIA is now in the
21 top-22 of states in the nation for electricity rates. Do
22 you agree with this statement and if so, does it apply to
23 Tampa Electric?

24

25 **A.** First, on the EIA report Mr. Marcelin is referring to,

1 there is no need to calculate the average electricity
2 retail price since it is provided as a column on the
3 report. This column shows that Florida is ranked 29th,
4 with an average electricity retail rate of 13.90 cents
5 per kWh, while the average for the United States is 15.04
6 cents per kWh. On January 1, 2022, the average electric
7 residential rate for Tampa Electric was 10.02 cents per
8 kWh, or 27.9 percent lower than the Florida average and
9 33.4 percent lower than the United States average.

10
11 **Q.** On Page 8, Lines 10 through 23, Mr. Marcelin states that
12 Tampa Electric has some of the highest bills in the
13 nation. Do you agree with this statement?

14
15 **A.** No, I do not agree with this statement. Mr. Marcelin also
16 leaves out important context from the company's responses
17 to Florida Rising and LULAC's Requests for Admission in
18 Docket No. 20240026-EI. There, the company denied that
19 this calculation performed by Mr. Marcelin provides a
20 meaningful approximation of an "average residential
21 monthly bill" because the company has multiple rate
22 schedules available to residential customers, meaning
23 that even customers with relatively similar levels of
24 electricity usage may have different bills. The company
25 also denied that this calculation provides a relevant

1 approximation of a current or future "average residential
2 monthly bill" because the calculation uses 2023 data,
3 which does not reflect current or proposed rates. Also,
4 it would be inappropriate to use this 2023 value as a
5 metric for comparison due to the residential electricity
6 rates not being the same throughout the year. In the
7 beginning of 2023, the typical residential electric bill
8 based upon 1,000 kWh of usage was \$146.72. In April of
9 2023, the company received approval for a mid-course
10 correction for fuel costs in addition to receiving
11 Commission approval of storm restoration costs, which
12 combined to increase the 1,000 kWh residential electric
13 bill to \$161.13. At the beginning of 2024, lower fuel
14 costs translated into a 1,000 kWh residential electric
15 bill of \$136.44.

16
17 **Q.** On Page 9, Line 16, through Page 10, Line 2, Mr. Marcelin
18 takes issue with presenting the data in Florida based
19 upon 1,000 kWh. Do you agree with his position?

20
21 **A.** No, I disagree with this position. The Commission asks
22 utilities to present data using both 1,000 kWh and 1,200
23 kWh for the purposes of developing DSM goals, DSM
24 programs, and eventually DSM Plans. The 1,200 kWh value
25 is historically higher, in Tampa Electric's case, than an

1 average residential customer's average monthly
2 electricity usage. Even if the 1,000 kWh amount was the
3 only one used, the company believes that value, or
4 reference point, would be sufficient. This is because the
5 projected bill impact is only one of the many pieces of
6 information that is evaluated by the Commission for their
7 decisions.

8
9 **Q.** On Page 10, Lines 3 through 10, Mr. Marcelin argues that
10 using the 1,000 kWh threshold makes energy efficiency
11 look more costly. Do you agree with this statement?

12
13 **A.** No, I do not agree with this statement. This statement
14 completely ignores why DSM activities are done in Florida
15 and the tenets of FEECA. Utilities in Florida perform
16 cost-effective DSM activities which ensures there are
17 more benefits received by customers than the cost to
18 perform those activities. These benefits are realized
19 through the deferral or elimination of power plants and
20 transmission and distribution lines.

21
22 **Q.** On Page 10, Lines 11 through 20, Mr. Marcelin states that
23 Florida's performance in Energy Efficiency is some of the
24 worst in the nation. Do you agree with this statement?

25

1 **A.** No, I disagree with this statement. One of the main
2 purposes of FEECA is to avoid the weather sensitive peak,
3 which in turn avoids construction of more power plants.
4 Mr. Marcelin focuses only on energy savings (kWh) with no
5 recognition of the importance of saving summer and winter
6 demand. In addition, Mr. Marcelin fails to recognize that
7 Florida has been successfully performing cost-effective
8 DSM for over four decades. As of the end of 2023, Tampa
9 Electric has achieved 1,950.1 gigawatt-hours ("GWh") of
10 cumulative avoided annual energy and cumulative summer
11 and winter demand savings of 835.4 megawatts ("MW") and
12 1,349.8 MW, respectively.

13
14 **Q.** On Page 12, Lines 19 through 23, Mr. Marcelin states that
15 customers in Florida use and pay for more electricity
16 than they would otherwise need, and then states even the
17 limited energy efficiency program that are offered to
18 customers have not been fairly distributed. Do you agree
19 with these statements?

