

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 REBUTTAL TESTIMONY OF P G PARA

3 ON BEHALF OF

4 FLORIDA MUNICIPAL POWER AGENCY

5 JEA

6 REEDY CREEK IMPROVEMENT DISTRICT AND

7 CITY OF TALLAHASSEE

8 DOCKET NO. 060635

9 NOVEMBER 21, 2006

10

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

12 A. My name is P G Para. My business address is 21 West Church Street, Jacksonville,  
13 Florida 32202.

14

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

16 A. I am employed by JEA as Director, Legislative Affairs.

17

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

19 A. I am responsible for managing state and federal legislative and regulatory issues that  
20 may have an impact on JEA operations. My team is the primary contact between JEA  
21 and federal and state government bodies in the development of public policy affecting  
22 JEA interests.

23

24 **Q. Please state your educational background and professional experience.**

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1 A. I graduated from Georgia Tech in 1972 with a Bachelors degree in Industrial  
2 Engineering and from the University of North Florida in 1985 with a Master of  
3 Business Administration. I am a Registered Professional Engineer in the State of  
4 Florida.

5  
6 I have been with JEA since 1981, serving in load forecasting, as an engineer in  
7 generation, transmission and distribution planning, as manager of Electric System  
8 Planning, director of Fuels Management, and director of Legislative Affairs.

9  
10 While manager of System Planning, I was responsible for generation, transmission and  
11 distribution planning, and load and energy forecasting. In addition, I was responsible  
12 for planning DSM programs and working with the Commission in JEA's conservation  
13 goals docket.

14  
15 I have testified before the Commission on several occasions including in JEA's  
16 conservation goals docket.

17  
18 **Q. Have you reviewed the pre-filed testimony of Hale Powell that was filed on**  
19 **November 2, 2006?**

20 A. Yes, I have.

21  
22 **Q. What is the purpose of your testimony?**

23 A. The purpose of my testimony is to rebut Mr. Powell's assertion that "a uniform  
24 methodology" should be used by all applicants in evaluating DSM cost-effectiveness.

1 I also will rebut Mr. Powell's suggestion that the Commission adopt new, albeit  
2 unspecified, criteria for evaluating DSM cost-effectiveness.

3

4 **Q. Are you familiar with the Commission's practice in assessing how JEA and other**  
5 **electric utilities evaluate DSM cost-effectiveness?**

6 A. Yes. As noted above, from 1993 through 1995 I was involved in the consolidated  
7 proceedings in which the Commission approved DSM goals for municipal and  
8 cooperative electric utilities that are subject to the Florida Energy Efficiency and  
9 Conservation Act (FEECA), Sections 366.80-366.85 and 403.519, Florida Statutes. At  
10 the conclusion of those proceedings, in Order No. PSC-95-0461-FOF-EG, at p.2 (Apr.  
11 10, 1995), the Commission determined that the Rate Impact (RIM) test is appropriate for  
12 evaluating the cost-effectiveness of DSM measures. This conclusion was consistent with  
13 the Commission's earlier finding in Order No. PSC-94-1313-FOF-EG, at p.22 (Oct. 25,  
14 1994), that the RIM test was appropriate for use in evaluating the cost-effectiveness of  
15 DSM measures for investor-owned utilities because the RIM test results in lower rates  
16 and ensures that customers who participate in a utility DSM measure are not subsidized  
17 by customers who do not participate.

18

19 Since 1995, the Commission has consistently relied upon the RIM test to evaluate and  
20 approve JEA's DSM goals. When JEA's current DSM plan was approved in 2004, for  
21 example, the Commission specifically found that "JEA appropriately evaluated the cost-  
22 effectiveness of measures using the RIM test." Order No. PSC-04-0768-PAA-EG, at  
23 p.2 (Aug. 9, 2004). It is my understanding that the Commission also continues to rely  
24 upon the RIM test to evaluate the cost-effectiveness of DSM plans for other electric

1 utilities subject to FEECA. Moreover, as further discussed in the rebuttal testimony of  
2 Bradley E. Kushner, the Commission relies on the RIM test (or DSM plans established  
3 based on the RIM test) for evaluating DSM measures in need determination  
4 proceedings.

5  
6 **Q. Mr. Powell notes in his testimony that JEA and the City of Tallahassee used**  
7 **different methodologies for assessing DSM measures in this proceeding. Do you**  
8 **agree with Mr. Powell’s suggestion that the TEC Participants must use a**  
9 **“uniform methodology” to evaluate DSM cost-effectiveness?**

10 A. No. In the consolidated 1995 proceedings I discussed previously, the Commission  
11 specifically recognized that all the municipal and cooperative utilities, with the  
12 exception of Tallahassee, used the RIM test to evaluate DSM cost-effectiveness. While  
13 Tallahassee proposed more measures than were cost-effective under the RIM test, the  
14 Commission recognized that because it does not have rate-setting authority over  
15 municipal and cooperative utilities, those utilities should have the latitude to adopt goals  
16 they deem appropriate regardless of cost-effectiveness. Order No. PSC-95-0461-FOF-  
17 EG, at p.2 (Apr. 10, 1995). In other words, although the Commission found the RIM  
18 test to be appropriate, the Commission recognized the City of Tallahassee’s discretion to  
19 use a different methodology in establishing its DSM goals. Because the Commission  
20 does not have rate-making authority over the applicants in this case, there is no reason to  
21 reach a different conclusion in this proceeding.

22

1 **Q. Do you agree with Mr. Powell's suggestion that the Commission adopt a new**  
2 **methodology or new criteria for assessing DSM cost-effectiveness in this**  
3 **proceeding?**

4 A. No. First, Mr. Powell does not offer any particular methodology or present any  
5 evidence on how the Commission would implement a new methodology. He merely  
6 provides excerpts from a report assessing the DSM performance of a non-Florida  
7 utility. More importantly, however, adoption of a new methodology or new criteria  
8 for evaluating DSM cost-effectiveness would have broad ramifications for municipal,  
9 cooperative and investor-owned utilities throughout Florida in setting numeric DSM  
10 goals and in need determination proceedings. For that reason, this docket is not the  
11 appropriate forum to raise generic questions regarding how to evaluate the cost-  
12 effectiveness of DSM programs. Any revisions to the Commission's established  
13 methodology would be more appropriately addressed in a rulemaking or other generic  
14 proceeding in which all affected parties would have the opportunity to participate.

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

17 A. Yes.

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