

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of:

DOCKET NO. 110002-EG

ENERGY CONSERVATION COST  
RECOVERY CLAUSE.

PROCEEDINGS: HEARING

COMMISSIONERS  
PARTICIPATING:

CHAIRMAN ART GRAHAM  
COMMISSIONER LISA POLAK EDGAR  
COMMISSIONER RONALD A. BRISÉ  
COMMISSIONER EDUARDO E. BALBIS  
COMMISSIONER JULIE I. BROWN

PLACE:

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

TIME:

Commenced at 9:46 a.m.  
Concluded at 9:50 a.m.

DATE:

Tuesday, November 1, 2011

REPORTED BY:

LINDA BOLES, RPR, CRR  
Official FPSC Reporter  
(850) 413-6734

DOCUMENT NUMBER-DATE

08141 NOV-4 =

FLORIDA PUBLIC SERVICE COMMISSION

FPSC-COMMISSION CLERK

## 1 APPEARANCES:

2 JEFFREY A. STONE, ESQUIRE, Beggs & Lane Law  
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4 32591-2950, appearing on behalf Gulf Power Company.

5 JAMES W. BREW and F. ALVIN TAYLOR, ESQUIRES,  
6 c/o Brickfield Law Firm, 1025 Thomas Jefferson Street,  
7 NW, Eighth Floor, West Tower, Washington D.C., 20007  
8 appearing on behalf of White Springs Agricultural  
9 Chemicals, Inc/PCS Phosphate.

10 KAREN S. WHITE, STAFF ATTORNEY, Federal  
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13 behalf of Federal Executive Agencies.

14 JON C. MOYLE, JR., ESQUIRE, Keefe, Anchors,  
15 Gordon & Moyle Law Firm, 118 North Gadsden Street,  
16 Tallahassee, Florida 32301, appearing on behalf of  
17 Florida Industrial Power Users Group.

18 JOHN BUTLER and KENNETH M. RUBIN, ESQUIRES,  
19 Florida Power & Light Company, 700 Universe Boulevard,  
20 Juno Beach, Florida 33408-9429, appearing on behalf of  
21 Florida Power & Light Company.

22 BETH KEATING, ESQUIRE, Gunster Law Firm, 215  
23 South Monroe Street, Suite 618, Tallahassee, Florida  
24 32301, appearing on behalf of Florida Public Utilities  
25 Company.

1 APPEARANCES (Continued):

2 SUZANNE BROWNLESS, ESQUIRE, Suzanne Brownless,  
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4 appearing on behalf of the Florida Solar Energy  
5 Industries Association.

6 PATRICIA A. CHRISTENSEN, ESQUIRE, Office of  
7 Public Counsel, c/o The Florida Legislature, 111 W.  
8 Madison St., Room 812, Tallahassee, Florida 32399-1400,  
9 appearing on behalf of the Citizens of Florida.

10 JOHN T. BURNETT, ALEX GLENN, and DIANNE M.  
11 TRIPLETT, ESQUIRES, Progress Energy Service Company,  
12 LLC, Post Office Box 14042, Saint Petersburg, Florida  
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14 Florida, Inc.

15 LEE ENG TAN, ESQUIRE, FPSC General Counsel's  
16 Office, 2540 Shumard Oak Boulevard, Tallahassee, Florida  
17 32399-0850, appearing on behalf of the Florida Public  
18 Service Commission Staff.

19 MARY ANNE HELTON, DEPUTY GENERAL COUNSEL, and  
20 SAMANTHA CIBULA, ESQUIRE, Florida Public Service  
21 Commission, 2540 Shumard Oak Boulevard, Tallahassee,  
22 Florida 32399-0850, Advisor to the Florida Public  
23 Service Commission.

## I N D E X

## WITNESSES

1	NAME:	PAGE NO.
2		
3		
4		
5	TERRY J. KEITH	
6	Prefiled Testimony Inserted	7
7	ANITA SHARMA	
8	Prefiled Testimony Inserted	14
9	JASON VAN HOFFMAN (as adopted	
10	by CHERYL M. MARTIN)	
11	Prefiled Testimony Inserted	19
12	CHERYL M. MARTIN	
13	Prefiled Testimony Inserted	21
14	JENNIFER L. TODD	
15	Prefiled Testimony Inserted	25
16	HELENA T. GUTHRIE	
17	Prefiled Testimony Inserted	43
18	HOWARD T. BRYANT	
19	Prefiled Testimony Inserted	55
20		
21		
22		
23		
24		
25		

## EXHIBITS

	NUMBER:		ID.	ADMTD.
1	1	Comprehensive Exhibit List	64	64
2	2	Staff's Composite Exhibit - 2	64	64
3	3	AS-1	64	64
4	4	AS-2	64	64
5	5	JVH-1	64	64
6	6	CMM-1	64	64
7	7	JLT-1	64	64
8	8	JLT-2	64	64
9	9	HTG-1T	64	64
10	10	HTG-1P	64	64
11	11	HTB-1	64	64
12	12	HTB-2	64	64

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

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2           **CHAIRMAN GRAHAM:** Let's move to Docket 02.  
3 Staff, preliminary matters.

4           **MS. TAN:** Yes, Chairman. The Southern  
5 Alliance for Clean Energy has been excused from this  
6 hearing. There are proposed stipulations on all issues,  
7 and we note that OPC, FIPUG, SACE, PCS, FEA and FLSEA  
8 are taking no positions on all the issues, and all the  
9 witnesses have been excused. In addition, the parties  
10 have waived opening statements.

11           **CHAIRMAN GRAHAM:** Prefiled testimony.

12           **MS. TAN:** We will ask that the prefiled  
13 testimony of all the witnesses identified in Section VI  
14 on pages 4 through 5 of the Prehearing Order be inserted  
15 as though read.

16           **CHAIRMAN GRAHAM:** We'll insert that prefiled  
17 testimony as if, as if though read.

18           **MS. TAN:** Thank you.  
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1                                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                                   **FLORIDA POWER & LIGHT COMPANY**

3                                   **TESTIMONY OF TERRY J. KEITH**

4                                   **DOCKET NO. 110002-EG**

5                                   **MAY 3, 2011**

6

7   **Q.    Please state your name, business address, employer and position.**

8    A.    My name is Terry J. Keith and my business address is 9250 West Flagler Street,  
9           Miami, Florida, 33174. I am employed by Florida Power & Light Company  
10           ("FPL" or "the Company") as Director, Cost Recovery Clauses, in the Regulatory  
11           Affairs Department.

12   **Q.    Have you previously testified in this or predecessor dockets?**

13   A.    Yes, I have.

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

15   A.    The purpose of my testimony is to present for Commission review and approval  
16           the schedules supporting the calculation of the actual Energy Conservation Cost  
17           Recovery ("ECCR") Clause Net True-up amounts for the period January 2010  
18           through December 2010.

19   **Q.    Have you prepared or caused to be prepared under your direction,  
20           supervision or control an exhibit in this proceeding?**

21   A.    Yes, I am sponsoring Schedules CT-1 and CT-4, and co-sponsoring Schedules  
22           CT-2 and CT-3 in Exhibit AS-1. The specific sections of Schedules CT-2 and CT-

1 3 that I am co-sponsoring are identified in the Table of Contents, which is found  
2 on Exhibit AS-1, Page 1 of 1.

3 **Q. What is the source of the data used in calculating the actual True-up amount**  
4 **for the January 2010 through December 2010 period?**

5 A. Unless otherwise indicated, the data used in calculating the actual True-up amount  
6 were taken from the books and records of FPL. The books and records are kept in  
7 the regular course of the Company's business in accordance with generally accepted  
8 accounting principles and practices, and in accordance with the applicable  
9 provisions of the Uniform System of Accounts as prescribed by this Commission  
10 and directed in Rule 25-17.015, Florida Administrative Code. Schedule CT-2, Page  
11 4, provides a complete list of all account numbers used for ECCR during the period  
12 January 2010 through December 2010.

13 **Q. What is the actual End of Period True-up amount that FPL is requesting the**  
14 **Commission to approve for the January 2010 through December 2010 period?**

15 A. FPL has calculated and is requesting approval of an under-recovery of \$38,590,879,  
16 including interest, as the actual End of Period True-up amount for the period January  
17 2010 through December 2010. The calculation of this \$38,590,879 under-recovery is  
18 shown on Exhibit AS-1, Schedule CT-3, Page 2 of 3, Line 7 plus Line 8.

