

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 20250048-EG

Petition for approval of proposed
demand-side management plan, by
Florida Power & Light Company.

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PROCEEDINGS: COMMISSION CONFERENCE AGENDA
ITEM NO. 3

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

DATE: Tuesday, July 1, 2025

PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY: DEBRA R. KRICK
Court Reporter and Notary
Public in and for the State
of Florida at Large

PREMIER REPORTING
TALLAHASSEE, FLORIDA
(850) 894-0828

1 P R O C E E D I N G S

2 CHAIRMAN LA ROSA: All right. Let's move into
3 Item No. 3. I know that there is a few folks that
4 will be joining us up front, so let's give them a
5 few seconds.

6 Hi, Ms. Thompson, it looks like you have got a
7 lot of backup now, so we are ready when you are.

8 MS. THOMPSON: Good afternoon, Commissioners.
9 Takira Thompson with Commission staff.

10 Item No. 3 is the petition for approval of
11 Florida Power & Light Company's proposed
12 demand-side management plan and the associated
13 program standards and tariffs.

14 FPL's DSM plan is projected to meet the
15 numeric conservation goals established by the
16 Commission in a 2024 goal setting proceeding, and
17 the proposed participation standards are consistent
18 with FPL's DSM plan. However, staff recommends
19 that FPL's HVAC On-Bill Pilot program be modified
20 to increase overall efficiency savings, provide
21 flexibility for participants and provide additional
22 safeguards for the general body of ratepayers.

23 Therefore, staff recommends that the
24 Commission approves the FPL's DSM plan with staff's
25 proposed modifications and provide staff

1 administrative to approve the revised documents.
2 Once approved, staff recommends that the Commission
3 allow FPL to file for cost recovery of the programs
4 in the Energy Cost Recovery Clause proceeding.

5 Staff and the utility are available for
6 questions.

7 CHAIRMAN LA ROSA: Excellent. Thank you.

8 Mr. Cox, I believe you wanted to address us --

9 MR. COX: May I be recognized?

10 CHAIRMAN LA ROSA: Yeah. Absolutely.

11 MR. COX: Thank you. Thank you, Chairman La
12 Rosa, Commissioners. Good to see you here today.
13 I hope everyone has a happy Fourth of July coming
14 up. I am here, Will Cox, on behalf of FPL, with my
15 colleague John Floyd, who is our Director of
16 Demand-Side Management.

17 I am going to start off by saying that FPL
18 appreciates the work staff has done putting
19 together the recommendation. This has been a long
20 time coming, as you all know, but we appreciate it,
21 but we would like to address several of the
22 proposed modifications to the HVAC On-Bill Pilot
23 program that we included with our DSM plan.

24 As it relates to the first two modifications,
25 FPL is comfortable taking no position in whatever

1 decision the Commission arrives at on those first
2 two modifications, should you choose to approve
3 either one of them, we are willing to accept that.
4 That includes, number one, which was requiring that
5 the HVAC On-Bill participants also participate in
6 our residential HVAC rebate program, and that was
7 number two, eliminating the HVAC On-Bill
8 requirement to participate in the Residential
9 On-Call Load Management program for the term of the
10 entire service agreement.

11 We do have concerns, however, with the third
12 and fourth modifications, and that's really what I
13 wanted to address today. We would respectfully
14 request that the Commission not adopt those two
15 modifications. Those are modifications that
16 involve setting caps for specific aspects of the
17 program in terms of, number one, customer
18 participation, and, number two, capping program
19 costs to those agreed upon by FPL and the program
20 participants at the time the service agreements are
21 executed.

22 We think that these caps are not necessary and
23 would hamper potentially the success of the pilot
24 over the five-year period. And will just take them
25 up in turn.

1 The first one in terms of the proposed
2 participation cap, again, capping at the estimates
3 that we provided for participation. When we made
4 our goals -- I am sorry, made our plan filing, and
5 those, just so everyone, levels set those estimates
6 were for 2025, we had 300 participants; 2026, 500;
7 2027, 750; 2028, 825; and 2029, 908. So that's a
8 total of just over 3,000, 3,283 to be exact, over
9 the five-year period.

10 What we proposed when we proposed those
11 estimates was really a realistic conservative
12 estimate for participation levels during the pilot
13 period, but we do believe that there needs to be
14 some flexibility to offer the program as the
15 customer demand presents itself, and as we launch
16 this program over the pilot period, which we are
17 excited to do.

18 Similarly, for the proposed cost cap, we don't
19 think it's necessary or really realistic for all of
20 the costs that are in our HVAC service agreement
21 over the term to be identified and then limited to
22 that. We think that would potentially expose our
23 customers -- actually, take a step back there.

