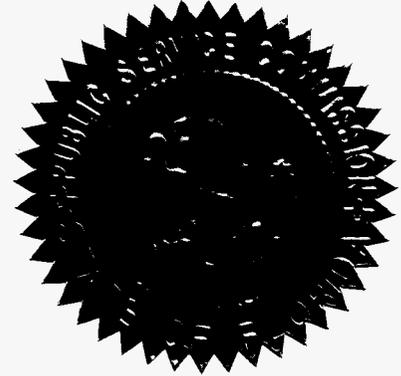


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 100002-EG

ENERGY CONSERVATION COST  
RECOVERY CLAUSE.



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PROCEEDINGS: HEARING

COMMISSIONERS  
PARTICIPATING: CHAIRMAN ART GRAHAM  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER NATHAN A. SKOP  
COMMISSIONER RONALD A. BRISÉ

DATE: Monday, November 1, 2010

TIME: Commenced at 9:44 a.m.  
Concluded at 9:49 a.m.

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: JANE FAUROT, RPR  
Official FPSC Reporter  
(850) 413-6732

DOCUMENT NUMBER-DATE  
09193 NOV-5 2010

## 1 APPEARANCES:

2 JAMES D. BEASLEY, ESQUIRE and J. JEFFRY  
3 WAHLEN, ESQUIRE, Ausley Law Firm, Post Office Box 391,  
4 Tallahassee, 32302, appearing on behalf of Tampa  
5 Electric Company.

6 JEFFREY A. STONE, ESQUIRE, RUSSELL A. BADDERS,  
7 ESQUIRE, and STEVEN R. GRIFFIN, ESQUIRE, Beggs & Lane  
8 Law Firm, Post Office Box 12950, Pensacola, Florida  
9 32591-2950, appearing on behalf of Gulf Power Company.

10 JAMES W. BREW, ESQUIRE, c/o Brickfield Law Firm,  
11 1025 Thomas Jefferson Street, NW, Eighth Floor, West  
12 Tower, Washington D.C., 20007 appearing on behalf of White  
13 Springs Agricultural Chemicals, Inc.

14 VICKI GORDON KAUFMAN, ESQUIRE, and JON C. MOYLE,  
15 JR., ESQUIRE, Keefe Law Firm, 118 North Gadsden Street,  
16 Tallahassee, Florida 32301, appearing on behalf of Florida  
17 Industrial Power Users Group.

18 J.R. KELLY, ESQUIRE, PATRICIA A. CHRISTENSEN,  
19 ESQUIRE, and CHARLIE BECK, ESQUIRE, Office of Public  
20 Counsel, c/o The Florida Legislature, 111 W. Madison  
21 St., Room 812, Tallahassee, Florida 32399-1400,  
22 appearing on behalf of the Citizens of Florida.

23  
24  
25

1                   JOHN T. BURNETT, ESQUIRE, and DIANNE M.  
2                   TRIPLETT, ESQUIRE, Progress Energy Service Co., LLC,  
3                   Post Office Box 14042, St. Petersburg, Florida  
4                   33733-4042, appearing on behalf of Progress Energy  
5                   Service Co., LLC.

6                   KATHERINE FLEMING, ESQUIRE, LEE ENG TAN,  
7                   ESQUIRE, FPSC General Counsel's Office, 2540 Shumard Oak  
8                   Boulevard, Tallahassee, Florida 32399-0850, appearing on  
9                   behalf of the Florida Public Service Commission Staff.

10                  MARY ANNE HELTON, Deputy General Counsel,  
11                  Florida Public Service Commission, 2540 Shumard Oak  
12                  Boulevard, Tallahassee, Florida 32399-0850, Advisor to  
13                  the Florida Public Service Commission.

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I N D E X

WITNESSES

NAME:	PAGE NO.
MARC L. SCHNEIDERMAN Prefiled Testimony Inserted	8
JASON VAN HOFFMAN Prefiled Testimony Inserted	10
JOHN N. FLOYD Prefiled Testimony Inserted	14
JENNIFER L. TODD Prefiled Testimony Inserted	20
GARY R. FREEMAN Prefiled Testimony Inserted	27
HOWARD T. BRYANT Prefiled Testimony Inserted	42

EXHIBITS

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NUMBER:		ID.	ADMTD.
1-10	(Description contained in Comprehensive Exhibit List.)	7	7
11	02 Stipulations	7	7

## P R O C E E D I N G S

1  
2           **CHAIRMAN GRAHAM:** Okay. We will open Docket  
3 100002.

4           Staff, any preliminary matters on this one?

5           **MS. FLEMING:** Yes, Chairman. There are  
6 proposed stipulations on all issues, noting that OPC,  
7 FIPUG, and PCS Phosphate have taken no position. All  
8 witnesses have been excused and the parties do not  
9 intend to make opening statements.

10           **CHAIRMAN GRAHAM:** How about some prefiled  
11 testimony?

12           **MS. FLEMING:** Staff will ask that the prefiled  
13 testimony for the witnesses identified on Page 4 of the  
14 prehearing order be moved as though read.

15           **CHAIRMAN GRAHAM:** So moved.

16           **MS. FLEMING:** Commissioners, we have prepared  
17 a Comprehensive Exhibit List for this docket, as well,  
18 and the exhibits have been identified as Exhibits 1  
19 through 10. At this time, staff has handed out, for  
20 ease of reference -- it is titled stipulations for the  
21 02 docket. These contain all the amounts that the  
22 Commissioners should be voting on for purposes of this  
23 record.

24           In the Prehearing Order, specifically in  
25 Issues 2 and 3 for Gulf, Progress, and TECO, there were

1 two dollar amounts that were associated with what was  
2 currently approved, and the second dollar amount was  
3 associated with the solar pilot programs.

4 The solar pilot programs are now final and  
5 this handout, for ease of reference, provides the dollar  
6 amounts for Gulf, Progress, and TECO that are associated  
7 with the solar pilot programs as well as the fallout  
8 factors. So at this time, staff would ask that this  
9 handout be marked as Exhibit Number 11.

10 **CHAIRMAN GRAHAM:** Do you have a short title  
11 for this?

12 **MS. FLEMING:** I would just say 02  
13 stipulations.

14 **CHAIRMAN GRAHAM:** Okay. We will enter Exhibit  
15 11 as 02 stipulations.

16 **MS. FLEMING:** And at this time staff would ask  
17 that all the Exhibits 1 through 11 in the 02 docket be  
18 moved into the record.

19 **CHAIRMAN GRAHAM:** So moved.

20 (Exhibit Numbers 1 through 11 marked for  
21 identification and admitted into the record.)  
22  
23  
24  
25

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 100002-EG  
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Direct Testimony of  
MARC L. SCHNEIDERMANN

On Behalf of  
FLORIDA PUBLIC UTILITIES COMPANY

- 1 Q. Please state your name and business address.
- 2 A. Marc L. Schneidermann: my business address is P.O. Box 3395  
3 West Palm Beach, Florida 33402.
- 4 Q. By whom are you employed and in what capacity?
- 5 A. I am employed by Florida Public Utilities Company as Director  
6 of Corporate Services.
- 7 Q. What is the purpose of your testimony at this time?
- 8 A. To advise the Commission of the actual over/under recovery of  
9 the Conservation Program costs for the period January 1, 2009  
10 through December 31, 2009 as compared to the true-up amounts  
11 previously reported for that period which were based on seven  
12 months actual and five months estimated data.
- 13 Q. Please state the actual amount of over/under recovery of  
14 Conservation Program costs for the Consolidated Electric  
15 Divisions of Florida Public Utilities Company for January 1,  
16 2009 through December 31, 2009.
- 17 A. The Company under-recovered \$24,240.00 during that period.  
18 This amount is substantiated on Schedule CT-3, page 2 of 3,  
19 Energy Conservation Adjustment.

1 Q. How does this amount compare with the estimated true-up  
2 amount which was allowed by the Commission during the  
3 November 2009 hearing?

