BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

PETITION FOR APPROVAL OF NUMERIC CONSERVATION GOALS

DOCKET NO. 040035-EG

ORLANDO UTILITIES COMMISSION

JUNE 1, 2004

TESTIMONY AND EXHIBITS OF:

THOMAS A. GROSS

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

A My name is Thomas A. Gross. My business address is 500 South Orange Avenue, Orlando, Florida 32801.

Q **By whom are you employed and in what capacity?**

A I am employed by the Orlando Utilities Commission (OUC) as a Commercial Account Executive as well as the Conservation Services Coordinator.

Q **Please describe your responsibilities in that position.**

A As a Commercial Account Executive and Conservation Services Coordinator I am responsible for overseeing the accounts of OUC's major customers in the hotel, restaurant, office, and services market segments. Within this role I develop relationships, determine customer needs, find or develop products and services to meet client needs, and negotiate long-term contracts. I also serve as the coordinator for OUC's Conservation Services and as the OUC liaison to the Florida Municipal Power Agency (FMPA) Energy Services (ESCO) project.

Q Please state your professional experience and educational background.

A. I received an Associate of Science degree in HVAC (heating, air conditioning, refrigeration, and ventilation) from the Santa Fe Community College. I also received a Bachelors of Science degree in Business Management from the University of Phoenix. I am a state certified auditor, a state certified building and residential rater, and a certified energy manager.

I have been employed by the Orlando Utilities Commission since 1990, initially as an Energy Analyst, and have served in my current capacity since 1995. Prior to joining the Orlando Utilities Commission, I spent ten years as an Energy Analyst with Gainesville Regional Utilities.

Q Please describe the overall process leading to the determination of the proposed numeric conservation goals for OUC?

A Determination of OUC's proposed numeric conservation goals consisted of a number of steps. Initially, a list of demand-side management (DSM) measures was compiled. Second, information on the avoided generating unit was developed. Next, the DSM measures compiled in the initial step were analyzed for cost-effectiveness using the Florida Integrated Resource Evaluator (FIRE) model. Once the cost-effectiveness analysis was complete, the results of the three FIRE model benefit to cost ratio tests were reviewed. Based on these results, the proposed numeric conservation goals for 2005 through 2014, and the corresponding Demand-Side Management Plan, were developed.

Q What is the purpose of your testimony in this proceeding?

A The purpose of my testimony in this proceeding is to discuss the results of the cost-effectiveness analysis, as well as the numeric conservation goals proposed by OUC. I will also discuss the existing conservation and demand-side management programs currently offered by OUC to its customers, and any planned changes to these programs or implementation of new programs.

Q Were the OUC 2004 Numeric Conservation Goals: Demand-Side Management Measure Evaluation (Exhibit OUC-1) and the OUC 2004 Numeric Conservation Goals: Demand-Side Management Plan (Exhibit OUC-2) prepared by you or under your direct supervision?

A Yes, OUC's 2004 Numeric Conservation Goals: Demand-Side Management Measure Evaluation (Exhibit OUC-1) and OUC's 2004 Numeric Conservation Goals: Demand-Side Management Plan (Exhibit OUC-2) were prepared by Black & Veatch under my direct supervision.

Q Are you adopting Sections of the OUC 2004 Numeric Conservation Goals: Demand-Side Management Measure Evaluation (Exhibit OUC-1) and the OUC 2004 Numeric Conservation Goals: Demand-Side Management Plan (Exhibit OUC-2) as part of your testimony?

A Yes, I am adopting Sections 4 and 5 and Appendices D and E of OUC's 2004 Numeric Conservation Goals: Demand-Side Management Measure Evaluation (Exhibit OUC-1), as well as Sections 2 and 3 of OUC's 2004 Numeric Conservation Goals: Demand-Side Management Plan (Exhibit OUC-2) as part of my testimony.

Q Are there any corrections to these Sections?

A No, there are no corrections to any of these Sections.

