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COMMISSION
CLERK

Dianne M. Triplett
Associate General Counsel - Florida

June 2, 2011

VIA Overnight Mail

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

Re: Docket No.: 110000-OT - Undocketed Filings - 2012 FEECA Report Data Collection

Dear Ms. Cole:

Please find enclosed for filing on behalf of Progress Energy Florida, Inc., the original and five (5) copies of its responses to Staff's First Data Request issued May 19, 2011.

Please let me know if you have any questions. Thank you for your assistance in this matter.

Sincerely,

Dianne M. Triplett

COM _____
APA _____
ECP 5 _____
GCL _____
RAD _____
SSC _____
ADM _____
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DMT:emc
Enclosures

Progress Energy Florida, Inc.
P.O. Box 14042
St. Petersburg, FL 33733

SEARCHED INDEXED

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PROGRESS ENERGY FLORIDA'S
 RESPONSE TO STAFF'S FIRST DATA REQUEST (NOS. 1 – 6)
 DOCKET NO. 11000-OT
 2012 FEECA REPORT DATA COLLECTION
 DUE: JUNE 3, 2011

DRAFT RESPONSES:

Question 1.

Please provide two tables comparing the cumulative demand and energy savings achieved against the cumulative goals for the six year period 2005 - 2010. All savings reported should be "at the generator."

a. For Table A, use the goals established in 2004 for all six years.

b. For Table B, use the goals established in 2004 for years 2005-2009 and the goals established in 2009 for year 2010.

Table A									
Cumulative Savings Achieved vs. Cumulative Goals (2004 goals)									
YEAR	Winter Peak MW Reduction			Summer Peak MW Reduction			GWH Energy Reduction		
	Achieved	Goal	% Variance	Achieved	Goal	% Variance	Achieved	Goal	% Variance
2005	58	46	25%	28	17	65%	34	24	43%
2006	118	82	44%	56	28	101%	71	41	74%
2007	203	118	72%	109	41	165%	123	59	108%
2008	312	156	100%	195	52	275%	206	77	167%
2009	417	192	117%	274	65	321%	298	95	214%
2010	533	230	132%	354	76	366%	423	113	274%

Table B									
Cumulative Savings Achieved vs. Cumulative Goals (2004 goals, 2009 Goals for Year 2010)									
YEAR	Winter Peak MW Reduction			Summer Peak MW Reduction			GWH Energy Reduction		
	Achieved	Goal	% Variance	Achieved	Goal	% Variance	Achieved	Goal	% Variance
2005	58	46	25%	28	17	65%	34	24	43%
2006	118	82	44%	56	28	101%	71	41	74%
2007	203	118	72%	109	41	165%	123	59	108%
2008	312	156	100%	195	52	275%	206	77	167%
2009	417	192	117%	274	65	321%	298	95	214%
2010	533	279	92%	354	158	124%	423	388	9%

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RESPONSE:

a. Table A, provides the cumulative savings impacts “at the generator” using the goals established in 2004 for all six years.

b. Table B, provides the cumulative savings impacts “at the generator” using the goals established in 2004 for years 2005-2009 and the goals established in 2009 for year 2010.

Question 2.

If your utility had any active solar renewable programs in 2010, please complete the following table for each program. Please add rows as necessary to provide other pertinent information that may be helpful to staff in determining whether these programs have been successful.

Solar Renewable Programs Active in 2010

Name of Program	
Program Implementation Date	
Vendor Name (if applicable)	
Number of Installations	
kWh Savings Per Installation	
Summer kw Savings	
Winter kw Savings	
Cost of Equipment	
Incentive Amount Paid to Customer	
Other incentives/rebates customer received	
Total Expenditures (\$)	

RESPONSE:

PEF did not have any active solar renewable programs in 2010.

Question 3.

The tables on page one of PEF’s Annual DSM Report filed on March 1, 2011, are entitled “Comparison of Achieved MW and GWh Reductions with PSC Established Goals”. Do the reductions shown on these tables reflect savings “at the generator” or “at the meter?” If necessary, please provide these tables to reflect reductions “at the generator.”