4 A. We had estimated that we would under-recover \$58,005.00 as of  
5 December 31, 2009.

6 Q. Have you prepared any exhibits at this time?

7 A. We have prepared and pre-filled Schedules CT-1, CT-2, CT-3,  
8 CT-4, CT-5 and CT-6 (Composite Exhibit MLS-1).

9 Q. Does this conclude your testimony?

10 A. Yes.

11

12 Testimony Testimony Electric Trueup2009 Schneidermann.doc

## 1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 In Re: Determination of Conservation Adjustment Factor

3 DIRECT TESTIMONY OF JASON VAN HOFFMAN

4 On behalf of5 Florida Public Utilities Company6 DOCKET NO. 100002-EG

7

8 Q. Please state your name, occupation and business address.

9 A. My name is Jason Van Hoffman. I am the Energy Conservation Manager for  
10 Florida Public Utilities Company. My business address is 401 South Dixie  
11 Highway, West Palm Beach, Florida 33401.

12 Q. Describe briefly your educational background and relevant professional  
13 background?

14 A. I have a Bachelor's of Science degree in Marketing from the Florida Atlantic  
15 University. I have been employed in the electric and natural gas industry in  
16 Florida for over five years, in various marketing and management roles. I was  
17 first employed by Florida Public Utilities Company in April 2010 as the  
18 Conservation Manager.

19 Q. Are you familiar with the electric conservation programs of the Company and  
20 costs which have been, and are projected to be, incurred in their  
21 implementation?

22 A. Yes.

23 Q. What is the purpose of your testimony in this docket?

24 A. To describe generally the expenditures made and projected to be made in

1 implementing, promoting, and operating the Company's electric conservation  
2 programs. This will include recoverable costs incurred in January through  
3 July 2010 and projections of program costs to be incurred from August  
4 through December 2010. It will also include projected electric conservation  
5 costs for the period January through December 2011, with a calculation of the  
6 Conservation Adjustment Factor to be applied to the Company's consolidated  
7 electric customers' bills during the collection period of January 1, 2011  
8 through December 31, 2011.

9 Q. Are there any exhibits that you wish to sponsor in this proceeding?

10 A. Yes. I wish to sponsor as exhibits Schedules C-1, C-2, C-3, C-4, and C-5,  
11 which have been filed with this testimony.

12 Q. Have you prepared summaries of the Company's electric conservation  
13 programs and the costs associated with these programs?

14 A. Yes. Summaries of the twelve electric conservation programs are contained in  
15 Schedule C-5 of Exhibit JVH-1. Included are the Residential Geothermal  
16 Heat Pump Program, the GoodCents Home/Energy Star Program, the  
17 GoodCents Energy Survey Program, the GoodCents Loan Program, the  
18 GoodCents Commercial Building Program, the GoodCents Commercial  
19 Technical Assistance Program, the Low Income Program, the Affordable  
20 Housing/Builders Program, the GoodCents Heating and Cooling Program, the  
21 GoodCents Ceiling Insulation Upgrade Program, the GoodCents Commercial  
22 Indoor Lighting Rebate Program and the Conservation Demonstration &  
23 Development Program.

1 Q. Have you prepared schedules that show the expenditures associated with the  
2 Company's electric conservation programs for the periods you have  
3 mentioned?

4 A. Yes, Schedule C-3, Pages 1 and 1A of 5, Exhibit JVH-1 shows actual  
5 expenses for the months January through July 2010. Projections for August  
6 through December 2010 are also shown on Schedule C-3, Pages 1 and 1A.  
7 Projected expenses for the January through December 2011 period are shown  
8 on Schedule C-2, Page 1 of 3 of Exhibit JVH-1.

9 Q. Have you prepared schedules that show revenues for the period January  
10 through December 2010?

11 A. Yes. Schedule C-4 shows actual revenues for the months January through  
12 July 2010 and projected revenues for August through December 2010 and  
13 January through December 2011.

14 Q. Have you prepared a schedule that shows the calculation of the Company's  
15 proposed Conservation Adjustment Factor to be applied during billing periods  
16 from January 1, 2011 through December 31, 2011?

17 A. Yes. Schedule C-1 of Exhibit JVH-1 shows these calculations. Net program  
18 cost estimates for the period January 1, 2011 through December 31, 2011 are  
19 used. The estimated true-up amount from Schedule C-3 (Page 4 of 5, Line 11)  
20 of Exhibit JVH-1, being an under-recovery, was added to the total of the  
21 projected costs for the twelve-month period. The total projected recovery  
22 amount, including estimated true-up, was then divided by the projected Retail  
23 KWH Sales for the twelve-month period ending December 31, 2011. The

1 resulting Conservation Adjustment Factor is shown on Schedule C-1 (Page 1  
2 of 1) of Exhibit JVH-1.

3 Q. What is the Conservation Adjustment Factor necessary to recover these  
4 projected net total costs?

5 A. The Conservation Adjustment Factor is \$.00115 per KWH.

6 Q. Does this conclude your testimony?

7 A. Yes.

1 Gulf Power Company

2 Before the Florida Public Service Commission  
3 Prepared Direct Testimony and Exhibit of  
4 John N. Floyd  
5 Docket No. 100002-EG  
6 Energy Conservation Cost Recovery Clause  
7 May 3, 2010

8

9 Q. Will you please state your name, business address,  
10 employer and position?

11 A. My name is John N. Floyd and my business address is One  
12 Energy Place, Pensacola, Florida 32520. I am employed  
13 by Gulf Power Company as the Economic Evaluation and  
14 Market Reporting Team Leader.

15

16 Q. Mr. Floyd, please describe your educational background  
17 and business experience.

18 A. I received a Bachelor Degree in Electrical Engineering  
19 from Auburn University in 1985. After serving four  
20 years in the U.S. Air Force, I began my career in the  
21 electric utility industry at Gulf Power in 1990 and have  
22 held various positions within the Company in Power  
23 Generation, Metering, Power Delivery Distribution, and  
24 Marketing. In my present position, I am responsible for  
25 Energy Conservation Cost Recovery (ECCR) filings,  
economic evaluations, market research, and other  
marketing services activities.

26

1 Q. Have you previously testified before this Commission in  
2 connection with the Energy Conservation Cost Recovery  
3 Clause?

4 A. Yes.

5

6 Q. Mr. Floyd, what is the purpose of your testimony?

7 A. The purpose of my testimony is to present the results of  
8 the approved Energy Conservation Cost Recovery Clause  
9 programs and related expenses for January, 2009 through  
10 December, 2009.

11

12 Q. Are you familiar with the documents concerning the  
13 Energy Conservation Cost Recovery Clause and its related  
14 true-up and interest provisions?

15 A. Yes, I am.

16

17 Q. Have you verified that to the best of your knowledge and  
18 belief, this information is correct?

19 A. Yes, I have.

20 Counsel: We ask that Mr. Floyd's exhibit consisting of  
21 6 Schedules, CT-1 through CT-6, be marked for  
22 identification as:

23 Exhibit No. \_\_\_\_ (JNF-1)

24 Q. Would you summarize for this Commission the deviations  
25 between the actual expenses for this recovery period and

1 the estimated/actual estimate of expenses previously  
2 filed with this Commission?

3 A. The estimated/actual true-up net expenses for the entire  
4 recovery period January 2009 through December 2009,  
5 previously filed were \$11,854,904 while the actual  
6 expenses incurred in 2009 were \$10,576,197 resulting in  
7 a variance of (\$1,278,707) or (10.8%). See Schedule CT-  
8 2, Line 9.

9

10 Q. Mr. Floyd, would you explain the January 2009 through  
11 December 2009 variance?

12 A. Yes. The variance was a result of less expenses  
13 incurred compared to estimated in the following  
14 programs: Residential Geothermal Heat Pump Program,  
15 under \$59,937; Energy Select, under \$554,408;  
16 Commercial/ Industrial Energy Analysis, under \$69,117;  
17 GoodCents Commercial Buildings, under \$79,124;  
18 Commercial Geothermal Heat Pump, under \$57,068; Energy  
19 Services, under \$80,522; Renewable Energy, under  
20 \$165,733; Conservation Demonstration and Development,  
21 under \$135,058; Solar Thermal Water Heating Program  
22 Pilot, under \$129,361; and Energy Education Program,  
23 under \$32,509. The underages experienced in these  
24 programs are partially offset by an overage of expenses  
25 in the Residential Energy Surveys program of \$84,130.

