

GEORGE CAVROS

ATTORNEY AT LAW

September 28, 2007

Ms. Ann Cole, Director
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED-FPSC
07 SEP 28 AM 10:49
COMMISSION
CLERK

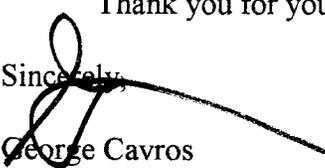
Re: Docket No. 070467-EI; Motion for Acceptance of Filing of Supplemental Testimony of David Nichols and Supplemental Testimony and Exhibit DN-5

Dear Ms. Cole:

Enclosed for filing in the above docket are the original and 15 copies of SACE's Motion for Acceptance of Filing of Supplemental Testimony of David Nichols and the associated Supplemental Testimony of David Nichols and Exhibit DN-5.

Thank you for your assistance in this matter.

Sincerely,


George Cavros

GSC/rs

CMP _____
COM 5
CTR 1
ECR _____
GCL 3
OPC _____
RCA _____
SCR _____
SGA _____
SEC _____
OTH _____

DOCUMENT NUMBER - DATE
08918 SEP 28 07
FPSC-COMMISSION CLERK

BEFORE THE PUBLIC SERVICE COMMISSION

REGISTRATION CENTER
07 SEP 28 AM 9:24

**In re: Petition to determine need for
Polk Unit 6 electrical power plant, by
Tampa Electric Company.**

DOCKET NO. 070467-EI

Filed September 28, 2007

**SOUTHERN ALLIANCE FOR CLEAN ENERGY'S
MOTION FOR ACCEPTANCE OF FILING OF
SUPPLEMENTAL TESTIMONY OF DAVID NICHOLS**

Pursuant to Rule 28-106.204, Florida Administrative Code, Southern Alliance for Clean Energy (SACE) respectfully moves the Commission to accept for filing the Supplemental Testimony and Exhibit DN-5 of David Nichols submitted in the above proceeding on September 28, 2007, and says:

1. In the course of analyzing materials obtained by SACE through discovery from Tampa Electric Company (TECO) after the deadline for the filing of SACE's direct testimony, SACE has developed new information that is significant and material.
2. SACE had requested in interrogatories that TECO perform certain calculations using data on its DSM programs to determine the impact on participation and electricity demand of increased customer incentives for certain DSM programs. TECO filed an objection to these interrogatories on September 11, 2007, objecting to performing these calculations, and stated that discovery materials provided SACE with the data needed to perform these calculations.
3. The Supplemental Direct Testimony of David Nichols, attached to this motion, provides the results of these calculations using the data obtained by SACE in discovery. This Supplemental Testimony provides new information on the increased

DOCUMENT NUMBER-DATE

08918 SEP 28 5

FPSC-COMMISSION CLERK

Demand Side Management potential that TECO could achieve through more aggressive energy efficiency measures.

4. The information was produced as quickly as possible after receipt of TECO documents and TECO's objection to performing the calculations and is essential to the creation of a full and complete record, and will assist the Commission in its deliberations on the matters at issue in this proceeding.

5. SACE has conferred with Counsel for TECO and TECO has indicated that it will object to this motion.

WHEREFORE, SACE respectfully requests that the Commission accept for filing the Supplemental Direct Testimony of David Nichols and Exhibit DN-5 submitted on September 28, 2007 in this proceeding.

Served this 28th day of September, 2007.

/s/George Cavros
George Cavros, Esq.
Florida Bar No. 0022405
Counsel for Southern Alliance for Clean Energy
120 E. Oakland Park Blvd, Ste. 105
Fort Lauderdale, FL 33334
954.563.0074

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy and correct copy of the foregoing was served on this 28th day of September by electronic mail and US Mail on:

Ausley and McMullen
Lee L. Willis, Esq.
James D. Beasley, Esq.
P.O. Box 391
Tallahassee, FL 32302

Florida Public Service Commission
Jennifer Brubaker, Esq.
2540 Shumard Oak Blvd.
Tallahassee, FL 3299-0850

/s/ George Cavros

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF)
THE PETITION OF)
TAMPA ELECTRIC TO)
DETERMINE NEED FOR)
POLK POWER PLANT)
UNIT 6)**

DOCKET NO. 07-0467-EI

**SUPPLEMENTAL DIRECT TESTIMONY OF
DAVID NICHOLS
SOUTHERN ALLIANCE FOR CLEAN ENERGY**

SEPTEMBER 27, 2007

1 **Q. What is your name, position and business address?**

2 A. My name is David Nichols. I am Senior Consultant with Synapse Energy Economics,
3 Inc, 22 Pearl Street, Cambridge, Massachusetts 02139.