RESPONSE:

The tables on page one of PEF’s Annual DSM Report filed on March 1, 2011 providing the achieved savings impacts were shown “at the meter”. The tables below reflect the achieved savings for 2010 “at the generator”. The total residential and commercial achievements “at the generator” were included as well.

PROGRESS ENERGY FLORIDA

2010

Comparison of Achieved MW & GWH Reductions
With PUBLIC SERVICE COMMISSION Established Goals*

AT GENERATOR

RESIDENTIAL									
YEAR	Winter Peak MW Reduction Commission			Summer Peak MW Reduction Commission			GWH Energy Reduction Commission		
	Total Achieved	Approved Goal	% Variance	Total Achieved	Approved Goal	% Variance	Total Achieved	Approved Goal	% Variance
2010	85	81	5%	44	80	-45%	59	262	-78%
COMMERCIAL / INDUSTRIAL*									
YEAR	Winter Peak MW Reduction Commission			Summer Peak MW Reduction Commission			GWH Energy Reduction Commission		
	Total Achieved	Approved Goal	% Variance	Total Achieved	Approved Goal	% Variance	Total Achieved	Approved Goal	% Variance
2010	32	5	497%	36	14	162%	65	31	110%
TOTAL of Residential and Commercial/Industrial									
YEAR	Winter Peak MW Reduction Commission			Summer Peak MW Reduction Commission			GWH Energy Reduction Commission		
	Total Achieved	Approved Goal	% Variance	Total Achieved	Approved Goal	% Variance	Total Achieved	Approved Goal	% Variance
2010	117	87	35%	80	93	-15%	124	293	-58%

Please note: C/I goals were based on measures that were cost-effective.

2010-2019 Goals were based on ORDER NO. PSC-10-0198-FOF-EG issued March 31, 2010

*Figures are rounded to the nearest whole number.

Question 4.

As indicated on page one of PEF's Annual DSM Report filed on March 1, 2011, the winter and summer demand MW reduction and the GWh energy reduction goals for 2010 were not met in the residential sector. Please estimate how the difference between the goals and actual achievements for this sector has impacted your residential customers by completing the tables below.

Response:

PEF is providing the requested information based on the following assumptions and clarifications. The tabular information as provided does not accurately quantify how our residential customers have been impacted by the difference between the residential DSM goal and the total achieved residential savings. Furthermore, it reflects an incomplete representation of PEF's accomplishments related to our approved DSM Programs.

First, PEF did not have approved programs necessary to achieve the new, higher residential goals. PEF's DSM achievements in 2010 are based on programs designed to meet the previous goals, set and approved in 2004. PEF cannot reasonably incur costs for programs that are not approved by the Commission. Thus, PEF's customers did not have to pay higher ECCR rates associated with the new programs and the new higher DSM goals. If PEF's rate mitigation plan had been implemented in 2010, residential customers would have paid approximately \$27.3 million in additional costs. Second, the tabular information as provided reflects an incomplete representation of PEF's accomplishments related to our approved DSM Programs. Specifically, in the commercial sector, PEF achieved 27 WMW, 22 SMW and 34 GWh above the Commission approved goal. Because avoided capacity is a system-wide result, the residential shortfall should at least be credited the amount of over-achievement PEF demonstrated from the commercial customer segment.

Next, PEF's generation planning incorporates total customer demand and total available capacity on a system wide basis. Extracting the residential sector and applying a capacity evaluation is inconsistent with integrated resource planning practices. PEF has included the commercial and industrial sectors to capture more of a system view in the attached table.