24 When we proposed the HVAC service agreement,
25 we are going to establish a cost for the term of

1 the agreement, and that will be designed very
2 carefully to limit exposure to just the
3 participants.

4 As staff recommendation notes, we also have
5 worked with staff on several changes to that
6 program from what we originally filed in the goals
7 proceeding, and those changes, we believe, serve to
8 further limit cost exposure for both the
9 participants and nonparticipants in this HVAC
10 On-Bill, and that includes the liability insurance
11 FPL will obtain to cover all force majeure events,
12 and FPL will be responsible for that, and that will
13 be baked into the cost for the participants for the
14 program, and then there are also warranties on the
15 equipment itself.

16 Now, in the unforeseeable events that there
17 are costs above that that incur, our first plan in
18 that instance is to go ahead and include those
19 costs in the cost for future participants in the
20 program and not passed on to the general body of
21 customers. And only as a last resort would we
22 actually consider including costs in the ECCR that
23 are unforeseeable costs at this point. That may be
24 things like administrative costs. That may be more
25 bad debt than they anticipate. All those things

1 baked into the costs, but we do need some
2 flexibility, we think, to adjust, and we think it
3 would be best to avoid not having to deal with that
4 down the road. So we would like the flexibility to
5 be able to include costs if necessary in the ECCR
6 clause in the unlikely scenario the costs are not
7 covered by either the participants, the insurance,
8 NOTE the warranty or the future participants.

9 So we would ask, respectfully, for the
10 Commission to provide flexibility and not impose
11 these third and fourth modifications as we launch
12 the program, with the requisition that the
13 Commission will have the annual ECCR clause
14 proceeding and the DSM annual report every year as
15 platforms to review and assess our performance, our
16 costs, participation levels, and that's all noted
17 in the program standard that we have included in
18 our DSM plan filing for the HVAC On-Bill program.

19 We think that by providing this flexibility,
20 that will allow FPL to refine and adjust cost
21 estimates during the pilot period to ensure costs
22 are recovered from participants, and to learn and
23 adapt during the pilot period to make this a
24 successful, and what we hope very successful and
25 effective program.

1 We are available if you have any questions,
2 and we do thank you for your consideration today.
3 Thank you, Chairman. Thank you, Commissioners.

4 CHAIRMAN LA ROSA: Thank you.
5 Commissioners?

6 COMMISSIONER CLARK: Let me start.

7 CHAIRMAN LA ROSA: Sure. Yeah.

8 COMMISSIONER CLARK: Thank you, Mr. Chairman.
9 I have -- I do have several questions. Thank you,
10 staff, for the work that you did, and thank you,
11 Mr. Cox, for that explanation.

12 Regarding specifically the four things that
13 staff recommended, I have some questions about each
14 one of them. I guess my first one is -- we will
15 just take them in order.

16 The requirement to participate in the HVAC
17 program, so can you explain the rationale, what is
18 the purpose requiring that purpose to go through
19 the rebate program? My understanding for the
20 rebate program is that that is going to incentivize
21 the customer to purchase a higher seer unit.
22 That's kind of the direction it's going there. So
23 what is the real advantage of the high seer unit?

24 MS. THOMPSON: It will be the energy
25 efficiency savings for both the participant, as

1 well as the rate base, the general body of
2 customers as well.

3 COMMISSIONER CLARK: All right. So the energy
4 savings that come because of the higher increased
5 seer, you are saying that's going to get passes on
6 to the entire rate base as well?

7 MS. THOMPSON: Correct --

8 COMMISSIONER CLARK: That's not --

9 MS. THOMPSON: -- that was our goal.

10 COMMISSIONER CLARK: Okay. So the advantages
11 and disadvantages of the high seer units, are you
12 familiar with those? Are you familiar with the
13 disadvantages of high seer units?

14 MS. THOMPSON: Generally.

15 COMMISSIONER CLARK: Okay. Could you share
16 some of those with me?

17 MS. THOMPSON: I would like to hear what your
18 opinion is on that, because I thought you already
19 have an opinion.

20 COMMISSIONER CLARK: I am not trying to trick
21 you. I have -- I do have some concerns when comes
22 to stressing to customers purchasing high seer
23 units, you are doing a couple of things. Number
24 one, without an absolute proper sizing mechanism,
25 you run the risk of getting units that are

1 oversized. That's typically what a contractor is
2 going to do, is push for a larger size, which are
3 going to cause latent capacity problems. You are
4 going to have more humidity problems inside the
5 house.