20
21 **A.** No, I do not. First, as I have proven above, Floridians
22 pay less for electricity than most of the United States
23 as compared to the average retail price per kWh, and
24 certainly significantly less than those states with the
25 highest average retail price. Second, Tampa Electric

1 historically has offered, and is proposing to offer in
2 this proceeding, many DSM programs across all customer
3 sectors so that all customers are able to participate in
4 at least some of these programs.

5
6 **Q.** On Page 13, Lines 10 through 14, Mr. Marcelin argues that
7 most energy efficiency savings go to the commercial and
8 industrial classes and that residential customers pay
9 more into the programs through the energy conservation
10 cost recovery clause, but businesses get most of the
11 benefits. Do you agree with this statement?

12
13 **A.** No. While Mr. Marcelin does not specify whether he
14 believes this is the case for Tampa Electric, I disagree
15 with the premise of the statement. When a customer
16 participates in one of the company's DSM programs, all
17 customers receive the benefits of avoided generation,
18 avoided transmission, avoided distribution, and any net
19 fuel benefits from that single customer participating.
20 One group of the remaining customers does not receive
21 more or less benefits from those benefits that are
22 created by the participant. This is especially true if
23 the RIM test is used as the primary test, since any
24 program or portfolio that is cost-effective under that
25 test provides more benefits to all customers than they

1 would otherwise receive in the absence of the DSM
2 program.

3
4 **Q.** On Page 13, Lines 15 through 19, Mr. Marcelin makes a
5 statement that, as discussed later, most energy
6 efficiency funding goes to bill credits for big
7 commercial and industrial customers for participating in
8 interruptible or curtailable programs - even though those
9 customers are not actually interrupted or curtailed. Do
10 you agree with this statement?

11
12 **A.** I agree partially with this statement. I do agree that
13 the company's load management and demand response program
14 monthly credits make up a large portion of the company's
15 overall ECCR expense. I disagree, however, that these
16 participating customers are never interrupted or
17 curtailed. If participants do not have their loads
18 controlled in a given year, these load management and
19 demand response DSM programs are still very cost
20 effective to offer. The monthly credits received by
21 customers in these programs are recognized by entering
22 them into the company's cost-effectiveness model as
23 recurring credits. Furthermore, participating customers'
24 load is not included in the forecasted load in the
25 company's resource plan because these customers could be

1 interrupted. Because their load is not included in the
2 company's resource plan, it means that the company does
3 not have to plan for this load, and it saves all
4 customers money due to not having to potentially build
5 another generator.

6
7 In addition, as I stated in my direct testimony, "In the
8 settlement that resolved Tampa Electric's 2021 base rate
9 case, the company agreed to increase the amount of credit
10 per kW to participating customers. Tampa Electric agreed
11 that the level of these credits would remain in effect
12 even after the 2021 settlement expires unless they are
13 changed by a future settlement agreement or Commission
14 order in the company's next base rate case." This
15 statement reflects Commission Order No. PSC-2021-0423-S-
16 EI that approved these credit adjustments and their
17 ability to be adjusted when the settlement agreement
18 expires.

19
20 **Q.** On Page 13, Line 25 through Page 14, Line 3, Mr. Marcelin
21 states that all FEECA utilities seem to recognize the
22 importance of meeting the needs of low-income Floridians
23 and renters and argues that the utilities did not apply
24 the RIM test and two-year payback screen to low-income
25 programs because the utilities recognize that these tests

1 "don't work for actual utility programs." Do you agree
2 with his assessment?

3
4 **A.** No. I agree that Tampa Electric has always recognized
5 that DSM programs need to be designed so that all
6 customers can participate. The statement made by Mr.
7 Marcelin, however, implies that in this proceeding there
8 has been a change in how the company has viewed it from
9 the past, which is incorrect. Tampa Electric's proposed
10 portfolio of programs is based upon the RIM test and the
11 two-year payback screen, and this same methodology has
12 worked very successfully for the company in the past, as
13 well as for this proceeding. For low-income customers,
14 the company includes low-income DSM programs that do not
15 pass cost-effectiveness in each of the filed portfolios
16 in the recommendations and encourages the Commission to
17 allow those programs to be approved as they have done in
18 the past.

19
20 **Q.** On Page 14, Line 18 through Page 15, Line 9, Mr. Marcelin
21 describes why he does not approve of the two-year simple
22 payback, including rejecting the phrasing and
23 characterization of customers utilizing energy efficiency
24 measures as free riders because the cost of the energy
25 efficiency measures is paid by customers through the

1 ECCR. Do you agree with these statements?
2

3 **A.** No, I disagree with these statements. These statements
4 make it seem as if Mr. Marcelin does not recognize that
5 it is a requirement to consider free riders as per Rule
6 25-17.0021, Florida Administrative Code ("F.A.C.") in the
7 development of DSM goals and that it is applied across
8 all measures for all customers segments (residential,
9 commercial, and industrial). In addition, the free rider
10 screen is not meant as a tool to eliminate measures for
11 low-income customers as Mr. Marcelin describes.
12

13 **Q.** On Page 15, Lines 8 and 9, Mr. Marcelin describes that
14 all non-low-income energy efficiency programs require
15 customers to pay to access the programs. Is this
16 statement accurate for Tampa Electric?
17

18 **A.** No, this statement is not accurate, Tampa Electric has no
19 access fees or registration fees charged to participate
20 in any of the company's DSM programs. The company does
21 have two paid energy audit programs in which the customer
22 is charged a nominal fee (\$15 for residential, \$75 for
23 commercial/industrial) to receive a comprehensive
24 analysis for their home or commercial/industrial
25 facility.