19 **Q. What is the Net True-up amount for the January 2010 through December 2010**  
20 **period that FPL is requesting to be carried over and included in the January**  
21 **2012 through December 2012 ECCR factor?**



1 A. FPL has calculated and is requesting approval of an over-recovery of \$9,183,523 as  
2 the Net True-up amount for the period January 2010 through December 2010. This  
3 Net True-up over-recovery of \$9,183,523 is the difference between the actual End of  
4 Period True-up under-recovery of \$38,590,879 and the Actual/Estimated True-up  
5 under-recovery of \$47,774,401 approved by the Commission in Order No. PSC-11-  
6 0076-FOF-EG, issued January 28, 2011. The calculation of the \$9,183,523 over-  
7 recovery is shown on Exhibit AS-1, Schedule CT-1, Page 1 of 1.

8 **Q. Was the calculation of the Net True-up amount for the period January 2010**  
9 **through December 2010 performed consistently with the prior True-up**  
10 **calculations in this and the predecessor ECCR dockets?**

11 A. Yes. FPL's Net True-up was calculated consistent with the methodology set forth  
12 in Schedule 1, Page 2 of 2, attached to Order No. 10093, dated June 19, 1981.

13 **Q. Have you provided a schedule showing the variances between actual and**  
14 **actual/estimated program costs and revenues for the period January 2010**  
15 **through December 2010?**

16 A. Yes. Exhibit AS-1, Schedule CT-2, Page 1 of 4 compares the actual to the  
17 actual/estimated program costs and revenues resulting in the variance of  
18 \$9,183,523.

19 **Q. Please explain the calculation of the \$9,183,523 variance.**

20 A. The difference between actual and actual/estimated total adjusted program costs  
21 of \$6,754,982 (CT-2, Page 1 of 4, Line 13) minus the difference between the  
22 actual and actual/estimated ECCR revenues, net of revenue taxes, of \$2,400,503

1 (CT-2, Page 1 of 4, Line 14) results in a variance of \$9,155,485 (CT-2, Page 1 of  
2 4, Line 17). This \$9,155,485 over-recovery, plus the variance of \$28,039 in  
3 interest provision (CT-2, Page 1 of 1, Line 18), results in a total net over-recovery  
4 variance of \$9,183,523 (CT-2, Page 1 of 4, Line 22).

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

6 **A. Yes.**

1                                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                                   **FLORIDA POWER & LIGHT COMPANY**

3                                   **TESTIMONY OF TERRY J. KEITH**

4                                   **DOCKET NO. 110002-EG**

5                                   **SEPTEMBER 13, 2011**

6

7   **Q.    Please state your name, business address, employer and position.**

8    A.    My name is Terry J. Keith and my business address is 9250 West Flagler Street,  
9           Miami, Florida, 33174. I am employed by Florida Power & Light Company  
10           ("FPL" or "the Company") as the Director, Cost Recovery Clauses in the  
11           Regulatory Affairs Department.

12   **Q.    Have you previously filed testimony in this docket?**

13   A.    Yes, I have.

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

15   A.    The purpose of my testimony is to present the schedules necessary to support the  
16           Actual/Estimated Energy Conservation Cost Recovery ("ECCR") clause true-up  
17           for the period January 2011 through December 2011 and the calculation of the  
18           ECCR factors based on the projected ECCR costs for FPL's Demand Side  
19           Management ("DSM") programs to be incurred during the months of January  
20           2012 through December 2012.

21   **Q.    Have you prepared or caused to be prepared under your direction,  
22           supervision or control any exhibits in this proceeding?**

1 A. Yes, I am sponsoring Schedules C-1 and C-4, and co-sponsoring Schedules C-2  
2 and C-3 in Exhibit AS-2. The specific sections of Schedules C-2 and C-3 which I  
3 am co-sponsoring are identified in the Table of Contents, which is found on  
4 Exhibit AS-2, page 1 of 1.

5 **Q. What is the source of the data used in calculating the actual/estimated true-up**  
6 **amount?**

7 A. Unless otherwise indicated, the data used in calculating the actual/estimated true-up  
8 amount was taken from the books and records of FPL. The books and records are  
9 kept in the regular course of the Company's business in accordance with generally  
10 accepted accounting principles and practices, and with the applicable provisions of  
11 the Uniform System of Accounts as prescribed by this Commission and directed in  
12 Rule 25-17.015, Florida Administrative Code.

13 **Q. Please explain the calculation of the ECCR end of period net true-up and**  
14 **actual/estimated true-up amounts for the period January 2011 through**  
15 **December 2011 that you are requesting this Commission to approve.**

16 A. Schedule C-3, Page 8 of 9, provides the calculation of the ECCR end of period net  
17 true-up and actual/estimated true-up amounts for the period January 2011 through  
18 December 2011. The end of period net true-up amount to be carried forward to the  
19 2012 ECCR factor is an under-recovery of \$49,899,927 (Schedule C-3, page 8, line  
20 11). This \$49,899,927 under-recovery includes the 2010 final true-up over-recovery  
21 of \$9,183,523 (Schedule C-3, page 8, line 9a) filed with the Commission on May 3,  
22 2011, and the 2011 actual/estimated true-up under-recovery, including interest, of

1 \$59,083,450, (Schedule C-3, page 8, lines 7 plus 8) for the period January 2011  
2 through December 2011. The 2011 actual/estimated true-up under-recovery amount  
3 is based on actual data for the period January 2011 through June 2011 and estimates  
4 for the period July 2011 through December 2011.

5 **Q. Were these calculations made in accordance with the procedures previously**  
6 **approved in the predecessors to this Docket?**

7 A. Yes, they were.

8 **Q. Have you prepared a calculation of the allocation factors for demand and**  
9 **energy?**

10 A. Yes. Schedule C-1, page 2 of 3 in Exhibit AS-2 provides this calculation. The  
11 demand allocation factors are calculated by determining the percentage each rate  
12 class contributes to the monthly system peaks. The energy allocation factors are  
13 calculated by determining the percentage each rate class contributes to total kWh  
14 sales, as adjusted for losses.

15 **Q. Have you prepared a calculation of the 2012 ECCR factors by rate class?**

16 A. Yes. Schedule C-1, page 3 of 3 in Exhibit AS-2 provides this calculation.

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

18 A. Yes.

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION****FLORIDA POWER & LIGHT COMPANY****TESTIMONY OF ANITA SHARMA****DOCKET NO. 110002-EG****May 3, 2011**

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

2 A. My name is Anita Sharma and my business address is 9250 West Flagler Street,  
3 Miami, Florida 33174. I am employed by Florida Power and Light Company  
4 (“FPL” or “the Company”) as Manager of Cost & Performance for Demand Side  
5 Management (“DSM”) Programs.

6 **Q. Have you previously testified in this Docket?**

7 A. Yes, I have.

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

9 A. The purpose of my testimony is to present the actual ECCR related revenues and  
10 costs associated with FPL’s energy conservation programs for the period January  
11 through December 2010.

12 **Q. Have you prepared or had prepared under your supervision and control an  
13 exhibit?**

14 A. Yes. I am sponsoring Schedules CT-5, CT-6 and Appendix A as identified in the  
15 Table of Contents of Exhibit AS-1, and co-sponsoring Schedules CT-2 and CT-3.  
16 Appendix A represents documentation required by Rule 25-17.015(5), Florida

1 Administrative Code, regarding specific claims of energy savings in  
2 advertisements.

3 **Q. For the January through December 2010 period, did FPL seek recovery of any**  
4 **costs for advertising which makes a specific claim of potential energy savings**  
5 **or states appliance efficiency ratings or savings?**

6 A. Yes. A copy of the advertising, data sources and calculations used to substantiate  
7 the savings are included in Appendix A, Pages 1A – 1D.

8 **Q. Are all costs listed in Schedule CT-2 attributable to Commission approved**  
9 **programs?**

10 A. Yes.

11 **Q. How did FPL's actual program expenditures for the January through**  
12 **December 2010 period compare to the actual/estimated presented in Docket**  
13 **No. 100002-EG, and approved in Order No. PSC-11-0076-FOF-EG?**

14 A. Actual total program costs for the January through December 2010 period were  
15 \$216,568,332. The estimated total program costs were \$223,323,314, which  
16 represents a period variance of \$6,754,982 less than estimated (CT-2, Page 1 of 4,  
17 Line 13). Each program's contribution to the variance is shown on Schedule CT-2,  
18 Page 3 and explained in Program Description and Progress Report Schedule CT-6.