1 The resulting net variance is \$1,278,707 below the  
2 estimated/actual program expenses filed in September  
3 2009. A more detailed description of the deviations is  
4 contained in Schedule CT-6.

5

6 Q. Mr. Floyd, what was Gulf Power's adjusted net true-up  
7 for the period January 2009 through December 2009?

8 A. There was an over-recovery of \$1,325,593 as shown on  
9 Schedule CT-1.

10

11 Q. Please describe the results of your programs during the  
12 recovery period.

13 A. A more detailed review of each of the programs is  
14 included in my Schedule CT-6. The following is a  
15 synopsis of program results during this recovery period.

16 (A) Residential Energy Surveys - During this period,  
17 the Company completed 7,710 surveys compared to the  
18 projection of 5,600 surveys.

19 (B) Residential Geothermal Heat Pump - During the 2009  
20 recovery period, a total of 72 geothermal heat  
21 pumps were installed compared to a projection of  
22 200.

23 (C) Energy Select - During this recovery period, there  
24 was a net increase of 234 units with a total of  
25 8,950 units on-line at December 31, 2009. Gulf had

- 1           projected a net customer addition of 100 units.
- 2       (D) Commercial/Industrial (C/I) Energy Analysis -
- 3           During 2009, a total of 588 C/I Energy Analyses
- 4           were completed compared to a projection of 550.
- 5       (E) GoodCents Commercial Buildings - During this
- 6           recovery period, a total of 90 buildings were built
- 7           or improved to GoodCents standards, compared to a
- 8           projection of 180.
- 9       (F) Commercial Geothermal Heat Pump - During the 2009
- 10          recovery period, there were 14 geothermal heat pump
- 11          units installed compared to 20 units projected.
- 12       (G) Energy Services - For the 2009 recovery period, at
- 13          the meter reductions of 8,018,445 kWh, winter kW
- 14          of 1,559 and summer kW of 1,561 were achieved.
- 15          The projected results for this period were at the
- 16          meter energy reductions of 1,178,470 kWh and at
- 17          the meter demand reductions of 510 kW winter and
- 18          275 kW summer.
- 19       (H) Renewable Energy - Costs associated with the
- 20          Renewable Energy program are provided in Schedule
- 21          CT-3, pages 1 through 3. Further description of
- 22          these activities can be found in Schedule CT-6,
- 23          pages 8 and 9.
- 24       (I) Conservation Demonstration and Development - Costs
- 25          associated with the Conservation Demonstration and

1           Development program are provided in Schedule CT-3,  
2           pages 1 through 3. Further description of these  
3           activities can be found in Schedule CT-6, pages 10  
4           through 12.

5           (J) Solar Thermal Water Heating Pilot Program - There  
6           were 94 installations in 2009 compared to a  
7           projection of 75. Costs associated with the Solar  
8           Thermal Water Heating Program Pilot are provided in  
9           Schedule CT-3, pages 1 through 3. Further  
10          description of these activities can be found in  
11          Schedule CT-6, pages 13 and 14.

12          (K) Energy Education Pilot Program - Costs associated  
13          with the Energy Education program are provided in  
14          Schedule CT-3, pages 1 through 3. Further  
15          description of these activities can be found in  
16          Schedule CT-6, pages 15 through 19.

17

18   Q.    Should Gulf's recoverable energy conservation cost for  
19          the period be accepted as reasonable and prudent?

20   A.    Yes.

21

22   Q.    Mr. Floyd, does this conclude your testimony?

23   A.    Yes, it does.

24

25

## GULF POWER COMPANY

Before the Florida Public Service Commission  
Prepared Direct Testimony and Exhibit of  
Jennifer L. Todd  
Docket No. 100002-EG  
Energy Conservation Cost Recovery Clause  
September 17, 2010

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Q. Will you please state your name, business address, employer and position?

A. My name is Jennifer L. Todd and my business address is One Energy Place, Pensacola, Florida 32520. I am employed by Gulf Power Company as the Market Analytics Supervisor.

Q. Mrs. Todd, please describe your educational background and business experience.

A. I received a Bachelor Degree in Management Information Systems from the University of West Florida in 1994. I began my career in the electric utility industry at Gulf Power in 1992 and have held various positions within the Company in Information Technology, Accounting, and Marketing. In my present position, I am responsible for Energy Conservation Cost Recovery (ECCR) filings, economic evaluations, market research, and other marketing services activities.

Q. Mrs. Todd, for what purpose are you appearing before this Commission today?

1 A. I am testifying before this Commission on behalf of Gulf  
2 Power regarding matters related to the Energy Conservation  
3 Cost Recovery (ECCR) Clause and to answer any questions  
4 concerning the accounting treatment of recoverable  
5 conservation costs in this filing. Specifically, I will  
6 address projections for currently approved programs during  
7 the January 2010 through December 2010 recovery period and  
8 the anticipated results of those programs during that  
9 period (7 months actual, 5 months estimated).

10

11 Q. Will you address projected costs for the period January  
12 2011 through December 2011?

13 A. Yes, there are two scenarios included to address the period  
14 January 2011 through December 2011. The first scenario  
15 (Scenario A) assumes that Gulf Power implements programs  
16 contained in Gulf Power's Demand Side Management (DSM) Plan  
17 which is currently before the Commission for approval in  
18 Docket 100154-EG-EG (the Proposed DSM Plan). The second  
19 scenario (Scenario B) assumes Gulf Power continues to  
20 implement programs that exist in our current, approved DSM  
21 Plan. Additionally, in light of the Commission's approval  
22 of the renewable expenditure caps in Order PSC 09-0855-FOF-  
23 EG, Scenario B also includes proposed expenditures  
24 associated with Gulf's Renewable Energy Program contained  
25 in Gulf Power's Proposed DSM Plan.

1 Q. Have you prepared an exhibit that contains information to  
2 which you will refer in your testimony?

3 A. Yes. I prepared an exhibit which contains schedules for  
4 Scenario A and Scenario B. My exhibit consists of 10  
5 schedules, each of which was prepared under my direction,  
6 supervision, or review.

7 Counsel: We ask that Mrs. Todd's exhibit consisting  
8 of 10 Schedules be marked for identification as:  
9 Exhibit No. \_\_\_\_ (JLT-1).

10

11 Q. Would you summarize for this Commission the deviations  
12 resulting from the actual costs for January 2010 through  
13 July 2010 of the current recovery period?

14 A. Projected expenses for the first seven months of the  
15 current period were \$6,427,402 compared to actual expenses  
16 of \$5,544,376 for a difference of \$883,026 or 13.7% under  
17 budget. A detailed summary of all program expenses is  
18 contained in my Schedules C-3(A) and C-3(B), pages 1 and 2  
19 and my Schedules C-5(A) and C-5(B).

20

21 Q. Have you provided a description of the program results  
22 achieved during the period, January 2010 through July 2010?

23 A. Yes. A detailed summary of year-to-date results for each  
24 program is contained in my Schedules C-5(A) and C-5(B).

25

1 Q. Are there any changes in the method you used to project  
2 expenses for the period August 2010 through December 2010  
3 under Scenario A?

4 A. Yes. Under Scenario A, the method for projecting expenses  
5 for August 2010 through October 2010 has not changed and is  
6 based on existing programs and the expected expenses  
7 associated with each; however, November 2010 through  
8 December 2010 projections were made assuming that Gulf  
9 Power would begin implementing new programs contained in  
10 our Proposed DSM Plan which is currently before the  
11 Commission for approval. More detail is contained in my  
12 Schedule C-2(A).

13

14 Q. Are there any changes in the method you used to project  
15 expenses for the period August 2010 through December 2010  
16 under Scenario B?

17 A. No. More detail is contained in my Schedule C-2(B).

18

19 Q. Would you summarize the conservation program cost  
20 projections for the January 2011 through December 2011  
21 recovery period under Scenario A?

