

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission review of numeric conservation goals (Florida Power & Light Company).	DOCKET NO. 080407-EG
In re: Commission review of numeric conservation goals (Progress Energy Florida, Inc.).	DOCKET NO. 080408-EG
In re: Commission review of numeric conservation goals (Tampa Electric Company).	DOCKET NO. 080409-EG
In re: Commission review of numeric conservation goals (Gulf Power Company).	DOCKET NO. 080410-EG
In re: Commission review of numeric conservation goals (Florida Public Utilities Company).	DOCKET NO. 080411-EG
In re: Commission review of numeric conservation goals (Orlando Utilities Commission).	DOCKET NO. 080412-EG
In re: Commission review of numeric conservation goals (JEA).	DOCKET NO. 080413-EG ORDER NO. PSC-09-0545-PHO-EG ISSUED: August 5, 2009

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on August 3, 2009, in Tallahassee, Florida, before Chairman Matthew M. Carter II, as Prehearing Officer.

APPEARANCES:

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ORDER NO. PSC-09-0545-PHO-EG

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On behalf of JEA

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On behalf of ITRON, Inc.

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On behalf of the Florida Industrial Power Users Group (FIPUG)

ORDER NO. PSC-09-0545-PHO-EG

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On behalf of the Natural Resources Defense Council (NRDC) and Southern Alliance for Clean Energy (SACE)

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## **PREHEARING ORDER**

### **I. CASE BACKGROUND**

By Order No. PSC-08-0816-PCO-EG, issued December 18, 2008, Docket Nos. 080407-EG, 080408-EG, 080409-EG, 080410-EG, 080411-EG, 080412-EG, and 080413-EG were consolidated for purposes of hearing and controlling dates were established for the seven dockets. The utilities, which are the subject of these seven dockets, are hereinafter "FEECA Utilities." The controlling dates were subsequently amended by Order No. PSC-09-0152-PCO-EG, issued March 12, 2009, and Order No. PSC-09-0467-PCO-EG, issued June 30, 2009. The matter has been scheduled for a formal administrative hearing on August 10-14, 2009.

### **II. CONDUCT OF PROCEEDINGS**

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

### III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366, Florida Statutes (F.S.). This hearing will be governed by said Chapter 25-6, 25-17, 25-22, and 28-106, F.A.C., as well as any other applicable provisions of law.

### IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093, F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed

with the Commission, the source of the information must file a request for confidential classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties (and Staff) has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

As a result of discussions, each witness whose name is preceded by an asterisk (\*) will be excused from this hearing if no Commissioner assigned to this case seeks to cross-examine the particular witness. Parties shall be notified as soon as possible as to whether any such witness shall be required to be present at the hearing. The testimony of excused witnesses will be inserted into the record as though read, and all exhibits submitted with those witnesses' testimony shall be identified as shown in Section IX of this Prehearing Order and be admitted into the record.

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Direct</u>		
Steven R. Sim	FPL	2, 3, 4, 5, 7, 8, 9, 10
John R. Haney	FPL	1, 2, 6, 7, 9, 10, 11, 12, 13, 14
John Masiello	PEF	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16
Howard T. Bryant	TECO	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16
J. N. Floyd	GULF	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16
*Joseph R. Eysie	FPUC	1-13
*Myron R. Rollins	FPUC	2-5
Randall E. Halley	OUC	1-13, 15
Richard J. Vento	JEA	1-13, 15
*Bradley E. Kushner	OUC, JEA	2, 3, 4, 5
Mike Rufo	ALL FEECA UTILITIES	1, 2, 3, 4, 5
James W. Dean	FPL	1, 2, 3, 4, 7, 8
Jeffry Pollock	FIPUG	3, 4, 7, 8, 9, 10, 14, 16
Phil Mosenthal	NRDC/SACE	1, 2, 3, 4, 7, 8, 9, 10, 15
William Steinhurst	NRDC/SACE	2, 4, 5, 7, 8, 9, 10, 11, 12, 13, 15, 16
Ralph Cavanagh	NRDC/SACE	6, 8
John Wilson	NRDC/SACE	1, 2, 3, 4, 5, 6, 7, 8, 14, 15, 16
Richard F. Spellman and Caroline Guidry	STAFF	1, 2, 3, 4, 5, 6, 8, 9, 10, 12, 13

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
<u>Rebuttal</u>		
Mike Rufo	ALL FEECA UTILITIES	1, 2, 3, 4
Eric Silagy	FPL	9, 10
John R. Haney	FPL	1, 2, 7, 9, 10, 11
Steven R. Sim	FPL	2, 3, 4, 5, 7, 8, 9, 10
John A. Masiello	PEF	1-15
Howard T. Bryant	TECO	1-16
J. N. Floyd	GULF	1-16
*Joseph R. Eysie	FPUC	1, 2, 3, 4, 5, 7, 8, 9, 10
Randall E. Halley	OUC	1, 2, 3, 4, 7, 8, 9, 10, 15
*Frederick F. Haddad, Jr	OUC	2, 3, 4, 9, 10
Richard J. Vento	JEA	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
*Bradley E. Kushner	FPUC, OUC, JEA	5
James W. Dean	FPL, PEF, TECO, GULF	1, 2, 3, 4, 7, 8

## VII. BASIC POSITIONS

**FPL:** Rule 25-17.0021, Florida Administrative Code, establishes that the Commission shall set Demand Side Management (“DSM”) goals for each utility at least once every five years. This rule was promulgated pursuant to the Florida Energy Efficiency and Conservation Act (“FEECA”). Each utility is required to propose numeric goals for the ten-year period and provide ten-year projections of the total cost-effective, winter and summer peak demand savings (kW) and annual energy savings (kWh) reasonably achievable in the residential and commercial/industrial classes through DSM. These goals are to be based upon the utility's most recent planning process. See, Rule 25-17.0021(1)-(3), Florida Administrative Code.

FPL has proposed goals which are (i) cost-effective; (ii) reasonably achievable; and (iii) based upon FPL's resource planning process, as required by Rule 25-17.0021 ("the Rule"). FPL's proposed goals also reflect the other requirements of the Rule – for example, consideration of "free riders" (those who would utilize DSM measures without any incentives, who accordingly, should not receive incentive funds paid by FPL's general body of customers), consideration of interactions with building codes and appliance efficiency standards, and consideration of the Company's latest monitoring and evaluation of DSM programs. The goals recommended by GDS Associates, Inc. ("GDS") and by those testifying on behalf of the Natural Resources Defense Council ("NRDC") and the Southern Alliance for Clean Energy ("SACE") do not reflect or even recognize these requirements of the Rule.

Recent amendments to FEECA reflected in House Bill 7135 further support the appropriateness of FPL's proposed goals – and further undermine those presented by GDS, NRDC and SACE. Specifically, the amendments require the Commission to consider costs and benefits "to the general body of ratepayers as a whole, including utility incentives and participant contributions." § 366.82(3)(b), Fla. Stat. Accordingly, the legislature has determined that the effect of DSM goals on a utility's general body of customers is of specific importance. The goals proposed by FPL are those which will minimize rate impacts for all customers and minimize cross-subsidies between customers.

FPL participated in a "Collaborative" made up of the seven utilities subject to FEECA and representatives from NRDC and SACE. The Collaborative made a robust determination of DSM Technical Potential. It hired a well-respected DSM consultant, Itron, Inc., and proceeded with an inclusive and thoughtful process for identifying measures to be analyzed, for which adequate data was available. The Collaborative also used Itron to develop multiple, appropriate estimates of Achievable Potential for all seven FEECA utilities. SACE and NRDC were not as involved in this aspect of the Collaborative as they were in the development of Technical Potential, but they did participate in and endorse some critical decisions which are now being challenged, including the use of the two year payback criterion to screen free riders. Itron's analytically sound estimates of Achievable Potential were then incorporated by each of the utilities into their respective planning processes, as envisioned under the DSM Goals rule, to develop goals.

FPL's proposed goals are based upon those measures which were determined to be cost-effective by a combined use of the Participant Test and the new, enhanced E-RIM test which accounts for environmental compliance costs. This economic screen accurately captures all costs and benefits of DSM which are borne by all of FPL's customers – a requirement of the recent FEECA amendments, and an important consideration in today's economic environment. See § 366.82(3)(b), Fla. Stat. The TRC or E-TRC test advocated by NRDC and SACE and by GDS,



on the other hand, does not reflect costs to the general body of customers in the form of increased electric rates or incentives paid to participants, thus failing to meet the standard established in FEECA. By modifying and enhancing the original RIM test to capture the effect of environmental compliance costs, FPL's goals also reflect consideration of costs imposed by regulations on the emission of greenhouse gases – another important amendment to FEECA, and a significant improvement over past applications of the original RIM test. See § 366.82(3)(d), Fla. Stat. Additional amendments to FEECA, which include consideration of the costs and benefits to participating customers and the need for incentives to promote energy efficiency and demand side renewables, were also captured within the process used by FPL in the development of its proposed goals.

The DSM portfolio proposed by FPL will contribute to the most cost-effective resource plan on FPL's system, fully meeting FPL's projected resource needs through the end of the DSM goals period, 2019, while resulting in the lowest levelized system average electric rates for its customers when compared to (i) a supply-only portfolio; (ii) an E-RIM portfolio that exceeds FPL's actual system resource needs; (iii) an E-TRC portfolio based on resource needs; and (iv) an E-TRC portfolio that exceeds FPL's actual system resource needs. The even higher goals proposed by GDS and by NRDC and SACE, which completely fail to take FPL's planning process and resource needs into account, would be expected to produce even more significant rate impacts to all customers. Consideration of FPL's resource needs is not only appropriate given the customer rate-impact implications, but is required by the Rule, which states that proposed numeric goals must be based upon the utility's most recent planning process. Rule 25-17.0021(3), Fla. Admin. Code.

For all the reasons discussed above, and as explained in more detail in the direct testimony and rebuttal testimony filed by its witnesses, FPL's proposed goals should be approved. Such goals comply with the requirements of FEECA, comply with the Commission's rules, and are the best choice for FPL's customers.

**PEF:**

In collaboration with the seven FEECA utilities, PEF has developed comprehensive plans and programs for increasing energy efficiency and conservation and demand-side renewable energy systems within its service area. The ten-year proposed conservation goals set forth in the testimony of PEF witness John Masiello are based upon PEF's most recent planning process of the total, cost-effective, winter and summer peak demand (MW) and annual energy (GWH) savings reasonably achievable in the residential and commercial/industrial classes through demand side management. PEF's projections of summer and winter demand savings, annual energy savings and participants reflect consideration of overlapping measures, rebound effects, free riders, interactions with building codes and appliance efficiency standards, and PEF's evaluation of conservation programs and measures. The Commission

should approve PEF's overall Residential MW and GWH goals and overall commercial/Industrial MW and GWH goals set forth in Mr. Masiello's testimony. These goals reflect the reasonably achievable demand side management potential in PEF's service territory over the ten year period 2010-2019 developed in PEF's planning process.

PEF's proposed goals are further supported by the testimony and exhibits of Itron representative Mike Rufo. Itron conducted a technical potential study on behalf of the collaborative to assess the technical potential for reducing electricity use and peak demand by implementing a wide range of end-use energy efficiency and demand response measures as well as customer-scale solar photovoltaic and solar thermal installations in the service territories of the seven collaborative utilities. Itron's Technical Potential Study serves as the foundation for estimating economic and achievable potential for each collaborative utility and provides direct input into PEF's proposed DSM goals for 2010-2019.

The proposed goals set forth in PEF's high RIM scenario contained in Mr. Masiello's testimony reflect the reasonably achievable demand side management potential in PEF's service territory over the ten year period 2010-2019 and should be approved by this Commission. The Commission should review the proposed goal scenarios with consideration of well-reasoned precedent set in Order Nos. PSC-94-1313-FOF-EG, PSC-99-1942-FOF-EG, and PSC-04-0769-PAA-EG. The Commission should also balance the needs of all stakeholders and minimize any adverse impacts to customers. Indeed, special consideration must be given to external factors beyond PEF's control such as tightened credit availability, weakened financial and retail industries, unemployment, and the overall Florida economy may make highly aggressive goals difficult to achieve.

**TECO:** Based on the analysis performed by Tampa Electric for this current DSM goals setting process, the company's reasonably achievable generator level RIM-based DSM goals for the 2010-2019 period are 81.8 MW of summer demand savings, 40.9 MW of winter demand savings, and 201.7 GWH of annual energy savings. These amounts are detailed on an annual basis for both the residential and commercial/industrial sectors in Document No. 1 for Mr. Howard T. Bryant's Exhibit (HTB-1).