6 The biggest thing for me with the higher seer
7 units is when you change and begin to use variable
8 speed compressors, you are changing airflows. Duct
9 systems in existing houses -- and most of what we
10 are talking about participating in this program is
11 going to be existing homes. When you have an
12 existing duct system and you retrofit with a high
13 seer unit, you are going to have problems in that
14 house. So what's going to happen is you are fixing
15 to begin to raise homeowners costs, not only on the
16 seer factor alone of that unit, but there are going
17 to have to be additional modifications that are
18 made inside the house in order to accommodate the
19 new unit. And that's one of the serious concerns I
20 think is very, very often overlooked when people
21 start pumping and promoting high capacity high seer
22 units, and so we are going to increase the cost for
23 the homeowner.

24 Right now, you are looking at typically a new
25 change-out, somewhere between \$10,000, \$15,000, and

1 that's the only part of this program I really like,
2 is it's a financing program for folks to get a new
3 unit in their house. When the unit was 2,500,
4 \$3,500, it wasn't that big a deal, you could, it
5 took a little work, but you could come up with
6 that. But now the ability to come up with 10,000,
7 \$15,000 for these change-outs is quite difficult.

8 You are also having some additional problems,
9 I think, with some of the new equipment.
10 Obviously, HVAC equipment doesn't last as long as
11 it used to. If you think back 20, 30 years ago, a
12 heat pump would last 30 years without hardly any
13 problem at all. If you get 10 years out of one
14 today, it's a real issue. I want to talk about
15 that when we get to the 10-, 12-, 15-year service
16 agreements.

17 That was my big concern on the requirements to
18 participate in the HVAC, there is no other
19 advantage to the customer other than being able to
20 get a higher seer unit and the rebate that goes
21 along with that from staff's perspective, is that
22 right? That was your primarily motive?

23 MS. THOMPSON: Uh-huh, and the energy
24 efficiency savings.

25 COMMISSIONER CLARK: Okay. All right. My

1 second one is the On-Call program. I can live with
2 the participation in the On-Call program. That is
3 the demand saving, that is the direct load control
4 program --

5 MS. THOMPSON: Correct.

6 COMMISSIONER CLARK: -- and so you are saying
7 that by having that unit in that On-Call program --
8 the key thing came to termination, right? How do
9 you get out of that contract? Not requiring them
10 to participate would require a termination fee, is
11 that right?

12 MS. THOMPSON: Yes. What we are proposing is
13 that the termination fee would just be a refund of
14 any advanced credits that they received.

15 COMMISSIONER CLARK: Okay.

16 MS. THOMPSON: Currently, under the On-Call
17 program, I think they can provide advanced notice,
18 seven days advanced notice, I believe that's
19 correct, under that tariff. So we are just trying
20 to align this portion of that program with the
21 traditional On-Call program. So that was our goal
22 with the second modification.

23 COMMISSIONER CLARK: Okay. I can actually
24 live -- I don't necessarily disagree with you on
25 that one. I can live with that one.

1 On the third one, the cap program, this is
2 probably the one I have the most concern with. I
3 think that participation in this program is going
4 to be -- I think you are going to be overwhelmed.
5 I don't think 300 is an even approachable number as
6 to what you are going to see in folks wanting to
7 participate in this.

8 Again, the cost of these units has risen
9 dramatically, and the fact that you are tying that
10 to a service agreement, brand new units don't stay
11 brand new very long, and we are having more and
12 more trouble with repairs and repair costs, and I
13 think that you are going to see a significant
14 demand for the program.

15 My concern is you open this up to 300
16 customers, you are going to be limiting that to
17 your three biggest HVAC dealers in your three
18 largest communities. That's who is going to be
19 promoting this program the most I think, are your
20 dealers. And I am just very concerned that this
21 program will not have the opportunity to get out
22 and to benefit people in a lot of areas. So I am
23 adamantly opposed to putting a cap on it.

24 My fourth point and question is I don't
25 understand number four, I don't think. I may be

1 just confused. But it says you want to cap the
2 program costs to the cost agreed upon by FPL and
3 program participants. Are we saying that we just
4 don't know what that number is and we want to wait
5 and see what the final contract amount is and
6 multiply that by the number of participants, and
7 that would be the program cap dollar-wise?

8 MS. THOMPSON: The company provided estimates,
9 but we wouldn't know for sure what those actual
10 costs are until the agreements are signed.

11 COMMISSIONER CLARK: Okay. So you --

12 MS. THOMPSON: So what we are proposing with
13 this cap is to cap those costs at what's agreed
14 upon between the company and the customer at the
15 time they sign the agreement.

16 COMMISSIONER CLARK: So the total program cost
17 would be each individual service contract times the
18 number of it participants?

19 MS. THOMPSON: Well, I think it would be
20 different for each participant.

21 COMMISSIONER CLARK: Right, total cost would
22 be the number of total participants times the
23 number of each -- the value of each of the
24 contracts?