22 A. For Scenario A, program costs for the projection period are  
23 estimated to be \$21,714,621. These costs are broken down  
24 as follows: depreciation, return on investment and  
25 property taxes, \$2,091,693; payroll/benefits, \$5,601,181;

1 materials/expenses, \$9,322,090; advertising, \$1,909,523;  
2 and incentives, \$3,736,023; all of which are partially  
3 offset by program revenues of \$945,888. More detail is  
4 contained in my Schedule C-2(A).

5

6 Q. Would you summarize the conservation program cost  
7 projections for the January 2011 through December 2011  
8 recovery period under Scenario B?

9 A. For Scenario B, program costs for the projection period are  
10 estimated to be \$11,639,775. These costs are broken down  
11 as follows: depreciation, return on investment and  
12 property taxes, \$2,070,861; payroll/benefits, \$3,884,236;  
13 materials/expenses, \$4,899,418; advertising, \$603,148; and  
14 incentives, \$1,128,000; all of which are partially offset  
15 by program revenues of \$945,888. More detail is contained  
16 in my Schedule C-2(B).

17 Q. Would you describe the expected results for your on-going  
18 and pending programs during the January 2011 through  
19 December 2011 recovery period under Scenario A?

20 A. Program details, including expected results, for the period  
21 January 2011 through December 2011 under Scenario A can be  
22 found in my Schedule C-5(A).

23

24 Q. Would you describe the expected results for your on-going  
25 and pending programs during the January 2011 through

1 December 2011 recovery period under Scenario B?

2 A. Program details, including expected results, for the period  
3 January 2011 through December 2011 under Scenario B can be  
4 found in my Schedule C-5(B).

5

6 Q. How does the proposed 2011 Energy Conservation Cost  
7 Recovery factor for Rate Schedule RS compare with the  
8 factor applicable to December 2010 and how would the change  
9 affect the charge for a 1,000 kWh monthly bill on Gulf  
10 Power's rate schedule RS under both Scenario A and Scenario  
11 B?

12 A. The current Energy Conservation Cost Recovery factor for  
13 Rate Schedule RS applicable through December 2010 is  
14 0.108¢/kWh compared with the proposed factor under Scenario  
15 A of 0.187¢/kWh and a proposed factor under scenario B of  
16 0.080¢/kWh. For a residential customer who uses 1,000 kWh  
17 in January 2011 the conservation portion of the bill under  
18 Scenario A would increase from \$1.08 to \$1.87 and under  
19 Scenario B would decrease from \$1.08 to \$0.80.

20

21 Q. Given that Gulf's Proposed DSM Plan may not be approved  
22 prior to the ECCR factors being set for the period January  
23 2011 through December 2011, which of the two scenarios that  
24 you have provided do you believe should form the basis for  
25 setting Gulf Power's ECCR factors for 2011?

1 A. Scenario A most closely reflects the costs that Gulf Power  
2 expects to incur to meet the DSM goals established by the  
3 Commission. Therefore, to minimize significant rate  
4 fluctuations for our customers, Gulf Power believes that  
5 the costs projected in Scenario A should be used to set the  
6 2011 ECCR factors. If Gulf's Proposed DSM plan is not  
7 finalized prior to the 2011 ECCR factors being set,  
8 Scenario A will serve as an appropriate approximation of  
9 the level of spending required to reach the Commission-  
10 approved goals.

11

12 Q. When does Gulf propose to collect these Energy Conservation  
13 Cost Recovery charges?

14 A. The factors will be effective beginning with the first bill  
15 group for January 2011 and continue through the last bill  
16 group for December 2011.

17

18 Q. Mrs. Todd, does this conclude your testimony?

19 A. Yes, it does.

20

21

22

23

24

25

**PROGRESS ENERGY FLORIDA  
DOCKET No. 100002-EG**

**DIRECT TESTIMONY OF  
GARY R. FREEMAN**

1 **Q. State your name and business address.**

2 A. My name is Gary R. Freeman. My business address is 100 East Davie  
3 Street Raleigh, North Carolina 27601.  
4

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

6 A. I am employed by Progress Energy Carolinas, Inc. (Progress Energy or the  
7 Company), as Director of Demand Response Programs and Demand Side  
8 Management/Energy Efficiency Operations.  
9

10 **Q. Please describe your educational and professional background and  
11 experience.**

12 A. I have a Masters of Business Administration degree from the University of  
13 North Carolina and a Bachelor of Science degree in Mechanical Engineering  
14 from Clemson University. I have over thirty (30) years of experience in the  
15 electric and natural gas utility industry with SCANA (South Carolina Electric  
16 and Gas) and Progress Energy. My experiences have included roles in  
17 customer service, HR, transmission/substation, district operations, and  
18 wholesale power marketing/trading. I have been a director in the DSM/EE

1 organization since December 2009. Earlier in my career, I was involved with  
2 natural gas sales programs and programs designed to improve customer  
3 appliance efficiencies to burn imported LNG gas. I was also involved with  
4 the implementation of energy efficiency programs for new home construction  
5 in the late 1980s and early 1990s.  
6

7 **Q. What are your current duties and responsibilities at Progress Energy?**

8 A. My responsibilities include the design, implementation and operations of the  
9 Company's Demand-Side Management (DSM) programs, including the  
10 development, implementation, training, budgeting, and accounting functions  
11 related to these programs. By DSM, I mean direct load control (DLC) and  
12 energy efficiency programs or dispatchable (demand response) and non  
13 dispatchable programs.  
14

15 **Q. What is the purpose of your testimony?**

16 A. The purpose of my testimony is to present and compare Progress Energy's  
17 actual costs of implementing conservation programs with the actual  
18 revenues collected through the Company's Energy Conservation Cost  
19 Recovery Clause (ECCR) during the period January 2009 through  
20 December 2009 to substantiate the amount that should be refunded on  
21 jurisdictional sales during PEF's next annual ECCR recovery period.  
22

1 **Q. For what programs does Progress Energy seek recovery?**

2 **A. Progress Energy seeks recovery through the ECCR for the following**  
3 **conservation programs approved by the Commission as part of the**  
4 **Company's DSM Plan, as well as for Conservation Program Administration**  
5 **(i.e., those common administration expenses not specifically linked to an**  
6 **individual program):**

- 7 • Home Energy Check
- 8 • Home Energy Improvement
- 9 • Residential New Construction
- 10 • Low-Income Weatherization Assistance Program
- 11 • Energy Management (Residential and Commercial)
- 12 • Business Energy Check
- 13 • Better Business
- 14 • Commercial/Industrial New Construction
- 15 • Innovation Incentive
- 16 • Standby Generation
- 17 • Interruptible Service
- 18 • Curtailable Service
- 19 • Technology Development
- 20 • Qualifying Facility
- 21 • Renewable Energy Saver
- 22 • Neighborhood Energy Saver

23

1 **Q. Do you have any exhibits to your testimony?**

2 A. Yes, I am sponsoring Exhibit No. (GRF-1T) entitled, "Progress Energy  
3 Florida Energy Conservation Adjusted Net True-Up for the Period January  
4 2009 through December 2009." There are five (5) schedules to this exhibit.  
5

6 **Q. Will you please explain your exhibit?**

7 A. Yes. Exhibit No. (GRF-1T) presents Schedules CT-1 through CT-5. Together,  
8 these schedules set out the actual costs incurred for all programs during the  
9 period from January 2009 through December 2009. They also describe the  
10 variance between actual costs and previously projected values for the same  
11 time period.  
12

13 **Q. Would you please discuss Schedule CT-1?**

14 A. Yes. Schedule CT-1 shows that Progress Energy's actual net ECCR true-up  
15 for the twelve months ending December 31, 2009 was an over-recovery of  
16 \$1,952,754 including principal and interest. This amount is \$1,447,026 more  
17 than the previous estimate in the Company's September 14, 2009 ECCR  
18 Projection Filing.  
19

20 **Q. How about Schedule CT-2?**

21 A. The four pages of Schedule CT-2 provide an annual summary of conservation  
22 program costs as well as itemized conservation program costs for the period  
23 January 2009 through December 2009 detailing actual, estimated, and

1 variance calculations. These costs are directly attributable to PEF's  
2 Commission approved programs.

