

## Ruth Nettles

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**From:** Ann Bassett [abassett@lawfla.com]  
**Sent:** Monday, July 27, 2009 3:38 PM  
**To:** Filings@psc.state.fl.us  
**Subject:** Docket No. 080411-EG  
**Attachments:** 2007-07-27, 080411, FPUC's Prehearing Statement.pdf; 2009-07-27, 080411, FPUC Prehearing Statement 7-27-09.doc

person responsible for this electronic filing is:

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Docket 080411-EG - Commission review of numeric conservation goals (Florida Public Utilities Company)

This is being filed on behalf of Florida Public Utilities Company

Total Number of Pages is 10

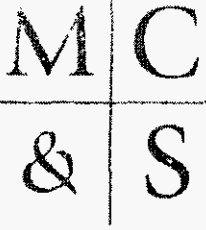
Florida Public Utilities Company's Prehearing Statement.

The MS Word version of the document is also attached.

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July 27, 2009

**VIA ELECTRONIC FILING**

Ms. Ann Cole, Director  
Commission Clerk and Administrative Services  
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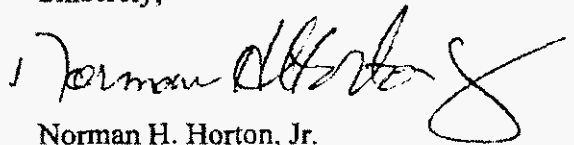
Re: Docket No. 080411-EG

Dear Ms. Cole:

Enclosed for filing on behalf of Florida Public Utilities Company in this docket is an electronic version of Florida Public Utilities Company's Prehearing Statement in the above referenced docket.

Thank you for your assistance.

Sincerely,



Norman H. Horton, Jr.

NHH/amb

Enclosures

cc: Mr. Joe Eysie  
Parties of Record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission review of numeric )  
Conservation goals (Florida Public Utilities )  
Company) \_\_\_\_\_)

Docket No. 080411-EG

Filed: July 27, 2009

FLORIDA PUBLIC UTILITIES COMPANY'S PRE-HEARING STATEMENT

COMES NOW, the Florida Public Utilities Company, ("FPUC"), by and through its undersigned counsel, and pursuant to Order Numbers PSC-08-0816-PCO-EG and PSC-09-0152-PCO-EG, files this Pre-Hearing Statement:

**A. ALL KNOWN WITNESSES**

In identifying witnesses, FPUC reserves the right to call other such witnesses as may be identified in the course of discovery and preparation for final hearing in this matter, including any witnesses necessary for authentication, impeachment, and rebuttal.

Witness

Subject Matter

Joseph R. Eysie (FPUC)

FPUC's historical and ongoing commitment to conservation and DSM, FPUC's overall process to develop DSM goals, FPUC's approach to conservation and DSM, explanation of FPUC's proposed DSM goals, and areas that the PSC staff has expressed interest in investigating.

Myron R. Rollins (Black & Veatch)

FPUC's avoided costs provided to Itron for use in the economic and achievable conservation and DSM evaluations.

Mike Rufo (Itron, Inc.) (Co-sponsor)

Present and summarize the methodology, input data, and findings contained in the studies of technical potential and achievable potential for cost-effective EE and load management for FPUC.

**B. EXHIBITS**

In identifying exhibits, FPUC reserves the right to use such other exhibits as may be identified in the course of discovery and preparation for final hearing in this matter, including any exhibits necessary for authentication, impeachment, and rebuttal.

Exhibit

Witness

Description

Exhibit No. \_\_\_ (MRR-1)

Myron R. Rollins

Myron R. Rollins Resume

Exhibit No. \_\_\_ (MRR-2)

Myron R. Rollins

FPUC Avoided Costs

**C. BASIC POSITION**

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Pursuant to Sections 366.80 through 366.85, Florida Statutes, and Rule 25-17.0021 FAC, FPUC proposes the Residential and Commercial Conservation Goals presented in issues No. 8 and 9. FPUC is unique among the FEECA utilities. FPUC is by far the smallest of the FEECA utilities and that small size is further complicated by the utility being split into two nearly equal divisions located a significant distance apart. FPUC's small size places severe limits on the level of effort and manpower that can be expended in the administration of conservation programs. As a result FPUC focuses on modifying customer behavior to entice customers to implement no and low cost conservation measures. This is especially important for FPUC's customers who enjoyed several years of low rates due to below market purchase power and developed poor energy efficiency habits. FPUC is also unique among the FEECA utilities in that FPUC has no generating units and purchases all of its power from JEA and Gulf Power.