25 MS. THOMPSON: Correct. Yes.

1 COMMISSIONER CLARK: Okay. Okay.

2 CHAIRMAN LA ROSA: Can I add on to that? Is
3 there no future costs? Is that the point, that we
4 are making sure that there is no future costs on
5 the customer somewhere down the road?

6 MS. THOMPSON: Well, the goal here was to
7 protect the general body of customers, so if there
8 are any costs above those that are included in the
9 contract, then we wanted to make sure that they had
10 some protections as well, so that they weren't on
11 the hook for those costs.

12 CHAIRMAN LA ROSA: Costs as in, like, a unit
13 not braking down, or something not being
14 warrantied?

15 MS. THOMPSON: Variable costs.

16 CHAIRMAN LA ROSA: So I want to go to the
17 company -- and I am sorry to jump in like this --

18 COMMISSIONER CLARK: No, come in.

19 CHAIRMAN LA ROSA: -- because I was also con
20 us forked on this. And I know the company has said
21 that they were going to take an insurance --
22 additional insurances on the equipment. Warranties
23 don't last forever, and I don't know that they last
24 10, over 15 years. Can you maybe expand a little
25 bit on that? What exactly does that mean, force

1 majeure issues are, you know, are one thing, but if
2 a system was to break, or a system was to
3 malfunction and was not covered under warranty but
4 wasn't a natural disaster or some other sort, is
5 there a policy between them? Is there a warranty
6 policy?

7 MR. COX: So if it's during the service
8 agreement term, right, we -- FPL is responsible for
9 the maintenance and repair of the unit, assuming
10 it's no fault of the customer. The only time it
11 would come up is if there is a force majeure event
12 or if there is what we call a customer casualty
13 event, which means the customer did something
14 negligent, willful, that broke the equipment.
15 Those are the two circumstances that I am aware of
16 that the customer would have to step in and cover
17 those costs.

18 CHAIRMAN LA ROSA: Okay. All right. So I was
19 trying to better understand that, because I was
20 also concerned about number four, but I will let
21 you continue.

22 COMMISSIONER CLARK: I have one last question
23 and it is for the company.

24 I noticed you proposed 10, 12 and a 15-year
25 service agreement program. Would the company be

1 willing to consider putting a five-year option in
2 there as well?

3 MR. COX: So good question, Commissioner
4 Clark. We have looked at that issue in terms of,
5 you know, could we look at a shorter agreement,
6 five to seven years, say. The only issue is, you
7 know, as you pointed out at the time beginning of
8 our discussion today that the big thrust of this is
9 to make this more affordable for customers, and if
10 you shorten the agreement, it's going to raise the
11 payments. So, you know, the years that we picked
12 initially to try for the pilot were ones we thought
13 were realistic for what customers really want.
14 Obviously, as we roll out the pilot, and we see we
15 need to adjust that, we can obviously look at that
16 going forward.

17 COMMISSIONER CLARK: I guess one of my
18 thoughts was in looking at this more as a financing
19 option as opposed to -- so I realize they are both
20 a part of it, but I really see the use of this more
21 as a financing tool, is that someone is planning to
22 stay in a home a shorter period of time, know they
23 are going to be out, gives them the opportunity to
24 get that unit paid out before they sell the house.

25 Also, I guess, do you have a contract and

1 provisions here where -- are you during a UCC on
2 the equipment? Is that how you are going to be
3 securing it?

4 MR. COX: I believe so, yes.

5 COMMISSIONER CLARK: Okay. So that would be
6 settled at a closing should the house sell or
7 ownership --

8 MR. COX: Yeah. We were asked a question
9 about the staff, I think, as we -- before today on
10 that. And we talked about how, you know, we would
11 -- they would have to assign obligation to the new
12 owner --

13 COMMISSIONER CLARK: Okay.

14 MR. COX: -- or otherwise pay out to be out of
15 the agreement themselves.

16 COMMISSIONER CLARK: And I realize from the
17 revenue requirement going negative in the fifth
18 year, that also, I guess, proposes an issue that
19 you would have to have some sort of additional fee
20 if you did a five-year option, would that be a
21 valid statement?

22 MR. COX: I'm not sure I quite follow that.
23 Sorry.

24 COMMISSIONER CLARK: So if you look at the
25 revenue requirement over a 10-year life --

1 MR. COX: Right.

2 COMMISSIONER CLARK: -- but didn't go into a
3 positive until, what, the sixth year?

4 MR. COX: Right. They would have to meet the
5 total revenue requirement for all of the capital
6 equipment for sure.

7 COMMISSIONER CLARK: So that -- the structure
8 and system would change if you go to a five-year
9 option?

10 MR. COX: We would have to adjust that, and
11 that's going to increase the payments.

12 COMMISSIONER CLARK: Yes.

13 MR. COX: Right.

14 COMMISSIONER CLARK: Still look at it. I
15 think it's a good option.

16 MR. COX: Okay. Thank you.

17 COMMISSIONER CLARK: That's all I have, Mr.
18 Chairman.

19 CHAIRMAN LA ROSA: Thank you.

20 Commissioner Passidomo Smith.

21 COMMISSIONER PASSIDOMO SMITH: Okay. Thank
22 you.

23 All right. So I do not understand the
24 technicalities of an air conditioning unit like my
25 colleague Commissioner Clark does. I mostly, like,