4 **Q. Are you the same David Nichols whose direct testimony was previously filed in this**
5 **docket?**

6 A. Yes, I am.

7 **Q. What is the purpose of your supplemental testimony?**

8 A. In my direct testimony I explained that there are several methods to project the additional
9 DSM impacts that can be achieved in the TECO area: looking at the implications of a
10 recent statewide study for the TECO area, looking at what utilities with more
11 comprehensive DSM activities have achieved in their areas, and looking at the
12 implications of increasing customer incentives in existing TECO DSM programs. With
13 respect to this last approach, I proposed increased incentives to use in an evaluation of the
14 potential for additional cost-effective DSM in my Exhibit __ (DN-2). SACE requested in
15 interrogatories that TECO calculate the impact of these increased incentives on the level
16 of DSM. The Company objected to providing these calculations, and I have used data
17 provided by the Company to calculate them.

18 **Q. Please describe the calculations.**

19 A. My calculations use TECO's data on levels of incentives and projected impacts of DSM
20 on annual energy consumption and peak demands and carry the projections further. I
21 used the same ratios of incentives to demand reduction as TECO has assumed in its
22 projections. Although at some level, the level of participation will not increase in
23 proportion to the amount of the incentives, TECO's proposed incentives are so low that it
24 is unlikely that this threshold would be reached at the levels that I am projecting. I also
25 assumed that the impacts of energy audit programs and of commercial load

26

27

28

29

30

1 management/demand response programs could be doubled through increased incentives
2 and/or increased marketing and outreach. I performed these calculations with respect to
3 the programs listed in the Petition for Modifications to Tampa Electric Company's
4 Demand Side Management Plan, as filed with the Commission on June 15, 2007 (Docket
5 070375-EG). These programs account for most --but not all-- of the DSM demand and
6 energy impacts listed in Document 4 of Exhibit __ (HTB-1) of Mr. Bryant's filed direct
7 testimony in this docket. The results are attached as Exhibit ____ (DN-5).

8 **Q. Please describe the results of the calculations.**

9 A. They yield an additional 303 GWH of energy savings in 2014, for a total energy use
10 reduction approaching four times that in the Docket 070375-EG Petition. The additional
11 winter peak reduction of 73 MW yields a total 2014 reduction over twice TECO's
12 proposed DSM goals for programs in the Docket 070375-EG Petition. The additional
13 summer peak reduction of 98 MW yields a total 2014 reduction about two and one-half
14 times TECO's proposed DSM goals. Note that these particular calculations did not
15 estimate any similarly increased impacts for standby generation or for any program not
16 included in the Docket 070375-EG Petition such as residential load management/demand
17 response. They also did not assume addition to TECO DSM of any of the energy
18 efficiency measures which are not now included in any of its DSM programs.

19 **Q. Is it reasonable to assume that program impacts increase in direct proportion to**
20 **incentive increases?**

21 A. Yes. Increased incentives would be a key part of TECO pursuing DSM more
22 comprehensively and aggressively. Implicit in increased incentives is changes to
23 marketing and outreach to explain to customers that much better deals are available to
24 them than under present programs. Changes in program impacts could be greater than or
25 less than incentive changes per se, depending on program designs and the effectiveness of
26
27
28
29
30

1 marketing and outreach. Forecasting participation is an inexact science. If one only
2 increased incentives and made no changes to marketing and outreach, the results could
3 disappoint. The calculation from increased incentives is simply a means of estimating
4 what I believe are attainable participation and impact levels from existing programs, if
5 those programs are enhanced substantially. It does not necessarily represent the full level
6 of impact that TECO could achieve if for example more measures and programs were
7 added to its DSM, and if a customer efficiency financing program were added.