In this Docket, FPUC joined in a collaborative which retained Itron, one of the leading DSM and conservation firms in the world to conduct a very robust evaluation of the technical, economical, and achievable potential of DSM and conservation measures in accordance with Sections 366.80 through 366.89 FS and Rule 25-17.0021 FAC for the determination of FPUC's Conservation Goals. This robust collaborative effort which included input from SACE and NRDC concluded that there were no cost-effective energy efficiency and demand-side renewable energy measures for FPUC under the RIM test as approved by the Commission in FPUC's previous Conservation Goals Docket. While in FPUC's previous Conservation Goals Docket, some measures passed the RIM test, FPUC attributes the lack of measures passing the RIM test to their significant increase in rates due to higher priced purchase power.

Itron did not evaluate residential and commercial/industrial demand response measures with respect to the RIM test, but did find minor amounts of demand response measures to be achievable (less than 1.4 MW under the highest scenario). FPUC has not evaluated the achievable demand response measures with respect to the RIM test, but feels that it is unlikely that the demand response measures would be cost-effective due to the small achievable levels and the requirement that significant systems be installed to implement them. As such FPUC is not including the demand response measures as part of our conservation and DSM goals.

FPUC believes that the RIM test continues to be the appropriate test for setting FPUC's Conservation Goals especially in light of the current economic conditions coupled with the significant increase in rates due to the increased purchase power costs. FPUC requests that the Commission approve FPUC's proposed zero goals based on the RIM test. FPUC, however, plans to update and submit FPUC's existing Conservation Programs as their Conservation and DSM plan upon the Commission's Order setting FPUC's Goals. FPUC's existing programs are centered on behavior modifications and because they have already been developed are more cost effective than new programs.

**D. STATEMENT OF ISSUES AND POSITIONS:**

**ISSUE 1: Did the Company provide an adequate assessment of the full technical potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems, pursuant to Sec-**

tion 366.82(3), F.S.?

**FPUC POSITION:** Yes. The technical potential study performed by Itron, as described in the testimony of Mike Rufo, provided an adequate assessment of the full technical potential of available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems. Drawing upon their recognized expertise, Itron utilized its state-of-the-art models to comprehensively analyze the full technical potential of energy efficiency, demand response, and demand-side renewable energy technologies. (Rufo, Eysie)

**ISSUE 2:** **Did the Company provide an adequate assessment of the achievable potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems?**

**FPUC POSITION:** Yes. The achievable potential study performed by Itron, as described in the testimony of Mike Rufo, provided an adequate assessment of the achievable potential of available demand-side conservation and efficiency measures, including demand-side renewable energy systems. Drawing upon their recognized expertise, Itron utilized its state-of-the-art models to comprehensively analyze the achievable potential of energy efficiency, demand response, and demand-side renewable energy technologies. (Rufo, Eysie)

**ISSUE 3:** **Do the Company's proposed goals adequately reflect the costs and benefits to customers participating in the measure, pursuant to Section 366.82(3)(a), F.S.?**

**FPUC POSITION:** Yes. FPUC's proposed goals are based on achievable potential developed based on Itron's cost-effectiveness evaluation, which included consideration of the costs and benefits to customers participating in the measures through use of the Participant test. (Rufo, Eysie)

**ISSUE 4:** **Do the Company's proposed goals adequately reflect the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions, pursuant to Section 366.82(3)(b), F.S.?**

**FPUC POSITION:** Yes. FPUC's proposed goals are based on achievable potential developed based on Itron's cost-effectiveness evaluation, which included consideration of the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions, through use of the Ratepayer Impact Measure (RIM) and Participant tests. (Rufo, Eysie)

**ISSUE 5:** **Do the Company's proposed goals adequately reflect the costs imposed by state and federal regulations on the emission of greenhouse gases, pursuant to Section 366.82(3)(d), F.S.?**

**FPUC POSITION:** Greenhouse gases are not currently regulated at either the

State or Federal level, and there currently are no costs imposed on the emissions of greenhouse gases. While there is much speculation on the potential for greenhouse gas emissions regulation, FPUC does not believe it is appropriate to establish DSM goals that would increase customer rates based on speculation related to yet-to-be defined potential regulations of emissions of greenhouse gases. However, for informational purposes, Itron performed additional analyses related to several different combinations of fuel and carbon dioxide (CO<sub>2</sub>) emissions allowance prices that were included in FPUC's purchase power prices. (Rufo, Eysie)

**ISSUE 6:** Should the Commission establish incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems?

**FPUC POSITION:** No. As part of this Docket, we have comprehensively analyzed customer-owned energy efficiency and demand-side measures and none were found to be cost-effective. Utility-owned energy efficiency and renewable energy systems are supply-side issues that are not applicable to FPUC as a non-generating utility. (Eysie)

**ISSUE 7:** What cost-effectiveness test or tests should the Commission use to set goals, pursuant to Section 366.82, F.S.?