1 turn on and hope that it turns on, but I have
2 similar concerns when it comes to program -- the
3 cap on participation. I agree with Commissioner
4 Clark that I think those projections are going -- I
5 think you are -- it's going to be way out of the
6 park from that, like, I think that this is -- when
7 this program was initially brought to us when we
8 were reading the program, I was very interested in
9 it. I think that you are going to see a lot of
10 customers wanting to participate in this because of
11 the exorbitant cost of HVAC units now, and it's not
12 really possible if you want to make those
13 efficiency upgrades, and we talk about it all the
14 time. In Florida, I mean, over half of your energy
15 bill goes cooling you are home for the majority of
16 the year.

17 So I personally feel like there are -- we have
18 guardrails in place while we review -- while we are
19 going through the clause dockets that each annual
20 filing, we will get to see the costs and be able to
21 track it that way.

22 I am, you know, interested to hear what my
23 colleagues think. There was -- I had, you know,
24 some discussions with my staff about what are the,
25 you know, potentials of if we are to adopt all of

1 staff's modifications here about the company
2 setting up a wait list or something. I think we
3 need to get the data to see the extent of the
4 interest among customers, which is why I don't -- I
5 personally don't really want to cap it, but, again,
6 I am willing to, you know, hear from my colleagues.

7 But if we can -- you know, I want to be able
8 to have that -- you know, to get that sort of data,
9 I think it will be really beneficial to see --
10 because with pilots, typically, I know that we try
11 to narrowly tailor it. We don't want this to have,
12 you know, ripple effects for nonparticipating
13 customers, but I also think that we need to be able
14 to gather all the information possible to see if
15 this program, you could extend it and think of some
16 more options from there.

17 So those are just my comments for now.

18 CHAIRMAN LA ROSA: Commissioners, any further
19 questions?

20 Commissioner Clark.

21 COMMISSIONER CLARK: Can I follow up with
22 Commissioner Passidomo Smith?

23 CHAIRMAN LA ROSA: Sure.

24 COMMISSIONER CLARK: Can we -- I guess we are
25 going to review this on a yearly basis to begin

1 with, so we would, worst case scenario we are out
2 12 months, but could we ask for a quarterly update
3 from the company as to where the current numbers
4 stand, and the current program cost. And I guess
5 at any point in time, the Commission could ask them
6 to come back in to modify the program. So could we
7 do maybe a quarterly ask that might suffice your
8 desire?

9 Thank you, Mr. Chair.

10 CHAIRMAN LA ROSA: Great.

11 Commissioner Graham.

12 COMMISSIONER GRAHAM: Thank you, Mr. Chairman.

13 I don't have a problem with anything that my
14 colleagues said, but I do have a question. It was
15 my understanding that this wasn't supposed to be a
16 financing tool, that the whole reason why we are
17 going with 10 years is because that was, quote, the
18 life of the product, and that's why they are able
19 to keep after that, because it was the life of the
20 product and it wasn't a financing tool. So I think
21 we have got to be careful if we are talking about
22 going to -- unless I misunderstood that, we got to
23 be careful going to anything shorter than 10 years
24 because of that. Am I right or wrong about that?

25 MR. FUTRELL: Commissioner Graham, this is --

1 the way this program has been presented to the
2 Commission is it is -- provides an opportunity for
3 customers to engage in essentially taking a
4 financing arrangement to help fund the upfront cost
5 and then create a payment stream back to the
6 utility to pay for the cost of the unit, the
7 installation and then a maintenance agreement.

8 COMMISSIONER GRAHAM: But my understanding was
9 that was for the life of the unit, which was 10
10 years, and if we cut that down to five years, then
11 that's no longer the life of the unit supposedly.

12 MR. FUTRELL: You are correct. But they are
13 also, the company is considering some other terms
14 that could go beyond the life of the unit just to
15 try to address, like Mr. Cox mentioned, the
16 affordability question.

17 COMMISSIONER GRAHAM: But the sticking point
18 that we had initially, because staff was against
19 this, was because everybody --

20 MR. FUTRELL: I think initially the question
21 was a legal question, not necessarily a program
22 design. It was initially a legal question about
23 whether the statutes permitted the utility to
24 engage in an appliance loan type program. And now
25 we are kind of in the program design phase of

1 getting the details on how the program is going to
2 be implemented and offered to the customers.