19 **Q. Does that conclude your testimony?**

20 A. Yes.

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2                                   **FLORIDA POWER & LIGHT COMPANY**

3                                   **TESTIMONY OF ANITA SHARMA**

4                                   **DOCKET NO. 110002-EG**

5                                   **SEPTEMBER 13, 2011**

6

7   **Q. Please state your name, business address, employer and position.**

8   A. My name is Anita Sharma and my business address is 9250 West Flagler Street,  
9       Miami, Florida 33174. I am employed by Florida Power and Light Company ("FPL"  
10       or "the Company") as Manager of Cost & Performance for Demand Side Management  
11       ("DSM") Programs.

12   **Q. Have you previously filed testimony in this docket?**

13   A. Yes I have.

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

15   A. The purpose of my testimony is to submit for Commission review and approval the  
16       projected Energy Conservation Cost Recovery ("ECCR") costs for FPL's DSM  
17       programs to be incurred by FPL during January 2012 through December 2012, the  
18       actual/estimated ECCR costs for January 2011 through December 2011 and the ECCR  
19       factors to permit the recovery of the total ECCR costs via customers' January 2012  
20       through December 2012 bills.

21   **Q. Are you sponsoring an exhibit in this proceeding?**



1 A. Yes. I am sponsoring Schedule C-5 and co-sponsoring Schedules C-2 and C-3. The  
2 specific sections of Schedules C-2 and C-3 which I am co-sponsoring are identified in  
3 the Table of Contents, which is found in Exhibit AS-2, page 1 of 1.

4 **Q. Are all of the costs listed in these exhibits reasonable, prudent and attributable to**  
5 **programs approved by the Commission?**

6 A. Yes.

7 **Q. Please describe the methods used to derive the program costs for which FPL**  
8 **seeks recovery.**

9 A. The actual costs for the months of January 2011 through June 2011 came from the  
10 books and records of FPL. Costs for the months of July 2011 through December 2011,  
11 as well as January 2012 through December 2012 are projections compiled from  
12 detailed month-by-month analyses for each program prepared by the relevant  
13 departments within FPL. The projections have been created in accordance with FPL's  
14 standard budgeting and on-going cost justification processes.

15 **Q. What is the 2011 variance from the original projection?**

16 A. The 2011 year-end estimated variance in cost is \$55,846,141 above the 2011  
17 projection of \$181,326,381 that was approved in Order No. PSC-11-0076-FOF-EG  
18 issued January 28, 2011.

19 **Q. Please explain the reason for the year-end estimated variance from the 2011**  
20 **projection.**

21 A. The variance is primarily due to the Residential Air Conditioning ("A/C") Program  
22 and new Solar Pilot programs. The Residential A/C Program experienced robust levels  
23 of participation, along with a large number of rebate certificates being submitted in

1 early 2011 that were related to installations in 2010. The increased participation in this  
2 program appeared to be driven in large part by enhanced Federal government tax  
3 credits and state rebates for 2010 associated with the higher efficiency A/C units. The  
4 incentives paid to customers are based on approved incentive levels.

5  
6 Additionally, the new Solar Pilot projects were approved in Order No. PSC-11-0079-  
7 PAA-EG issued January 31, 2011. Since this did not occur until after the  
8 Commission's approval of FPL's 2011 ECCR factors on January 28, 2011 in Order  
9 No. PSC-11-0076-FOF-EG, the costs of the Solar Pilot projects were not included in  
10 the 2011 ECCR factors and thus the costs incurred for the projects in 2011 have  
11 resulted in an increase in the 2011 variance.

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

13 **A. Yes.**

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION  
DOCKET NO. 110002-EG  
DETERMINATION OF CONSERVATION COSTS RECOVERY FACTOR

Direct Testimony of  
JASON VAN HOFFMAN

On Behalf of  
FLORIDA PUBLIC UTILITIES COMPANY

1 Q. Please state your name and business address.

2 A. Jason Van Hoffman: my business address is P.O. Box 3395 West Palm Beach,  
3 Florida 33402.

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

5 A. I am employed by Florida Public Utilities Company as Energy Conservation  
6 Manager.

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 the Conservation  
9 Program costs for the period January 1, 2010 through December 31, 2010 as  
10 compared to the true-up amounts previously reported for that period which were  
11 based on seven months actual and five months estimated data.

12 Q. Please state the actual amount of over/under recovery of Conservation Program  
13 costs for the Consolidated Electric Divisions of Florida Public Utilities Company for  
14 January 1, 2010 through December 31, 2010.

15 A. The Company under-recovered \$122,190 during that period. This amount is  
16 substantiated on Schedule CT-3, page 2 of 3, Energy Conservation Adjustment.

17 Q. How does this amount compare with the estimated true-up amount which was  
18 allowed by the Commission during the November 2010 hearing?

19 A. We had estimated that we would under-recover \$52,197 as of December 31, 2010.

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

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

4 Q. Does this conclude your testimony?

5 A. Yes.

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Determination of Conservation Adjustment Factor

Projection Filing

DIRECT TESTIMONY OF CHERYL M. MARTIN

On behalf of

Florida Public Utilities Company

DOCKET NO. 110002-EG

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

A. My name is Cheryl Martin. I am the Regulatory Affairs Director for Florida Public Utilities Company. My business address is 401 South Dixie Highway, West Palm Beach, Florida 33401.

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

A. I have been employed by FPUC since 1985 and performed numerous accounting and regulatory roles and functions including regulatory accounting (Fuel, PGA, conservation, rate proceedings, Surveillance reports, regulatory reporting), tax accounting, external reports, corporate accounting and Florida accounting. In August 2011, I was promoted to my current position of Director of Regulatory Affairs. I have been an expert witness for numerous proceedings before the Florida Public Service Commission (FPSC). I graduated from Florida State University in 1984 with a BS degree in Accounting. Also, I am a Certified Public Accountant in the state of Florida.

Q. Are you familiar with the electric conservation programs of the Company and costs

1 which have been, and are projected to be, incurred in their implementation?

2 A. Yes.

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

4 A. To describe generally the expenditures made and projected to be made in  
5 implementing, promoting, and operating the Company's electric conservation  
6 programs. This will include recoverable costs incurred in January through  
7 July 2011 and projections of program costs to be incurred from August  
8 through December 2011. It will also include projected electric conservation  
9 costs for the period January through December 2012, with a calculation of the  
10 Conservation Adjustment Factor to be applied to the Company's consolidated  
11 electric customers' bills during the collection period of January 1, 2012  
12 through December 31, 2012.

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

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

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

18 A. Yes. Summaries of the twelve electric conservation programs are contained in  
19 Schedule C-5 of Exhibit CMM-1. Included are the Residential Energy Survey  
20 Program, the Commercial Energy Survey Program, the Commercial Heating and  
21 Cooling Upgrade, the Residential Heating and Cooling Program, the Commercial  
22 Indoor Efficient Lighting Rebate Program, the Commercial Window Film  
23 Installation Program, the Commercial Upgrade Program, the Solar Water Heating  
24 Program and the Solar Photovoltaic Program.

25 Q. Have you prepared schedules that show the expenditures associated with the  
WPB\_ACTIVE 4898369.12

1 Company's electric conservation programs for the periods you have mentioned?

2 A. Yes, Schedule C-3, Pages 1 and 1A of 5, Exhibit CMM-1 shows actual expenses for  
3 the months January through July 2011. Projections for August through December  
4 2011 are also shown on Schedule C-3, Pages 1 and 1A. Projected expenses for the  
5 January through December 2012 period are shown on Schedule C-2, Page 1 of 3 of  
6 Exhibit CMM-1.

7 Q. Have you prepared schedules that show revenues for the period January through  
8 December 2011?

9 A. Yes. Schedule C-4 shows actual revenues for the months January through July 2011  
10 and projected revenues for August through December 2011 and January through  
11 December 2012.

12 Q. Have you prepared a schedule that shows the calculation of the Company's proposed  
13 Conservation Adjustment Factor to be applied during billing periods from January 1,  
14 2012 through December 31, 2012?

15 A. Yes. Schedule C-1 of Exhibit CMM-1 shows these calculations. Net program cost  
16 estimates for the period January 1, 2012 through December 31, 2012 are used. The  
17 estimated true-up amount from Schedule C-3 (Page 4 of 5, Line 11) of Exhibit  
18 CMM-1, being an under-recovery, was added to the total of the projected costs for  
19 the twelve-month period. The total projected recovery amount, including estimated  
20 true-up, was then divided by the projected Retail KWH Sales for the twelve-month  
21 period ending December 31, 2012. The resulting Conservation Adjustment Factor is  
22 shown on Schedule C-1 (Page 1 of 1) of Exhibit CMM-1.

