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MEMORANDUM

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TO: Blanca Bayo
Records & Recording

FROM: Roy C. Young *RCY/swp*

DATE: January 10, 2000

SUBJECT: Docket #990722 - Orlando Utilities Commission

RECEIVED FPSC
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RECORDS AND REPORTING

Enclosed please find original and 15 copies of Prehearing Statement of Orlando Utilities Commission for filing in the above-captioned docket.

Thank you.

RCY:swp
Enclosures

cc: Cochran Keating, Esquire

AFA _____
APP _____
CAF _____
CMU _____
STR _____
EAG _____
LEG 1
MAS 3
OPC _____
RRR _____
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WAW _____
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DOCUMENT NUMBER - DATE

00367 JAN 10 8

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

In re: Adoption of Numeric Conservation Goals for Orlando Utilities Commission (OUC).

DOCKET NO.: 990722-EG
FILED: January 10, 2000

**Prehearing Statement
Orlando Utilities Commission**

Pursuant to Order No. PSC-99-2135-PCO-EG dated October 28, 1999, OUC files its Prehearing Statement.

a. All Known Witnesses

<u>Witness</u>	<u>Proffered By</u>	<u>Issues #</u>
Robert L. Aasheim	OUC	1, 2, 3, 4, and 5
Myron R. Rollins	OUC	1, 2, 3, 4, and 5

b. All Known Exhibits

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
OUC	OUC	(OUC-1)	OUC 2000 Demand-Side Management (DSM) Plan
Robert L. Aasheim	OUC	(OUC-1) (RLA-1)	Section 6.0 Proposed Numeric Goals
Myron R. Rollins	OUC	(OUC-1)	Sections 1.0,2.0,3.0,4.0,5.0,6.0, Appendix A, Appendix B

DOCUMENT NUMBER-DATE
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c. **Orlando Utilities Commission Basic Position**

Orlando Utilities Commission is seeking the adoption of OUC's proposed numeric conservation goals and associated 2000 Demand-Side Management Plan.

In accordance with Rules 25-17.0021 - .005, Florida Administrative Code, numeric conservation goals must be established for OUC by the Florida Public Service Commission (PSC). The PSC initiated Docket 990722-EG to implement the requirements of Rule 25-17.0021-.005 for OUC. OUC is required to propose numerical conservation goals for the ten year period 2001-2010. In response to this docket, OUC submitted the proposed numeric conservation goals, associated demand-side management plan and expert testimony to the PSC for approval on November 29,1999.

OUC studied numerous demand-side management measures, evaluated the measures using the PSC approved Florida Integrated Resource Evaluator (FIRE) Model and developed goals and a demand-side management plan based on the results. OUC appropriately used the RIM test to determine the cost-effective level of achievable DSM. OUC focused on demand-side alternatives that were the most likely to be cost-effective for a municipal utility in the state of Florida. The measures studied are measures previously tested or found cost-effective by OUC and Florida Power & Light's most cost-effective measure from their 1999 goals. None of the measures evaluated by OUC were found cost-effective.

OUC did not expect to find any DSM measures cost-effective based on the previous findings of Kissimmee Utility Authority (Docket No. 980802) and City of Lakeland (Docket No. 990023). Both Need for Power Dockets evaluated dozens of similar measures for DSM and found that no DSM measures were cost-effective. The primary reasons for decreased numeric goals is the lower cost of new generation, greater efficiency of new generation, lower interest rates, and lower fuel costs and fuel price projections. These changes make it much more difficult for DSM to be cost-effective.

OUC has a long history of providing conservation and DSM programs to supply the needs of our customers. The nature of these programs has changed through time in response to our customer's needs and the economics of the utility industry. OUC is currently providing several of these programs. Although OUC found no DSM measures to be cost-effective, OUC is proposing the continuation of these DSM programs. These programs include residential energy survey, residential heat pump, residential weatherization, residential low income home energy fix-up, residential education outreach and commercial energy survey programs. OUC believes these programs continue to meet the overall needs of our customers at this time.

d. Orlando Utilities Commission Issues and Positions

ISSUE 1: Is the planning process and data used by Orlando Utilities Commission (OUC) in evaluating demand-side measures reasonable?

Position: Yes. The process of the economical comparison between an avoided unit and potential DSM conservation measures is appropriate. OUC has appropriately used the RIM test to determine the cost-effective level of achievable DSM. Data for the avoided unit and potential DSM measures is current, appropriate and reasonable.

ISSUE 2: Do OUC's proposed goals adequately reflect consideration of overlapping measures, rebound effects, free riders, interactions with building codes and appliance efficiency standards, and OUC's latest monitoring and evaluation of conservation programs and measures?

Position: Yes. OUC's proposed goals take into consideration overlapping measures, rebound effects, free riders, interactions with building codes and appliance efficiency standards and the latest monitoring and evaluation of conservation program measures.

ISSUE 3: Are OUC's proposed goals based upon an adequate assessment of the market segments and major end-use categories pursuant to Rule 25-17.0021 (3), Florida Administrative Code?

Position: Yes. OUC screened the most cost-effective measure from FPL's 1999 goals. FPL's measures include all categories pursuant to Rule 25-17.0021(3). If the most cost-effective measure was not cost-effective, then the lesser cost-effective measures would also fail to be cost-effective. Therefore OUC effectively screened all of FPL's measures for cost-effectiveness.

ISSUE 4: What should be OUC's annual residential winter and summer kW and annual residential kWh conservation goals for period 2001-2010?

Position: OUC's annual residential winter and summer kW and kWh conservation goals for the period 2001 – 2010 should be zero as shown in Exhibit RLA-1.

ISSUE 5: What should be OUC's annual commercial/industrial winter and summer kW and annual commercial/industrial kWh conservation goals for period 2001-2010?

Position: OUC's annual commercial / industrial winter and summer kW and kWh conservation goals for the period 2001 – 2010 should be zero as shown in Exhibit RLA-1.

e. **Questions of Law**

None at this time.

f. **Policy Questions**

None at this time.

g. **Stipulated Issues**

None at this time.

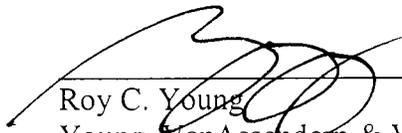
h. **Pending Motions**

None at this time.

i. **Compliance with Order No. PSC-99-2135-PCO-EG**

Orlando Utilities Commission has complied with all requirements of Order No. PSC-99-2135-PCO-EG.

Respectfully submitted this tenth day of January 2000.



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Attorney for Orlando Utilities Commission

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Adoption of Numeric) DOCKET NO. 990722-EG
Conservation Goals and)
Consideration of National)
Energy Act Standards (Section 111))
by Orlando Utilities Commission)
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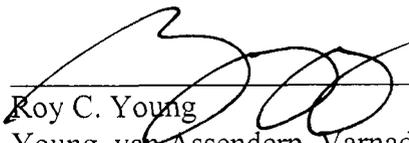
CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Prehearing Statement, has been mailed
this 10th day of January, 2000, to the following parties of record:

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