3

4 **Q. What is the purpose of Schedule CT-3?**

5 A. Page one of Schedule CT-3 provides the actual conservation program costs  
6 for each of PEF's approved conservation programs during the 2009 calendar  
7 year. Page two of Schedule CT-3 illustrates the program revenues by month;  
8 applies monthly adjustments and calculates the next true-up per month while  
9 page three calculates the monthly interest provision.

10

11 **Q. Does Schedule CT-4 also provide PEF's approved program cost  
12 information relevant to this proceeding?**

13 A. Yes. The three pages of Schedule CT-4 report the monthly capital investment,  
14 depreciation, and return for PEF's program classifications.

15

16 **Q. Please explain Schedule CT-5 of Exhibit GRF-1.**

17 A. Schedule CT-5 provides a brief summary report for each program that includes  
18 a program description, annual program expenditures and program  
19 accomplishments over the twelve-month period ending December 2009.

20

21 **Q. Please explain the source of data used in calculating the actual true-up  
22 amount.**

1 A. The data used in calculating the actual true-up amount was taken from PEF  
2 records unless otherwise indicated. These records are kept in the regular  
3 course of business in accordance with general accounting principles and  
4 practices and provisions of the Uniform System of Accounts as prescribed by  
5 the Commission. Pursuant to Rule 25-17.015(3), Florida Administrative Code,  
6 Schedules CT-3, page 4 of 4, PEF provides a list of all account numbers used  
7 for conservation cost recovery during the period January 2009 through  
8 December 2009.

9  
10 **Q. Is PEF seeking recovery of any advertising costs which make a specific**  
11 **claim of potential energy savings for the January 2009 through**  
12 **December 2009 period?**

13 A. No, PEF is not seeking recovery of advertising costs that made a specific  
14 claim of potential energy savings during the period January 2009 through  
15 December 2009.

16  
17 **Q. Does this conclude your direct testimony?**

18 A. Yes.

**PROGRESS ENERGY FLORIDA****DOCKET NO. 100002-EG****DIRECT TESTIMONY OF****GARY R. FREEMAN****WITH RESPECT TO PROJECTED COSTS, SCENARIOS 1 AND 2**

September 17, 2010

1 **Q. State your name and business address.**

2 A. My name is Gary R. Freeman. My business address is Progress Energy, 100 East  
3 Davie Street Raleigh, North Carolina 27601.

4

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

6 A. I am employed by Progress Energy Florida, Inc. (Progress Energy or the Company)  
7 as General Manager of Demand Side Management/Energy Efficiency Operations.

8

9 **Q. Have your duties and responsibilities remained the same since you last testified**  
10 **in this proceeding.**

11 A. Yes.

12

13 **Q. What is the purpose of your testimony?**

14 A. The purpose of my testimony is to describe the components and costs of the  
15 Company's Demand-Side Management ("DSM") Plan. Given the timing of the  
16 Commission's consideration of PEF's DSM plan in Docket No. 100160 EG, I will  
17 present two scenarios regarding the company's conservation cost recovery true-up  
18 and cost recovery factors proposed for the period January 2011 through December

1 2011. The first scenario assumes that PEF will continue its currently approved  
2 programs, as established in Order No. PSC-04-0769-PAA-EG, approved August 9,  
3 2004 with additional modifications approved in Order No. PSC-06-1018-TRF-EG,  
4 approved December 11, 2006. The second scenario assumes that the Commission  
5 vote at the agenda hearing on September 14, 2010, which approved PEF's proposed  
6 solar pilot programs, results in a consummating order before the hearing in this  
7 docket. The outcome of this vote will result in the continuation of PEF's currently  
8 approved programs, with the exception of the existing Renewable Energy Saver  
9 program to be replaced with the Demand-Side Renewable Portfolio of solar programs  
10 as submitted for approval in its proposed 2010 Program Plan, filed in Docket No.  
11 100160-EG on March 30, 2010 and which was approved by the Commission vote on  
12 September 14, 2010. For each scenario, I will detail the projected costs for  
13 implementing each program in the plan, explain how these costs are presented in the  
14 attached exhibit, and show the resulting Energy Conservation Cost Recovery (ECCR)  
15 factors for customer billings in 2011.

16

17 **I. Scenario 1**

18

19 **Q. Do you have any Exhibits to your testimony?**

20 A. Yes, Exhibit No. \_\_\_\_\_ (GRF-1PA-1) consists of Schedules (C-1 through C-5),  
21 which support Progress Energy's ECCR calculations for the 2010 actual/estimated  
22 period and the 2011 projection period.

23

24 **Q. For what currently approved programs does Progress Energy seek recovery?**

1 A. Progress Energy is seeking to recover those costs allowed pursuant to Rule 25-  
2 17.015, F.A.C., for each of the following Commission-approved conservation  
3 programs, as well as for Conservation Program Administration (those common  
4 administration expenses not specifically linked to an individual program). These  
5 programs are currently approved and do not include any of the Company's new or  
6 modified programs included in its March 30, 2010 filing.

- 7 • Home Energy Check
- 8 • Home Energy Improvement
- 9 • Residential New Construction (Home Advantage)
- 10 • Neighborhood Energy Saver
- 11 • Low-Income Weatherization Assistance
- 12 • Energy Management (Residential and Commercial)
- 13 • Renewable Energy Saver
- 14 • Business Energy Check
- 15 • Better Business
- 16 • Commercial/Industrial New Construction
- 17 • Innovation Incentive
- 18 • Standby Generation
- 19 • Interruptible Service
- 20 • Curtailable Service
- 21 • Technology Development
- 22 • Qualifying Facilities

23  
24 **Q. What is included in your Exhibit?**

25 A. My exhibits consist of Schedules C-1 through C-5 (GRF-IPA-1). Schedule C-1

1 (GRF-1PA-1) provides a summary of cost recovery clause calculations and  
2 information by retail rate schedule. Schedule C-2 (GRF-1PA-1) provides annual  
3 and monthly conservation program cost estimates for the 2011 projection period for  
4 each conservation program, as well as for common administration expenses.  
5 Additionally, Schedule C-2 (GRF-1PA-1) presents program costs by specific  
6 category (i.e. payroll, materials, incentives, etc.) and includes a schedule of  
7 estimated capital investments, depreciation and return for the projection period.

8 Schedule C-3 contains a detailed breakdown of conservation program costs by  
9 specific category and by month for the actual/estimated period of January through  
10 July 2010 (actual) and August through December 2010 (estimated). In addition,  
11 Schedule C-3 (GRF-1PA-1) presents a schedule of capital investment, depreciation  
12 and return, an energy conservation adjustment calculation of true-up, and a  
13 calculation of interest provision for the 2010 actual/estimated period.

14 Schedule C-4 (GRF-1PA-1) projects ECCR revenues during the 2011  
15 projection period. Schedule C-5 (GRF-1PA-1) presents a brief description of each  
16 program, as well as a summary of progress and projected expenditures for each  
17 program for which Progress Energy seeks cost recovery through the ECCR clause.

18  
19 **Q. Would you please summarize the major results from your Exhibit?**

20 A. Yes. Schedule C-2 (GRF-1PA-1), Page 1 of 7, Line 22, shows total net program  
21 costs of \$95,558,561 for the 2011 projection period. The following table presents  
22 Progress Energy's proposed ECCR billing factors, expressed in dollars per 1,000  
23 kilowatt-hours by retail rate class and voltage level for calendar year 2011, as  
24 contained in Schedule C-1 (GRF-1PA-1), Page 2 of 2.