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

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

1 Q. Does this conclude your testimony?

2 A. Yes.



## 1 GULF POWER COMPANY

2 Before the Florida Public Service Commission  
3 Prepared Direct Testimony and Exhibit of  
4 Jennifer L. Todd  
5 Docket No. 110002-EG  
6 Date of Filing: May 3, 2011

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

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

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

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

20  
21 Q. Have you previously testified before this Commission in connection with the  
22 Energy Conservation Cost Recovery Clause?

23 A. Yes.  
24  
25

1 Q. Mrs. Todd, what is the purpose of your testimony?

2 A. The purpose of my testimony is to present the results of the approved Energy  
3 Conservation Cost Recovery Clause programs and related expenses for  
4 January, 2010 through December, 2010.

5

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

8 A. Yes, I am.

9

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

12 A. Yes, I have.

13 Counsel: We ask that Mrs. Todd's exhibit consisting of 6 Schedules, CT-1  
14 through CT-6, be marked for identification as:  
15 Exhibit No. \_\_\_\_ (JLT-1)

16

17 Q. Would you summarize for this Commission the deviations between the actual  
18 expenses for this recovery period and the amount of estimated/actual  
19 expenses previously filed with this Commission?

20 A. The estimated/actual true-up net expenses for the entire recovery period  
21 January 2010 through December 2010, previously filed were \$9,560,430  
22 while the actual expenses incurred in 2010 were \$9,859,407 resulting in a  
23 variance of \$298,977 or 3%. See Schedule CT-2, Line 10.

24

25

1 Q. Mrs. Todd, would you explain the January 2010 through December 2010  
2 variance?

3 A. Yes. The variance was a result of actual expenses being greater than  
4 estimated in the following programs: Residential Energy Surveys, \$193,682;  
5 Residential Geothermal Heat Pump Program, \$13,650; Energy *Select*,  
6 \$51,604; Commercial/ Industrial Energy Analysis, \$17,242; GoodCents  
7 Commercial Buildings, \$1,438; Commercial Geothermal Heat Pump, \$31,855;  
8 Conservation Demonstration and Development, \$62,512; and Energy  
9 Education Program, \$28,646. The overages experienced in these programs  
10 are partially offset by an underage of expenses in the Renewable Energy  
11 (existing and new) programs of \$71,679; and Energy Services, \$29,973. The  
12 combination of these variances means that actual program expenses for the  
13 12 month period through December 2010 were \$298,977 greater than the  
14 level of estimated/actual program expenses filed in September 2010. A more  
15 detailed description of the deviations is contained in Schedule CT-6.

16

17 Q. Mrs. Todd, what was Gulf Power's adjusted net true-up for the period January  
18 2010 through December 2010?

19 A. There was an under-recovery of \$287,164 as shown on Schedule CT-1.

20

21 Q. Mrs. Todd, before you describe program participation levels, would you  
22 please clarify if you are basing your program participation levels on Gulf's  
23 2005 DSM plan or 2010 DSM plan?

24 A. Program participation levels are based on Gulf's 2005 DSM plan.

25

1 Q. Why are you using the 2005 plan as the basis for participation levels?

2 A. Gulf's 2010 DSM plan was not approved by the Commission until February  
3 2011. Therefore, the programs in Gulf's 2005 DSM plan are the appropriate  
4 programs on which to base participation levels for the 12 month period  
5 through December 2010.

6  
7 Q. Are you seeking to recover any expenses associated with Gulf's 2010 DSM  
8 plan in this period?

9 A. Yes, in accordance with Rule 25-17.015 (4) Florida Administrative Code, Gulf  
10 is seeking recovery of prudent implementation costs incurred in preparation  
11 for the launch of the programs included in Gulf's 2010 DSM plan.

12  
13 Q. Please describe these expenses.

14 A. Expenses incurred in preparation for the launch of programs included in the  
15 2010 DSM plan include \$35,000 paid as a retainer to the vendor selected for  
16 Gulf's Home Energy Reporting program. It was necessary to engage this  
17 vendor in 2010 in order to minimize start-up time in 2011. This program  
18 combines energy usage data with customer demographic information to  
19 develop specific, targeted recommendations that educate and motivate  
20 customers to reduce their energy consumption.

21  
22 Gulf's existing software program for tracking energy efficiency program  
23 participation was originally installed in 1998. This antiquated technology was  
24 no longer supported by the manufacturer and provided limited reporting  
25 capability. In support of existing programs and in preparation for the launch

1 of a significantly expanded offering of programs in Gulf's 2010 DSM plan, a  
2 new software program with more robust tracking and reporting capabilities  
3 was required. Additionally, Gulf's solar pilot programs, included as part of  
4 Gulf's 2010 DSM plan, were approved in order number PSC-10-0608-PAA-  
5 EG in October, 2010 and required this new software to enable online  
6 customer enrollment. Costs for the new software program, known as the  
7 Energy Efficiency Reporting Tool (EERT), in the amount of \$153,741 were  
8 allocated to all existing DSM programs.

9

10 Gulf's primary tool to raise customer awareness regarding the new programs  
11 offered as part of our 2010 DSM plan is energy audits. Therefore, in 2010,  
12 Gulf paid for creative work required to launch a new advertising campaign  
13 focused on energy audits. This campaign was launched in March 2011 and  
14 will be a key element of implementing our new DSM programs. Expenses in  
15 the amount of \$69,176 were incurred in 2010 as a result.

16

17 Expenses in the amount of \$25,436 were incurred for staff increases in Gulf's  
18 Customer Service Center (CSC). The CSC is the primary way customers  
19 make contact with Gulf Power. Due to the large increase in the number of  
20 programs offered as part of Gulf's approved 2010 DSM plan, additional  
21 customer service representatives will be required to handle the anticipated  
22 increase in program enrollments. These expenses were necessary in 2010  
23 due to the extensive training required for customer service representatives.

24

25

1 Finally, expenses in the amount of \$148,111 were incurred for the Energy  
2 Education pilot program. These expenses were necessary to maintain  
3 continuity while anticipating a transition to the revised programs included as  
4 part of Gulf's Residential Energy Audit and Education program included in our  
5 approved 2010 DSM plan. These expenses were for labor, curriculum and  
6 other educational material for schools and teachers participating in the  
7 program. A further description of these activities can be found in Schedule  
8 CT-6.

9  
10 Q. Please describe your program participation levels during the recovery period.

11 A. A more detailed review of each of the programs is included in my Schedule  
12 CT-6. The following is a synopsis of program participation levels during this  
13 recovery period.

14 (A) Residential Energy Surveys - During the 2010 recovery period, the  
15 Company completed 11,145 surveys compared to the projection of  
16 5,500 surveys.

17 (B) Residential Geothermal Heat Pump - During the 2010 recovery period,  
18 a total of 113 geothermal heat pumps were installed compared to a  
19 projection of 100.

20 (C) Energy Select - During the 2010 recovery period, there was a net  
21 decrease of 363 units with a total of 8,587 units on-line at December  
22 31, 2010. Gulf had projected a net customer addition of 1,250 units.

- 1 (D) Commercial/Industrial (C/I) Energy Analysis - During the 2010 recovery  
2 period, a total of 472 C/I Energy Analyses were completed compared  
3 to a projection of 500.
- 4 (E) GoodCents Commercial Buildings - During the 2010 recovery period, a  
5 total of 58 buildings were built or improved to GoodCents standards,  
6 compared to a projection of 180.
- 7 (F) Commercial Geothermal Heat Pump – During the 2010 recovery  
8 period, there were 3 geothermal heat pump units installed compared to  
9 20 units projected.
- 10 (G) Energy Services – During the 2010 recovery period, at the meter  
11 reductions of 1,066,694 kWh, winter kW of 293 and summer kW of 246  
12 were achieved. The projected results for this period were at the meter  
13 energy reductions of 1,178,470 kWh and at the meter demand  
14 reductions of 510 kW winter and 275 kW summer.
- 15 (H) Renewable Energy – Costs associated with the Renewable Energy  
16 program are provided in Schedule CT-3, pages 1 through 3. Further  
17 description of these activities can be found in Schedule CT-6, pages 8  
18 through 10.
- 19 (I) Conservation Demonstration and Development - Costs associated with  
20 the Conservation Demonstration and Development program are  
21 provided in Schedule CT-3, pages 1 through 3. Further description of  
22 these activities can be found in Schedule CT-6, pages 11 through 13.
- 23 (J) Solar Thermal Water Heating Pilot Program – This pilot concluded in  
24 December 2009. Minimal costs associated with incentives for  
25

1 participants in the Solar Thermal Water Heating Program Pilot that  
2 were qualified in 2009 but were paid in the first quarter of 2010 are  
3 provided in Schedule CT-3, pages 1 through 3. Further description of  
4 these activities can be found in Schedule CT-6, page 14.