Q Have you prepared any exhibits?

A Yes. I have prepared Exhibit TAG-1, Proposed Numeric Conservation Goals, which is incorporated as part of my testimony.

Q Please describe how the results of the cost-effectiveness evaluation for the DSM measures were analyzed.

A Of the three DSM cost-effectiveness tests performed by the FIRE model, which are each designed to measure costs and benefits from a different perspective, OUC utilizes the Rate Impact Test as its primary criterion for determining whether or not a DSM measure is cost-effective. In other words, OUC generally will not implement DSM measures that cause rates to increase, which is the parameter measured by the Rate Impact Test.

The Rate Impact Test is a measure of the expected impact on customer rates resulting from a DSM measure. The test statistic is the ratio of the utility's benefits (avoided supply costs and increased revenues) compared to the utility's costs (program costs, incentives paid, increased supply costs, and revenue losses). A value of less than one indicates an upward pressure on rate levels as a result of the DSM measure. Stated otherwise, a measure with a Rate Impact Test result of less than 1.0 would not be considered cost-effective from the utility's perspective.

Q Please describe the selection of DSM measures for evaluation.

A Approximately 200 DSM measures, consisting of measures applying to the residential, commercial, and industrial sectors, were evaluated for cost-effectiveness using the FIRE model. The multitude of measures evaluated ensures that potentially cost-effective measures have been considered. Various sources were relied upon in developing the demand-side management measures carried forward to the cost-effective analysis. Sources used to develop which DSM measures should be evaluated included the Florida Public Service Commission (FPSC) suggested measures for evaluation (Document No. 12017-97 in Docket Nos. 971004, 971005, 971006, 971007), existing OUC conservation measures, FPSC filings from other Florida utilities, and various other sources. For each measure analyzed, measure-specific assumptions and characteristics were developed as well. A listing of the sources utilized for each measure is presented in Appendix B of Exhibit OUC-1, and the measure assumptions are available in Appendix C of Exhibit OUC-1.

Q Please describe the DSM measures tested for cost-effectiveness.

A Approximately 200 measures were evaluated for cost-effectiveness across various OUC rate classes. Due to the multitude of measures analyzed, I would request that you refer to Section 4 and Appendices D and E of Exhibit OUC-1, which is the OUC 2004 Numeric Conservation Goals: Demand-Side Management Measure Evaluation.

Q Please describe the results of the analysis undertaken to evaluate the cost-effectiveness of potential DSM measures.

A Based on the Rate Impact Test, which is OUC's test for determining the cost-effectiveness of a DSM measure, none of the measures evaluated were cost-effective.

Q Please describe the development of OUC's proposed numeric goals for 2005 through 2014.

A Since none of the measures passed the Rate Impact Test, OUC's proposed numeric conservation goals are zero for 2005 through 2014. The proposed numeric goals are presented in Exhibit TAG-1, Proposed Numeric Conservation Goals.

Q Given OUC's proposed numeric goals of zero for 2005 through 2014, does OUC plan on offering any of the DSM programs evaluated?

A Yes. OUC plans to continue to voluntarily offer its existing conservation programs that have shown high customer interest and participation. Descriptions of these programs are presented in Exhibit OUC-2, the OUC 2004 Numeric Conservation Goals: Demand-Side Management Plan.

Q Does this conclude your testimony?

A Yes.

Proposed Numeric Conservation Goals – Orlando Utilities Commission						
	Residential Reduction			Commercial/Industrial Reduction		
Year	Summer kW	Winter kW	MWh	Summer kW	Winter kW	MWh
2005	0	0	0	0	0	0
2006	0	0	0	0	0	0
2007	0	0	0	0	0	0
2008	0	0	0	0	0	0
2009	0	0	0	0	0	0
2010	0	0	0	0	0	0
2011	0	0	0	0	0	0
2012	0	0	0	0	0	0
2013	0	0	0	0	0	0
2014	0	0	0	0	0	0