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June 4, 2009

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VIA HAND DELIVERY

Ms. Ann Cole, Director
Commission Clerk and Administrative Services
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Docket No. 080411-EI

Dear Ms. Cole:

Enclosed for filing on behalf of Florida Public Utilities Company in this docket are an original and fifteen copies of the Direct Testimony of Joseph R. Eysie and the Direct Testimony of Myron R. Rollins in the above referenced docket.

Please indicate receipt of this document by stamping the enclosed extra copy of this letter and returning same to me.

Thank you for your assistance.

Sincerely,

Handwritten signature of Norman H. Horton, Jr.

Norman H. Horton, Jr.

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ECR 2 NHH/amb
GCL 2 Enclosure
OPC cc: Mr. Joseph R. Eysie
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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served on the following parties by Electronic Mail (\*), and/or U.S. Mail this 4<sup>th</sup> day of June, 2009.

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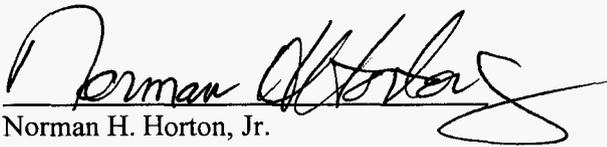
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION  
DIRECT TESTIMONY OF JOSEPH R. EYSIE  
ON BEHALF OF  
FLORIDA PUBLIC UTILITIES COMPANY  
DOCKET NO. 080411  
JUNE 4, 2009

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

A. My name is Joseph Eysie. My business address is 401 S. Dixie Highway, West Palm Beach, Florida 33401.

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

A. I am employed by Florida Public Utilities Company (FPUC) as Energy Conservation Manager.

**Q. Please summarize your educational background and professional experience.**

A. I received a BA in Criminal Justice and Sociology from Castleton State College and a Master's Degree, Business Administration from Nova Southeastern University. I have been employed by FPUC since 2005 and have worked in the demand-side management and conservation area since 2006. As Energy Conservation Manager I am responsible for performance of energy efficiency programs in 4 company divisions through Fl. I have also been responsible for designing and executing electric and natural gas energy efficiency campaigns for

1 the Company. Prior to taking this position I was an Energy Conservation Rep  
2 responsible for implementing FPU's Central Florida Division Energy  
3 Conservation programs. In that position I conducted residential, commercial,  
4 and industrial energy surveys for exiting customers and worked directly with  
5 local builders and contractors to promote our New Construction programs.

6  
7 I have led or participated in several association and regulatory conservation  
8 workshops and committees.

9  
10 **Q. What is the purpose of your testimony in this proceeding?**

11 A. The purpose of my testimony is (1) to discuss FPUC's historical and ongoing  
12 commitment to conservation and demand-side management (DSM), (2) to  
13 describe the overall process to develop DSM goals, (3) to explain FPUC's  
14 approach to conservation and DSM, (4) to explain FPUC's proposed DSM  
15 goals, and (5) to address areas the Public Service Commission Staff has  
16 expressed an interest in investigating through this Docket.

17  
18 **Q. Are you sponsoring any exhibits to your testimony?**

19 A. No I am not.

20  
21 **Q. Please describe FPUC's service territory and the customers that FPUC  
22 serves.**

23 A. FPUC provides electric service to approximately 34,000 customers in two  
24 separate geographic areas – the Northeast Division headquartered in Fernandina

1 Beach serving customers on Amelia Island and the Northwest Division  
2 headquartered in Marianna serving customers in all or parts of Jackson, Calhoun  
3 and Liberty counties.

4  
5 FPUC is the smallest of the FEECA utilities with a peak demand of  
6 approximately 100 MW and energy requirements of approximately 460 GWh  
7 per year. FPUC does not generate any of the power we provide customers but  
8 we purchase power from JEA for our Northeast Division and from Gulf Power  
9 for the Northwest Division.

10

11 **Q. Does FPUC currently offer DSM programs to its customers?**

12 A. Yes. Goals were first established for FPUC in 1996 based on measures that  
13 were cost-effective under the Ratepayer Impact Measure (RIM) and Participants  
14 tests. We have offered and encouraged participation in conservation programs  
15 designed to achieve those and goals established in subsequent goal setting  
16 procedures.

17

18 **Q. Please explain FPUC's approach to DSM programs.**

19 A. Our size and limited resources impact our approach to conservation and DSM,  
20 and therefore educating customers on the benefits associated with energy  
21 efficiency and energy conservation is a key element of our DSM plan. As a  
22 result, we put a heavy emphasis on promoting no or low cost energy efficiency  
23 and conservation measures through customer education.

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**Q. How were potential new DSM measures identified and evaluated for FPUC for purposes of this proceeding?**

A. In response to the mandate of Section 366.80 through Section 366.85, F.S., FPUC joined a collaborative (the Collaborative) with the other Florida Energy Efficiency and Conservation Act (FEECA) jurisdictional utilities to engage a single contractor (Itron) to identify DSM measures and evaluate the technical, economic, and achievable potential for DSM for each of the utilities' service areas.