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

9

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

12 A. Yes.

13

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

15 A. Yes, it does.

16

17

18

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25



AFFIDAVIT

STATE OF FLORIDA )  
 )  
COUNTY OF ESCAMBIA )

Docket No. 110002-EG

Before me the undersigned authority, personally appeared Jennifer L. Todd, who being first duly sworn, deposes and says that she is the Market Analytics Supervisor of Gulf Power Company, a Florida Corporation, that the foregoing is true and correct to the best of her knowledge, information and belief. She is personally known to me.

Jennifer L. Todd  
Jennifer L. Todd  
Market Analytics Supervisor

Sworn to and subscribed before me this 27<sup>th</sup> day of April, 2011.



Melinda M. Mixon  
Notary Public, State of Florida at Large

## 1 GULF POWER COMPANY

2 Before the Florida Public Service Commission  
3 Prepared Direct Testimony and Exhibit of  
4 Jennifer L. Todd  
5 Docket No. 110002-EG  
6 Energy Conservation Cost Recovery Clause  
7 September 13, 2011

8 Q. Please state your name, business address, employer and position.

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

12 Q. Ms. Todd, please describe your educational background and business  
13 experience.

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

21 Q. Ms. Todd, for what purpose are you appearing before this Commission  
22 today?

23 A. I am testifying before this Commission on behalf of Gulf Power regarding  
24 matters related to the Energy Conservation Cost Recovery (ECCR)  
25 Clause and to answer any questions concerning the accounting treatment

1 of recoverable conservation costs in this filing. Specifically, I will address  
2 projections for approved programs during the January 2012 through  
3 December 2012 recovery period and the anticipated results of those  
4 programs during the current recovery period, January 2011 through  
5 December 2011 (including seven months of actual data and five months of  
6 estimated data).

7

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

10 A. Yes. My exhibit consists of six schedules, each of which was prepared  
11 under my direction, supervision, or review.

12 Counsel: We ask that Ms. Todd's exhibit  
13 consisting of six schedules be marked as  
14 Exhibit No. \_\_\_\_ (JLT-2).

15

16 Q. Please summarize for this Commission the deviations resulting from the  
17 actual costs for January 2011 through July 2011 of the current recovery  
18 period.

19 A. Projected expenses for the first seven months of the current period were  
20 \$6,592,632 compared to actual expenses of \$6,311,771 for a difference of  
21 \$280,861 or 4.26% under budget. A detailed summary of all program  
22 expenses is contained in my Schedule C-3, pages 1 and 2 and my  
23 Schedule C-5.

24

25

1 Q. Did you project expenses for the period August 2011 through December  
2 2011?

3 A. Yes. A detailed summary of those projections can be found in my  
4 Schedule C-3.

5

6 Q. How does the current amount of projected expenses compare to budgeted  
7 expenses included in the 2011 Projection filing for the period August –  
8 December 2011?

9 A. Projected expenses of \$12,733,440 are 60.36% higher than the budgeted  
10 expenses for that same period of \$5,047,143.

11

12 Q. Why do projected expenses exceed budgeted expenses for the period  
13 August 2011 through December 2011?

14 A. Gulf's 2011 budget and corresponding ECCR clause factors were set  
15 based on Gulf's 2005 DSM plan approved in Docket 040032-EG. Gulf's  
16 current DSM plan, was approved in Docket 100154-EG by consummating  
17 Order PSC-11-0167-CO-EG on March 11, 2011. Program standards for  
18 this new plan were approved on April 28, 2011. Implementation of the  
19 new plan began shortly thereafter. Gulf's new DSM Plan was developed  
20 in response to DSM goals established by the Commission in Order No.  
21 PSC-09-0855-FOF-EG (Docket No. 080410-EG). These goals represent  
22 the largest increase in DSM in the Company's history and thus required  
23 Gulf to incur corresponding higher expenses, resulting in projected  
24 expenses for August – December 2011 exceeding budgeted expenses for  
25 that same period.

1 Q. Have you provided a description of the program results achieved during  
2 the period January 2011 through July 2011?

3 A. Yes. A detailed summary of year-to-date results for each program is  
4 contained in my Schedule C-5.  
5

6 Q. Would you summarize the conservation program cost projections for the  
7 January 2012 through December 2012 recovery period?

8 A. Yes. Program costs for the projection period are estimated to be  
9 \$21,751,261. These costs are broken down as follows: depreciation,  
10 return on investment and property taxes - \$2,088,316; payroll/benefits -  
11 \$6,002,711; materials/expenses - \$7,599,110; advertising - \$1,000,000;  
12 and incentives - \$5,376,752. These costs are partially offset by program  
13 revenues of \$315,628. More detail is contained in my Schedule C-2.  
14

15 Q. Are you proposing any changes in the methods you use to project  
16 expenses for 2012?

17 A. Yes. Gulf is proposing a change to the method used to apportion costs  
18 among customer classes.  
19

20 Q. How have you previously allocated ECCR costs to customer classes?

21 A. Gulf previously allocated the large majority of costs to each customer  
22 class based on that class's contribution to kWh sales. A small portion of  
23 expenses were also allocated on demand. In Gulf's previous DSM plans,  
24 with the exception of energy audits, all programs passed the Rate Impact  
25 Measure (RIM) cost-effectiveness test which meant that those programs

1 put downward pressure on rates for all of Gulf's customers, regardless of  
2 whether they participated in the program(s). This was a sound method  
3 given that all customer classes received the benefit of lower rates from  
4 Gulf's portfolio of RIM passing DSM programs.

5

6 Q. Why are you proposing to change this methodology?

7 A. In response to the largest increase in DSM goals in Gulf's history, Gulf's  
8 approved DSM Plan includes many programs that pass the Total  
9 Resource Cost (TRC) cost-effectiveness test but do not pass the RIM test.  
10 This shift from RIM to TRC results in program offerings that benefit  
11 participating customers, but put upward pressure on rates overall. Thus,  
12 expenses for non-RIM passing programs should be specifically assigned  
13 to the customer class which is eligible to participate in the program. This  
14 approach is more equitable, helping to reduce subsidies among customer  
15 classes.

16

17 Q. Under this proposal, how will you treat RIM passing programs?

18 A. The large majority of RIM passing program expenses will be allocated to  
19 each customer class based on that class's contribution to kWh sales and a  
20 small portion of dollars will be allocated on demand, just as we have done  
21 in the past.

22

23 Q. Are you proposing any other changes?

24 A. Yes. As described in the testimony of Mr. James I. Thompson in Gulf  
25 Power's request for rate relief filed on July 8, 2011 in Docket No. 110138-

1 EI, Gulf is proposing a change to Residential Service Variable Pricing  
2 Rate Schedule RSVP which supports Gulf's EnergySelect and  
3 EnergySelect LITE programs.

4

5 Q. Please describe the change requested in Docket No. 110138-EI and how  
6 it affects ECCR.

7 A. Currently the RSVP rate includes a Base Charge and a four-tiered energy  
8 charge. The four base-rate energy charges differ based on time of day  
9 and are applied to different hours of the day based on the season. The  
10 base-rate components of all four price tiers have remained fixed since  
11 2002 while the cost recovery factors applicable to this rate have changed.  
12 Therefore, we have experienced a detrimental change in the relationships  
13 among those price tiers which detract from a customer's opportunity to  
14 achieve meaningful savings through their participation in this program and  
15 response to the price signals it provides. To help eliminate this issue, in  
16 Docket No. 110138-EI Gulf proposed using the ECCR charges to achieve  
17 the price differentials among the four price tiers. In the proposed method,  
18 the base-rate energy charges for all four price tiers are set equal to the  
19 base-rate energy charge in Gulf's standard residential rate, Rate Schedule  
20 RS. The differentiation in the overall prices for each of the tiers will be  
21 achieved through applying different ECCR charges to each tier, with those  
22 ECCR charges determined in the ECCR projection filing on an annual  
23 basis.

24

25

1 Q. Please explain how the differentiation in the prices would be achieved  
2 through application of the ECCR charges to each tier.