3 COMMISSIONER CLARK: Mr. Chairman, if I can
4 comment on that. And, Commissioner Graham, that's
5 -- financing has was my term. That's the way I am
6 describing it. I don't think that was the way the
7 company reflected it. So I will take
8 responsibility there. But it is what it is, and
9 that's exactly how the customers are going to view
10 this and see this.

11 This is a way that I can afford the unit. We
12 can dress it up any way we want, but it's an
13 affordability thing for the customer. That wasn't
14 their term. It was mine.

15 COMMISSIONER GRAHAM: No, and I was trying to
16 make sure that we weren't in any legal problems
17 because of that, because my understanding was the
18 reason why we sold it was the fact that it was
19 going be to the life of the unit.

20 MR. COX: Commissioner Graham, I never thought
21 it was necessarily tied to the life of the unit,
22 but I will say it was structured as a service
23 agreement, where we are owning and operating the
24 unit for the term of the agreement, and by that
25 point, at the end of the service agreement, they

1 will pay service payments that are equivalent to
2 all of our costs for the unit, so at that point,
3 they take title at the end. That's, in a nutshell
4 what it was. It was not being a sale, but, in
5 fact, a service agreement.

6 CHAIRMAN LA ROSA: Is there a scenario where
7 someone could be paying for something that doesn't
8 exist anymore? Because in all technicality, based
9 on your answers on insurance and so forth, the
10 system would be replaced and the system would
11 continue to be there, right? There is not a
12 scenario that you envision someone is paying for
13 something that doesn't actually exist -- isn't
14 actually in their home any more working?

15 MR. COX: No, and there is a provision
16 agreement that talks about if it's beyond repair,
17 what are the next steps with the customer. But,
18 yeah, they wouldn't be paying for a unit that
19 doesn't work, I guess, is that what you're -- the
20 only envision that would be if it was their fault
21 for damaging it and they chose not to repair it.

22 CHAIRMAN LA ROSA: Understood. Understood.

23 COMMISSIONER GRAHAM: Well, I mean, I can tell
24 you firsthand from living at the beach, we had
25 units that switched out every five years because

1 that salt air was starting to eat those things up.
2 So, I mean, through no fault of your own, where
3 your house is located, it's going to eat it up, and
4 it's not going to last past five or six years. So
5 you could very well be paying for something that no
6 longer exists.

7 MR. COX: Well, yeah. Again, it should have a
8 warranty for a certain period of time. I am not
9 sure what the warranties can be. I think even
10 five, seven, 12 years, some of these warranties, so
11 if it's not working and there is a warranty
12 covering it, obviously that should apply.

13 COMMISSIONER GRAHAM: Okay. Well, we will
14 talk about it again next year, at least you guys
15 will.

16 CHAIRMAN LA ROSA: Further questions?
17 Commissioner Fay.

18 COMMISSIONER FAY: Thank you, Mr. Chairman,
19 and I will be brief.

20 You know, we looked at the goals and when we
21 looked at the goals for this utility, we broke out
22 this HVAC program in the goal process. I probably
23 would have, my preference, maybe have had it broken
24 out here just for clarity purposes. The legal
25 question that was mentioned hasn't changed from my

1 position.

2 With that said, there is other really good
3 programs, you know, built into this plan, and so I
4 am going to support it overall, but as far as the
5 HVAC program goes, my legal objection to it still
6 stands.

7 CHAIRMAN LA ROSA: Excellent. Thank you. And
8 I am not too far behind you on that. I still feel
9 the same way, but at the end of the day, I feel
10 that we want to make it as best we can, right, and
11 I think that is part of my intent of why I am
12 looking at things the way I am and just trying not
13 to ignore it.

14 I want to go to a comment, and kind second
15 what Commissioner Clark said, right, is that many
16 municipalities or counties would require, when
17 permitting a new HVAC unit, energy calculations,
18 right. So I don't want to force something that
19 doesn't necessarily need to be there from a design
20 perspective, and automatically assuming that
21 someone should have a more, a higher seer system
22 when maybe a 15 seer system was perfectly adequate
23 based on their ductwork and the estimated flows,
24 and so forth, the windows in their home and
25 everything else that's incorporating and

1 manipulating that, right. I don't want there to be
2 an additional cost where all of a sudden we take
3 options away from customers. And I think that's my
4 objective as I look at this, is I want to give
5 customers the most amount of options as possible
6 within this program. So I don't disagree with
7 removing the participation. That would be the
8 participation, then, in the first recommendation,
9 which is the FPL Residential HVAC program.

10 Item number -- or suggestion number two,
11 eliminating the participant's requirement in the
12 On-Call program, I am okay with that.