The conclusions reached by the National Resources Defense Council ("NRDC"), the Southern Alliance for Clean Energy ("SACE") and GDS Associates, Inc. ("GDS") in this proceeding do not give effect to Florida law and applicable rules of the Commission. Their recommended DSM goals are vastly overstated and, if adopted, would have a monumental negative impact on Tampa Electric's rates and charges from the perspective of the customers it serves.

**GULF:** It is the basic position of Gulf Power Company that the seasonal peak demand and annual energy conservation goals proposed by Gulf Power Company for the period 2010 through 2019 are based on a full assessment of technical, economic and achievable potential for demand-side conservation and efficiency measures, including demand-side renewable energy systems. The proposed goals are appropriate and meet the requirements of Section 366.82, F.S. and Rule 25-17.0021, Florida Administrative Code.

**FPUC:** Pursuant to Sections 366.80 through 366.85, Florida Statutes, and Rule 25-17.0021 FAC, FPUC proposes the Residential and Commercial Conservation Goals presented in issues No. 9 and 10. FPUC is unique among the FEECA utilities. FPUC is by far the smallest of the FEECA utilities and that small size is further complicated by the utility being split into two nearly equal divisions located a significant distance apart. FPUC's small size places severe limits on the level of effort and manpower that can be expended in the administration of conservation programs. As a result FPUC focuses on modifying customer behavior to entice customers to implement no and low cost conservation measures. This is especially important for FPUC's customers who enjoyed several years of low rates due to below market purchase power and developed poor energy efficiency habits. FPUC is also unique among the FEECA utilities in that FPUC has no generating units and purchases all of its power from JEA and Gulf Power.

In this Docket, FPUC joined in a collaborative which retained Itron, one of the leading DSM and conservation firms in the world to conduct a very robust evaluation of the technical, economical, and achievable potential of DSM and conservation measures in accordance with Sections 366.80 through 366.85 FS and Rule 25-17.0021 FAC for the determination of FPUC's Conservation Goals. This robust collaborative effort which included input from SACE and NRDC concluded that there were no cost-effective energy efficiency and demand-side renewable energy measures for FPUC under the RIM test as approved by the Commission in FPUC's previous Conservation Goals Docket. While in FPUC's previous Conservation Goals Docket, some measures passed the RIM test, FPUC attributes the lack of measures passing the RIM test to their significant increase in rates due to higher priced purchase power.

Itron did not evaluate residential and commercial/industrial demand response measures with respect to the RIM test, but did find minor amounts of demand response measures to be achievable (less than 1.4 MW under the highest scenario). FPUC has not evaluated the achievable demand response measures with respect to the RIM test, but feels that it is unlikely that the demand response measures would be cost-effective due to the small achievable levels and the requirement that significant systems be installed to implement them. As such

FPUC is not including the demand response measures as part of our conservation and DSM goals.

FPUC believes that the RIM test continues to be the appropriate test for setting FPUC's Conservation Goals especially in light of the current economic conditions coupled with the significant increase in rates due to the increased purchase power costs. FPUC requests that the Commission approve FPUC's proposed zero goals based on the RIM test. FPUC, however, plans to update and submit FPUC's existing Conservation Programs as their Conservation and DSM plan upon the Commission's Order setting FPUC's Goals. FPUC's existing programs are centered on behavior modifications and because they have already been developed are more cost effective than new programs.

**OUC:**

Pursuant to Sections 366.80 through 366.85, Florida Statutes, and Rule 25-17.0021 FAC, OUC proposes the Residential and Commercial Conservation Goals presented in issues No. 9 and 10. After extensive evaluation, in the previous Conservation Goals Docket No.040035-EG, the Commission approved zero goals for OUC based on the RIM test in Order No. PSC-04-0767-PPA-EG. Nevertheless, OUC as a municipal utility whose sole purpose is to provide reliable electric service at the least possible cost consistent with environmental stewardship in the overall best interests of their customers proposed to continue to provide conservation programs that OUC deemed met these requirements and were in the overall best interest of their customers. The Commission approved OUC's Conservation Programs in Order No. PSC-04-0767-PPA-EG. OUC continues to update and offer these programs in response to their customer's changing needs.

In this Docket, OUC joined in a collaborative which retained Itron, one of the leading DSM and conservation firms in the world to conduct an even more robust evaluation of the technical, economical, and achievable potential of DSM and conservation measures in accordance with Sections 366.80 through 366.85 FS and Rule 25-17.0021 FAC for the determination of OUC's Conservation Goals. This significantly more robust collaborative effort which included input from SACE and NRDC also concluded that there were no cost-effective DSM and conservation measures for OUC under the RIM test.

OUC's unique customer mix with high levels of customers that work in the service industry that live in rented apartments with low incomes makes the cost of services to its customers an ongoing concern for OUC. The economic condition of these customers has been further exacerbated by the current economic crisis. Since these customers do not have the resources to take advantage of conservation programs and in many cases are prohibited from participating as renters, it is especially important for OUC to utilize a test that holds this customer sector harmless. The economic down turn has significantly reduced OUC's loads and

placed upward pressure on rates. To add significant conservation programs at this time that further put upward pressure on rates would not be in the best interest of OUC's customers. Furthermore, since the Commission does not have jurisdiction as a municipal utility over OUC's rates, it is OUC's believe that the Commission is prohibited from establishing numeric goals based on a test other than the RIM test to OUC. Therefore, OUC respectfully requests that the Commission approve OUC's proposed conservation goal of zero.

**JEA:** Itron's analysis indicated that there is no achievable potential for residential and commercial/industrial energy efficiency for JEA based on the Ratepayer Impact Measure (RIM) test. Consistent with the Commission's Order No. PSC-04-0768-PAA-EG setting JEA's goals at zero for the period of 2005-2014, the DSM goals for JEA should remain at zero through the current evaluation period ending in 2019. The Commission should use both the RIM test and the Participants test to set DSM goals. Use of the RIM test to ensure no impact to rates is particularly appropriate for municipal utilities over which the Commission does not have ratemaking authority. The Commission should not establish additional goals for efficiency improvements in generation, transmission, and distribution; separate goals for demand-side renewable energy systems; separate goals for residential and commercial/industrial customer participation in utility energy audit programs; or incentives to promote customer- and utility-owned energy efficiency and demand-side renewable energy systems.

**FECC:** FECC's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. FECC's final positions will be based upon all the evidence in the record and may differ from the preliminary positions stated herein.

**FIPUG:** Conservation is an important aspect of every utility's portfolio. However, the importance of pursuing conservation programs must be balanced against their cost and the impact of that cost on ratepayers, especially as all consumers face challenging economic times. The Commission must not overlook rate impact as it evaluates conservation goals and programs.

Load management programs, such as interruptible programs, play an important role in conservation and should be encouraged. Such programs allow large customers to minimize demand when a utility need resources to maintain service to its firm customers.

The Commission should also more strongly encourage cogeneration and remove barriers to its efficient use. Cogeneration produces no environmental emissions, consumes no fossil fuel and requires no additional water consumption. Such

facilities also allow utilities to avoid consuming expensive fossil fuel and thus the resultant emissions.

To encourage additional cogeneration and to more fully utilize existing cogeneration, the Commission should permit Multiple Load Management (MLM). MLM should be used to allow customers to more fully utilize existing cogenerated capacity/energy. MLM would allow a customer to centrally manage power and energy usage at multiple locations (owned and controlled by the customer) throughout the utility's service area. It would also allow the use of surplus capacity/energy from cogeneration to displace utility capacity/energy purchases at other locations (i.e., self-service wheeling). The use of MLM would allow cogenerated power to be economically developed and fully utilized and would encourage more widespread and more efficient use of cogeneration.

The Commission should conduct an investigation to consider MLM as described above and to audit how the utilities calculate avoided costs in determining cost-effectiveness and in determining the real-time hourly payments for cogenerated energy. This would help to ensure that viable cogeneration projects are developed.

Finally, if the Commission decides to broaden energy efficiency measures, the utilities should specifically address industrial programs that will increase efficiency, such as the installation of premium efficiency motors. Such programs should be eligible for modest incentives. This would encourage the replacement of less efficient equipment with more efficient equipment thus resulting in demand reduction.

**FSC:**

The FEECA utilities have understated the amount of cost-effective achievable energy efficiency potential in their service areas due to several factors: too low market penetration projections, incorrect optimization methodologies, use of E-RIM and RIM to determine cost-effectiveness and elimination of technologies with a two-year payback period. The transitional goals proposed by Staff witness Spellman correct these errors and bring the proposed goals for the five FEECA investor-owned utilities (FEECA IOUs: Florida Power & Light Company, Progress Energy Florida, Inc., Tampa Electric Company, Gulf Power Company and Florida Public Utilities Company) in line with those of other states with a de minimis rate impact. FSC takes no position with regard to establishing goals for JEA and the Orlando Utilities Commission (OUC).

Florida Power and Light Company (FPL), Tampa Electric Company (TECO), Gulf Power Company (Gulf Power) and Florida Public Utilities Company (FPUC) have completely eliminated all solar thermal and PV technologies from consideration contrary to the requirements of §366.82, Fla. Stat. The Commission should require each of these FEECA IOUs to establish demand-side renewable

programs focusing on solar water heating and solar photovoltaic (PV) systems for both residential and commercial customer classes.

As required by §366.82, Fla. Stat., Progress Energy Florida, Inc. (PEF) has developed a Renewable Energy Program to support the installation of solar photovoltaic (PV) and solar water heating systems. PEF's Solar Water Heating with Energy Wise residential program and SolarWise for Schools program are innovative combinations of demand response and solar water heating technologies which are cost effective under both the RIM and TRC tests. Further, PEF is developing the SunSense for Business and the SunSense for Homes initiatives. These programs will offer rebates of \$1.50 per watt for PV arrays for residential customers and a 20 year sell all contract for the energy produced from commercial customers' PV arrays. These programs demonstrate what can be done to cost-effectively utilize solar technologies and should be replicated by other FEECA utilities. However, these programs do not realize the solar technologies' full potential in PEF's service territory at the funding levels proposed by PEF.

Likewise, notwithstanding their contention that no renewable energy measures are cost effective under the RIM test, consistent with the requirements of §366.82, Fla. Stat., OUC and JEA currently offer several solar renewable energy programs. OUC's solar PV and thermal programs give a monthly production credit to customer's utility bills for the energy the systems produce as well as a credit to solar thermal customers for meters. Further, OUC has partnered with the Orlando Federal Credit Union to provide loan interest loans for solar installations payable through the customer's bill. These are innovative programs that also should be replicated by the other FEECA utilities.

In order to encourage these solar technologies, the Commission should authorize recovery of 1% of each of the FEECA IOU's annual retail sales revenue for the year ending 2008 per year for the next five years. These funds should be used as one-time rebates to customers installing PV and solar thermal demand side energy systems structured similarly to the programs currently offered by the Florida Energy and Climate Commission (FECC). FSC suggests that the rebate amount for residential and commercial PV systems be \$2/watt up to 50kW. The Commission should expand the FECC's program to include PV systems larger than 50 kW and use a performance-based incentive program design for those systems. This would ensure growth throughout all market segments. FSC further recommends that incentive levels be reduced during the five year transition period to reflect PV system price declines and market growth. FSC takes no position with regard to demand side renewable energy system goals for JEA and OUC but notes that these utilities have voluntarily developed and implemented innovative solar technology programs which are currently in place.

**NRDC/SACE:** The Legislature recognized the extraordinary potential for increasing energy efficiency in Florida and the tremendous benefits that would accrue to utility customers and the State in passing the 2008 Energy Act (HB 7135), which amended the Florida Energy Efficiency and Conservation Act ("FEECA"). NRDC and SACE have intervened in order to help ensure that the promise of this bill is achieved by setting strong energy efficiency goals and providing the framework that will encourage Florida's utilities to dramatically increase their cost-effective energy efficiency accomplishments. Our members are utility customers who place a high value on a clean and healthy environment, and our interest is in maximizing utility investments in cost-effective energy efficiency, which is both the cleanest and cheapest resource to meet customers' needs. Indeed, as the legislature has recognized, energy efficiency is the most cost-effective way to reduce greenhouse gas emissions and other pollutants associated with power generation, while also strengthening Florida's economy, improving its energy security and reducing costs for consumers.

However, in their testimony, the seven FEECA utilities propose energy efficiency goals that are astonishingly low. While other utilities in Florida have recently achieved energy efficiency gains of close to one percent of electricity sales per year, the seven utilities ask for goals of between zero and 1.5% over ten years. These proposed goals, if adopted, would violate the plain language of the FEECA statute. The utilities arrived at such low goals by applying a series of arbitrary screens and assumptions that eliminated almost all of the technical potential, and also omitting several energy efficiency measures from the technical analysis. Three flaws stand out: First, all seven of the utilities relied on the rate impact measure test in setting their DSM goals. This decision violates the clear language of the amended FEECA statute. Second, all seven utilities eliminated all of the most cost-effective measures which have a payback of less than two years. This reverse cost-effectiveness test arbitrarily eliminated hundreds of measures from consideration despite the fact that, as the utilities themselves admit, these measures will not be significantly adopted unless they are promoted through an energy efficiency program. Third, the utilities significantly under-estimated avoided supply costs, thereby reducing the benefits of all efficiency measures. There are two utilities currently in the process of constructing extraordinarily expensive nuclear plants, yet they ignore the benefit of deferring those capital costs by basing their avoided generation unit benefit exclusively on the capital costs of natural gas plants.