1 **Q.** On Page 30, Lines 14 through 24, Mr. Marcelin recommends
2 that the company should increase the projected
3 participation in the company's proposed Residential Duct
4 Repair program based on historic participation levels. Do
5 you agree with the recommendations?
6

7 **A.** No. Projected participation in this program should not be
8 based solely on historic participation but should also be
9 based on saturation levels and changes in building codes.
10 Tampa Electric considered these factors in designing the
11 program. First, saturation levels reduce the number of
12 potential participants. Between the inception of this
13 program and the end of 2023, there have been 104,726
14 participants in the program. Second, this program was
15 affected by a building code change that occurred as of
16 March 15, 2012. Homes that are constructed and receive a
17 certificate of occupancy on or after that date require
18 the duct system to be sealed which makes any homes
19 constructed after this date ineligible for the program.
20 This building code also applies to all homes where the
21 heating, ventilation, and air conditioning ("HVAC")
22 system is replaced, which also lowers the available
23 population for participation in this DSM program as duct
24 systems in older homes are sealed. Mr. Marcelin's
25 proposed level of 1,350 participants is not achievable

1 based on these trends. However, participation still may
2 be increased. Over the past four years, with the rebate
3 level set to \$135 per air distribution system, the
4 company has gained on average 313 participants (low of
5 251 to a high of 420). With the new recommended rebate
6 level of \$270, the company projected 450 participants per
7 year.

8
9 **Q.** On Page 32, Lines 12 through 21, Mr. Marcelin recommends
10 doubling the projected participants in the company's
11 Energy and Renewable Education, Awareness and Outreach
12 program. Do you agree with this recommendation?

13
14 **A.** No. I do not support doubling the number of projected
15 participants just because Mr. Marcelin says it is
16 "doable." Tampa Electric has always supported energy and
17 renewable education and fully supports this program. The
18 projected 1,750 program participants only reflect the
19 number of energy efficiency kits that are provided to
20 qualifying customers through this program. This number
21 does not reflect all the other activities that are
22 performed in this program such as:

- 23 • Energy efficiency presentations at schools.
- 24 • Electric vehicle education.
- 25 • Energy efficiency presentations to civic

1 organizations.

- 2 • Generating customer assisted energy audits.

3

4 In the prior DSM Plan proceeding in 2020, the company
5 projected to provide 750 energy efficiency kits. In the
6 settlement that resolved Tampa Electric's 2021 base rate
7 case, the company agreed to increase the number of energy
8 efficiency kits provided to qualifying customers each
9 year to a level of 1,750 (an increase of 133 percent).
10 Tampa Electric is proposing to maintain this higher level
11 of energy efficiency kits being provided each year.

12

13 **Q.** On Page 34, Lines 12 through 16, Mr. Marcelin recommends
14 increasing the projected participation in the ENERGY STAR
15 new multi-family DSM program to 900 per year. Do you
16 agree with this recommendation?

17

18 **A.** No. I do not agree with this recommendation because it is
19 based solely on Mr. Marcelin's opinion and not on any
20 factual basis. Tampa Electric projected 300 units once
21 every three years, recognizing that participants in this
22 program are really governed by the builders of new multi-
23 family developments/residences. The company has met with
24 builders to educate them on the many benefits of building
25 to the ENERGY STAR level and to encourage them to do so.

1 Since the inception of this program in 2017, one
2 development in 2019 received the ENERGY STAR
3 certification which contained 264 units. The company is
4 being very reasonable, and even optimistic, in projecting
5 a participation level of 300 units once every three years
6 and clearly does not recommend incorporating any
7 additional units over this amount because any additional
8 DSM goals amounts would need to be obtained from other
9 DSM programs if these units are not constructed.

10
11 **Q.** On Page 35, Line 21 through Page 36, Line 5, Mr. Marcelin
12 recommends increasing the number of projected
13 participants in the company's heating and cooling
14 program. Do you agree with this recommendation?

15
16 **A.** No, I do not agree with the recommendation. Mr.
17 Marcelin's testimony offers no factual basis for this
18 proposed increase. In this proceeding, the company is
19 proposing the heating and cooling program to operate with
20 two tiers (1 and 2). In Tier 1, the company proposes
21 lowering the current rebate level of \$135 to \$40, so
22 tripling the number of projected participants does not
23 make logical sense. For Tier 2, the company projects
24 1,000 participants per year based upon the proposed
25 rebate amount of \$550.