25

**Scenario 1 - 2011 ECCR Billing Factors (\$/1,000 kWh)**

	<b>Secondary</b>	<b>Primary</b>	<b>Transmission</b>
<b><u>Retail Rate Schedule</u></b>	<b><u>Voltage</u></b>	<b><u>Voltage</u></b>	<b><u>Voltage</u></b>
Residential (Cents/kWh)	.289	N/A	N/A
General Service Non-Demand (Cents/kWh)	.242	.240	.237
General Service 100% Load Factor (Cents/kWh)	.206	N/A	N/A
General Service Demand (\$/kW)	.86	.85	.84
Curtaillable (\$/kW)	.90	.89	.88
Interruptible (\$/kW)	.78	.77	.76
Standby Monthly (\$/kW)	.085	.084	.083
Standby Daily (\$/kW)	.040	.040	.039
Lighting (Cents/kWh)	.141	N/A	N/A

**II. Scenario 2**

**Q. Do you have any Exhibits to your testimony?**

A. Yes, Exhibit No. \_\_\_\_\_ (GRF-1PA-2) consists of Schedules (C-1 through C-5), which support Progress Energy's ECCR calculations for the 2010 actual/estimated period and the 2011 projection period.

**Q. For what proposed new and modified programs does Progress Energy seek recovery?**

A. On March 30, 2010 Progress Energy filed a DSM Plan pursuant to Commission Order No. PSC-09-0855-FOF-EC issued December 30, 2009, which includes a

1 Demand-Side Renewable Portfolio, designed to emphasize the benefits of solar  
2 photovoltaic technology and encourage the development of a renewable program.  
3 On September 14, 2010, the Commission voted to approve PEF's proposed  
4 renewable pilot programs within its annual expenditure cap of \$6,467,592 as  
5 specified by Commission Order No PSC-09-0855-FOF-EG. Progress Energy is  
6 seeking to recover those costs allowed pursuant to Rule 25-17.015, F.A.C., for their  
7 portfolio of currently approved programs, as well as the amounts included in its  
8 March 30, 2010 DSM Plan for the solar pilot programs, as well as for Conservation  
9 Program Administration (those common administration expenses not specifically  
10 linked to an individual program). Progress Energy intends to begin the  
11 implementation of its solar programs as soon as feasibly possible in order to  
12 encourage customer participation and provide support to those industries associated  
13 with this innovative technology. To that end, Progress Energy estimates that it will  
14 spend approximately \$130,000 in November and December of 2010 for its solar  
15 programs.

- 16
- 17 • Home Energy Check
- 18 • Home Energy Improvement
- 19 • Residential New Construction (Home Advantage)
- 20 • Neighborhood Energy Saver
- 21 • Low-Income Weatherization Assistance
- 22 • Energy Management (Residential and Commercial)
- 23 • Business Energy Check
- 24 • Better Business
- 25 • Commercial/Industrial New Construction

- 1 • Innovation Incentive
- 2 • Standby Generation
- 3 • Interruptible Service
- 4 • Curtailable Service
- 5 • Solar Water Heating for Low-income Residential Customers
- 6 • Solar Water Heating with Energy Management
- 7 • Residential Solar Photovoltaic
- 8 • Commercial Solar Photovoltaic
- 9 • Photovoltaics for Schools
- 10 • Research and Demonstration
- 11 • Technology Development
- 12 • Qualifying Facilities

13

14 **Q. What is included in your Exhibit?**

15 A. My exhibit consists of Schedules C-1 through C-5 (GRF-1PA-2). Schedule C-1  
16 (GRF-1PA-2) provides a summary of cost recovery clause calculations and  
17 information by retail rate schedule. Schedule C-2 (GRF-1PA-2) provides annual  
18 and monthly conservation program cost estimates for the 2011 projection period for  
19 each conservation program, as well as for common administration expenses.  
20 Additionally, Schedule C-2 (GRF-1PA-2) presents program costs by specific  
21 category (i.e. payroll, materials, incentives, etc.) and includes a schedule of  
22 estimated capital investments, depreciation and return for the projection period.

23 Schedule C-3 (GRF-1PA-2) contains a detailed breakdown of conservation  
24 program costs by specific category and by month for the actual/estimated period of  
25 January through July 2010 (actual) and August through December 2010 (estimated).

1 In addition, Schedule C-3 (GRF-1PA-2) presents a schedule of capital investment,  
2 depreciation and return, an energy conservation adjustment calculation of true-up,  
3 and a calculation of interest provision for the 2010 actual/estimated period.

4 Schedule C-4 (GRF-1PA-2) projects ECCR revenues during the 2011  
5 projection period. Schedule C-5 (GRF-1PA-2) presents a brief description of each  
6 program, as well as a summary of progress and projected expenditures for each  
7 program for which Progress Energy seeks cost recovery through the ECCR clause.

8

9 **Q. Would you please summarize the major results from your Exhibit?**

10 A. Yes. Schedule C-2 (GRF-1PA-2), Page 1 of 7, Line 22, shows total net program  
11 costs of \$98,993,268 for the 2011 projection period. The following table presents  
12 Progress Energy's proposed ECCR billing factors, expressed in dollars per 1,000  
13 kilowatt-hours by retail rate class and voltage level for calendar year 2011, as  
14 contained in Schedule C-1 (GRF-1PA-2), Page 2 of 2.

15

**Scenario 2 - 2011 ECCR Billing Factors (\$/1,000 kWh)**

	<b>Secondary</b>	<b>Primary</b>	<b>Transmission</b>
<b><u>Retail Rate Schedule</u></b>	<b><u>Voltage</u></b>	<b><u>Voltage</u></b>	<b><u>Voltage</u></b>
Residential (Cents/kWh)	.299	N/A	N/A
General Service Non-Demand (Cents/kWh)	.252	.249	.247
General Service 100% Load Factor (Cents/kWh)	.216	N/A	N/A
General Service Demand (\$/kW)	.90	.89	.88
Curtable (\$/kW)	.94	.93	.92
Interruptible (\$/kW)	.82	.81	.80
Standby Monthly (\$/kW)	.089	.088	.087
Standby Daily (\$/kW)	.042	.042	.041
Lighting (Cents/kWh)	.151	N/A	N/A

14  
15 **Q. Does this conclude your testimony?**

16 **A. Yes.**

TAMPA ELECTRIC COMPANY  
DOCKET NO. 100002-EG  
FILED: 9/17/10

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                                   **PREPARED DIRECT TESTIMONY**

3   **OF**

4   **HOWARD T. BRYANT**

5  
6   **Q.**   Please state your name, address, occupation and employer.

7  
8   **A.**   My name is Howard T. Bryant. My business address is 702  
9           North Franklin Street, Tampa, Florida 33602. I am  
10           employed by Tampa Electric Company ("Tampa Electric" or  
11           "the company") as Manager, Rates in the Regulatory  
12           Affairs Department.

13  
14   **Q.**   Please provide a brief outline of your educational  
15           background and business experience.

16  
17   **A.**   I graduated from the University of Florida in June 1973  
18           with a Bachelor of Science degree in Business  
19           Administration. I have been employed at Tampa Electric  
20           since 1981. My work has included various positions in  
21           Customer Service, Energy Conservation Services, Demand  
22           Side Management ("DSM") Planning, Energy Management and  
23           Forecasting, and Regulatory Affairs. In my current  
24           position I am responsible for the company's Energy  
25           Conservation Cost Recovery ("ECCR") clause, Environmental

1 Cost Recovery Clause ("ECRC"), and retail rate design.

2

3 **Q.** Have you previously testified before the Florida Public  
4 Service Commission ("Commission")?

5

6 **A.** Yes. I have testified before this Commission on  
7 conservation and load management activities, DSM goals  
8 setting and DSM plan approval dockets, and other ECCR  
9 dockets since 1993, and ECRC activities since 2001.

10

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

12

13 **A.** The purpose of my testimony is to support the company's  
14 actual conservation costs incurred during the period  
15 January through December 2009, the actual/projected  
16 period January to December 2010, and the projected period  
17 January through December 2011. Also, I will support the  
18 appropriate Contracted Credit Value ("CCV") for  
19 participants in the General Service Industrial Load  
20 Management Riders ("GSLM-2" and "GSLM-3") for the period  
21 January through December 2011. In addition, I will  
22 support the appropriate residential variable pricing  
23 rates ("RSVP-1") for participants in the Residential  
24 Price Responsive Load Management Program for the period  
25 January through December 2011.