3 A. In the annual ECCR projection filing for Gulf, cost recovery charges would  
4 be established for each of the four price tiers (known as P1, P2, P3 and  
5 P4) of Rate Schedule RSVP. We would expect the ECCR factors for the  
6 lowest price tiers (P1 and P2) to be small or even negative amounts.  
7 Conversely, we could expect the ECCR factors for the higher price tiers,  
8 P3 and P4, to be significantly higher. The result of this approach is two-  
9 fold. It offers participants in Energy Select programs a rate which  
10 maintains more consistent price tier ratios as fuel and other adjustment  
11 clauses vary each year thus affording these customers the opportunity to  
12 maximize benefits from participation in the programs. Additionally, as  
13 participating customers respond to the price tiers, all of Gulf's customers  
14 benefit from the reduction in peak-demand.

15  
16 Q. Gulf has specifically requested approval of the described change in  
17 Docket No. 110138-EI. What is Gulf requesting be approved in this  
18 docket?

19 A. Gulf is making two requests for approval in this docket. First, in Schedule  
20 C-1, page 3 of 4, Gulf included the projection for the traditional Energy  
21 Conservation Cost Recovery factor for rate schedule RSVP. Gulf is  
22 requesting approval of this factor consistent with prior practice. This factor  
23 would become applicable January 1, 2012.

24

25



1 Q. Please explain how the differentiation in the prices would be achieved  
2 through application of the ECCR charges to each tier.

3 A. In the annual ECCR projection filing for Gulf, cost recovery charges would  
4 be established for each of the four price tiers (known as P1, P2, P3 and  
5 P4) of Rate Schedule RSVP. We would expect the ECCR factors for the  
6 lowest price tiers (P1 and P2) to be small or even negative amounts.  
7 Conversely, we could expect the ECCR factors for the higher price tiers,  
8 P3 and P4, to be significantly higher. The result of this approach is two-  
9 fold. It offers participants in Energy Select programs a rate which  
10 maintains more consistent price tier ratios as fuel and other adjustment  
11 clauses vary each year thus affording these customers the opportunity to  
12 maximize benefits from participation in the programs. Additionally, as  
13 participating customers respond to the price tiers, all of Gulf's customers  
14 benefit from the reduction in peak-demand.

15  
16 Q. Gulf has specifically requested approval of the described change in  
17 Docket No. 110138-EI. What is Gulf requesting be approved in this  
18 docket?

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20 C-1, page 3 of 4, Gulf included the projection for the traditional Energy  
21 Conservation Cost Recovery factor for rate schedule RSVP. Gulf is  
22 requesting approval of this factor consistent with prior practice. This factor  
23 would become applicable January 1, 2012.

24

25

1 reduction in conservation revenues. However, the desired change in  
2 behavior reduces peak-demand and benefits all of Gulf's customers.

3

4 Q. Please describe the expected results for your programs during the  
5 January 2012 through December 2012 recovery period.

6 A. Program details, including expected results, for the period January 2012  
7 through December 2012 can be found in my Schedule C-5.

8

9 Q. How does the proposed 2012 ECCR factor for Rate Schedule RS  
10 compare with the factor applicable to December 2011 and how would the  
11 change affect the charge for a 1,000 kWh monthly bill on Gulf Power's rate  
12 schedule RS?

13 A. The current ECCR factor for Rate Schedule RS applicable through  
14 December 2011 is 0.080¢/kWh compared with the proposed factor of  
15 .342¢/kWh. For a residential customer who uses 1,000 kWh in January  
16 2012 the conservation portion of the bill would increase from \$.80 to  
17 \$3.42.

18

19 Q. When does Gulf propose to collect these ECCR charges?

20 A. The factors will be effective beginning with the first bill group for January  
21 2012 and continue through the last bill group for December 2012.

22

23 Q. Ms. Todd, does this conclude your testimony?

24 A. Yes, it does.

25

**PROGRESS ENERGY FLORIDA****DOCKET No. 110002-EG****DIRECT TESTIMONY OF  
HELENA (LEE) GUTHRIE**

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

2 A. My name is Lee Guthrie. My business address is 299 First Avenue North,  
3 St. Petersburg, FL33701.

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  
7 Company), as Manager of PEF Analytical Services in the Efficiency &  
8 Innovative Technology department.

9

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

11 A. My responsibilities include the analysis, planning, tracking, reporting,  
12 measurement/verification, and regulatory compliance of the Company's  
13 Demand-Side Management (DSM) programs. This includes support for  
14 development, implementation and training, budgeting, and accounting  
15 functions related to these programs. By DSM, I mean direct load control  
16 (DLC) and energy efficiency programs or dispatchable (demand response)  
17 and non dispatchable programs.

18

1 **Q. Please describe your educational and professional background and**  
2 **experience.**

3 A. I have a Bachelor of Science degree in Education from Florida International  
4 University. I have over twenty (20) years of experience in the electric utility  
5 industry with Progress Energy. My experiences have included roles in  
6 Customer Service, DSM Operations, Program Development and Analytical  
7 Services. I hold certifications in project management and energy ratings.

8

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

10 A. The purpose of my testimony is to compare Progress Energy's actual costs  
11 of implementing conservation programs with the actual revenues collected  
12 through the Company's Energy Conservation Cost Recovery Clause  
13 (ECCR) during the period January 2010 through December 2010.

14

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

16 A. Progress Energy seeks recovery through the ECCR clause for conservation  
17 programs approved by the Commission as part of the Company's DSM Plan,  
18 as well as for Conservation Program Administration (i.e., those common  
19 administration expenses not specifically linked to an individual program).  
20 Notably, PEF seeks recovery of costs for conservation programs approved by  
21 the Commission in 2004. PEF's last DSM Plan was approved on August 9,  
22 2004 (see Order No. PSC-04-0769—PAA-EG and subsequently approved  
23 modifications to the plan). On December 30, 2009, the Commission

1 established DSM numeric conservation goals for PEF for the years 2010-2019  
2 (Order No. PSC-09-0855-FOF-EG). The Commission revised those goals on  
3 March 31, 2010 (Order No. PSC-10-0198-FOF-EG). In compliance with the  
4 Commission's directive, PEF filed a proposed Demand Side Management  
5 Plan on March 30, 2010. The Commission denied PEF's proposed DSM plan  
6 on October 4, 2010, but approved PEF's solar pilot programs (see Order No.  
7 PSC-10-0605-PAA-EG). PEF filed revised solar pilot program participation  
8 standards that were subsequently approved by Staff on January 18, 2011.  
9 PEF's pilot solar programs were launched on March 15, 2011. To date,  
10 however, PEF's proposed Demand Side Management Plan for the years  
11 2010-2019 has not been approved. Thus, PEF did not receive approval of its  
12 proposed Demand Side Management Plan, nor its proposed pilot solar  
13 programs prior to the implementation of 2010 ECCR rates. Therefore, PEF  
14 seeks recovery for actual conservation program costs and program  
15 administration costs for its Demand Side Management Programs approved in  
16 2004 as follows:

- 17 • Home Energy Check
- 18 • Home Energy Improvement
- 19 • Residential New Construction
- 20 • Low-Income Weatherization Assistance Program
- 21 • Energy Management (Residential and Commercial)
- 22 • Business Energy Check
- 23 • Better Business

- 1 • Commercial/Industrial New Construction
- 2 • Innovation Incentive
- 3 • Standby Generation
- 4 • Interruptible Service
- 5 • Curtailable Service
- 6 • Technology Development
- 7 • Qualifying Facility
- 8 • Renewable Energy Saver
- 9 • Neighborhood Energy Saver

10

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

12 A. Yes, Exhibit No. (HTG-1T) entitled, "Progress Energy Florida Energy  
13 Conservation Adjusted Net True-Up for the Period January 2010 through  
14 December 2010." There are five (5) schedules to this exhibit.

15

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

17 A. Yes. Exhibit No. (HTG -1T) presents Schedules CT-1 through CT-5. These  
18 schedules set out the actual costs incurred for all programs during the period  
19 from January 2010 through December 2010. They also describe the variance  
20 between actual costs and previously projected values for the same time  
21 period.