By systematically suppressing the economic and achievable energy efficiency potential, the utilities would condemn Floridians to a future of ever continuing growth in electricity demand and, with it, the need for additional sources of more expensive energy supplies. Had the utilities aggressively pursued energy efficiency in the past, rather than simple reductions in peak demand, they would have insulated Florida's families from volatile fuel cost hikes and soaring



construction costs for new generation units. The Commission should adopt aggressive goals that require the FEECA utilities to aggressively and broadly market energy efficiency. Broad and well-run programs will allow all customers, including both those who are low-income and those who are well-off, to take advantage of energy savings and enjoy the benefits of lower electricity bills.

NRDC and SACE's experts offer goals based on the data presented by the utilities and the analysis conducted by Itron. While they are substantially more ambitious than the FEECA utilities goals, these goals are well within the range of what can be achieved based on the evidence in this case. While our goals are substantially similar to Staff witnesses Richard F. Spellman and Caroline Guidry, we believe that the five year phase-in advocated by the Staff is unnecessarily long and recommend that the Commission adopt the shorter and graduated phase-in advocated in the testimony of Dr. William Steinhurst.

**STAFF:** Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions. Staff takes no position pending evidence adduced at the hearing.

#### VIII. ISSUES AND POSITIONS

**ISSUE 1:** Did the Company provide an adequate assessment of the full technical potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems, pursuant to Section 366.82(3), F.S.?

#### **POSITIONS:**

**FPL:** Yes. The assessment of technical potential began with a Collaborative effort to identify the conservation measures, demand reduction measures, and demand-side renewable energy systems which should be included in the calculation of each FEECA utility's technical potential. The entire Collaborative (including all FEECA utilities and representatives for NRDC and SACE) participated in developing the list of measures, to ensure that all measures were adequately assessed. After the Collaborative agreed to the final list of measures that are available in Florida and for which valid measure cost and savings data was available, the calculation of the technical potential for energy savings and demand reduction in FPL's service territory provided by these measures was determined by Itron. This process ensured a robust and thorough assessment of the full technical potential available. (Haney, Rufo, Dean)

**PEF:** Yes. Through the work of a collaborative team comprised of Florida Power and Light Company, Progress Energy Florida, Inc., Tampa Electric Company, Gulf Power Company, Florida Public Utilities, Jacksonville Electric Authority, Orlando Utilities Commission (collectively "FEECA utilities"), SACE/NRDC and Itron, PEF provided an adequate assessment of the full technical potential pursuant to the Section 366.82(3), F.S. (Rufo, Masiello)

**TECO:** Yes. Through the work of a collaborative team comprised of Florida Power and Light Company, Progress Energy Florida, Inc., Tampa Electric Company, Gulf Power Company, Florida Public Utilities, Jacksonville Electric Authority, Orlando Utilities Commission (collectively "FEECA utilities"), SACE/NRDC and Itron, Tampa Electric provided an adequate assessment of the full technical potential pursuant to the Section 366.82(3), F.S. (Rufo, Bryant)

**GULF:** Yes. Through the Itron study, Gulf has performed an adequate assessment of the full technical potential of all available demand-side conservation and energy measures, including demand-side renewables. An assessment of supply-side conservation and efficiency measures is more appropriately considered in a separate proceeding following the conclusion of the current goal-setting process. (Floyd, Rufo)

**FPUC:** Yes. The technical potential study performed by Itron, as described in the testimony of Mike Rufo, provided an adequate assessment of the full technical potential of available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems. Drawing upon their recognized expertise, Itron utilized its state-of-the-art models to comprehensively analyze the full technical potential of energy efficiency, demand response, and demand-side renewable energy technologies. (Rufo, Eysie)

**OUC:** Yes. The technical potential study performed by Itron, as described in the testimony of Mike Rufo, provided an adequate assessment of the full technical potential of available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems. The scope of the study, the measures to be analyzed, and the assessment techniques were fully vetted through the Collaborative process which included input from all of the FEECA-regulated utilities and other interested parties including SACE and NRDC. Drawing upon their recognized expertise, Itron utilized its state-of-the-art models to comprehensively analyze the full technical potential of energy efficiency, demand response, and demand-side renewable energy technologies. (Rufo, Halley)

**JEA:** Yes. The technical potential study performed by Itron, as described in the testimony of Mike Rufo, provided an adequate assessment of the full technical potential of available demand-side and supply-side conservation and efficiency

measures, including demand-side renewable energy systems. The scope of the study, the measures to be analyzed, and the assessment techniques were fully vetted through the Collaborative process which included input from all of the FEECA-regulated utilities and other interested parties including SACE and NRDC. Drawing upon their recognized expertise, Itron utilized its models to comprehensively analyze the full technical potential of energy efficiency, demand response, and demand-side renewable energy technologies. (Rufo, Vento)

**FECC:** FECC has no specific position at this time.

**FIPUG:** No position.

**FSC:** No for the five FEECA IOUs; no position with regard to OUC and JEA.

**NRDC/SACE:** No. While conducted in a professional manner, we believe that, as a direct result of specifications imposed on the analyses by the utilities, the assessment was unnecessarily conservative and, consequently, undermines Florida's full technical potential for efficiency measures. As explained by NRDC-SACE witness John D. Wilson in his pre-filed testimony, the overall technical potential should be increased by at least 8%, from 34% to 42% statewide due to a number of measures that were omitted. Because the analysis does not consider "the full technical potential of all available demand-side and supply-side conservation and efficiency measures," it does not comply with Section 366.82(3), F.S.

**STAFF:** No position pending evidence adduced at the hearing.

**ISSUE 2:** Did the Company provide an adequate assessment of the achievable potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems?

**POSITIONS:**

**FPL:** Yes. After the determination of the technical potential for energy and demand savings, FPL performed cost-effectiveness screenings and analyses to determine which measures would be cost-effective and properly includable in the achievable potential analysis. First, FPL screened measures using the E-RIM test and Participant Test or the E-TRC test and Participant Test. These "enhanced" versions of the original RIM and TRC tests account for the economic impact of environmental compliance costs associated with emissions of sulfur dioxide, nitrogen oxides, and carbon dioxide. (However, as described below in response to Issue 4 and Issue 7, the E-RIM test is the only test that accounts for all DSM-related costs that are incurred by all of FPL's customers.) Next, maximum incentive levels were determined which were then reduced in some cases, to

ensure that each DSM measure results in positive net benefits. A two-year payback criterion was also utilized to minimize the occurrence of “free riders.” FPL is required by Rule 25-17.0021(3) to account for the effect of free riders in this DSM goal setting proceeding.

After FPL identified the measures that were cost-effective and the appropriate incentive levels, Itron used this information to calculate FPL’s achievable potential utilizing its DSM ASSYST model. The DSM ASSYST achievable potential model is a well-proven and updated model used on a wide variety of energy efficiency potential and goals-setting related projects over the past decade. (Sim, Haney, Rufo, Dean)

**PEF:** Yes. Through a rigorous and comprehensive evaluation process aimed at providing the highest Rate Impact Measure (“RIM”)-based cost-effective level of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems, PEF conducted and has provided an adequate assessment of DSM achievable potential. (Rufo, Masiello)

**TECO:** Yes. Through a rigorous and comprehensive evaluation process aimed at providing the highest Rate Impact Measure (“RIM”)-based cost-effective level of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems, Tampa Electric conducted and has provided an adequate assessment of DSM achievable potential. (Rufo, Bryant)

**GULF:** Yes. Through the Itron study, Gulf has performed an adequate assessment of the achievable potential of all available demand-side conservation and efficiency measures and demand-side renewable energy systems. An assessment of supply-side conservation and efficiency measures is more appropriately considered in a separate proceeding following the conclusion of the current goal-setting process. (Floyd, Rufo)

**FPUC:** Yes. The achievable potential study performed by Itron, as described in the testimony of Mike Rufo, provided an adequate assessment of the achievable potential of available demand-side conservation and efficiency measures, including demand-side renewable energy systems. Drawing upon their recognized expertise, Itron utilized its state-of-the-art models to comprehensively analyze the achievable potential of energy efficiency, demand response, and demand-side renewable energy technologies. (Rufo, Eysie, Rollins)

**OUC:** Yes. The achievable potential study performed by Itron, as described in the testimony of Mike Rufo, provided an adequate assessment of the achievable potential of available demand-side conservation and efficiency measures, including demand-side renewable energy systems. Drawing upon their

recognized expertise, Itron utilized its state-of-the-art models to comprehensively analyze the achievable potential of energy efficiency, demand response, and demand-side renewable energy technologies. (Rufo, Halley, Kushner, Haddad)

**JEA:** Yes. The achievable potential study performed by Itron, as described in the testimony of Mike Rufo, provided an adequate assessment of the achievable potential of available demand-side conservation and efficiency measures, including demand-side renewable energy systems. Drawing upon their recognized expertise, Itron utilized its models to comprehensively analyze the achievable potential of energy efficiency, demand response, and demand-side renewable energy technologies. (Rufo, Vento, Kushner)

**FECC:** FECC has no specific position at this time.

**FIPUG:** No position.

**FSC:** No for the five FEECA IOUs; no position with regard to OUC and JEA.

**NRDC/SACE:** No. We believe the achievable potential analysis suffers from several major flaws and as a result the utilities have dramatically under-estimated the maximum amount of DSM resources that could be captured cost-effectively in Florida. We highlight the most significant flaws here, although additional flaws are identified in the testimony we have submitted. First, we should note that the flaws in the technical analysis were carried forward into the achievable analysis.

Second, the achievable analysis is radically under-estimated because of the utilities' decision to arbitrarily eliminate all measures with a simple payback period (excluding incentives) of less than two years. This is a reverse cost-effectiveness test that eliminates the most cost-effective measures from consideration. Eliminating these measures, which reflect the most cost-effective way to increase energy efficiency is contrary to the intent of the Legislature in passing the FEECA statute.

The utilities attempt to defend this arbitrary decision by arguing that it is needed to avoid free riders and because customers should adopt these measures without any incentives or other intervention from the utilities. This claim is not supported by the evidence in this case, which shows that these measures would not be fully adopted unless they are included in an energy efficiency program, and that the energy efficiency industry has developed more effective means of controlling costs associated with free riders than arbitrary measures screens.

Third, the utilities unreasonably constrained the achievable potential by limiting the success of the future programs to the level of success achieved by the utilities in the past. However, the utilities past performance should not be the measure of

their future success. In particular, the utilities past performance occurred when primarily only measures that passed the RIM test were offered and when the overall goals were far lower than we suggest they should be in the current proceeding. If the Commission requires more ambitious goals, as we and the Staff witness recommend, then the utilities will respond by improving their program incentives and marketing and accordingly will achieve substantially increased success in future penetration rates.

In sum, because of these and other flaws, the Companies did not conduct a credible estimate of the achievable potential of demand-side and supply side conservation and efficiency measures.

**STAFF:** No position pending evidence adduced at the hearing.

**ISSUE 3:** Do the Company's proposed goals adequately reflect the costs and benefits to customers participating in the measure, pursuant to Section 366.82(3)(a), F.S?