1 Q. How have you treated the costs of the programs included in  
2 Tampa Electric's proposed DSM Plan in Docket No. 100159-  
3 EG?

4  
5 A. Tampa Electric's DSM Plan proposed in Docket No. 100159-EG  
6 is not scheduled to come before the Commission for final  
7 consideration until September 14, 2010 with the  
8 consummating order scheduled for October 28, 2010 assuming  
9 no protest is filed. However, Tampa Electric believes the  
10 programs included in that plan are necessary and  
11 appropriate for the company to implement in order to  
12 achieve the numeric goals the Commission has established  
13 for Tampa Electric in Docket No. 080409-EG. In order to  
14 provide some flexibility pending final action by the  
15 Commission on Tampa Electric's proposed DSM Plan, the  
16 company has prepared two alternative scenarios for cost  
17 recovery purposes. The first proposal assumes a  
18 continuation of Tampa Electric's currently approved DSM  
19 Plan during 2011 and the cost recovery factors under that  
20 scenario reflect a continuation of existing programs. The  
21 second scenario included in this projection filing assumes  
22 that the Commission approves the programs as proposed in  
23 the DSM Plan the company filed in Docket 100159-EG. The  
24 cost recovery factors developed in that scenario reflect  
25 the program cost of the proposed DSM Plan.

1 Q. Did you prepare any exhibits in support of your  
2 testimony?

3  
4 A. Yes. Exhibit No. \_\_\_\_\_ (HTB-2), containing two  
5 documents, was prepared under my direction and  
6 supervision. Document No. 1 includes Schedules C-1E  
7 through C-5E and associated data which support the  
8 development of the conservation cost recovery factors  
9 associated with the existing 2005-2014 DSM plan for  
10 January through December 2011. Document No. 2 includes  
11 Schedules C-1P through C-5P and associated data which  
12 support the development of the conservation cost recovery  
13 factors associated with the proposed 2010-2019 DSM plan.

14  
15 Q. Please describe the conservation program costs projected  
16 by Tampa Electric during the period January through  
17 December 2009.

18  
19 A. For the period January through December 2009, Tampa  
20 Electric projected conservation program costs to be  
21 \$18,548,986. The Commission authorized collections to  
22 recover these expenses in Docket No. 080002-EG, Order No.  
23 PSC-08-0783-FOF-EG, issued December 1, 2008.

24  
25 Q. For the period January through December 2009, what were

1 Tampa Electric's conservation costs and what was  
2 recovered through the ECCR clause?

3

4 **A.** For the period January through December 2009, Tampa  
5 Electric incurred actual net conservation costs of  
6 \$32,243,415, plus a beginning true-up over-recovery of  
7 \$389,627 for a total of \$31,853,788. The amount  
8 collected in the ECCR clause was \$30,420,933.

9

10 **Q.** What was the true-up amount?

11

12 **A.** The true-up amount for the period January through  
13 December 2009 was an under-recovery of \$1,434,024. These  
14 calculations are detailed in Exhibit No. \_\_\_ (HTB-1),  
15 Conservation Cost Recovery True Up, Pages 2 through 13,  
16 filed May 3, 2010.

17

18 **Q.** Please describe the conservation program costs incurred  
19 and projected to be incurred by Tampa Electric's existing  
20 2005-2014 DSM Plan during the period January through  
21 December 2010.

22

23 **A.** The actual costs incurred by Tampa Electric through July  
24 2010 and estimated for August through December 2010 from  
25 Tampa Electric's existing 2005-2014 DSM Plan are

1 \$44,046,733. For the period, Tampa Electric anticipates  
2 an under-recovery in the ECCR Clause of \$1,169,981 which  
3 includes the 2009 true-up and interest. A summary of  
4 these costs and estimates are fully detailed in Exhibit  
5 No. \_\_\_ (HTB-2), Conservation Costs Projected, pages 24  
6 through 32.

7  
8 **Q.** Please describe the conservation program costs incurred  
9 and projected to be incurred by Tampa Electric's proposed  
10 2010-2019 DSM Plan during the period January through  
11 December 2010.

12  
13 **A.** The actual costs incurred by Tampa Electric through July  
14 2010 and estimated for August through December 2010 from  
15 Tampa Electric's proposed 2010-2019 DSM Plan are  
16 \$44,675,444. For the period, Tampa Electric anticipates  
17 an under-recovery in the ECCR Clause of \$1,798,892 which  
18 includes the 2009 true-up and interest. A summary of  
19 these costs and estimates are fully detailed in Exhibit  
20 No. \_\_\_ (HTB-2), Conservation Costs Projected, pages 68  
21 through 76.

22  
23 **Q.** Has Tampa Electric proposed any new or modified DSM  
24 Programs for ECCR cost recovery for the period January  
25 through December 2010.

1 **A.** Yes. On March 30, 2010, Tampa Electric filed its 2010-  
2 2019 DSM Plan for approval that includes the modification  
3 of 24 of the company's existing DSM programs. These  
4 modified programs are listed below and can be found in  
5 Schedules C-1P through C-5P.

- 6
- 7 1. Residential Walk-through Audit (free)
- 8 2. Residential On-line Audit
- 9 3. Residential Phone Audit
- 10 4. Residential Paid Audit
- 11 5. Residential Heating and Cooling
- 12 6. Residential Building Envelope
- 13 7. Residential New Construction
- 14 8. Residential Weatherization and Agency Outreach
- 15 9. Residential Energy Education Outreach
- 16 10. Commercial Free Audit
- 17 11. Commercial Paid Audit
- 18 12. Commercial Duct Repair
- 19 13. Commercial Building Envelope
- 20 14. Energy Efficient Motors
- 21 15. Commercial Cooling
- 22 16. Commercial Chillers
- 23 17. Commercial Lighting
- 24 18. Commercial Occupancy Sensors
- 25 19. Standby Generators

- 1 20. Refrigeration Anti-condensate Controls
- 2 21. Commercial Water Heating
- 3 22. Conservation Value
- 4 23. Commercial Load Management
- 5 24. Demand Response
- 6

7 In addition to the existing program modifications, Tampa  
8 Electric also requested approval for seven new programs  
9 which are listed below.

- 10 1. Residential Electronically Commutated Motors
- 11 2. Residential HVAC Re-commissioning
- 12 3. Commercial Electronically Commutated Motors
- 13 4. Commercial HVAC Re-commissioning
- 14 5. Commercial Cool Roof
- 15 6. Commercial Energy Recovery Ventilation
- 16 7. Renewable Energy Systems Initiative
- 17

18 **Q.** Please summarize the proposed conservation costs for the  
19 period January through December 2011 and the annualized  
20 recovery factors applicable for the period January  
21 through December 2011 if the existing 2005-2014 DSM Plan  
22 is utilized.

23  
24 **A.** Assuming the company's existing 2005-2014 DSM Plan is  
25 utilized, Tampa Electric has estimated that the total

1 conservation costs (less program revenues) during the  
 2 period will be \$43,332,488 plus true-up. Including true-  
 3 up estimates, the January through December 2011 cost  
 4 recovery factors for firm retail rate classes are as  
 5 follows:

<b>Cost Recovery Factors</b>	
<u>Rate Schedule</u>	<u>(cents per kWh)</u>
8 RS	0.265
9 GS and TS	0.238
10 GSD Optional - Secondary	0.213
11 GSD Optional - Primary	0.211
12 GSD Optional - Subtransmission	0.209
13 LS1	0.100

<b>Cost Recovery Factors</b>	
<u>Rate Schedule</u>	<u>(dollars per kW)</u>
17 GSD - Secondary	0.90
18 GSD - Primary	0.89
19 GSD - Subtransmission	0.88
20 SBF - Secondary	0.90
21 SBF - Primary	0.89
22 SBF - Subtransmission	0.88
23 IS - Secondary	0.77
24 IS - Primary	0.77
25 IS - Subtransmission	0.76

1 Exhibit No. \_\_\_\_ (HTB-2), Conservation Costs Projected,  
 2 pages 18 through 23 contain the Commission prescribed  
 3 forms which detail these estimates.