13 Cap the program's participation. I also feel
14 that, at the end of the day, we should have as much
15 data as possible. I don't believe 300 people
16 amongst all the customers in which FPL services is
17 just tiny, right. So I think, at the end of the
18 day, there will be people probably knocking on the
19 door. And as we know, HVAC is such an important
20 aspect in the state of Florida, and for a lot of
21 good reasons in which my colleague suggested, they
22 are many becoming more and more expensive, and I
23 think this program will center certainly benefit
24 some that want to participate, or for more than one
25 reason, or maybe more than just energy efficiency.

1 On the program -- capping the program costs, I
2 am still kind of up in the air on that. I don't
3 know that I fully have my arms around it. I do
4 have a level of comfort that we can come back on an
5 annual basis and review that, but I don't want a
6 customer paying for something that they are not
7 currently using at the end of the day.

8 Any thoughts or comments on that?

9 MR. COX: I mean, I don't think that will be
10 the case, first of all, as I understand what we
11 laid out for the design of our program.

12 Again, the only reason that we did not fully
13 embrace the idea of the cost cap is that there may
14 be administrative costs, there may be, you know,
15 other unforeseen costs that we just haven't
16 anticipated, we haven't baked into the specific
17 cost of each contract in year one, or even year
18 two, as we have kind of worked through this, and
19 that's -- you know, staff did convince us to make
20 this a pilot. So I think that's one of the things
21 that we embraced is we are going to try to learn
22 through this as we move through these five years,
23 and we would like the flexibility to be able to
24 adjust for costs for things that we don't
25 anticipate at this point.

1 And we don't -- we hope that doesn't happen.
2 We hope that that's very unlikely, but we, at
3 least, would like that flexibility. And obviously,
4 you will be able to see our costs each year as we
5 work through that. So we don't see a huge risk
6 there from either the customer standpoint, the
7 participant or the nonparticipant standpoint. It's
8 just giving you some additional flexibility in case
9 there are unexpected costs.

10 CHAIRMAN LA ROSA: This question goes to
11 staff. How would we oversee those costs, how
12 would, from an annual basis, how would we be able
13 keep our eyes on that?

14 MR. ELLIS: Each year the company will fill in
15 the Energy Conservation Cost Recover Clause
16 information about the participation and costs
17 associated with the program. They would include
18 the amount that would be going into rate base,
19 return, all of those components, as well as seeking
20 approval of administrative costs and other things
21 like that.

22 So it would be an annual filing providing
23 information on that, as well as information as part
24 of the FEECA filing in terms of goals. But the
25 cost data would just be through the clause

1 mechanism.

2 CHAIRMAN LA ROSA: We would be able to
3 interpret it, though, specifically to this program,
4 that the customer agreed to X price, and that price
5 is now -- additional costs are being added to that
6 serves agreement?

7 MR. ELLIS: The issue of cost and the cost
8 capping is not associated with a cost the
9 participant is paying, but the general body of
10 ratepayers, so the contracts under this program
11 would be fixed. So that will be the amount the
12 customer will be paying on a levelized basis over
13 the 10- to 15-year period.

14 This is strictly cost capping the costs going
15 to the general body of ratepayers --

16 CHAIRMAN LA ROSA: Understood.

17 MR. ELLIS: -- such that the only costs that
18 would be going through there are costs being paid
19 by participants. If the costs to FPL exceed their
20 estimates, which would include a certain amount for
21 bad debt and other percentages at the beginning,
22 the current plan is to, in future years, future
23 participants will have a higher rate charged to
24 them for their fixed rates.

25 In the interim, they would recover that

1 through the Energy Conservation Clause, and then
2 attempt to make the general body of ratepayers
3 whole at some future time through those higher
4 rates that future participants will eventually have
5 over that 10-year period.

6 So due to the levelized nature, a normal
7 participants, the general body, will be subsidizing
8 them for the first half, and then being subsidized
9 for the second half, and this would kind of be an
10 adjustment to that for future ones, where that
11 higher rate paid by a future participant due to the
12 actions of past participants.

13 CHAIRMAN LA ROSA: Excellent. Understood.
14 Thank you.

15 Let's talk quickly about the contractors that
16 are selected. Can you walk me through the process
17 and -- or the qualifications process in which the
18 company goes about selecting its contractors that
19 are going to, for all intents and purposes,
20 represent this program to individual customers?

21 MR. COX: I think I would like to ask Mr.
22 Floyd to come up with a moment with me, he could
23 probably present that better than I could --

24 CHAIRMAN LA ROSA: All right. Sorry.

25 MR. COX: -- as far as the contractors we work

1 with.

2 CHAIRMAN LA ROSA: He thought he was going to
3 get through all of this without having to get
4 behind a mic. Thank you.