**POSITIONS:**

**FPL:** Yes. As mentioned above in response to Issue 2, FPL used the Participant Test in its economic screening of DSM measures. The Participant Test includes all relevant DSM-related costs that would be incurred by a customer participating in a DSM program. Measures which are not cost-effective to the participating customer are therefore not reflected in FPL's proposed DSM goals. (Dean, Sim)

**PEF:** Yes. PEF utilized the Participants' test as delineated in Rule 25-17.008, F.A.C., to adequately reflect the costs and benefits to customers participating in a DSM measure thereby adhering to the requirement of Section 366.82(3)(a), F.S. (Masiello, Dean)

**TECO:** Yes. Tampa Electric utilized the Participants' test as delineated in Rule 25-17.008, F.A.C., to adequately reflect the costs and benefits to customers participating in a DSM measure thereby adhering to the requirement of Section 366.82(3)(a), F.S. (Bryant)

**GULF:** Yes. The measures included in the development of Gulf's goals reflect the costs and benefits to the participating customers. This is accomplished by performing the Participants Test and requiring that all measures included in the goals pass this test (Floyd)

**FPUC:** Yes. FPUC's proposed goals are based on achievable potential developed based on Itron's cost-effectiveness evaluation, which included consideration of the costs

and benefits to customers participating in the measures through use of the Participant test. (Rufo, Eysie, Rollins)

**OUC:** Yes. OUC's proposed goals are based on achievable potential developed based on Itron's cost-effectiveness evaluation, which included consideration of the costs and benefits to customers participating in the measures through use of the Participant test. (Rufo, Halley, Kushner, Haddad)

**JEA:** Yes. JEA's proposed goals are based on achievable potential developed based on Itron's cost-effectiveness evaluation, which included consideration of the costs and benefits to customers participating in the measures through use of the Participant test. (Rufo, Vento, Kushner)

**FECC:** FECC has no specific position at this time.

**FIPUG:** In answering this question, the Commission must balance the goal of conservation with the impact of the cost of conservation programs on rates. The Commission must not overlook rate impact when conservation goals and programs are evaluated. (Pollock)

**FSC:** No for the five FEECA IOUs; no position with regard to OUC and JEA.

**NRDC/SACE:** We do not object to how the participant test was conducted for JEA, OUC and FPU. For these utilities, the test was performed by Itron, which appropriately included the incentives in the calculation. However, the participant test employed by FPL to screen out measures does not "reflect the costs and benefits to customers participating in the measure." This is because according to FPL witness Steve R. Sim, as an initial screen, the participant test was applied without incentives. Omitting incentives from the participant test is contrary to the amended FEECA statute as well as the PSC's cost-effectiveness manual. Moreover, this improperly applied screen eliminated fully 45 percent of the technical potential measures.

We take no position at this time with respect to PEF, Gulf, and TECO.

**STAFF:** No position pending evidence adduced at the hearing.

**ISSUE 4:** Do the Company's proposed goals adequately reflect the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions, pursuant to Section 366.82(3)(b), F.S.?

**POSITIONS:**

**FPL:** Yes. The E-RIM test utilized by FPL includes all relevant DSM-related benefits and costs that will be incurred by the utility and all of its customers – both participants and non-participants. Accordingly, the achievable potential calculated and the resulting goals proposed reflect those measures which are cost-effective to all customers. The TRC or E-TRC test, on the other hand, does not reflect all DSM-related costs to the general body of ratepayers as required by Section 366.82(3)(b). The TRC test omits both the incentives paid to participating customers and the economic impact of unrecovered revenue requirements on electric rates – costs borne by all of FPL's customers. It also accounts for participants' out of pocket costs which are already reflected in the Participant Test. The TRC test, therefore, does not adequately reflect the costs or the benefits to the general body of ratepayers.

FPL's proposed goals also reflect the costs and benefits to the general body of ratepayers in another important manner: the use of the proposed goals will provide the most cost-effective mix of resources on FPL's system. As described further below in response to Issue 9 and Issue 10, the resource plan incorporating FPL's proposed goals will provide the lowest levelized system average electric rate, when compared to the supply-only option or the use of any other DSM portfolio. Presenting goals which produce the lowest levelized system average electric rate clearly benefits FPL's general body of customers. (Dean, Sim)

**PEF:** Yes. To establish PEF's proposed DSM goals, the company utilized the RIM test as delineated in Rule 25-17.008, F.A.C., to adequately reflect the costs and benefits to the general body of ratepayers as a whole. The RIM test manages the inclusion of utility incentives as well as other utility costs in such a manner so as to create a benefit for all ratepayers while protecting all ratepayers, both participants and non-participants, from rates that would otherwise be higher in the absence of the DSM program. In addition to the RIM test, the company utilized the Participants' test to adequately reflect participant contributions. (Masiello, Dean)

**TECO:** Yes. Tampa Electric utilized the cost-effectiveness methodologies as delineated in Rule 25-17.008, F.A.C., to adequately reflect the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions. (Bryant)



**GULF:** Yes. By passing the RIM test, Gulf's proposed goals reflect the costs and benefits that minimize overall rate impacts for the general body of customers, whether or not they participate in one of the resulting conservation programs. By only including measures that also pass the Participants Test, these proposed goals adequately consider participant contributions as a component of overall customer impact. (Floyd)

**FPUC:** Yes. FPUC's proposed goals are based on achievable potential developed based on Itron's cost-effectiveness evaluation, which included consideration of the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions, through use of the Ratepayer Impact Measure (RIM) and Participant tests. (Rufo, Eysie, Rollins)

**OUC:** Yes. OUC's proposed goals are based on achievable potential developed based on Itron's cost-effectiveness evaluation, which included consideration of the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions, through use of the Ratepayer Impact Measure (RIM) and Participant tests. (Rufo, Halley, Kushner, Haddad)

**JEA:** Yes. JEA's proposed goals are based on achievable potential developed based on Itron's cost-effectiveness evaluation, which included consideration of the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions, through use of the Ratepayer Impact Measure (RIM) and Participant tests. (Rufo, Vento, Kushner)

**FECC:** FECC has no specific position at this time.

**FIPUG:** In answering this question, the Commission must balance the goal of conservation with the impact of the cost of conservation programs on rates. The Commission must not overlook rate impact when conservation goals and programs are evaluated. (Pollock)

**FSC:** No for the five FEECA IOUs; no position for OUC and JEA.

**NRDC/SACE:** No. Rather than focus on the costs and benefits of energy efficiency to the "general body of ratepayers as a whole, all seven of the FEECA utilities chose to rely on the RIM test to screen the measures that form the basis for their goals. This is inconsistent with amended Section 366.82(3)(b), F.S., because the RIM test does not reflect "costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions." Instead, RIM focuses exclusively on rates, and particularly on potential impacts to non-participants. RIM is further inconsistent with 366.82(3)(b) because it excludes both the participants' contributions and the participants' benefits, which come in the form of reduced energy expenditures and lower energy bills. As described in

detail in response to issue 7 below, the test that does satisfy the language of 366.82(3)(b) is the Total Resource Cost ("TRC") test.

**STAFF:** No position pending evidence adduced at the hearing.

**ISSUE 5:** Do the Company's proposed goals adequately reflect the costs imposed by state and federal regulations on the emission of greenhouse gases, pursuant to Section 366.82(3)(d), F.S?

**POSITIONS:**

**FPL:** Yes. FPL enhanced both the original RIM and original TRC tests by creating the E-RIM and E-TRC tests, to specifically account for future environmental compliance costs associated with carbon dioxide. FPL used a reasonable estimate of future environmental compliance costs, which was based upon ICF's U.S. Emission & Fuel Markets Outlook Winter 2007/2008. This is the same source that was used in FPL's recent supply-side need determination proceedings, and FPL's projected carbon dioxide costs are very similar to the Congressional Budget Office's recent projections. By incorporating such costs, the value of high kWh reduction DSM programs in regard to reduced emissions is fully captured and the cost-effectiveness of these DSM programs is appropriately increased. Additionally, because such compliance costs are incorporated in the cost-effectiveness tests of supply-side options, use of the E-RIM is a significant advancement in regard to continuing to analyze DSM programs and supply options on a level playing field. (Sim)

**PEF:** Yes. (Masiello)

**TECO:** Yes. Tampa Electric utilized a mid-range cost of CO<sub>2</sub> taken from recently proposed national carbon legislation throughout its DSM goals evaluation process. This is consistent with need determination practice where the cost of CO<sub>2</sub> is integral to the analysis and puts demand-side evaluations on a more level playing field with supply-side options. (Bryant)

**GULF:** Yes. Although there are currently no state or federal regulations governing the emission of greenhouse gases, assumptions for CO<sub>2</sub> cost avoidance have been considered as a benefit in the evaluation of all measures. (Floyd, Rufo)

**FPUC:** Greenhouse gases are not currently regulated at either the State or Federal level, and there currently are no costs imposed on the emissions of greenhouse gases. While there is much speculation on the potential for greenhouse gas emissions regulation, FPUC does not believe it is appropriate to establish DSM goals that would increase customer rates based on speculation related to yet-to-be defined potential regulations of emissions of greenhouse gases. However, for

informational purposes, Itron performed additional analyses related to several different combinations of fuel and carbon dioxide (CO<sub>2</sub>) emissions allowance prices that were included in FPUC's purchase power prices. (Rufo, Eysie, Rollins)

**OUC:** Greenhouse gases are not currently regulated at either the State or Federal level, and there currently are no costs imposed on the emissions of greenhouse gases. While there is much speculation on the potential for greenhouse gas emissions regulation, OUC does not believe it is appropriate to establish DSM goals that would increase customer rates based on speculation related to yet-to-be defined potential regulations of emissions of greenhouse gases. However, for informational purposes, Itron performed additional analyses related to several different combinations of fuel and carbon dioxide (CO<sub>2</sub>) emissions allowance prices. Using three different CO<sub>2</sub> emissions allowance price projections of approximately \$15/ton, \$34/ton, and \$89/ton, on a levelized basis, no DSM measures were shown to pass the RIM cost-effectiveness test. (Rufo, Halley, Kushner)

**JEA:** Greenhouse gases are not currently regulated at either the State or Federal level, and there currently are no costs imposed on the emissions of greenhouse gases. While there is much speculation on the potential for greenhouse gas emissions regulation, JEA does not believe it is appropriate to establish DSM goals that would increase customer rates based on speculation related to yet-to-be defined potential regulations of emissions of greenhouse gases. However, for informational purposes, Itron performed additional analyses related to several different combinations of fuel and carbon dioxide (CO<sub>2</sub>) emissions allowance prices. Using three different CO<sub>2</sub> emissions allowance price projections of approximately \$16/ton, \$36/ton, and \$94/ton, on a levelized basis, no DSM measures were shown to pass the RIM cost-effectiveness test. (Rufo, Vento, Kushner)

**FECC:** FECC has no specific position at this time.

**FIPUG:** No position.

**FSC:** No position at this time.

**NRDC/SACE:** No. As more fully explained in the testimony of Dr. William Steinhurst, the Companies all used projections of the costs of carbon dioxide emissions that were on the extreme low end of the spectrum of potential costs.

**STAFF:** No position pending evidence adduced at the hearing.

**ISSUE 6:** Should the Commission establish incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems?

**POSITIONS:**

**FPL:** Not in this proceeding. Consideration of incentives, based on the goals that are established in this proceeding, would be more appropriately addressed in the plan phase of this docket or otherwise in a subsequent proceeding. (Haney)

**PEF:** Utility incentives, as authorized in recent legislation, can provide the Commission a useful tool to address a utility's performance and financial impacts as it strives to meet future goals. If the Commission seeks to prescribe goals based on any test other than the recently modified RIM, the issues of goals and incentives would become inseparable, and an immediate consideration of incentives would become necessary. (Masiello)

**TECO:** No, not in this proceeding. If the Commission deems utility incentives to be appropriate, the evaluation and potential establishment should be conducted in a separate proceeding. (Bryant)

**GULF:** Not at this time. The establishment of incentives, if necessary, should take place in a separate proceeding. (Floyd)

**FPUC:** No. As part of this Docket, we have comprehensively analyzed customer-owned energy efficiency and demand-side measures and none were found to be cost-effective. Utility-owned energy efficiency and renewable energy systems are supply-side issues that are not applicable to FPUC as a non-generating utility. (Eysie)

**OUC:** No. Incentives to utilities involving rate of return are not relevant to municipal utilities. As part of this Docket, we have comprehensively analyzed customer-owned energy efficiency and demand-side measures and none were found to be cost-effective. Utility-owned energy efficiency and renewable energy systems are supply-side issues. (Halley)

**JEA:** No. Incentives to utilities involving rate of return are not relevant to municipal utilities. As part of this Docket, we have comprehensively analyzed customer-owned energy efficiency and demand-side measures and none were found to be cost-effective. Utility-owned energy efficiency and renewable energy systems are supply-side issues. (Vento)

**FECC:** FECC has no specific position at this time.

**FIPUG:** The answer to this question depends on the type and amount of any such incentives and the incentives impact on rates.

**FSC:** Yes.

**NRDC/SACE:** Yes. Performance-based incentives are needed to help Florida capture all cost effective efficiency savings and the accompanying economic and environmental benefits. But performance-based incentives should only be adopted if the Commission first sets strong efficiency goals. At present, the utilities have proposed goals of between zero and just over 0.1 percent of sales per year. These goals are appallingly low and their achievement would not merit payment of any reward. However, if the Commission were to adopt more aggressive goals it would be appropriate, in a future proceeding, to establish an incentive that will allow utilities an opportunity to share in the net benefits that cost-effective efficiency programs provide customers while concurrently encouraging the utilities to excel at delivering energy efficiency programs that lower customer bills.