4  
 5 **Q.** Please summarize the proposed conservation costs for the  
 6 period January through December 2011 and the annualized  
 7 recovery factors applicable for the period January  
 8 through December 2011 if the proposed 2010-2019 DSM Plan  
 9 is utilized.

10  
 11 **A.** Assuming the company's proposed 2010-2019 DSM Plan is  
 12 utilized, Tampa Electric has estimated that the total  
 13 conservation costs (less program revenues) during the  
 14 period will be \$53,297,809 plus true-up. Including true-  
 15 up estimates, the January through December 2011 cost  
 16 recovery factors for firm retail rate classes are as  
 17 follows:

	<b>Cost Recovery Factors</b>
<b><u>Rate Schedule</u></b>	<b><u>(cents per kWh)</u></b>
RS	0.322
GS and TS	0.294
GSD Optional - Secondary	0.268
GSD Optional - Primary	0.265
GSD Optional - Subtransmission	0.263
LS1	0.154

	<b>Cost Recovery Factors</b>
<u>Rate Schedule</u>	<u>(dollars per kW)</u>
1	
2	
3	GSD - Secondary 1.13
4	GSD - Primary 1.12
5	GSD - Subtransmission 1.11
6	SBF - Secondary 1.13
7	SBF - Primary 1.12
8	SBF - Subtransmission 1.11
9	IS - Secondary 1.01
10	IS - Primary 1.00
11	IS - Subtransmission 0.99

12

13 Exhibit No. \_\_\_\_ (HTB-2), Conservation Costs Projected,

14 pages 61 through 67 contain the Commission prescribed

15 forms which detail these estimates.

16

17 **Q.** Has Tampa Electric complied with the ECCR cost allocation

18 methodology stated in Docket No. 930759-EG, Order No.

19 PSC-93-1845-EG?

20

21 **A.** Yes, it has.

22

23 **Q.** Please explain why the incentive for GSLM-2 and GSLM-3

24 rate riders is included in your testimony.

25

1 **A.** In Docket No. 990037-EI, Tampa Electric petitioned the  
2 Commission to close its non-cost-effective interruptible  
3 service rate schedules while initiating the provision of  
4 a cost-effective non-firm service through a new load  
5 management program. This program would be funded through  
6 the ECCR clause and the appropriate annual CCV for  
7 customers would be submitted for Commission approval as  
8 part of the company's annual ECCR projection filing.  
9 Specifically, the level of the CCV would be determined by  
10 using the Rate Impact Measure ("RIM") Test contained in  
11 the Commission's cost-effectiveness methodology found in  
12 Rule 25-17.008, F.A.C. By using a RIM Test benefit-to-  
13 cost ratio of 1.2, the level of the CCV would be  
14 established on a per kilowatt ("kW") basis. This program  
15 and methodology for CCV determination was approved by the  
16 Commission in Docket No. 990037-EI, Order No. PSC-99-  
17 1778-FOF-EI, issued September 10, 1999.

18  
19 **Q.** What is the appropriate CCV for customers who elect to  
20 take service under the GSLM-2 and GSLM-3 rate riders  
21 during the January through December 2011 period?

22  
23 **A.** For the January through December 2011 period, the CCV  
24 will be \$9.21 per kW. If the 2011 assessment for need  
25 determination indicates the availability of new non-firm

1 load, the CCV will be applied to new subscriptions for  
2 service under those rate riders. The application of the  
3 cost-effectiveness methodology to establish the CCV is  
4 found in the attached analysis, Exhibit No. \_\_\_\_ (HTB-2),  
5 Conservation Costs Projected, beginning on page 111  
6 through 114.

7  
8 **Q.** Please explain why the RSVP-1 rates for Residential Price  
9 Responsive Load Management are in your testimony.

10  
11 **A.** In Docket No. 070056-EG, Tampa Electric's petition to  
12 allow its pilot residential price responsive load  
13 management initiative to become permanent was approved by  
14 the Commission on August 28, 2007. This program is to be  
15 funded through the ECCR clause and the appropriate annual  
16 RSVP-1 rates for customers are to be submitted for  
17 Commission approval as part of the company's annual ECCR  
18 projection filing.

19  
20 **Q.** What are the appropriate Price Responsive Load Management  
21 rates ("RSVP-1") for customers who elect to take this  
22 service during the January through December 2011 period  
23 if the existing 2005-2014 DSM Plan is utilized?

24  
25 **A.** Assuming the company's existing 2005-2014 DSM Plan is

1 utilized, the appropriate RSVP-1 rates during the January  
 2 through December 2011 period for Tampa Electric's Price  
 3 Responsive Load Management program are as follows:

<u>Rate Tier</u>	<u>Cents per kWh</u>
P4	33.546
P3	5.986
P2	(0.787)
P1	(1.452)

9 Page 60 contains the projected RSVP-1 rates for 2011.

11 **Q.** What are the appropriate Price Responsive Load Management  
 12 rates ("RSVP-1") for customers who elect to take this  
 13 service during the January through December 2011 period  
 14 if the proposed 2010-2019 DSM Plan is utilized?

16 **A.** Assuming the company's proposed 2010-2019 DSM Plan is  
 17 utilized, the appropriate RSVP-1 rates during the January  
 18 through December 2011 period for Tampa Electric's Price  
 19 Responsive Load Management program are as follows:

<u>Rate Tier</u>	<u>Cents per kWh</u>
P4	33.921
P3	6.095
P2	(0.744)
P1	(1.395)

25 Page 115 contains the projected RSVP-1 rates for 2011.

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

2

3 **A.** Yes it does.

1                   **MS. FLEMING:** Since there are proposed  
2 stipulations on all issues, staff suggests that the  
3 Commission could make a bench decision in this case.  
4 And as we previously stated, for ease of reference staff  
5 has compiled the handout which reflects the  
6 stipulations, so staff would recommend that the  
7 Commission approve the stipulations contained in Exhibit  
8 11.

9                   **CHAIRMAN GRAHAM:** Commissioners.

10                   **COMMISSIONER EDGAR:** Mr. Chairman, I would  
11 move that we approve the stipulated issues as listed in  
12 what has been just been marked as Exhibit 11.

13                   **COMMISSIONER SKOP:** Second.

14                   **CHAIRMAN GRAHAM:** That has been moved and  
15 seconded. Any discussion on the stipulations?

16                   Seeing none, all in favor say aye.

17                   (Vote taken.)

18                   **CHAIRMAN GRAHAM:** Those opposed?

19                   By your action you have approved the  
20 stipulations.

21                   **MS. FLEMING:** And, finally, Commissioners,  
22 since a bench decision has been made, post-hearing  
23 filings are not necessary in this docket, and the final  
24 order will be issued by December 1st.

25                   **CHAIRMAN GRAHAM:** Okay. Is there anything

1 else to come before us in this docket before we adjourn  
2 it?

3 We are now adjourning Docket 100002.

4 (The hearing concluded at 9:49 a.m.)  
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1  
2 STATE OF FLORIDA )  
3 : CERTIFICATE OF REPORTER  
4 COUNTY OF LEON )  
5

6 I, JANE FAUROT, RPR, Chief, Hearing Reporter  
7 Services Section, FPSC Division of Commission Clerk, do  
8 hereby certify that the foregoing proceeding was heard at  
9 the time and place herein stated.

10 IT IS FURTHER CERTIFIED that I  
11 stenographically reported the said proceedings; that the  
12 same has been transcribed under my direct supervision; and  
13 that this transcript constitutes a true transcription of  
14 my notes of said proceedings.

15 I FURTHER CERTIFY that I am not a relative,  
16 employee, attorney or counsel of any of the parties, nor  
17 am I a relative or employee of any of the parties'  
18 attorney or counsel connected with the action, nor am I  
19 financially interested in the action.

20 DATED THIS 4th day of November, 2010.

21  
22  
23  
24  
25  
  
\_\_\_\_\_  
JANE FAUROT, RPR  
Official FPSC Hearings Reporter  
(850) 413-6732