8 **Q. Are there any indications that a financing program would also help increase**
9 **customer participation in DSM programs?**

10 A. Yes. A financing program offered to their municipal customers by New Hampshire
11 Electric Coop and Public Service Co. of New Hampshire was evaluated. The evaluators
12 found that the program got “customers that participated to install more energy efficiency
13 measures” and was especially helpful in overcoming two barriers to customer investment
14 in energy efficiency measures, the problem of their greater initial cost and the problem of
15 incurring long-term debt to finance them. (See GDS Associates, Inc., *Process Evaluation*
16 *of the Pilot “Pay As You Save” Energy Efficiency Program*, December 2003, pp. 7 and
17 10.)

18 **Q. Does this conclude your testimony?**

19 A. Yes, it does.

Program Name	Original Program Results (cumulative between 2005 - 2014)			Alternativ Program Results with increased incentives (cumulative between 2005 - 2014)		
	Summer Peak Demand Saving (MW)	Winter Peak Demand Saving (MW)	Annual Energy Saving (GWh)	Summer Peak Demand Saving (MW)	Winter Peak Demand Saving (MW)	Annual Energy Saving (GWh)
RESIDENTIAL						
Energy Audit* - RCS Audit	0	0	0.001	0.00	0.00	0.00
Walk-Through Audit	1.933	2.577	8.83	3.87	5.15	17.66
Customer Assisted Audit	0.296	0.444	1.524	0.59	0.89	3.05
Phone Assisted Audit	0.068	0.101	0.348	0.14	0.20	0.70
Residential cooling (heat pump)	2.22	8.44	6.43	4.22	16.10	12.27
Residential duct repair	11.98	10.55	26.09	14.55	12.81	31.68
Residential shell - ceiling insulation	2.49	5.02	6.07	6.34	12.77	15.45
wall insulation	0.13	0.27	0.34	0.47	0.97	1.21
windows	1.09	0.69	2.15	2.75	1.75	5.43
window film	0.37	0.00	1.34	1.03	0.00	3.69
Residential new construction	0.35	0.27	0.72	0.76	0.59	1.59
Low income weatherization	0.32	1.19	1.51	0.32	1.19	1.51
COMMERCIAL/INDUSTRIAL						
Commercial Audits* - Free Audits	0.33	0.25	1.39	0.65	0.49	2.79
Paid Audits	0.00	0.00	0.00	0.00	0.00	0.01
Commercial duct repair	0.04	0.01	0.06	0.06	0.02	0.09
Building Envelope - Ceiling insulation	0.14	0.05	0.25	0.39	0.14	0.69
Wall insulation	0.04	0.06	0.14	0.10	0.15	0.37
Solar window film	0.27	0.00	1.17	0.64	0.00	2.79
Efficient Motors	0.40	0.40	0.99	2.11	2.11	5.25
Cooling -direct expansion	0.69	0.00	2.23	1.75	0.00	5.64
package terminal air conditioner	0.33	0.00	0.95	0.83	0.00	2.37
chiller replacement	3.31	0.89	6.96	18.03	4.87	37.94
Commercial Lighting - conditioned space	5.01	1.74	25.25	34.93	12.12	175.94
unconditioned space	1.22	1.22	7.34	8.54	8.54	51.35
occupancy sensor	0.10	0.07	1.48	0.91	0.68	14.24
Refrigeration (anti-condensate)	0.03	0.03	0.52	0.26	0.26	4.69
Efficient water heating	0.03	0.03	0.28	0.09	0.09	0.81
"Conservation Value" (custom jobs)	0.62	0.29	2.96	1.97	0.91	9.36
LM						
Commercial LM Cycling*	0.11	0.00	0.00	0.21	0.00	0.00
Commercial DR*	25.00	25.00	1.88	50.00	50.00	3.75
Standby generator	6.97	6.44	0.69	6.97	6.44	0.69
Total	65.89	66.02	109.91	163.50	139.23	412.99