**STAFF:** No position pending evidence adduced at the hearing.

**ISSUE 7:** In setting goals, what consideration should the Commission give to the impact on rates?

**POSITIONS:**

**FPL:** The Commission must consider the impact on rates caused by DSM goals and should continue to set DSM goals which minimize rate impacts and avoid subsidization of participants by non-participants in DSM programs. The Commission is charged with determining and setting just and reasonable rates pursuant to its authority granted by Chapter 366, Florida Statutes, and the recent amendments to FEECA did not change that. In fact, FEECA now explicitly requires the Commission to consider costs and benefits “to the general body of ratepayers as a whole[.]” None of the amendments contained in HB 7135 imply that rate impacts should be disregarded. The DSM goals proposed by FPL will result in lowest levelized system average electric rate, and will help avoid subsidization of participants by non-participants. In contrast, the alternative goals proposed by GDS and by SACE and NRDC would impose unnecessary and immense rate impacts on FPL’s customers, which is one of many reasons why they should be rejected. (Dean, Haney, Sim)

**PEF:** The Commission should give serious consideration to such rate impacts as it did in Order No. PSC-04-0769-PAA-EG. In doing so, the Commission should use

the RIM test as the threshold measure for evaluation as the RIM test reasonably balances the interests of all stakeholders. (Masiello, Dean)

**TECO:** The Commission should give significant consideration to the impact on rates of any goals it sets in this proceeding in order to carry out the intent of Chapter 366, Florida Statutes, including FEECA. The use of the RIM test in conjunction with the Participants test remains the appropriate and best methodology for assuring the selection of optimal DSM goals that do not impose undue upward pressure on rates or cross-subsidizations between DSM measure participants and non-participants. (Bryant)

**GULF:** The Commission should give serious consideration to the rate impacts of DSM goals in this proceeding. In FEECA, specifically Section 366.82(3), the Commission is charged with developing goals that explicitly consider costs to the customer. Throughout Chapter 366, F.S., the Commission is given responsibility to consider costs and their resultant impact on rates. As acknowledged by Staff witness Spellman, the adoption of TRC would result in upward pressure on rates. The Commission has a better option, the Rate impact Measure Test, which provides for both an increase in the level of efficiency goals and downward pressure on rates. (Floyd)

**FPUC:** The Commission should use consideration of the impact on rates as its primary determinant in setting goals through the RIM test. (Eysie)

**OUC:** The Commission should use consideration of the impact on rates as its primary determinant in setting goals. For municipal utilities over which the Commission has no ratemaking authority, the Commission should reject DSM measures that fail the RIM test. (Halley)

**JEA:** The Commission should use consideration of the impact on rates as its primary determinant in setting goals. For municipal utilities over which the Commission has no ratemaking authority, the Commission should reject DSM measures that fail the RIM test. (Vento)

**FECC:** FECC has no specific position at this time.

**FIPUG:** Electricity is a very large part of industrial customers' variable overhead. An increase in rates can impact the operation of the industrial company, including a shut down or roll back of production, with its concomitant job layoffs and lesser tax payments. The Commission must carefully weigh the encouragement of conservation programs with the impact such programs will have on rates. In these stressful financial times, the Commission must give strong consideration to any rate impact which will result from approval of conservation programs. (Pollock)

**FSC:** For the FEECA IOUs the Commission should consider the rate impact of DSM goals as one of many factors in setting goals. However, rate impact should not be the sole controlling factor in setting DSM goals. FSC takes no position on this issue with regard to OUC or JEA.

**NRDC/SACE:** This issue is encompassed by issue 8 and is furthermore governed by the direction provided in the amended statute. Therefore, NRDC-SACE does not believe that this issue should be added to the issue list. All the concerns that parties may have regarding potential impact on rates can be raised as part of the parties' positions to issue 8. To the extent the Commission accepts OUC's suggestion that a second issue on this topic is appropriate, NRDC-SACE asserts that the issue should be rewritten to identify not only potential changes to rates, but also potential changes to customer bills. Specifically, we propose that it be redrafted as follows: In setting goals, what should be the scope of the Commission's review of rate impact of goals, and its review of the impact of goals on customer bills, in the context of section 366.82(3), Florida Statutes?"

If this issue is included, our position is that, as a matter of law, the Commission is precluded from considering impacts on rates at the goal setting stage and also that, as a matter of policy, the appropriate time to consider rate impacts is at the program design stage. The Commission is legally precluded from considering impacts on rates as it has done in the past through application of the RIM test because of the 2008 amendments to FEECA, which direct the Commission to consider "[t]he costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions."§ 366.82(3)(b). By specifying that the Commission must consider impacts to the "general body of ratepayers as a whole," the legislature implicitly prohibited the Commission from considering impacts on a particular class of ratepayers such as non-participants.

Furthermore, to the extent that the Commission wishes to consider the impact on customers, it should focus its attention on the bills that those customers will pay rather than electricity rates. After all, what customers care about is the services they obtain (lighting, heating and cooling) and the total bill that they pay for those services. Therefore the Commission should consider the total bills that customers will pay, not their rates. When viewed in this light, it is clear that customers benefit the most if energy efficiency programs are made widely available so that all customers – particularly low income customers – can easily take advantage of efficiency programs and, as a result, pay lower bills for the same or a greater level of services provided.

**STAFF:** No position pending evidence adduced at the hearing.

**ISSUE 8:** What cost-effectiveness test or tests should the Commission use to set goals, pursuant to Section 366.82, F.S.?

**POSITIONS:**

**FPL:** The cost-effectiveness screening approach that is consistent with the Commission's obligation to set just and reasonable rates pursuant to Chapter 366, Florida Statutes, and that meets the specific requirements of FEECA, as amended, is a combination of the E-RIM test and Participant Test, which was utilized by FPL. Accordingly, this is the test that should be used by the Commission to set DSM goals in this proceeding.

The E-RIM test utilized by FPL includes all relevant DSM-related costs that will be incurred by the utility and all of its customers – both participants and non-participants. Accordingly, the achievable potential calculated and the resulting goals proposed reflect those measures which are cost-effective to all customers. The TRC or E-TRC test, on the other hand, does not reflect all costs to the general body of ratepayers as required by Section 366.82(3)(b). The TRC test, therefore, does not adequately reflect the costs or the benefits to the general body of ratepayers. (Sim, Dean)

**PEF:** The RIM test is the threshold measure that should be used in Florida as it reasonably balances the interests of all stakeholders. (Masiello, Dean)

**TECO:** The Commission should use the RIM test in conjunction with the Participants' test to establish DSM goals. These tests allow the accomplishment of significant DSM development without placing undue upward pressure on rates or causing cross-subsidization among participants and non-participants. (Bryant)

**GULF:** A combination of the Rate Impact Measure and the Participants Test cost-effectiveness tests should be used by the Commission to set goals pursuant to Section 366.82, F.S. This combination of tests provides a reasonable balance between participating and non-participating customer benefits and provides downward pressure on overall electric rates while still supporting significant conservation activities. (Floyd)

**FPUC:** In general, the Commission should use, as a threshold, the results of the RIM test as the basis for setting DSM goals. If the results of the RIM test indicate a DSM measure may be cost-effective, then it should also be required to pass both the TRC test and the Participants test. (Eysie)

**OUC:** The Commission should use both the RIM test and Participants test to set goals. When used in conjunction with each other, these tests fulfill the Commission's obligation to consider the costs and benefits to the general body of ratepayers as a



whole, including utility incentives and participant contributions. The Commission's use of the RIM test to ensure no impact to customers' rates is particularly appropriate for municipal utilities, such as OUC, over which the Commission does not have ratemaking authority. (Halley)

**JEA:** The Commission should use both the RIM test and Participants test to set goals. When used in conjunction with each other, these tests fulfill the Commission's obligation to consider the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions. The Commission's use of the RIM test to ensure no impact to customers' rates is particularly appropriate for municipal utilities, such as JEA, over which the Commission does not have ratemaking authority. (Vento)

**FECC:** FECC has no specific position at this time.

**FIPUG:** Regardless of which cost-effectiveness test the Commission approves, what is most important is that the Commission encourage conservation programs that strike a reasonable balance between the advantages of the programs to program participants and other rate payers and that these conservation programs are fairly evaluated. The Commission should give significant weight to the RIM test to determine cost-effectiveness. Further, in the use of this test, the Commission should be sure that all utilities are conducting the test in the same way and that "lost revenue" for clause "losses" is not included. (Pollock)

**FSC:** The Commission should use the Total Resource Cost (TRC) test, adjusted to include the avoided cost of greenhouse gas (GHG) emissions, and the Participant test as proposed in Staff witness Spellman's testimony for the five FEECA IOUs. No position for OUC and JEA.

**NRDC/SACE:** The Commission should use the Total Resource Cost ("TRC") test and the Participant test to set goals. The legislature required that the PSC "evaluate the full technical potential of all available demand-side and supply-side conservation and energy efficiency measures" and then set goals using two cost-effectiveness tests, articulated in amended sections 366.82 (3)(a) and 3(b). First, in section 3(a), the legislature required the "Participant Test" when it directed the PSC to consider "the costs and benefits to customers participating in the measure." Second, in section 3(b), the legislature required the Total Resource Cost ("TRC") Test. This is readily apparent from the language of the amendment statute. Section 3(b) mandates that the PSC consider "[t]he costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions." TRC is the cost effectiveness test that focuses on the "general body of ratepayers as a whole." It does this by considering the total costs of an energy-efficient measure, no matter who pays for it, as well as the cost of implementing the efficiency program, and comparing that to the benefit the



**PEF:** PEF's annual goals are listed in the table below. The cumulative effect of these goals through 2019 would be a summer MW reduction of 323 MW, a winter reduction of 463 MW, and cumulative energy savings of 488 GWh. (Masiello)

PROPOSED RESIDENTIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW	24.57	25.88	27.90	29.33	30.64	33.26	43.28	42.58	39.23	26.09
Winter MW	37.68	41.55	43.20	44.30	45.40	45.88	58.53	58.31	55.23	33.06
Annual GWh	40.22	42.66	46.31	48.75	51.19	57.77	54.85	54.36	47.53	43.88

**TECO:**

PROPOSED RESIDENTIAL CONSERVATION GOALS (At the Generator)										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW	1.4	2.1	2.9	3.5	4.0	4.3	4.3	3.9	3.7	3.2
Winter MW	1.2	1.9	2.4	3.0	3.5	3.5	3.7	3.4	3.1	2.8
Annual GWh	1.9	3.6	5.0	6.3	7.2	7.7	7.9	7.2	6.5	5.7

The cumulative effect of these goals through 2019 would be a summer MW reduction of 33.3 MW, a winter reduction of 28.5 MW and cumulative energy savings of 59.0 GWh. (Bryant)

**GULF:** The cumulative effect of these goals through 2019 would be a summer peak demand reduction of 47 MW, a winter peak demand reduction of 39.2 MW and annual energy reduction of 86.8 GWh. (Floyd)

PROPOSED RESIDENTIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW	1.9	2.8	3.7	4.5	5.1	5.7	6.1	6.1	5.7	5.4
Winter MW	1.8	2.5	3.1	3.7	4.3	4.6	5.0	5.0	4.7	4.5
Annual GWh	2.0	4.0	6.3	8.2	9.8	11.0	11.9	12.1	11.2	10.3

**FPUC:** (Eysie)

PROPOSED RESIDENTIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW	0	0	0	0	0	0	0	0	0	0
Winter MW	0	0	0	0	0	0	0	0	0	0
Annual GWh	0	0	0	0	0	0	0	0	0	0

**OUC:** (Halley, Haddad)

PROPOSED RESIDENTIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW	0	0	0	0	0	0	0	0	0	0
Winter MW	0	0	0	0	0	0	0	0	0	0
Annual GWh	0	0	0	0	0	0	0	0	0	0

**JEA:** (Vento)

PROPOSED RESIDENTIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW	0	0	0	0	0	0	0	0	0	0
Winter MW	0	0	0	0	0	0	0	0	0	0
Annual GWh	0	0	0	0	0	0	0	0	0	0

**FECC:** FECC has no specific position at this time.

**FIPUG:** The Commission should set goals that balance the importance of pursuing conservation programs against their cost and the impact of that cost on rates. (Pollock)

**FSC:** FSC supports the methodology and transitional goals developed by Richard Spellman on behalf of the PSC Staff as stated in Exhibit RFS-20 for the FEECA IOUs. FSC takes no position on establishing residential goals for OUC and JEA.

**NRDC/SACE:** We recommend that the Commission set interim savings goals of not less than 1.0% per year on an interim basis while the flaws in the potential studies conducted by the companies are corrected. In addition, we recommend a three year phase-in period.