**FPUC POSITION:** In general, the Commission should use, as a threshold, the results of the RIM test as the basis for setting DSM goals. If the results of the RIM test indicate a DSM measure may be cost-effective, then it should also be required to pass both the TRC test and the Participants test. (Eysie)

**ISSUE 8:** What residential summer and winter megawatt (MW) and annual Gigawatt-hour (GWh) goals should be established for the period 2010-2019?

PROPOSED RESIDENTIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW										
Winter MW										
Annual GWh										

**FPUC POSITION:**

(Eysie)

PROPOSED RESIDENTIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW	0	0	0	0	0	0	0	0	0	0
Winter MW	0	0	0	0	0	0	0	0	0	0

Annual GWh	0	0	0	0	0	0	0	0	0	0
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**ISSUE 9:** What commercial/industrial summer and winter megawatt (MW) and annual Gigawatt hour (GWh) goals should be established for the period 2010-2019?

PROPOSED COMMERCIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW										
Winter MW										
Annual GWh										

**FPUC POSITION:**

(Eysie)

PROPOSED COMMERCIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW	0	0	0	0	0	0	0	0	0	0
Winter MW	0	0	0	0	0	0	0	0	0	0
Annual GWh	0	0	0	0	0	0	0	0	0	0

**ISSUE 10:** In addition to the MW and GWh goals established in Issues 8 and 9, should the Commission establish separate goals for demand-side renewable energy systems?

**FPUC POSITION:** No. The Commission should not establish separate goals for demand-side renewable energy systems. All goals should be established to promote cost-effective DSM without bias toward any particular technology. Furthermore, if demand-side renewable energy systems are cost-effective, utilities should have the flexibility to include such systems either as part of their renewable portfolio or as part of their DSM goals. (Eysie)

**ISSUE 11:** In addition to the MW and GWh goals established in Issues 8 and 9, should the Commission establish additional goals for efficiency improvements in generation, transmission, and distribution?

**FPUC POSITION:** No position. FPUC is a non-generating utility. (Eysie)

**ISSUE 12:** In addition to the MW and GWh goals established in Issues 8 and 9, should the Commission establish separate goals for residential and commercial/industrial customer participation in utility energy audit programs for the

period 2010-2019?

**FPUC POSITION:** No. The Commission should not establish separate goals for residential and commercial/industrial customer participation in utility energy audit programs. Utility energy audits are performed as a result of customer interest in such audits, and the utility cannot dictate that customers have interest in receiving energy audits. Utilities should be allowed the flexibility to integrate energy audits into conservation programs as appropriate. (Halley)

**ISSUE 13:** Should this docket be closed?

**FPUC POSITION:** Yes this docket should be closed.

**ISSUE 14:** What action(s), if any, should the Commission take in this proceeding to encourage the efficient use of cogeneration?

**FPUC POSITION:** The scope of this issues is not clear and thus FPUC has no position on this Issue.

**ISSUE 15:** In setting goals, what consideration should the Commission give to the impact on rates?

**FPUC POSITION:** The Commission should use consideration of the impact on rates as it's primary determinant in setting goals through the RIM test. (Eysie)

**ISSUE 16:** Since the Commission has no rate-setting authority over OUC and JEA, can the Commission establish goals that puts upward pressure on their rates?

**FPUC POSITION:** No position.

**E. STIPULATED ISSUES**

None.

**F. PENDING MOTIONS**

FPUC currently has no pending motions.

**G. PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY**

FPUC has no pending requests or claims for confidentiality.

**H. OBJECTIONS TO QUALIFICATIONS OF WITNESSES AS AN EXPERT**

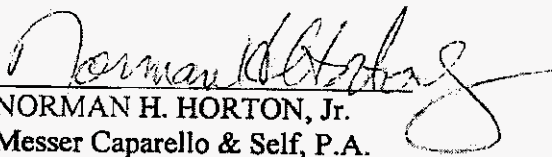
FPUC does not anticipate challenging the qualification of any witness in this proceeding at this time.



I. **STATEMENT OF COMPLIANCE WITH ORDERS ESTABLISHING  
PROCEDURE**

There are no requirements of the Orders Establishing Procedures with which FPUC cannot comply.

Respectfully submitted,



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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 27<sup>th</sup> day of July, 2009.

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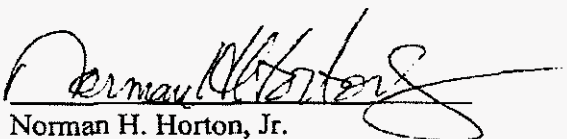
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