Finally, even if the Commission had approved PEF's DSM Program Plan for 2010, it is likely that PEF would not have met the new higher 2010 residential DSM goal. The higher residential DSM goals would have required PEF to obtain unreasonably high participation levels to comply. PEF believes it would not have achieved the necessary market penetration to meet the residential goals. Given the incongruity between needed participation levels to meet the residential goals and reasonably expected participation levels, it is disjointed to assume that avoided costs are the appropriate measure to quantify impacts to PEF's customers. If there are not enough customers willing to participate in the DSM programs and achieve the goals, the avoided cost concept can not apply.

To summarize, PEF does not believe that avoided capacity or an as available energy rate calculation is the appropriate measure to quantify the impact of not meeting the DSM goals. PEF reiterates that this is a complex issue, one that is not easily boiled down to a simplistic calculation. There are many factors that influenced PEF's DSM performance in 2010 and all of those should be considered in the analysis. Notwithstanding these comments, PEF provides the following:

Average as Available Energy Rate

PEF's actual 2010 annual average as-available energy rate was calculated to be \$43.61/MWh. This value is based on PEF's 2010 actual results as provided to Staff in PEF's Avoided Energy Cost Data Report filed pursuant to Rule 25-17.0825, FAC.

Avoided Capacity

Pursuant to Rule 25-17.0832 FAC, PEF must assume that all capacity (MW) per the DSM Programs as described in the Annual DSM Report filed on March 1, 2011 “can reasonably be expected to contribute towards the deferral or avoidance of” the next avoidable unit in PEF’s 2010 Ten-Year Site Plan, which is the planned June 1, 2018, natural gas, combustion turbine; and therefore, qualifies for avoided capacity payments under PEF’s Standard Offer.

Furthermore, PEF is assuming that Staff expects all capacity (MW) identified under the DSM Programs met a required capacity delivery date of January 1, 2010, and met at least a 94% annual capacity billing factor, therefore qualified for full early capacity payments under the same.

PEF is using \$2.14/kW-month as calculated under our 2010 Standard Offer methodology approved by the FPSC on August 16, 2010, Order No. PSC-10-0464-TRF-EI with the assumptions noted above.

Consistent with Staff’s request in question 3, this table also reflects the generator values of our achievements in 2010.

PEF - Residential					
	Winter (MW)			Avoided Capacity	Total
Year	Goal	Achieved	Difference	(\$/kw/month)	Cost (\$)
2010	81.3	85.0	3.7	2.14	\$39,590
PEF - Commercial & Industrial					
2010	5.0	32.0	27.0	2.14	\$288,900
					\$328,490
PEF - Residential					
	Summer (MW)			Avoided Capacity	Total
Year	Goal	Achieved	Difference	(\$/kw/month)	Cost (\$)
2010	79.6	44.0	-35.6	2.14	(\$533,288)
PEF - Commercial & Industrial					
2010	14.0	36.0	22.0	2.14	\$329,560
					(\$203,728)
PEF - Residential					
	Energy (GWH)			Avg as Available	Total
Year	Goal	Achieved	Difference	Energy Rate (MWH)	Cost (\$)
2010	261.6	59.0	-202.6	43.61	(\$8,835,386)
PEF - Commercial & Industrial					
2010	31.0	65.0	34.0	43.61	\$1,482,740
					(\$7,352,646)
Approximate avoided ECCR costs					\$27,300,000

Question 5.

Please also estimate how the difference between the goals and actual achievements has impacted the general body of PEF ratepayers with regard to:

- a. generation costs
- b. fuel costs
- c. transmission costs
- d. distribution costs
- e. greenhouse gas emissions
- f. jobs with the State of Florida

RESPONSE:

With respect to the appropriateness of using these measures to estimate the impact to the general body of PEF ratepayers, please refer to comments in PEF's response to Question 4. Notwithstanding those comments, PEF provides the following information:

- a. The difference between the goals and actual achievements had minimal impact on the general body of PEF rate payers with regard to generation costs during 2010. The difference represents only a fraction of PEF's 2010 reserves and is offset almost entirely in the summer and more than completely in the winter by the degree to which PEF exceeded its commercial conservation goals.
- b. Please refer to the avoided as available energy cost provided in PEF response to Question 4, because that cost is largely made up of fuel cost.
- c. The difference between the goals and actual achievements had a negligible impact on the general body of PEF rate payers with regard to transmission costs during 2010.
- d. The difference between the goals and actual achievements had a negligible impact on the general body of PEF rate payers with regard to distribution costs during 2010.
- e. The greenhouse gas emissions measured in CO₂ resulting from total DSM Achievements represent an additional - 168.6 GWhr of generation at PEF's expected fleet average emissions rate is approximately **98 ktons**. At this time, there is no direct financial impact associated with the emission of CO₂.
- f. The question of job creation is a complicated one, with many variables to be considered, so PEF cannot answer this question with any degree of confidence. In some instances, it may be easy to identify job creation. For example, when one new business is opened, it is relatively easy to identify the new jobs associated with that single new business. Here, however, PEF is tasked with hypothetically identifying the number of jobs that would have been created if PEF had met its goal. Even assuming that PEF was able to implement its new programs in 2010 (which it was not, see response to Question 4), PEF is not sure if any jobs would have been created and if any would have been, estimating job creation would be complex. The relevant factors include the nature of the different programs, assumed customer participation rates, outside vendors, and the issue of lowered discretionary spending (which impacts spending elsewhere and could impact other job sectors). There are just too many variables to develop a formula to identify a specific number of jobs.

Question 6.

As indicated in PEF's Annual DSM Report filed on March 1, 2011, the following programs did not achieve projected cumulative participation levels in 2010: Commercial/Industrial New Construction and Curtailable Service. Please explain why the projected participation levels (2005-2010) have not been achieved for each of these programs as described below.

The Commercial/Industrial New Construction program was 223 participants short of the cumulative number of participants PEF projected this program would have in 2010. As of 2010, this program has only reached 4% of eligible customers, whereas PEF projected it would have reached 5% of eligible customers by 2010.

RESPONSE:

Commercial/Industrial New Construction:

The economic recession has made forecasting participation in the C/I New Construction Program difficult. New construction starts across the state have been volatile and sporadic, and projects that were begun were put on hold or were stopped. Participation is difficult to predict especially when the forecast goes out a year or more in advance. The recession has lasted longer and impacted Florida construction much more than we had anticipated. Even with the more positive economic indicators of the last few months, we have not seen the construction industry acting with much confidence. We continue to promote and support this program and will take every opportunity to implement measures in facilities within our service territory.

Question 6 continued

The Curtailable Service program has not had a single participant since 2005. The projected number of participants for this program is extremely low, ranging from 1 participant (0.1% of eligible customers) in 2005 to 2 participants (0.2% of eligible customers) in 2010. Please explain why this program has failed to achieve even the modest participation levels projected. Please also explain why PEF believes it should continue to offer this program as part of its DSM portfolio.

RESPONSE:

Curtailable Service Program:

Again, due to the economic environment in Florida, there are few new larger industrial or commercial customers being added to the service territory who would be eligible to participate in the non-firm rates. Of customers/accounts who might be eligible, few facilities are able to absorb the risks of the IS and CS rates. Of those eligible, most would find that the Interruptible (IS) rate more attractive than the Curtailable (CS) option. Some of the reasons provided for this preference from potential customers include:

- The IS rate provides a better credit
- There is no penalty associated with the IS rate
- The customer does not have to worry about reaching some preset load limitation (non-curtailable demand) which can be hard to determine

Although participation has been minimal, the CS rate fills a special need between standby generation (GSLM-2) and the IS rates for larger commercial and industrial customers. Customers interested in this option usually have larger

than average loads making this non-firm rate option an alternative. This program continues to offer an option for customers/facilities who are willing to shut down in part or total but have some reason they have to control that process. Those reasons may include:

- their corporate policy will not relinquish shut down control to the utility
- they have to ensure their processes get shut down before going off line
- they have backup generation that has to come on to keep essential processes operational; and
- they cannot be totally shut down.