1 While Mr. Marcelin offers no data to support his
2 recommended participation level, the company's proposed
3 participation level is based on actual recent
4 participation in this program. Between 2020 and 2023, the
5 company has seen a 53 percent drop in participation in
6 this program. The company believes the decrease in
7 participation in this program in recent years is due to
8 two contributing factors. The first factor is the change
9 in building code requirements, which changed the minimum
10 base efficiency from a SEER rating level of 14 to the new
11 requirement of a SEER 15. This increase of efficiency
12 changed the minimum required to participate in the
13 company's program due to the requirement of the program
14 to exceed the minimum level by at least one SEER level
15 (i.e. - increased from a minimum 15 SEER to now a 16 SEER
16 level). This increased SEER level has a higher
17 incremental cost than the prior SEER level, which the
18 company believes is contributing to this decline in
19 participation. The second factor the company believes is
20 causing the decrease in participation is due to the
21 increased cost of everyday goods (groceries, gasoline,
22 etc.) which the company believes causes customers to
23 focus more on the initial cost of the equipment, than the
24 efficiency of the unit when an HVAC unit is replaced. In
25 addition, there has not been a change in the company's

1 marketing or outreach efforts for this program. Based on
2 these recent trends, it would be inappropriate to project
3 more participants for this program.

4
5 **Q.** On Page 38, Line 23 through Page 39, Line 12, Mr.
6 Marcelin recommends increasing the projected
7 participation in the company's Neighborhood
8 Weatherization program to 10,000 per year. Do you agree
9 with this recommendation?

10
11 **A.** No, I do not agree with this recommendation. Mr. Marcelin
12 offers no factual basis for his opinion that increased
13 participation is achievable. Just as with the company's
14 Energy and Renewable Education, Awareness and Agency
15 Outreach program, Tampa Electric has always fully
16 supported Neighborhood Weatherization and projected 7,500
17 program participants in all three portfolios that were
18 filed in this proceeding. In the prior DSM Plan
19 proceeding in 2020, the company projected 6,500
20 Neighborhood Weatherization participants. In the
21 settlement that resolved Tampa Electric's 2021 base rate
22 case, the company agreed to increase the number of
23 Neighborhood Weatherization participants each year to
24 7,500. Tampa Electric is proposing to maintain this
25 higher level of weatherization being provided each year.

1 It is also important to note that in 2020 the Commission
2 approved the company's request to add the performance of
3 a walk-through energy audit to homes participating in
4 this program. Tampa Electric proposes to continue this in
5 the company's proposed goals and programs in this
6 proceeding.

7
8 **Q.** On Page 40, Line 23 and 24, Mr. Marcelin summarized
9 recommended DSM goals for Tampa Electric. Do you support
10 any of these recommended changes to the company's filed
11 proposed DSM goals and programs?

12
13 **A.** No. I do not support any of Mr. Marcelin's recommended
14 changes to the company's proposed DSM goals or DSM
15 programs for the reasons I have explained above.

16
17 **Q.** On Page 42, Lines 10 through 20, Mr. Marcelin recommends
18 cutting monthly credits to load management and demand
19 response participants by at least three quarters, if not
20 eliminating them entirely. Do you agree with this
21 recommendation?

22
23 **A.** No, I do not agree with this recommendation. Mr. Marcelin
24 does not fully understand how benefits are derived from
25 these load management and demand response programs. These

1 load management and demand response programs all pass the
2 RIM test, meaning these programs provide benefits to all
3 rate payers because these installations will place
4 downward pressure on rates for all of the company's
5 customers, regardless of their energy usage on a monthly
6 basis. In this proceeding, the cost-effectiveness scores
7 went up for all of these load management and demand
8 response programs. As I explained above, the monthly
9 credits received by customers in these programs are
10 recognized by entering them into the company's cost-
11 effectiveness model as recurring credits. The company
12 chose to maintain the credit levels at their current
13 level because they are effective at attracting
14 participants to the program while retaining participants
15 on the programs. As I also explained above, by having
16 these customers on these programs, the company does not
17 plan for their load in the company's resource plan
18 because these customers could be interrupted. Because
19 their load is not included in the company's resource
20 plan, it means that the company does not have to plan for
21 this load, and it saves all customers money due to not
22 having to potentially build another generator.

23
24 **Q.** In your general comments above, you stated that Mr.
25 Marcelin's recommendations are provided without any

1 consideration of the additional costs that Tampa
2 Electric's customers would pay. If Mr. Marcelin's
3 recommendations were approved, how much additional costs
4 would Tampa Electric customers pay through the ECCR over
5 the 2025 through 2034 period.