**Total-Statewide**

<b>PROPOSED RESIDENTIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	105	322	655	1,013	1,404	1,802	2,216	2,645	3,102	3,622
<b>Winter MW</b>	124	383	784	1,209	1,659	2,133	2,618	3,125	3,648	4,222
<b>Annual GWh</b>	304	932	1,883	2,890	3,916	4,961	6,053	7,201	8,414	9,675

**FPL**

<b>PROPOSED RESIDENTIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	51	156	320	486	686	880	1,083	1,296	1,524	1,792
<b>Winter MW</b>	57	176	364	556	781	1,009	1,240	1,480	1,732	2,027
<b>Annual GWh</b>	170	517	1,049	1,579	2,113	2,654	3,217	3,797	4,414	5,051

**Progress**

<b>PROPOSED RESIDENTIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	28	86	177	273	366	466	568	675	785	913
<b>Winter MW</b>	39	121	251	387	515	659	805	959	1,117	1,281
<b>Annual GWh</b>	65	200	415	636	861	1,084	1,318	1,573	1,840	2,119

**TECO**

<b>PROPOSED RESIDENTIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	12	37	75	114	155	198	242	285	333	383
<b>Winter MW</b>	16	49	99	151	204	261	319	380	437	495
<b>Annual GWh</b>	31	95	195	299	409	524	645	773	907	1,048

**Gulf**

<b>PROPOSED RESIDENTIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	7	23	46	70	96	122	149	178	209	242
<b>Winter MW</b>	8	26	53	82	112	142	175	210	246	283
<b>Annual GWh</b>	19	61	125	193	263	337	416	501	591	687

**FPUC**

<b>PROPOSED RESIDENTIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	-	-	-	-	-	-	-	-	-	-
<b>Winter MW</b>	-	-	-	-	-	-	-	-	-	-
<b>Annual GWh</b>	-	-	-	-	-	-	-	-	-	-

**JEA**

<b>PROPOSED RESIDENTIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	5	14	25	45	67	89	113	138	164	191
<b>Winter MW</b>	3	10	17	31	46	61	77	94	112	132
<b>Annual GWh</b>	14	41	70	127	186	248	312	379	449	522

**STAFF:** No position pending evidence adduced at the hearing.

**ISSUE 10:** What commercial/industrial summer and winter megawatt (MW) and annual Gigawatt hour (GWh) goals should be established for the period 2010-2019?

**POSITIONS:**

**FPL:** Please refer to the table below. In total, FPL is proposing 664 MW (at the generator) of cumulative Summer demand reduction, 337 MW of cumulative Winter demand reduction, and 878.2 GWh of cumulative energy savings. These goals will contribute to the most cost-effective resource plan on FPL's system, result in the lowest levelized system average electric rate, and will help avoid subsidization of participants by non-participants. (Haney, Sim)

<b>PROPOSED COMMERCIAL/INDUSTRIAL CONSERVATION GOALS (at the meter)</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	33.4	33.4	33.7	33.8	33.8	33.8	34.3	34.7	35.8	36.6
<b>Winter MW</b>	8.5	8.5	8.5	8.6	8.9	9.0	9.2	9.6	10.1	10.2
<b>Annual GWh</b>	41.0	41.4	44.2	45.3	53.9	54.6	59.8	63.3	71.2	75.4

**PEF:** PEF's annual goals are listed in the table below. The cumulative effect of these goals through 2019 would be a summer MW reduction of 198 MW, a winter reduction of 96 MW, and cumulative energy savings of 126 GWh. (Masiello)

<b>PROPOSED COMMERCIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	8.77	11.57	21.46	22.49	23.27	23.52	24.04	23.01	21.46	18.24
<b>Winter MW</b>	4.74	4.77	10.80	10.84	10.87	10.96	10.92	10.91	10.82	10.77
<b>Annual GWh</b>	10.42	11.05	12.00	12.63	13.26	14.96	14.21	14.08	12.31	11.37





**OUC:** (Halley, Haddad)

PROPOSED COMMERCIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW	0	0	0	0	0	0	0	0	0	0
Winter MW	0	0	0	0	0	0	0	0	0	0
Annual GWh	0	0	0	0	0	0	0	0	0	0

**JEA:** (Vento)

PROPOSED COMMERCIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW	0	0	0	0	0	0	0	0	0	0
Winter MW	0	0	0	0	0	0	0	0	0	0
Annual GWh	0	0	0	0	0	0	0	0	0	0

**FECC:** FECC has no specific position at this time.

**FIPUG:** The Commission should set goals that balance the importance of pursuing conservation programs against their cost and the impact of that cost on rates. (Pollock)

**FSC:** FSC supports the methodology and transitional goals developed by Richard Spellman on behalf of the PSC Staff as stated in his Exhibit RFS-20 for the FEECA IOUs. FSC takes no position on establishing commercial/industrial goals for OUC and JEA.

**SACE/NRDC:** NRDC-SACE propose commercial and industrial goals as follows:**Total-Statewide**

<b>PROPOSED COMMERCIAL &amp; INDUSTRIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	36	111	225	349	486	624	769	919	1,078	1,260
<b>Winter MW</b>	15	47	88	146	208	273	340	410	485	565
<b>Annual GWh</b>	293	908	1,842	2,866	3,944	5,055	6,216	7,445	8,747	10,115

**FPL**

<b>PROPOSED COMMERCIAL &amp; INDUSTRIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	19	58	119	181	255	328	403	483	568	668
<b>Winter MW</b>	5	15	31	47	66	85	104	124	145	170
<b>Annual GWh</b>	162	503	1,043	1,597	2,198	2,824	3,490	4,190	4,946	5,746

**Progress**

<b>PROPOSED COMMERCIAL &amp; INDUSTRIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	8	24	50	77	104	132	161	191	223	259
<b>Winter MW</b>	1	4	7	11	15	19	23	28	32	37
<b>Annual GWh</b>	52	164	336	519	699	876	1,053	1,247	1,447	1,653

**TECO**

<b>PROPOSED COMMERCIAL &amp; INDUSTRIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	3	10	20	30	41	53	65	76	89	102
<b>Winter MW</b>	1	3	6	9	12	15	19	22	26	29
<b>Annual GWh</b>	31	94	191	292	396	504	616	732	851	974

**Gulf**

<b>PROPOSED COMMERCIAL &amp; INDUSTRIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	3	9	18	27	37	47	58	69	81	94
<b>Winter MW</b>	1	4	7	11	16	20	24	29	34	40
<b>Annual GWh</b>	21	64	130	199	269	341	416	496	581	670

**FPUC**

<b>PROPOSED COMMERCIAL &amp; INDUSTRIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	-	-	-	-	-	-	-	-	-	-
<b>Winter MW</b>	-	-	-	-	-	-	-	-	-	-
<b>Annual GWh</b>	-	-	-	-	-	-	-	-	-	-

**Orlando**

<b>PROPOSED COMMERCIAL &amp; INDUSTRIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	1	2	4	8	12	16	20	24	29	33
<b>Winter MW</b>	3	9	16	29	43	58	73	90	107	125
<b>Annual GWh</b>	10	29	49	91	134	180	227	276	325	377

**JEA**

<b>PROPOSED COMMERCIAL &amp; INDUSTRIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	3	8	13	25	37	49	62	76	90	105
<b>Winter MW</b>	4	13	22	39	57	76	96	117	140	165
<b>Annual GWh</b>	18	55	93	169	248	330	415	504	597	694

**STAFF:** No position pending evidence adduced at the hearing.

**ISSUE 11:** In addition to the MW and GWh goals established in Issues 9 and 10, should the Commission establish separate goals for demand-side renewable energy systems?

**POSITIONS:**

**FPL:** No. The technical potential and achievable potential for demand-side renewable energy systems have been addressed in the comprehensive process detailed in FPL's response to Issue 1 and Issue 2 above, and is therefore reflected within FPL's proposed goals. (Haney)

**PEF:** No. Since demand-side renewables are included in PEF's overall DSM goals, a separate goal is not required. (Masiello)

**TECO:** No. Tampa Electric evaluated demand-side renewable energy systems in its overall DSM goals evaluation process; therefore, no separate goals are necessary. This is consistent with the other FEECA utilities. (Bryant)

**GULF:** No. Demand-side renewables should be evaluated and included in Gulf's DSM plan based on the same criteria already established for traditional end-use energy efficiency measures. Since, Gulf Power evaluated demand-side renewable energy systems in its overall DSM goals evaluation process, a separate goal is unnecessary. (Floyd)

**FPUC:** No. The Commission should not establish separate goals for demand-side renewable energy systems. All goals should be established to promote cost-effective DSM without bias toward any particular technology. Furthermore, if demand-side renewable energy systems are cost-effective, utilities should have the flexibility to include such systems either as part of their renewable portfolio or as part of their DSM goals. (Eysie)

**OUC:** No. The Commission should not establish separate goals for demand-side renewable energy systems. All goals should be established to promote cost-effective DSM without bias toward any particular technology. Furthermore, if demand-side renewable energy systems are cost-effective, utilities should have the flexibility to include such systems either as part of their renewable portfolio or as part of their DSM goals. (Halley)

**JEA:** No. The Commission should not establish separate goals for demand-side renewable energy systems. All goals should be established to promote cost-effective DSM without bias toward any particular technology. Furthermore, if demand-side renewable energy systems are cost-effective, utilities should have the flexibility to include such systems either as part of their renewable portfolio or as part of their DSM goals. (Vento)

**FECC:** FECC has no specific position at this time.

**FIPUG:** No.

**FSC:** As required by §366.82, Fla. Stat., and consistent with the approach taken by OUC, JEA and the public utility regulators in other states, the Commission should require each FEECA IOU to establish demand-side renewable programs focusing on solar water heating and solar photovoltaic (PV) systems for both residential and commercial customer classes. In order to encourage these solar technologies, the Commission should authorize recovery of 1% of each FEECA IOU's annual retail sales revenue for the year ending 2008 for the next five years. This would amount to approximately \$113M per year for FPL, \$40M per year for PEF, \$19.8M per year for TECO and \$10.8M for Gulf Power. These funds should be used as one-time rebates to customers installing PV and solar thermal demand side energy systems structured similarly to the programs currently offered by the Florida Energy and Climate Commission (FECC). FSC suggests that the rebate amount for residential and commercial PV systems be \$2/watt up to 50kW. The Commission should expand the FECC's program to include PV systems larger than 50 kW and use a performance-based incentive program design for those systems. This would ensure growth throughout all market segments. FSC further recommends that incentive levels be reduced during the five year transition period to reflect PV system price declines and market growth. FSC takes no position with regard to demand side renewable energy system goals for JEA and OUC but notes that these utilities have voluntarily developed and implemented innovative solar technology programs which are currently in place.

**NRDC/SACE:** Yes. Given the policy goals of FEECA, the Commission should do what it can to make this a priority in this proceeding primarily because of the long-term market transformation benefits that would flow from highlighting this demand-side renewable technology. A separate goal would ensure that the utilities and the Commission attend to this specific legislative policy goal and provide a forum for continuous improvement in that area.

**STAFF:** No position pending evidence adduced at the hearing.

**ISSUE 12:** In addition to the MW and GWh goals established in Issues 9 and 10, should the Commission establish additional goals for efficiency improvements in generation, transmission, and distribution?

**POSITIONS:**

**FPL:** Not at this time. As stated in Rule 25-17.001, "general goals and methods for increasing the overall efficiency of the bulk electric power system of Florida are

broadly stated since these methods are an ongoing part of the practice of every well managed electric utility's programs and shall be continued." If such additional goals are desired, they should be considered in a subsequent proceeding. (Haney)

**PEF:** No. PEF continuously identifies and evaluates conservation and efficiency improvement opportunities throughout its transmission and distribution resources, as guided in Rule 25-17.001(e) F.A.C. (Masiello)

**TECO:** No. Tampa Electric believes the Commission should consider goals for efficiency improvement in generation, transmission, and distribution in a separate proceeding. (Bryant)

**GULF:** Not at this time. This matter should be considered in a separate proceeding following the conclusion of the current goal-setting process. (Floyd)

**FPUC:** No position. FPUC is a non-generating utility. (Eysie)

**OUC:** No. OUC believes that efficiency improvements in generation, transmission, and distribution are supply-side issues. (Halley)

**JEA:** No. JEA believes that efficiency improvements in generation, transmission, and distribution are supply-side issues. (Vento)

**FECC:** FECC has no specific position at this time.

**FIPUG:** No.

**FSC:** Not at this time. Goals should be established for efficiency improvements in generation, transmission and distribution in a separate proceeding after the FEECA IOUs have had an opportunity to perform a technical potential study of these types of technologies. FSC takes no position with regard to efficiency improvement goals related to generation, transmission and distribution for OUC and JEA.

**NRDC/SACE:** Yes. Increasing generating plant efficiency and reducing transmission and distribution losses benefit customers and the environment. We recommend that the Commission set a date certain by which the companies will perform technical economic and potential studies for efficiency improvements at their existing plants and in their existing transmission and distribution systems.