5 MR. FLOYD: Sure. Thank you. John Floyd with
6 Florida Power & Light.

7 Commissioner La Rosa, the idea with the
8 contractors, as we presented this, would be to use
9 independent contractors, some of whom we probably
10 already use for our residential HVAC program. That
11 program is delivered to customers through the
12 contractors who provide, at the time of
13 installation, the FPL rebate for the equipment they
14 are purchasing, as long as it meets the
15 qualification standards.

16 So the concept here would be to use a similar
17 model. We will recruit those contractors that we
18 currently use, and others who would be willing to
19 partner with us in delivering this new option to
20 customers.

21 CHAIRMAN LA ROSA: Okay. Thank you.

22 Commissioner Clark, yeah.

23 COMMISSIONER CLARK: And as -- I was under the
24 impression this program is open to all licensed
25 legitimate contractors in the state of Florida.

1 MR. FLOYD: Yes, sir. That would be correct.
2 We would not just take any contractor that raised
3 their hand. There would be a vetting process. We
4 would want to ensure that these contractors are
5 reputable contractors, and that they are meeting
6 our standards of providing the service to the
7 customer, but, yes, it would be open to any who are
8 interested.

9 CHAIRMAN LA ROSA: Now, there was a term
10 thrown out that was very quick, you said UCC based
11 on the -- on a transfer of title. Can you walk me
12 through, is there a lien put on the property in
13 which the equipment is being installed? And then
14 how would that work in a transfer scenario?

15 MR. COX: So I believe we would have a
16 recorded security interest under the Uniform
17 Commercial Code. In terms of imposing a lien and
18 enforcing all that, that would be a step in
19 collections down the road if that were to occur,
20 but we hope that's, again, a last resort that we
21 would have to do that.

22 CHAIRMAN LA ROSA: How would the transfer, if,
23 you know, Homeowner A sells their home to new
24 Homeowner B, and they are obviously no longer
25 living in the home, Homeowner A, how would they --

1 would you require a payoff? You mentioned you
2 would potentially require a transfer. Is there a
3 credit check? Is there a process that you do up
4 front and the second person would also be subjected
5 to?

6 MR. COX: So there would definitely be two
7 options there. One would be for the customer who
8 was selling their home to terminate the agreement
9 and pay it off themselves, get out of the
10 agreement. The second option would be to transfer
11 the agreement to the new homeowner that's buying
12 the home.

13 I think we would have our normal vetting and
14 ability to check security to make sure they are
15 able to, you know, make the payments, but they
16 would be signing up as a new customer, some of that
17 may occur already. But in any event, yes, we would
18 have that capability under the agreement to adjust
19 security, if needed, for the new customer that's
20 taking over the old customer's contract.

21 CHAIRMAN LA ROSA: All right. Thank you.
22 Commissioners, further questions?

23 All right. If there are no further questions,
24 let's talk about a motion. Yeah, let's take a stab
25 at it.

1 COMMISSIONER CLARK: I move to approve the
2 program with the modification of item -- of staff's
3 modification number two intact. That would be
4 discarding one, three and four.

5 COMMISSIONER PASSIDOMO SMITH: Second.

6 CHAIRMAN LA ROSA: All right. So hearing a
7 motion and hearing a second. I just want to run
8 this by staff to make sure I understand.

9 So we are basically just taking staff's rec --
10 staff's suggestion number two in the recommendation
11 to Issue 1. Staff, is that adequate, or do you
12 need further description or depth on this?

13 MS. THOMPSON: That should be adequate for
14 staff.

15 CHAIRMAN LA ROSA: Okay. So hearing a motion
16 and hearing a second.

17 All those in favor signify by saying yay.

18 (Chorus of yays.)

19 CHAIRMAN LA ROSA: Yay.

20 Opposed no?

21 (No response.)

22 CHAIRMAN LA ROSA: All right. Show that I
23 Item No. 3 passes as modified.

24 Excellent. Thank you.


25 (Agenda item concluded.)

1 CERTIFICATE OF REPORTER

2 STATE OF FLORIDA)
3 COUNTY OF LEON)
45 I, DEBRA KRICK, Court Reporter, do hereby
6 certify that the foregoing proceeding was heard at the
7 time and place herein stated.8 IT IS FURTHER CERTIFIED that I
9 stenographically reported the said proceedings; that the
10 same has been transcribed under my direct supervision;
11 and that this transcript constitutes a true
12 transcription of my notes of said proceedings.13 I FURTHER CERTIFY that I am not a relative,
14 employee, attorney or counsel of any of the parties, nor
15 am I a relative or employee of any of the parties'
16 attorney or counsel connected with the action, nor am I
17 financially interested in the action.18 DATED this 20th day of July, 2025.
19

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21



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DEBRA R. KRICK

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