6
7 **A.** First, I would re-emphasize the points that I have
8 discussed above that none of Mr. Marcelin's
9 recommendations should be approved. If the
10 recommendations were approved, it would increase the
11 costs over the 2025 through 2034 period by \$42.8 million
12 dollars as detailed in my Exhibit No. MRR-2, Document No.
13 1.

14
15 **Q.** Does this conclude your rebuttal testimony?

16
17 **A.** Yes.
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1 (Whereupon, prefiled rebuttal testimony of
2 Brian Pippin was inserted.)

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **REBUTTAL TESTIMONY OF BRIAN PIPPIN**

3 **ON BEHALF OF**

4 **JEA**

5 **DOCKET NO. 20240016-EG**

6 **JULY 1, 2024**

7
8 **Q. Please state your name and business address.**

9 A. My name is Brian Pippin. My business address is 225 N. Pearl St., Jacksonville,
10 Florida, 32202.

11
12 **Q. Have you previously submitted direct testimony in this proceeding?**

13 A. Yes.

14
15 **Q. What is the purpose of your rebuttal testimony?**

16 A. The purpose of my testimony is to rebut the assertion of Florida Rising witness,
17 MacKenzie D. Marcelin, that the Commission should order JEA to expand its
18 Neighborhood Energy Efficiency (NEE) Program by 5-fold.

19
20 **Q. Are you sponsoring any exhibits to your rebuttal testimony?**

21 A. Yes. Exhibit No. __ [BP-9] summarizes the peak demand and energy reductions
22 achieved through the NEE Program since 2010.

1 **Q. Please describe JEA’s Neighborhood Energy Efficiency Program.**

2 A. The NEE Program is available to assist income-qualified customers in making
3 energy and water efficiency upgrades in their homes. These customers live on low
4 or fixed incomes in disadvantaged neighborhoods as designated by the U.S. Census
5 Bureau as having 50 percent or more of the residents living at or below 150 percent
6 of the Federal Poverty guidelines.

7
8 The NEE Program provides the installation of up to 15 electric and water
9 conservation measures as well as an energy education package of printed material
10 including savings tips and energy consultation/education. We also discuss
11 additional JEA resources and other community conservation programs, such as the
12 Community Action Agency's (CAA) Weatherization Assistance Program (WAP),
13 providing referrals where appropriate. Importantly, there is no cost to customers
14 who participate in the NEE Program, as JEA covers all equipment, installation, and
15 administrative costs under the program.

16
17 In addition, JEA looks within these homes for those in need of attic insulation. JEA
18 offers an additional service whereby we provide blown-in attic insulation to bring
19 the home's insulation value up to an R38-value in accordance with U.S. Department
20 of Energy WAP standards at no cost to the customer.

21
22 **Q. Has JEA calculated the energy savings associated with the NEE Program?**

23
24
25

1 A. Yes. Since 2010, the NEE Program has resulted in peak demand reductions of
2 approximately 8,000 kW (summer) and approximately 7,000 kW (winter), with
3 energy reductions of more than 17,000,000 kWh.
4

5 **Q. How did JEA calculate the peak demand and energy reductions resulting from**
6 **the NEE Program?**

7 A. The peak demand and energy reductions were calculated based on the summer kW,
8 winter kW, and overall kWh reductions at the meter for the NEE Program since
9 2010 as detailed in JEA's annual reports on Demand-Side Management Plans. This
10 information is summarized in the attached Exhibit No. __ [BP-9].
11

12 **Q. Is Mr. Marcelin's proposal that the Commission order JEA to expand its NEE**
13 **Program by 5-fold appropriate?**

14 A. No. Mr. Marcelin's proposed 5-fold increase is an arbitrary figure that is not
15 supported by any analysis of achievability or cost-effectiveness as required by
16 Commission rules. However, we do know from the analyses performed by Resource
17 Innovations that residential conservation measures of the type included in JEA's
18 NEE Program do not pass the Rate Impact Measure (RIM) test, and the NEE
19 Program as a whole does not pass the RIM test, meaning that the NEE Program puts
20 upward pressure (i.e., increases) JEA's rates to its customer.
21

22 In prior proceedings, the Commission has recognized that it is appropriate to set
23 goals for municipal utilities based on RIM, but to defer to the municipal utilities'
24 governing bodies to determine the level of investment in any measures that do not

1 pass RIM. As the Commission recently stated in Order No. PSC-2020-0200-PAA-
2 EG, p.5 (June 24, 2020):

3 For municipal utilities such as JEA, local decisions fall within the
4 jurisdiction of JEA's governing body regarding the investment in
5 energy efficiency that best suits local needs and values.
6 Accordingly, as we have recognized in prior proceedings, it is
7 appropriate to defer to municipal utilities' governing bodies to
8 determine the level of investment if measures are not cost-effective.

9 The NEE Program is an example of JEA exercising its judgment. to offer
10 conservation measures that do not pass RIM but are in the best interests of JEA's
11 customers.