22

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

1 A. Yes. Schedule CT-1 shows that Progress Energy's actual net ECCR true-up  
2 for the twelve months ending December 31, 2010 was an over-recovery of  
3 \$11,290,003 including principal and interest. This amount is \$9,058,507  
4 higher than the previous estimate in the Company's September 17, 2010  
5 ECCR Projection Filing. (See Schedule CT-1, Line 14)

6  
7 **Q. Can you please explain the major drivers of the variance?**

8 A. Yes. The variance was a result of less expense incurred than estimated in the  
9 following selected programs: Business New Construction: \$266,696, Home  
10 Energy Check: \$1,166,352, Business Energy Check: \$529,742, Renewable  
11 Energy Saver: \$212,651, Interruptible Load Management: \$1,779,924,  
12 Residential Load Management: \$317,943 and Conservation Program  
13 Administration: \$3,130,855. Additionally, other programs experienced lesser  
14 differences and two (2) programs experienced higher than estimated  
15 expenses. These programs were the Residential New Construction: \$432,366  
16 and Home Energy Improvement: \$115,854.

17 The variance in Conservation Program Administration expenses was almost  
18 entirely due to the delays in launching the SmartGrid programs. More detail  
19 regarding these program differences are contained in Schedule CT-5.

20  
21 **Q. What does Schedule CT-2 show?**

22 A. The four pages of Schedule CT-2 provide an annual summary of conservation  
23 program costs as well as itemized conservation program costs for the period

1 January 2010 through December 2010 detailing actual, estimated and  
2 variance calculations. These costs are directly attributable to PEF's  
3 commission approved programs.  
4

5 **Q. Would you please discuss Schedule CT-3?**

6 A. Yes. Page one of Schedule CT-3 provides the actual conservation program  
7 costs by month for the period January 2010 through December 2010. Page  
8 two of Schedule CT-3 presents the program revenues by month and the  
9 calculations for the next true-up per month, including adjustments. Page three  
10 provides the monthly interest calculation. Page four of Schedule CT-3  
11 provides conservation account numbers for the 2010 calendar year.  
12

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

14 A. The four pages of Schedule CT-4 report the monthly capital investment,  
15 depreciation, and return for PEF's program classifications.  
16

17 **Q. Would you please discuss Schedule CT-5?**

18 A. Yes. Schedule CT-5 provides a brief summary report for each program that  
19 includes a program description, annual program expenditures and program  
20 accomplishments for the 2010 calendar year.  
21

22 **Q. Please explain the source of data used to calculate the true-up amount.**



1 A. The data used in calculating the actual true-up amounts 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 in Schedule CT-3, page 4 of 4, PEF provides a list of all account numbers  
7 used for conservation cost recovery during the period January 2010 through  
8 December 2010.

9

10 **Q. Does this conclude your direct testimony?**

11 A. Yes.

**Progress Energy Florida  
Docket No. 110002-EG  
DIRECT TESTIMONY OF  
HELENA T. (LEE) GUTHRIE  
WITH RESPECT TO PROJECTED COSTS  
September 13, 2011**

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

2 A. My name is Lee Guthrie. My business address is 299 First Avenue North, St.  
3 Petersburg, Fl 33701.

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 Manager of PEF Analytical Services in the Efficiency & Innovative Technology  
8 department.

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

12 A. Yes.

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

15 A. The purpose of my testimony is to describe the components and costs of the  
16 Company's Demand-Side Management (DSM) Plan. I will detail the projected costs  
17 for implementing each program in that plan, explain how these costs are presented  
18 in my attached exhibit, and show the resulting Energy Conservation Cost Recovery

1 (ECCR) factors for customer billings in 2012.

2

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

4 A. Yes, Exhibit No. \_\_\_\_\_ (HTG-1P) consists of Schedules (C-1 through C-5), which  
5 support Progress Energy's ECCR calculations for the 2011 actual/estimated period  
6 and the 2012 projection period.

7

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

9 A. Progress Energy is seeking to recover those costs allowed pursuant to Rule 25-  
10 17.015, F.A.C., for each of the following Commission-approved conservation  
11 programs, as well as for Conservation Program Administration (those common  
12 administration expenses not specifically linked to an individual program). These  
13 programs are currently approved and include the Demand-Side Renewable Portfolio  
14 of solar programs which were approved by the Commission vote on September 14,  
15 2010.

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

- 1           • Standby Generation
- 2           • Interruptible Service
- 3           • Curtailable Service
- 4           • Solar Water Heating For Low Income Residential Customers
- 5           • Solar Water Heating With Energy Management
- 6           • Residential Solar Photovoltaic
- 7           • Commercial Solar Photovoltaic
- 8           • Photovoltaic for Schools
- 9           • Research and Demonstration
- 10          • Technology Development
- 11          • Qualifying Facility

12

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

14   A. My exhibit consists of Schedules C-1 through C-5 (HTG-1P). Schedule C-1  
15   provides a summary of cost recovery clause calculations and information by retail  
16   rate schedule. Schedule C-2 (HTG-1P) provides annual and monthly conservation  
17   program cost estimates for the 2012 projection period for each conservation  
18   program, as well as for common administration expenses. Additionally, Schedule  
19   C-2 (HTG-1P) presents program costs by specific category (i.e. payroll, materials,  
20   incentives, etc.) and includes a schedule of estimated capital investments,  
21   depreciation and return for the projection period.

22           Schedule C-3 (HTG-1P) contains a detailed breakdown of conservation  
23   program costs by specific category and by month for the actual/estimated period of  
24   January through July 2011 (actual) and August through December 2011 (estimated).  
25   In addition, Schedule C-3 (HTG-1P) presents a schedule of capital investment,

1 depreciation and return, an energy conservation adjustment calculation of true-up,  
2 and a calculation of interest provision for the 2011 actual/estimated period.

3 Schedule C-4 (HTG-1P) projects ECCR revenues during the 2012 projection  
4 period. Schedule C-5 (HTG-1P) presents a brief description of each program, as  
5 well as a summary of progress and projected expenditures for each program for  
6 which Progress Energy seeks cost recovery through the ECCR clause.

7  
8 **Q. Would you please summarize the major results from your Exhibit?**

9 A. Yes. Schedule C-2 (HTG-1P), Page 1 of 7, Line 28, shows total net program costs  
10 of \$108,496,569 for the 2012 projection period. The following table presents  
11 Progress Energy's proposed ECCR billing factors, expressed in dollars per 1,000  
12 kilowatt-hours by retail rate class and voltage level for calendar year 2012, as  
13 contained in Schedule C-1(HTG-1P), Page 2 of 2.

14  
15 **2012 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)	.288	N/A	N/A
General Service Non-Demand (Cents/kWh)	.238	.236	.233
General Service 100% Load Factor (Cents/kWh)	.201	N/A	N/A
General Service Demand (\$/kW)	.84	.83	.82
Curtable (\$/kW)	.90	.89	.88
Interruptible (\$/kW)	.77	.76	.75

1	Standby Monthly (\$/kW)	.084	.083	.082
2	Standby Daily (\$/kW)	.040	.040	.039
3	Lighting (Cents/kWh)	.132	N/A	N/A

4

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

6 **A. Yes.**

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

PREPARED DIRECT TESTIMONY

OF

HOWARD T. BRYANT

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

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

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

**A.** I graduated from the University of Florida in June 1973 with a Bachelor of Science degree in Business Administration. I have been employed at Tampa Electric since 1981. My work has included various positions in Customer Service, Energy Conservation Services, Demand Side Management ("DSM") Planning, Energy Management and Forecasting, and Regulatory Affairs. In my current position I am responsible for the company's Energy 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 ECRC  
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 2010, the actual/projected  
16 period January to December 2011, and the projected period  
17 January through December 2012. 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 2012. 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 2012.



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

3  
4 A. Yes. Exhibit No. \_\_\_\_\_ (HTB-2), containing one document,  
5 was prepared under my direction and supervision.  
6 Document No. 1 includes Schedules C-1 through C-5 and  
7 associated data which support the development of the  
8 conservation cost recovery factors for January through  
9 December 2012.

10

11 Q. Please describe the conservation program costs projected  
12 by Tampa Electric during the period January through  
13 December 2010.

14

15 A. For the period January through December 2010, Tampa  
16 Electric projected conservation program costs to be  
17 \$42,186,372. The Commission authorized collections to  
18 recover these expenses in Docket No. 090002-EG, Order No.  
19 PSC-09-0794-FOF-EG, issued December 1, 2009.

20

21 Q. For the period January through December 2010, what were  
22 Tampa Electric's conservation costs and what was  
23 recovered through the ECCR clause?

24

25 A. For the period January through December 2010, Tampa

1 Electric incurred actual net conservation costs of  
2 \$43,371,442, plus a beginning true-up under-recovery of  
3 \$1,434,024 for a total of \$44,805,466. The amount  
4 collected in the ECCR clause was \$43,755,867.