**STAFF:** No position pending evidence adduced at the hearing.

**ISSUE 13:** In addition to the MW and GWh goals established in Issues 9 and 10, should the Commission establish separate goals for residential and commercial/industrial customer participation in utility energy audit programs for the period 2010-2019?

**POSITIONS:**

**FPL:** Specific goals for customer participation in audit programs are unnecessary, but FPL would not oppose reasonably achievable energy audit goals. This issue should be considered, if at all, in a subsequent proceeding. (Haney)

**PEF:** No. PEF has a robust DSM program that requires participation in the energy audit prior to the installation of DSM measures. PEF meets the diverse needs of its customer segments by offering multiple audit options for the customer's convenience. While specific measures are designed and directed for individual customer segments, the process, procedures and objectives are developed as a cohesive collection and as such ensure cost effective synergies. (Masiello)

**TECO:** No. Tampa Electric believes the Commission should not establish separate goals for residential and commercial/industrial customer participation in utility energy audit programs. FEECA utilities are required to offer, promote and perform audits for all customers. Resources utilized to achieve audit performance goals are better allocated to specific programs with greater potential for demand and energy savings. (Bryant)

**GULF:** No. Energy audits are an important component of achieving the proposed goals through customer education of both general and program-specific actions customers can take to reduce energy usage and, therefore, should be included as part of the overall DSM goals. (Floyd)

**FPUC:** No. The Commission should not establish separate goals for residential and commercial/industrial customer participation in utility energy audit programs. Utility energy audits are performed as a result of customer interest in such audits, and the utility cannot dictate that customers have interest in receiving energy audits. Utilities should be allowed the flexibility to integrate energy audits into conservation programs as appropriate. (Eysie)

**OUC:** No. The Commission should not establish separate goals for residential and commercial/industrial customer participation in utility energy audit programs. Utility energy audits are performed as a result of customer interest in such audits, and the utility cannot dictate that customers have interest in receiving energy audits. Utilities should be allowed the flexibility to integrate energy audits into conservation programs as appropriate. (Halley)

**JEA:** No. The Commission should not establish separate goals for residential and commercial/industrial customer participation in utility energy audit programs. Utility energy audits are performed as a result of customer interest in such audits, and the utility cannot dictate that customers have interest in receiving energy audits. Utilities should be allowed the flexibility to integrate energy audits into conservation programs as appropriate. (Vento)

**FECC:** FECC has no specific position at this time.

**FIPUG:** No.

**FSC:** No. Section 366.82(11), Fla. Stat., requires that all FEECA IOUs offer energy audits to its residential customers with audit costs recovered through the ECCR. While necessary to inform the public about energy efficiency and demand side savings measures available, the energy audit does not, in and of itself, generate any energy savings. The programs installed as a result of the energy audit produce the energy savings and the energy saved will be credited toward the programs actually installed by the customer. FSC takes no position with regard to OUC and JEA on this issue.

**NRDC/SACE:** Yes. The technologies and human resources required for a useful audit of dwellings differs significantly from those required for auditing commercial facilities and therefore it makes sense to set goals separately for residential and commercial energy audits. We further recommend that the Commission set goals for the pace of audit delivery that are sufficient to fully utilize any available efficiency program resources for efficiency service delivery programs. It is also important to emphasize that for utility energy audits to provide useful benefits to participants and ratepayers as a whole, the audits must result in implementation of actual energy efficiency measures. This will naturally require a comprehensive suite of measures, programs and customer incentives that are attractive to customers to support these audits. Audits should not be limited to measures that pass only the RIM test and should definitely promote measures with payback periods of less than two years. We suggest that the Commission adopt goals that address not only the number of audits conducted but also the energy efficiency measures adopted as a result of those audits.

**STAFF:** No position pending evidence adduced at the hearing.



**ISSUE 14:** What action, if any, should the Commission take in this proceeding to encourage the efficient use of cogeneration?

**POSITIONS:**

**FPL:** No actions are necessary to encourage the efficient use of cogeneration in this proceeding. Cogeneration systems must be evaluated on a site-specific, case-by-case basis, which does not lend itself to the goals-setting process. Nonetheless, FPL will continue to evaluate and assess cogeneration options. (Haney)

**PEF:** No such action is needed in this proceeding. (Masiello)

**TECO:** No such action(s) is(are) needed. These consolidated proceedings were commenced to set overall DSM goals for the FEECA utilities and not as scoped proceedings to focus on promoting cogeneration. This is evidenced by the fact that many key participants in cogeneration are not parties to this proceeding. (Bryant)

**GULF:** No such action is necessary in this proceeding. (Floyd)

**FPUC:** No position.

**OUC:** OUC currently has no position on this Issue.

**JEA:** No position.

**FECC:** FECC has no specific position at this time.

**FIPUG:** The Commission should remove barriers to the efficient use of cogeneration which prevents industrial customers from fully utilizing electricity generated from cogeneration because the cogeneration facility is at a different location from the customer's other facilities. In situations where the customer cannot construct its own transmission lines, the customer may put the cogenerated energy on the grid at the utility's hourly energy cost. This cost is much lower than the utility's average fuel cost and does not encourage cogeneration. (Pollock)

**FSC:** No position at this time.

**NRDC/SACE:** We believe that the Commission should encourage the efficient use of cogeneration.

**STAFF:** No position pending evidence adduced at the hearing.

**ISSUE 15:** Since the Commission has no rate-setting authority over OUC and JEA, can the Commission establish goals that puts upward pressure on their rates?

**POSITIONS:**

**FPL:** No position.

**PEF:** No position.

**TECO:** No position.

**GULF:** No position.

**FPUC:** No position.

**OUC:** No. For municipal utilities over which the Commission has no ratemaking authority, the Commission should reject DSM measures that put upward pressure on rates. (Halley)

**JEA:** No. For municipal utilities over which the Commission has no ratemaking authority, the Commission should reject DSM measures that put upward pressure on rates. (Vento)

**FECC:** FECC has no specific position at this time.

**FIPUG:** No position.

**FSC:** No position.

**NRDC/SACE:** We do not believe that this issue should be included. Should the Commission include this issue, our position is that the Commission is required to set energy efficiency goals for OUC and JEA and to do so based on the criteria provided in amended Section 366.82, F.S. The Commission does not require any rate-setting authority in order to take such action because the act of setting goals, even if it may put upward pressure on rates, is not engaged in rate setting. The flaws in this argument are well illustrated by considering that, under OUC and JEA's logic, the Department of Environmental Protection (DEP) would also lack authority to regulate their power plant emissions because such regulation might place upward pressure on rates, and the DEP has no rate-making authority.

**STAFF:** No position pending evidence adduced at the hearing.

**ISSUE 16:** Should this docket be closed?

**POSITIONS:**

**FPL:** Yes.

**PEF:** Yes.

**TECO:** Yes. (Bryant)

**GULF:** Yes. (Floyd)

**FPUC:** Yes this docket should be closed.

**OUC:** Yes this docket should be closed.

**JEA:** Yes.

**FECC:** FECC has no specific position at this time.

**FIPUG:** No. The Commission should conduct an investigation to consider MLM and to audit how the utilities calculate avoided costs in determining cost-effectiveness and in determining the real-time hourly payments for cogenerated energy. (Pollock)

**FSC:** No position at this time.

**NRDC/SACE:** No. The Commission should adopt the interim energy efficiency goals recommended in response to issues 8 and 9. Based on the evidence before the Commission, it is clear that it is possible to achieve at least one percent annual energy efficiency gains after a brief ramp up period. The Commission should therefore adopt such goals immediately. However, because of flaws in the companies' analyses, it is not possible to determine that 1% annual energy efficiency gains is the maximum amount that could be achieved. We therefore recommend that the docket should not be closed and the Commission should require that the companies to submit studies that correct the errors we have identified. In addition, we recommend that the Commission hold open this docket in order to revise Commission Rules 25-17.008, and 25-17.0021, Florida Administrative Code. We specifically recommend that the Commission revise the rules to 1) indicate that the TRC test, not the RIM test, must be used in setting goals; and 2) require that the potential for free riders should be considered at the program stage rather than at the goal stage.

**STAFF:** No position pending evidence adduced at the hearing.

IX. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
			<u>Direct</u>
Steve R. Sim	FPL	SRS-1	Projection of FPL's Resource Needs for 2010-2019 with No Incremental DSM Signups After 2009
Steve R. Sim	FPL	SRS-2	Economic Elements Included in the DSM Cost Effectiveness Tests: Benefits Only
Steve R. Sim	FPL	SRS-3	Economic Elements Included in the DSM Cost-Effectiveness Tests: Benefits and Costs
Steve R. Sim	FPL	SRS-4	Summary Results of the DSM Cost-Effectiveness Screenings
Steve R. Sim	FPL	SRS-5	Results of Sensitivity Case Analyses of DSM Cost-Effectiveness Screening; Economic Potential Screening Analysis Only
Steve R. Sim	FPL	SRS-6	Fuel Cost Forecast Values Utilized in the Analyses
Steve R. Sim	FPL	SRS-7	The Environmental Compliance Cost Forecasts Used in the Analyses
Steve R. Sim	FPL	SRS-8	Comparison of the Five Resource Plans: Economic Analysis Results and Consequences
Steve R. Sim	FPL	SRS-9	Example of Levelized System Average Electric Rate for One Resource Plan: E-RIM 664-MW

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Steve R. Sim	FPL	SRS-10	Projection of Average Customer Bill and Bill Differentials Assuming 1,200 kWh Usage
Steve R. Sim	FPL	SRS-11	Comparison of the Five Resource Plans: Projection of System Emissions
Steve R. Sim	FPL	SRS-12	Comparison of the Five Resource Plans: Projections of System Oil and Natural Gas Usage
John R. Haney	FPL	JRH-1	FPL's Industry Leading DSM Performance, DOE/EIA 2007 Data
John R. Haney	FPL	JRH-2	FPL's Contribution to National DSM, DOE/EIA 2007 Data
John R. Haney	FPL	JRH-3	FPL's DSM Performance Among Large Utilities
John R. Haney	FPL	JRH-4	FPL's Current DSM Programs
John R. Haney	FPL	JRH-5	FPL's DSM Achievements Through 2008
John R. Haney	FPL	JRH-6	Low-Income Participants in FPL's DSM Programs
John R. Haney	FPL	JRH-7	FPL's Low-Income Customer DSM Initiatives
John R. Haney	FPL	JRH-8	FPL's DSM Goals Experience 2005-2008
John R. Haney	FPL	JRH-9	FPL's DSM Goals Experience Over Time
John R. Haney	FPL	JRH-10	Collaborative Process Roadmap to Determining Goals

<u>Witness</u>	<u>Proffered By</u>	<u>Description</u>
John R. Haney	FPL	JRH-11 Collaborative Sources Used to Develop the List of Measures
John R. Haney	FPL	JRH-12 Detailed List of Measures Entering the Technical Potential Step
John R. Haney	FPL	JRH-13 Comparison of Recent Technical Potential Results
John R. Haney	FPL	JRH-14 Estimates of FPL's Achievable Potential
John R. Haney	FPL	JRH-15 FPL's Proposed DSM Goals 2010-2019
John R. Haney	FPL	JRH-16 Comparison of FPL's Proposed Goals and Achievable Potential
John R. Haney	FPL	JRH-17 Comparison of FPL's Current and Proposed Goals
John R. Haney	FPL	JRH-18 Measures Screening
John A. Masiello	PEF	JAM-1 PEF's Proposed Goal Scenario Ten-Year Projections of DSM Savings
John A. Masiello	PEF	JAM-2 PEF's projected total technical potential amount of DSM
John A. Masiello	PEF	JAM-3 PEF's projected economic amount of DSM savings using RIM
John A. Masiello	PEF	JAM-4 PEF's projected economic amount of DSM savings using TRC
John A. Masiello	PEF	JAM-5 PEF's projected annual bill impacts on residential customers with 1,200 kWh, with no incremental DSM added

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
John A. Masiello	PEF	JAM-6	PEF's projected achievable goal scenario amount of DSM savings using RIM and Participant tests with 1,200 kWh bill impacts
John A. Masiello	PEF	JAM-7	PEF's projected achievable goal scenario amount of DSM savings using TRC and Participant tests with 1,200 kWh bill impacts
John A. Masiello	PEF	JAM-8	
John A. Masiello	PEF	JAM-9	Measure list used for analysis
John A. Masiello	PEF	JAM-10	Measures not found cost effective for Achievable Study analysis
John A. Masiello	PEF	JAM-11	Energy Management Upgrades
John A. Masiello	PEF	JAM-12	PEF Renewable Energy Initiative
John A. Masiello	PEF	JAM-13	Neighborhood Energy Saver Plus Initiative
John A. Masiello	PEF	JAM-14	Carbon Footprint Initiative
John A. Masiello	PEF	JAM-15	Business Energy Saver Initiative
John A. Masiello	PEF	JAM-16	Customer Awareness and Education Initiatives
John A. Masiello	PEF	JAM-17	List of measures that are eliminated based on 2 year payback criteria
John A. Masiello	PEF	JAM-18	Itron Inc.'s direct testimony