12
13 Furthermore, based on a simple extrapolation, the suggested 5-fold increase in its
14 NEE Program would cost approximately \$22.7 million over the 10-year goal-setting
15 period simply to administer the program. This would represent an approximate 50%
16 increase in the total projected budget for JEA's proposed goals in this docket. It
17 should be noted that this cost estimate does not represent the costs of recruitment
18 and acquisition of additional customers. Any increase in proposed program size
19 typically requires additional resources and costs beyond the current cost per
20 customer.

21

22 **Q. Does JEA promote energy savings among low-income customers in any ways**
23 **other than through the NEE Program?**

24 A. Yes. Outside of the NEE Program, JEA works with the federal Low Income Home
25 Energy Assistance Program (LIHEAP) program to provide bill assistance, and

1 during the Senior Day interviews, flyers and resources are provided for JEA
2 programs and other community resources to help low-income seniors save on their
3 utility bills. JEA provides speakers from its Ambassador Team to give a "Savings
4 Without Sacrifice" presentation to neighborhood associations, churches, schools,
5 community development groups, and other organizations in low-income
6 neighborhoods. The presentation provides conservation information in addition to
7 product demonstrations on how to install low-cost energy-saving products.

8

9 JEA also participates in regular events with the leaders of multiple advocacy groups
10 for low-income, seniors, and disabled persons to promote a strong network of
11 communication, keeping these leaders aware of utility programs, changes,
12 resources, etc., available to their clients.

13

14 **Q. Does that conclude your rebuttal testimony?**

15 A. Yes, it does.

1 (Whereupon, prefiled rebuttal testimony of
2 Kevin M. Noonan was inserted.)

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**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

1

2 **Q. Please state your name and business address.**

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

7

8 **Q. Have you previously submitted testimony in this docket?**

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

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

3 **II. PURPOSE AND SUMMARY OF TESTIMONY**

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

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

17
18 **Q. Please summarize the main points of your rebuttal testimony.**

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

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

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

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

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

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

4
5 **III. REBUTTAL OF MACKENZIE MARCELIN’S TESTIMONY**

6 **Q. How is your rebuttal testimony organized?**

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

13
14 **A. Allegations Demonstrated to be False by Mr. Marcelin’s Own Exhibits.**

15 **Q. In his testimony, Mr. Marcelin makes the following statements at page 42, lines**
16 **22-24.**

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

20 **Is his allegation that “OUC has been spending most of its energy efficiency and**
21 **conservation spending on commercial and industrial customers . . .” true?**

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

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

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

14

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

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

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

1 regarding OUC's Annual Conservation Report, which were submitted on April 29,
2 2024, attached here as Exhibit KMN-6 to my rebuttal testimony, he would have
3 learned that OUC implemented so many additional measures in residential
4 applications in 2023 that the Staff asked special data requests regarding those
5 measures. They included data requests asking that OUC explain the following:

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

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

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

21
22

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

3 A. No. This statement is erroneous, and again, it is shown to be untrue by reference
4 to the exhibits to Mr. Marcelin’s own testimony. Referring again to the tables on
5 pages 19-32 of 32 of his Exhibit No. MM-19, the Commission will readily see that
6 each table presents the actual annual number of participants and the actual
7 cumulative total number of program participants for each of OUC’s FEECA
8 programs for each year of the reporting period. For example, Table 3-12 presents
9 information for OUC’s Residential Heat Pump Water Heater program, which has
10 452 participants in 2023 and a cumulative total of 984 participants through 2023.
11 Mr. Marcelin’s allegation that “OUC is not tracking how many customers it is
12 reaching” is belied by his own exhibit.

13

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

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

1 2023, sales to Residential customers made up only 39.9 percent – substantially less
2 than half – of OUC’s total sales to ultimate consumers, whereas the Commercial
3 and Industrial classes accounted for 57.2 percent of OUC’s total sales. The balance
4 was sales to Other Public Authorities and Street & Highway Lighting customers.
5

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

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

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

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

1 12 of his Exhibit No. M-19 show that a cumulative total of 7,506 Residential
2 customers participated in OUC's DSM programs in 2023.