**Q. Please describe the Collaborative among the utilities and other entities.**

A. The Collaborative consisted of the FEECA utilities, the Natural Resources Defense Council (NRDC), and the Southern Alliance for Clean Energy (SACE). The goal of the Collaborative was to develop the technical, economic, and achievable potential for DSM in Florida. The Collaborative conducted workshops in conjunction with the Florida Public Service Commission Staff.

**Q. Why was a collaborative approach taken?**

A. The collaborative approach offered opportunity for reduced costs to the FEECA utilities in complying with the requirements of the Florida Energy Efficiency and Conservation Act. In addition, the collaborative approach allowed for a consistent methodology for the evaluation of DSM potential and formed a vehicle for non-utility stakeholders' input.

1 **Q. Please describe the process of how the Collaborative selected Itron to be the**  
2 **consulting firm utilized to provide the necessary assistance in the DSM**  
3 **goals setting process.**

4 A. The Collaborative selected Itron through a request for proposals (RFP) process  
5 administered by Florida Power & Light Company. The RFP was issued to  
6 several entities qualified to perform DSM potential studies for all the FEECA  
7 utilities.

8

9 **Q. As the consultant selected by the Collaborative, what were Itron's**  
10 **responsibilities?**

11 A. Itron's responsibilities included providing assessments of the technical and  
12 achievable potential for energy and peak demand savings from energy  
13 efficiency, demand response, and demand-side renewable energy for each of the  
14 FEECA utilities, as well as Florida as a whole. Itron also provided economic  
15 potential estimates for FPUC.

16

17 **Q. How were potential energy efficiency, demand response, and demand-side**  
18 **renewable energy technologies identified?**

19 A. A comprehensive list of measures was developed by Itron from their vast  
20 experience and supplemented with measures identified by the Collaborative, as  
21 described in detail in the testimony of Mike Rufo.

22

1 **Q. How was FPUC's achievable potential for the 2010 through 2019 period**  
2 **determined?**

3 A. Achievable potential was determined for FPUC by Itron as discussed in the  
4 testimony of Mike Rufo.

5

6 **Q. What are FPUC's estimated residential and commercial/industrial energy**  
7 **efficiency achievable potentials based on the Ratepayer Impact Measure, or**  
8 **RIM, test?**

9 A. Itron's analyses indicated that there is no achievable potential for residential and  
10 commercial/industrial energy efficiency for FPUC based on the RIM test.

11

12 **Q. What are FPUC's estimated achievable potentials for residential and**  
13 **commercial/industrial demand response?**

14 A. Itron estimated achievable potential for residential and commercial/industrial  
15 demand response under two different scenarios for enrollment under critical  
16 peak price (CPP)/time of use (TOU) as discussed in the testimony of Mike Rufo.  
17 The technical potential under the high CPP/low TOU scenario is approximately  
18 1.33 MW (summer) and 1.24 MW (winter) by 2019. The technical potential  
19 under the low CPP/high TOU scenario is approximately 1.07 MW (summer) and  
20 0.75 MW (winter) by 2019.

21

1 **Q. Is the demand response achievable potential included in FPUC's proposed**  
2 **DSM goals?**

3 A. No. The demand response is assumed to be from several measures, each  
4 requiring a significant system to be installed to achieve the reductions. The  
5 relatively small amount of reductions by the end of the period considered in this  
6 Docket was deemed insufficient to justify implementation.

7

8 **Q. What are FPUC's estimated residential and commercial/industrial demand-**  
9 **side renewable energy technology achievable potentials based on the RIM**  
10 **test?**

11 A. Itron's analyses indicated that there is no achievable potential for residential and  
12 commercial/industrial demand-side renewable energy technology for FPUC  
13 based on the RIM test.

14

15 **Q. What cost-effectiveness test or tests should the Commission use to set DSM**  
16 **goals, pursuant to Section 366.82, F.S.?**

17 A. In general, the Commissions should use, as a threshold, the results of the RIM  
18 test as the basis for setting DSM goals. If the results of the RIM test indicate a  
19 DSM measure may be cost-effective, then it should also be required to pass both  
20 the TRC test and the Participants test.

21

22 **Q. Has FPUC provided an adequate assessment of the full technical potential**  
23 **of available demand-side and supply-side conservation and efficiency**

1           **measures, including demand-side renewable energy systems, pursuant to**  
2           **Section 366.82 (3), F.S.?**

3       A.     Yes. The technical potential study performed by Itron, as described in the  
4           testimony of Mike Rufo, provided an adequate assessment of the full technical  
5           potential of available demand-side and supply-side conservation and efficiency  
6           measures, including demand-side renewable energy systems. Drawing upon  
7           their recognized expertise, Itron utilized its state-of-the-art models to  
8           comprehensively analyze the full technical potential of energy efficiency,  
9           demand response, and demand-side renewable energy technologies.