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Howard T. Bryant	TECO	HTB-1	Tampa Electric's 2010-2019 Proposed DSM Goals; Comprehensive DSM Measure List; Avoided Cost Data; RIM Economic Potential DSM Measures; TRC Economic Potential DSM Measures; 2010-2019 Achievable Potential for RIM and TRC; 2010-2019 Achievable Potential RIM & TRC Measures; DSM Economic Potential Cost-Effectiveness Sensitivity Analyses; 2010-2019 Bill Impacts of No Incremental DSM, RIM and TRC Portfolios
John N. Floyd	GULF	JNF-1	Proposed Conservation Numeric Goals; Existing/Proposed Goal Comparison; Achieved kW and kWh reductions; Technical Potential Measure List; Economic Potential Measure List; Achievable Potential Measure List; Summary of Results; Annual Bill Impact for 1,200 kWh/month Residential Customer
Myron R. Rollins	FPUC	MRR-1	Myron R. Rollins Resume
Myron R. Rollins	FPUC	MRR-2	FPUC Avoided Costs
Randy Halley	OUC	RH-1	Randall E. Halley Resume
Randy Halley	OUC	RH-2	OUC DSM, Conservation, and Renewable Energy Programs and Activities



<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Randy Halley	OUC	RH-3	Estimated Cumulative Annual Bill for 2010 through 2019 Residential Customers – DSM Measures Passing Both TRC and Participant Tests
Richard J. Vento	JEA	RJV-1	Resume of Richard Vento
Richard J. Vento	JEA	RJV-2	JEA's Current DSM, Conservation, and Renewable Energy Activities
Richard J. Vento	JEA	RJV-3	Estimated Cumulative Annual Bill for 2010 through 2019, Residential Customers—DSM Measures Passing Both TRC and Participant Tests
Bradley E. Kushner	OUC, JEA	BEK-1	Resume of Bradley E. Kushner
Bradley E. Kushner	OUC, JEA	BEK-2	CO <sub>2</sub> Emissions Allowance Price
Mike Rufo	ALL FEECA UTILITIES	MR-1	Potential Studies Conducted by Itron
Mike Rufo	ALL FEECA UTILITIES	MR-2	Studies Within Scope
Mike Rufo	ALL FEECA UTILITIES	MR-3	FEECA Achievable Savings
Mike Rufo	ALL FEECA UTILITIES	MR-4	FPL Achievable Savings
Mike Rufo	ALL FEECA UTILITIES	MR-5	PEF Achievable Savings
Mike Rufo	ALL FEECA UTILITIES	MR-6	TECO Achievable Savings
Mike Rufo	ALL FEECA UTILITIES	MR-7	Gulf Achievable Savings
Mike Rufo	ALL FEECA UTILITIES	MR-8	JEA Achievable Savings

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Mike Rufo	ALL FEECA UTILITIES	MR-9	OUC Achievable Savings
Mike Rufo	ALL FEECA UTILITIES	MR-10	FPUC Achievable Savings
Mike Rufo	ALL FEECA UTILITIES	MR-11	Achievable Potential Method
James W. Dean	FPL	JWD-1	Adoption of Numeric Conservation Goals and Consideration of National Energy Policy Act Standards, Commission Order No. 94-1313-FOF-EG, issued October 25, 1994 in Docket No. 930548-EG
Jeffrey Pollock	FIPUG	JP-1	Illustration of the Impact of Conservation Programs
Phil Mosenthal	NRDC/SACE	PHM-1	States Energy Efficiency Resource Standards
William Steinhurst	NRDC/SACE	WS-1	Recommended Utility DSM Goals
John Wilson	NRDC/SACE	JDW-1	Estimate of Annual Incremental Energy Savings for FPL 2001-2008
John Wilson	NRDC/SACE	JDW-2	Estimate of Planned Annual Incremental Energy Savings for FPL 2010-2019
John Wilson	NRDC/SACE	JDW-3	"Energy Efficiency Program Impacts and Policies in the Southeast," SACE, May, 2009
John Wilson	NRDC/SACE	JDW-4	Utility-Specific data identifying states where DSM results exceed FPL's program impact

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
John Wilson	NRDC/SACE	JDW-5	Florida House of Representatives, 2008 Session Summary ( excerpt)
John Wilson	NRDC/SACE	JDW-6	Florida House of Representatives Staff Analysis, HB 7135
John Wilson	NRDC/SACE	JDW-7	Florida Public Service Commission, Presentation to the Senate Committee on Environmental Preservation and Conservation, February 21, 2008
Richard F. Spellman and Caroline Guidry	STAFF	RFS-1	Resume of Richard F. Spellman
Richard F. Spellman and Caroline Guidry	STAFF	RFS-2	Resume of Caroline Guidry
Richard F. Spellman and Caroline Guidry	STAFF	RFS-3	Rankings of US Electric Utilities by Absolute kW Savings
Richard F. Spellman and Caroline Guidry	STAFF	RFS-4	Rankings of US Electric Utilities by kW Savings as Percent of Summer Demand
Richard F. Spellman and Caroline Guidry	STAFF	RFS-5	Rankings of US Electric Utilities by kWh Savings as Percent of Sales
Richard F. Spellman and Caroline Guidry	STAFF	RFS-6	Rankings of Florida Electric Utilities by kWh Savings as Percent of Sales
Richard F. Spellman and Caroline Guidry	STAFF	RFS-7	GDS Assessment of the Technical Potential Reports
Richard F. Spellman and Caroline Guidry	STAFF	RFS-8	Free Ridership Estimates – GDS Study
Richard F. Spellman and Caroline Guidry	STAFF	RFS-9	Potential Study Results Comparison

<u>Witness</u>	<u>Proffered By</u>	<u>Description</u>
Richard F. Spellman and Caroline Guidry	STAFF	RFS-10 NAPEE - Use of Cost-Effectiveness Tests by State
Richard F. Spellman and Caroline Guidry	STAFF	RFS-11 Summary of Benefits and Costs Included in Each Cost-Effectiveness Test
Richard F. Spellman and Caroline Guidry	STAFF	RFS-12 GDS Survey - Summary of the Primary Benefit-Cost Tests Used in Each State
Richard F. Spellman and Caroline Guidry	STAFF	RFS-13 Environmental Externalities Considered in Cost-Effectiveness Calculations of Various States
Richard F. Spellman and Caroline Guidry	STAFF	RFS-14 LBNL Study – Base Case and Utility Build Moratorium Annual Average Retail Rates
Richard F. Spellman and Caroline Guidry	STAFF	RFS-15 Top 20 Electric Utilities Based on Annual kWh Savings as Reported in EIA Form 861 Database
Richard F. Spellman and Caroline Guidry	STAFF	RFS-16 Savings Targets Set by the Organizations Surveyed by GDS
Richard F. Spellman and Caroline Guidry	STAFF	RFS-17 Top 20 Electric Utilities Based on Annual kWh Savings as Reported in EIA Form 861 Database
Richard F. Spellman and Caroline Guidry	STAFF	RFS-18 Southeastern Electric Utilities Energy Efficiency kWh Savings
Richard F. Spellman and Caroline Guidry	STAFF	RFS-19 Southeastern Electric Utilities Energy Efficiency kWh Savings
Richard F. Spellman and Caroline Guidry	STAFF	RFS-20 Revised kWh Goals for the Seven FEECA Utilities

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Richard F. Spellman and Caroline Guidry	STAFF	RFS-21	Comparison of GDS Recommended and Utility Proposed Goals
Richard F. Spellman and Caroline Guidry	STAFF	RFS-22	Proposed Expenditures on Renewable R&D Programs
Richard F. Spellman and Caroline Guidry	STAFF	RFS-23	ECCR Factors with Additional Amount Dedicated to Demand-Side Renewable Programs

Rebuttal

Mike Rufo	ALL FEECA UTILITIES	MR-12	Progress Energy Florida's Responses to Staff's Third Set of Interrogatories (questions 12, 13, 14, 16, and 18)
Mike Rufo	ALL FEECA UTILITIES	MR-13	Email Exchanges with GDS
Mike Rufo	ALL FEECA UTILITIES	MR-14	Florida Power & Light's Response to Staff's Fifth Set of Interrogatories (question 20)
Mike Rufo	ALL FEECA UTILITIES	MR-15	GDS Agenda for Staff's First Request for Production of Documents to Itron
Mike Rufo	ALL FEECA UTILITIES	MR-16	Florida Public Utilities Company's Response to Staff's Sixth Set of Interrogatories (questions 20 and 21)
Mike Rufo	ALL FEECA UTILITIES	MR-17	Table Documenting Calculation Error in Exhibit RFS-9
Mike Rufo	ALL FEECA UTILITIES	MR-18	JEA's Response to NRDC/SACE's Second Request for Production of Documents (questions 5, 6, and 7)

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Mike Rufo	ALL FEECA UTILITIES	MR-19	Itron's Response to NRDC/SACE's First Set of Interrogatories (question 2)
Mike Rufo	ALL FEECA UTILITIES	MR-20	JEA's Responses to NRDC/SACE's First Request for Production of Documents (questions 1 and 2)
Mike Rufo	ALL FEECA UTILITIES	MR-21	Progress Energy Florida's Response to NRDC/SACE's First Set of Interrogatories (question 5)
Mike Rufo	ALL FEECA UTILITIES	MR-22	Florida Power & Light's Response to NRDC/SACE's Second Set of Interrogatories (question 26)
Mike Rufo	ALL FEECA UTILITIES	MR-23	Orlando Utilities Commission's Response to Staff's Seventh Set of Interrogatories (question 43)
Mike Rufo	ALL FEECA UTILITIES	MR-24	Table of weighted-average measure penetration rate calculations
John R. Haney	FPL	JRH-19	FPL's Responses to Staff's Third Set of Interrogatories, Nos. 13 and 14
Steven R. Sim	FPL	SRS-13	Comparison of Projected CO2 Allowance Costs: FPL and Congressional Budget Office (CBO) Projections
Steven R. Sim	FPL	SRS-14	Screening Curve Results for a 2019 CC Unit: With No System Impacts (2009\$)
Steven R. Sim	FPL	SRS-15	Screening Curve Results for a 2019 CC Unit: With Only Two System Impacts (2009\$)

<u>Witness</u>	<u>Proffered By</u>		<u>Description</u>
Frederick F. Haddad, Jr	OUC	FFH-1	Resume of Frederick F. Haddad, Jr.
Bradley E. Kushner	FPUC	BEK-1	Bradley E. Kushner Resume
Bradley E. Kushner	FPUC	BEK-2	CO <sub>2</sub> Emissions Allowance Price
James W. Dean	FPL PEF TECO GULF	JWD-2	Rate Impacts of GDS Proposal
James W. Dean	FPL PEF TECO GULF	JWD-3	Tax Impacts of GDS Proposal
James W. Dean	FPL PEF TECO GULF	JWD-4	Comparison of FPL's Systems and Planning Methodologies

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

There are no proposed stipulations at this time.

XI. PENDING MOTIONS

There are no pending motions at this time.

XII. PENDING CONFIDENTIALITY MATTERS

There are two pending confidentiality requests filed by Gulf:

- 1). Request for Confidential Classification filed June 30, 2009, document no. 06548-09 relating to SACE/NRDC's First Request for Production of Documents (Nos. 1-3).
- 2). Request for Confidential Classification filed August 3, 2009, document no. 07945-09 relating to Staff's Eighth Set of Interrogatories (Nos. 46, 48, 49)

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 50 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 50 words, it must be reduced to no more than 50 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 40 pages and shall be filed at the same time.

XIV. RULINGS

Opening statements, if any, shall not exceed ten minutes per party.

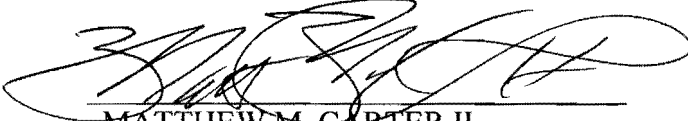
The Commission shall hear testimony only from witnesses who have pre-filed testimony.

It is therefore,

ORDERED by Chairman Matthew M. Carter II, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.



By ORDER of Chairman Matthew M. Carter II, as Prehearing Officer, this 5th day of  
August, 2009.



MATTHEW M. CARTER II  
Chairman and Prehearing Officer

( S E A L )

KEF

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.