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

6

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

9

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

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

1 **Is his allegation that “residential customers pay more into the programs**
2 **through the energy conservation cost recovery clause” accurate with respect**
3 **to OUC?**

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

11
12 **Q. Is his characterization of OUC as “giving businesses more than 82% of total**
13 **savings, and less than 18% to residential customers” accurate?**

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

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

9

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

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

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

1 **C. Mr. Marcelin’s Allegations and Claims Regarding OUC’s Efficiency Delivered**
2 **Program Are Misleading and Inaccurate.**

3
4 **Q. At pages 43-46 of his testimony, Mr. Marcelin criticizes OUC’s Residential**
5 **Efficiency Delivered program, apparently based on his beliefs that the**
6 **program imposes unacceptable burdens on potential program participants.**
7 **Are his criticisms accurate?**

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

- 14 ● Air filter replacement
- 15 ● Attic insulation
- 16 ● Caulking and weather stripping
- 17 ● Duct leak repairs
- 18 ● Hot water pipe insulation
- 19 ● Irrigation repairs
- 20 ● Minor plumbing repairs
- 21 ● Toilet replacement
- 22 ● Water flow restrictors
- 23 ● Window film installation

24 For those households that have a family income of less than \$40,000, OUC pays
25 85% of the cost. The remaining 15% can be paid back through the OUC monthly

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

4

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

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

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

19

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

1 **the benefits provided by OUC’s expenditure for measures chosen by the**
2 **customer. Is this allegation reasonable?**

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

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

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

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

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

21
22 **Q. At page 43, lines 18-20, of his testimony, Mr. Marcelin also advocates "that for**
23 **customers that make a household income of less than \$60,000, OUC cover**

1 **100% of the costs of the program.” Is this recommendation reasonable? Is it**
2 **fair to OUC’s other customers?**

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

14

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

18

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

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

24

25

1 **Q. What are Mr. Marcelin’s recommended goals for OUC?**

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

9

10 **Q. What is the basis for Mr. Marcelin’s recommended goals?**

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

22

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

6 A. No, he provided no justification other than his erroneous allegation that because
7 OUC is able to reach “thousands” of commercial customers with our DSM
8 programs, OUC should be able to increase the energy savings from Efficiency
9 Delivered by a hundred times. The Commission should recall here that Mr.
10 Marcelin’s own exhibit shows that, through 2023, the total cumulative number of
11 commercial and industrial customers participating in OUC’s DSM programs was
12 247 customers.

13
14 **Q. Are Mr. Marcelin’s proposed goals for OUC reasonable?**

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

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

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

3 A. It is possible, but his recommendation – increasing goals by a hundred times – is so
4 extreme that such estimates are difficult. The following are simple proportionate
5 extrapolations of costs based on OUC’s estimated costs to achieve OUC’s proposed
6 goals. Because this simple proportional approach ignores the reality of diminishing
7 returns in attempting to scale up any program or economic activity by a factor of
8 100, the following rough estimates must be regarded as highly conservative (i.e.,
9 they underestimate the costs of increasing OUC’s Efficiency Delivered goal by 100
10 times as recommended by Mr. Marcelin).

11 OUC’s budget to achieve its 2025 energy goal for Residential Efficiency
12 Delivered is \$91,000. (This is shown in Table 5 of Mr. Herndon’s Exhibit No. JH-
13 16.) Leaving aside the fact that the incremental costs of increasing participation in
14 programs will almost certainly be greater than the average cost to achieve OUC’s
15 baseline goals, due to the principle of diminishing returns, simply multiplying
16 OUC’s baseline 2025 Efficiency Delivered budget of \$91,000 by 100 would result
17 in spending on Efficiency Delivered in 2025 of \$9,100,000, or \$9.1 million. This
18 is more than triple OUC’s total DSM spending in 2023, and it would more than
19 quadruple OUC’s projected total DSM budget of \$2.758 million for 2025, from
20 \$2.758 million to \$11.767 million. Further, Mr. Marcelin’s goal for 2026 would
21 almost certainly exceed 100 times the \$98,000 that OUC has budgeted – another
22 \$9.8 million. The same is true for the rest of the goals period.

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

8
9 **Q. How would cost increases of these magnitudes affect low-income customers?**

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

19
20 **Q. Would the benefits of these increased goals provide net benefits to OUC’s**
21 **customers?**

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

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

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

20

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

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

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

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

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

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

6

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

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

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

22

1 **Q. Please describe OUC’s partnership with The Central Florida Foundation and**
2 **how it promotes energy and water efficiency.**

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

17
18 **Q. Please describe Project CARE.**

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

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

8

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

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

1

2 **Q. Please describe the Multifamily Efficiency Program.**

3 A. About 50% of OUC's residential population live in multifamily dwellings, and
4 many are likely low-income. Historically, the multifamily segment has been
5 difficult to gain DSM participation primarily due to the "split incentive" barrier
6 where the landlords do not pay the electric bills and the renters do not want to
7 invest in property they do not own. To address this barrier, in 2015, OUC
8 developed the Multifamily Efficiency Program ("MFEP"), which is a rebate
9 program that provides rebate incentives to property owners to improve energy and
10 water efficiency in their buildings and communities. Through the MFEP, since
11 2015 OUC has been working with multifamily complex owners to encourage and
12 educate them on all of the benefits of making efficiency improvements that can
13 benefit them, such as higher tenant retention rates, lower maintenance and
14 operating costs, and greater property values. The incentives are offered only to
15 the owner, but the MFEP provides holistic and bundled incentives for tenant and
16 common-area projects. OUC provides a full energy and water evaluation, which
17 outlines the recommended conservation upgrades and payback periods for each
18 improvement. OUC oversees the project completion from start to finish utilizing
19 our Preferred Contractor Network or a contractor of choice. Since launching the
20 program in 2015, 21 apartment complexes have participated.