5  
6 **Q.** What was the true-up amount?

7  
8 **A.** The true-up amount for the period January through  
9 December 2010 was an under-recovery of \$1,053,754. These  
10 calculations are detailed in Exhibit No. \_\_\_\_ (HTB-1),  
11 Conservation Cost Recovery True Up, Pages 2 through 13,  
12 filed May 3, 2011.

13  
14 **Q.** Please describe the conservation program costs incurred  
15 and projected to be incurred by Tampa Electric during the  
16 period January through December 2011?

17  
18 **A.** The actual costs incurred by Tampa Electric through July  
19 2011 and estimated for August through December 2011 are  
20 \$47,586,744. For the period, Tampa Electric anticipates  
21 an over-recovery in the ECCR Clause of \$1,288,708 which  
22 includes the 2010 true-up and interest. A summary of  
23 these costs and estimates are fully detailed in Exhibit  
24 No. \_\_\_\_ (HTB-2), Conservation Costs Projected, pages 17  
25 through 24.

1 Q. Has Tampa Electric proposed any new or modified DSM  
2 Programs for ECCR cost recovery for the period January  
3 through December 2011?

4  
5 A. No.

6  
7 Q. Please summarize the proposed conservation costs for the  
8 period January through December 2012 and the annualized  
9 recovery factors applicable for the period January  
10 through December 2012?

11  
12 A. Tampa Electric has estimated that the total conservation  
13 costs (less program revenues) during the period will be  
14 \$53,264,836 plus true-up. Including true-up estimates,  
15 the January through December 2012 cost recovery factors  
16 for firm retail rate classes are as follows:

	<b>Cost Recovery Factors</b>
<b><u>Rate Schedule</u></b>	<b><u>(cents per kWh)</u></b>
19 RS	0.302
20 GS and TS	0.288
21 GSD Optional - Secondary	0.250
22 GSD Optional - Primary	0.248
23 GSD Optional - Subtransmission	0.245
24 LS1	0.151

25

1	<b>Cost Recovery Factors</b>	
2	<u><b>Rate Schedule</b></u>	<u><b>(dollars per kW)</b></u>
3	GSD - Secondary	1.05
4	GSD - Primary	1.04
5	GSD - Subtransmission	1.03
6	SBF - Secondary	1.05
7	SBF - Primary	1.04
8	SBF - Subtransmission	1.03
9	IS - Secondary	0.92
10	IS - Primary	0.91
11	IS - Subtransmission	0.90
12	Exhibit No. ____ (HTB-2), Conservation Costs Projected, pages 12 through 16 contain the Commission prescribed forms which detail these estimates.	
15		
16	<b>Q.</b> Has Tampa Electric complied with the ECCR cost allocation methodology stated in Docket No. 930759-EG, Order No. PSC-93-1845-EG?	
17		
18		
19		
20	<b>A.</b> Yes, it has.	
21		
22	<b>Q.</b> Please explain why the incentive for GSLM-2 and GSLM-3 rate riders is included in your testimony?	
23		
24		
25	<b>A.</b> In Docket No. 990037-EI, Tampa Electric petitioned the	

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

17  
18 **Q.** What is the appropriate CCV for customers who elect to  
19 take service under the GSLM-2 and GSLM-3 rate riders  
20 during the January through December 2012 period?

21  
22 **A.** For the January through December 2012 period, the CCV  
23 will be \$9.82 per kW. If the 2012 assessment for need  
24 determination indicates the availability of new non-firm  
25 load, the CCV will be applied to new subscriptions for

1 service under those rate riders. The application of the  
2 cost-effectiveness methodology to establish the CCV is  
3 found in the attached analysis, Exhibit No. \_\_\_ (HTB-2),  
4 Conservation Costs Projected, beginning on page 59  
5 through 63.

6  
7 **Q.** Please explain why the RSVP-1 rates for Residential Price  
8 Responsive Load Management are in your testimony?

9  
10 **A.** In Docket No. 070056-EG, Tampa Electric's petition to  
11 allow its pilot residential price responsive load  
12 management initiative to become permanent was approved by  
13 the Commission on August 28, 2007. This program is to be  
14 funded through the ECCR clause and the appropriate annual  
15 RSVP-1 rates for customers are to be submitted for  
16 Commission approval as part of the company's annual ECCR  
17 projection filing.

18  
19 **Q.** What are the appropriate Price Responsive Load Management  
20 rates ("RSVP-1") for customers who elect to take this  
21 service during the January through December 2012?

22  
23 **A.** The appropriate RSVP-1 rates during the January through  
24 December 2012 period for Tampa Electric's Price  
25 Responsive Load Management program are as follows:

	<u>Rate Tier</u>	<u>Cents per kWh</u>
1		
2	P4	31.376
3	P3	5.591
4	P2	(0.746)
5	P1	(1.088)

6 Page 64 contains the projected RSVP-1 rates for 2012.

7

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

9

10 **A.** Yes it does.

11

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1           **MS. TAN:** We've also prepared a Comprehensive  
2 Exhibit List, which includes the prefiled exhibits  
3 attached to the witnesses' testimony in this case. The  
4 exhibits have been identified -- can be identified as  
5 Exhibits 1 through 12. The list has been provided to  
6 the parties and the Commissioners and the court  
7 reporter. The list is marked as the first hearing  
8 exhibit, and the other exhibits should be marked as set  
9 forth in the chart.

10           **CHAIRMAN GRAHAM:** We will mark those exhibits  
11 as just indicated and move them into the record.

12                   (Exhibits 1 through 12 marked for  
13 identification and admitted into the record.)

14           **MS. TAN:** Thank you. Since there are proposed  
15 stipulations on all the issues, Staff suggests that the  
16 Commission could make a bench decision in this case. If  
17 the Commission decides that a bench decision is  
18 appropriate, we recommend that the Commission approve  
19 the stipulations as stated in pages 6 through 11 in the  
20 Prehearing Order, which are Issues 1 through 8, and we  
21 note that OPC, FIPUG, SACE, PCS, FEA, and FLSEA are  
22 taking no position on all the issues.

23           **CHAIRMAN GRAHAM:** I say we move forward with a  
24 bench decision, unless one of the Commissioners have an  
25 issue. Seeing none, we need to move forward with the



1 Issues 1 through 8 that have been stipulated, pages 6  
2 through 11 on the Prehearing Order.

3 Commissioner Balbis.

4 **COMMISSIONER BALBIS:** Thank you, Mr. Chairman.

5 And before I move that we approve the stipulations on  
6 those issues, I just want to make a comment for the  
7 utilities. I noticed that on Schedule CT2 for each  
8 individual utility that summarized the expenditures for  
9 each program that's part of the DSM plan, that a lot of  
10 them didn't match up, which shows me that you're being  
11 flexible, and I encourage you to continue to do so as to  
12 what program is working better than others, what cost  
13 saving measures that you can implement. I notice that  
14 some changes to direct mailing costs were implemented in  
15 order to save substantial amounts of money. I want to  
16 continue to encourage the utilities to be flexible with  
17 these programs, look and see what is the most effective  
18 program to move forward with, spend additional dollars  
19 on if you're getting more of a demand reduction. And  
20 I'm glad to see that that appears to be what you're  
21 doing, and I continue to encourage that. So with that,  
22 I move that we approve the stipulations on Issues  
23 1 through 8.

24 **CHAIRMAN GRAHAM:** It's been moved and seconded  
25 to approve the stipulations on Issues 1 through 8. Any

1 further discussion? Seeing none, all in favor, say aye.

2 (Affirmative response.)

3 Any opposed?

4 (No response.)

5 By your action, you have approved Issues  
6 1 through 8 as stipulated.

7 Staff, any other matters in this docket?

8 **MS. TAN:** There are no further matters in this  
9 docket. Since the Commission has made a bench decision,  
10 post-hearing filings are not necessary. We will have a  
11 final order ready to be issued by December 1st, 2011.

12 **CHAIRMAN GRAHAM:** Anything else to come before  
13 us in this docket, 02? Seeing none, let's see this  
14 docket as being closed.

15 (Proceeding adjourned.)

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STATE OF FLORIDA        )  
                                  : CERTIFICATE OF REPORTER  
COUNTY OF LEON        )

I, LINDA BOLES, RPR, CRR, Official Commission Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

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

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

DATED THIS 4<sup>th</sup> day of November, 2011.

  
\_\_\_\_\_  
LINDA BOLES, RPR, CRR  
FPSC Official Commission Reporter  
(850) 413-6734