10

11       **Q.     Has FPUC provided an adequate assessment of the achievable potential of**  
12           **available demand-side and supply-side conservation and efficiency**  
13           **measures, including demand-side renewable energy systems?**

14       A.     Yes. The achievable potential study performed by Itron, as described in the  
15           testimony of Mike Rufo, provided an adequate assessment of the achievable  
16           potential of available demand-side and supply-side conservation and efficiency  
17           measures, including demand-side renewable energy systems. Drawing upon  
18           their recognized expertise, Itron utilized its state-of-the-art models to  
19           comprehensively analyze the achievable potential of energy efficiency, demand  
20           response, and demand-side renewable energy technologies.

21

22           It should be noted that as a non-generating utility, supply-side conservation and  
23           efficiency measures are not applicable to FPUC.

24

1 **Q. Should the Commission establish separate goals for demand-side renewable**  
2 **energy systems for the period 2010 through 2019?**

3 A. No. The Commission should not establish separate goals for demand-side  
4 renewable energy systems. All goals should be established to promote cost-  
5 effective DSM without bias towards any particular technology. Furthermore, if  
6 demand-side renewable energy systems are cost-effective, utilities should have  
7 the flexibility to include such systems as part of their renewable portfolio or as  
8 part of their DSM goals.

9  
10 **Q. Should the Commission establish separate goals for residential and**  
11 **commercial/industrial customer participation in utility energy audit**  
12 **programs for the period 2010 through 2019?**

13 A. No. The Commission should not establish separate goals for residential and  
14 commercial/industrial customer participation in utility energy audit programs.  
15 Utility energy audits are performed as a result of customer interest in such  
16 audits, and the utility cannot dictate that customers have interest in receiving  
17 energy audits. Utilities should be allowed the flexibility to integrate energy  
18 audits into conservation programs as appropriate.

19  
20 **Q. Should the Commission establish incentives to promote both customer-**  
21 **owned and utility-owned energy efficiency and demand-side renewable**  
22 **energy systems?**

23 A. No. As part of this Docket, we have comprehensively analyzed customer-  
24 owned energy efficiency and demand-side measures and none we found to be

1 cost-effective. Utility-owned energy efficiency and renewable energy systems  
2 are supply-side issues that are not applicable to FPUC as a non-generating  
3 utility.

4  
5 **Q. Please identify the 2010 through 2019 projected technical potential for**  
6 **FPUC.**

7 A. Projected technical potential for FPUC is presented in the Executive Summary  
8 section of the *Technical Potential for Electric Energy and Peak Demand*  
9 *Savings for Florida Public Utilities Company* (dated April 27, 2009) which was  
10 developed by Itron and has been filed previously in this Docket.

11  
12 **Q. What overall DSM goals (peak demand and energy reductions) are**  
13 **appropriate and reasonably achievable for FPUC for the 2010 through 2019**  
14 **period?**

15 A. Based on Itron's evaluations using the RIM test, no DSM measures were shown  
16 to be cost-effective. Therefore, we believe there should be no Commission-  
17 required DSM goals for the 2010 through 2019 period.

18  
19  
20 **Q. Do FPUC's proposed DSM goals adequately reflect the costs imposed by**  
21 **state and federal regulations on the emission of greenhouse gases, pursuant**  
22 **to Section 366.82(3)(d), F.S.?**

23 A. Greenhouse gases are not currently regulated at either the State or Federal level,  
24 and there currently are no costs imposed on the emissions of greenhouse gases.

1 FPUC does not believe it is appropriate to base the establishment of DSM goals  
2 on speculation related to yet-to-be defined potential regulations of emissions of  
3 greenhouse gases. However, for informational purposes, Itron is performing  
4 additional analyses related to several different combinations of fuel and carbon  
5 dioxide emissions allowance prices.

6

7 **Q. Does FPUC propose to continue its existing conservation programs even**  
8 **though FPUC request that no goals be applied based on Itron's**  
9 **evaluations?**

10 A. Yes. FPUC proposes to continue and update its existing conservation programs  
11 subject to Commission approval of cost recovery through the Conservation Cost  
12 Recovery Clause. FPUC has invested significant cost and effort in the  
13 development and implementation of its existing conservation programs which  
14 increases their cost-effective implementation and which FPUC believes are in  
15 the overall best interest of its customers. FPUC's existing conservation  
16 programs are generally low cost programs based significantly on customer  
17 education. FPUC will update their existing conservation programs to reflect  
18 changes in minimum appliance efficiency standards and to improve the  
19 efficiency of the implementation of the programs with their Conservation Plan  
20 to be filed after Commission approval of FPUC's proposed conservation goals  
21 subject to Commission approval of cost recovery through the Conservation Cost  
22 Recovery Clause.

23

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

2 **A. Yes it does.**