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

- 23
- Window Film Insulation

- 1 • ENERGY STAR® Windows
- 2 • Cool / Reflective Roof
- 3 • Attic Insulation
- 4 • Heat Pump / Straight Cool HVAC
- 5 • Duct Repair / Replacement
- 6 • A/C Proper Sizing
- 7 • ENERGY STAR Heat Pump Water Heater
- 8 • Ultra Low Flow Toilet
- 9 • Florida Water Star Certification

10

11 **Q. Please describe OUC's Power Pass program.**

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

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

4

5 **IV. CONCLUSIONS**

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

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

19

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

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

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

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

12

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

14 **A.** Yes, it does.

1 CHAIRMAN LA ROSA: Let's go ahead and move on
2 to exhibits.

3 MR. IMIG: Staff has compiled a Comprehensive
4 Exhibit List, which includes the prefiled exhibits
5 attached to the witnesses' testimony in this case.
6 The list has been provided to the parties, the
7 Commissioners and the court reporter. This list is
8 marked as the first hearing exhibit, and the other
9 exhibits should be marked as set forth in the
10 chart.

11 CHAIRMAN LA ROSA: Okay. Let's go ahead and
12 show the exhibits as so marked.

13 (Whereupon, Exhibit Nos. 1 - 799 were marked
14 for identification.)

15 CHAIRMAN LA ROSA: Staff.

16 MR. IMIG: Staff requests that the
17 Comprehensive Exhibit List, marked as Exhibit No. 1
18 be entered into the record.

19 CHAIRMAN LA ROSA: Any objections?

20 Seeing no objections, show that Exhibit 1 is
21 so entered.

22 (Whereupon, Exhibit No. 1 was received into
23 evidence.)

24 CHAIRMAN LA ROSA: Staff, I will throw it back
25 to you.

1 MR. IMIG: Staff requests that Exhibits 2
2 through 228 be moved into the record as set forth
3 in the Comprehensive Exhibit List.

4 CHAIRMAN LA ROSA: Are there any objections to
5 the entry of these exhibits into the record?

6 Seeing none, then go ahead and show them
7 entered into the record, 2 through -- excuse me,
8 2 through 228.

9 (Whereupon, Exhibit Nos. 2-228 were received
10 into evidence.)

11 CHAIRMAN LA ROSA: Do any of the parties have
12 any concluding matters that need to be addressed
13 before us today?

14 You are recognized.

15 MR. BREW: Yes, Mr. Chairman, just to fill it
16 out. PCS would also move Exhibits 133 through 137
17 and 796 through 799.

18 CHAIRMAN LA ROSA: Is there objection?

19 Seeing none, show that moved into the record.

20 (Whereupon, Exhibit Nos. 133-137 & 796-799
21 were received into evidence.)

22 CHAIRMAN LA ROSA: Any other matters?

23 I think your microphone might be off.

24 MR. SAYLER: It's been a while since I've been
25 here.

1 CHAIRMAN LA ROSA: Go ahead.

2 MR. SAYLER: Erik Sayler on behalf of the
3 Florida Department of Agricultural and Consumer
4 Services.

5 As it relates to all the stipulations, we were
6 not a party to any of those stipulations, but we do
7 take no position on those stipulations, effectively
8 making them ripe for a Type 2 stipulation, but we
9 just wanted to note that for the record.

10 CHAIRMAN LA ROSA: Okay. All right. The
11 record will reflect that.

12 Thank you.

13 All right.

14 MR. COX: Chairman, La Rosa, just to confirm.
15 FPL will be filing its brief in its docket only on
16 that one issue by the date in the OEP, which I
17 think is September 12th for briefs.

18 CHAIRMAN LA ROSA: Yes.

19 MR. COX: Thank you.

20 CHAIRMAN LA ROSA: All right. The floor is
21 open, any other questions, thoughts or concerns
22 before us?

23 Then let's go ahead. Staff, is there anything
24 else we need to finish up with?

25 MR. IMIG: Yes.

1 Just to clarify, with the exception of Issue
2 10 in the FPL docket, all issues, testimony and
3 exhibits have been stipulated to, and all
4 stipulations have been approved by the Commission.

5 Briefs for Issue 10 in the FPL docket will be
6 due on September 12th, 2024, and are limited to 50
7 pages, including attachments.

8 CHAIRMAN LA ROSA: Excellent. Thank you.

9 So hearing no other matters before us, we are
10 adjourned. Thank you.

11 (Proceedings concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED this 21st day of August, 2024.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #HH575054
EXPIRES AUGUST 13, 2028