

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

STATE OF FLORIDA



DIVISION OF REGULATORY ANALYSIS  
BETH W. SALAK  
DIRECTOR  
(850) 413-6600

# Public Service Commission

February 24, 2012

To: JEA ([parapg@jea.com](mailto:parapg@jea.com)) and Orlando Utilities Commission ([cbrowder@ouc.com](mailto:cbrowder@ouc.com))

Re: Industry survey for legislative review of agency rules in effect on or before November 16, 2010  
Docket No. 110303-OT

To whom this may concern:

Please see attached staff's survey questions. Your timely response to these survey questions regarding Rule 25-17.0021, Florida Administrative Code, will be used to complete the Commission's Compliance Economic Review required by Sections 120.745 and 120.541, Florida Statutes. All responses should be filed in Docket No. 110303-OT by 5:00 p.m., Wednesday, March 14, 2012, and addressed to:

Judy Harlow  
c/o Ann Cole  
Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

If you have any questions, please contact Stephen Garl at (850) 413-6676 or [sgarl@psc.state.fl.us](mailto:sgarl@psc.state.fl.us) or Judy Harlow at (850) 413-6842 or [jharlow@psc.state.fl.us](mailto:jharlow@psc.state.fl.us). Thank you for your assistance.

Sincerely,

/s/ Judy Harlow  
Judy Harlow  
Senior Analyst  
Division of Regulatory Analysis

DOCUMENT NUMBER - DATE  
01049 FEB 24 2012  
FPSC-COMMISSION CLERK

**Rule 25-17.0021, F.A.C. - Survey Questions**

The following survey questions apply to **Rule 25-17.0021, F.A.C., Goals for Electric Utilities**. For responding to these questions, please refer to Subsection 120.541(2), F.S., and Subparagraph 120.745(1)(b)2, F.S. Transactional costs” are defined in Subparagraph 120.541(2)(d), F.S., as:

...direct costs that are readily ascertainable based upon standard business practices, including filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used or procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring and reporting, and any other costs necessary to comply with the rule.

The company’s response data to these survey questions should be provided for the entire rule, unless the response data is available by rule section, in which case we request the response data be provided by rule section. Please present data in annualized format, if possible, and all cost or benefit dollar estimates should be stated in nominal terms.

Please provide the information requested below as it pertains to this Rule by March 14, 2012:

A. What are the utility’s estimated transactional costs resulting from the Company’s compliance with Rule 25-17.0021, F.A.C., for the five year period beginning July 1, 2011?

1. **Goal Setting** – Please provide the actual or estimated transactional costs for each of the 5 years, beginning July 1, 2011, to comply with Rule 25-17.0021, F.A.C., subparagraph 3. Also please specify which of these costs are recovered through base rates or a cost recovery clause. Include, for example, the following:
  - a. The cost of any studies, such as a technical potential study – the portion of the cost paid by your company of the ITRON Technical Potential Study for the last goal-setting proceeding may be used as a starting point, but should be time-shifted to approximately 2014 when the next goal-setting proceeding will commence.
  - b. Witness preparation and their appearances before the Commission.
  - c. Petition and testimony filings.
  - d. Discovery costs.
  - e. Other costs associated with the goal-setting process – please identify each.

2. **DSM Plan** – Please provide the actual or estimated transactional costs for each of the 5 years, beginning July 1, 2011, to comply with Rule 25-17.0021, F.A.C., subparagraph 4. Also please specify which of these costs are recovered through base rates or a cost recovery clause. Include, for example, the following:
  - a. The cost of cost-effectiveness testing.
  - b. Witness preparation and appearances before the Commission.
  - c. Petition and testimony filings.
  - d. Discovery costs.
  - e. Other costs associated with developing the DSM plan - please identify each.
  
3. **Annual Report** – Please provide the actual or estimated transactional costs for each of the 5 years, beginning July 1, 2011, to comply with Rule 25-17.0021, F.A.C., subparagraph 5. Also please specify which of these costs are recovered through base rates or a cost recovery clause. Include, for example, the following:
  - a. The cost of data collection.
  - b. The cost of report preparation.
  - c. Other costs associated with the annual report - please identify each.
  
4. **Plan Implementation Cost** – Please provide the actual or estimated transactional costs for each of the five years, beginning July 1, 2011, paid by residential and commercial/industrial customers to carry out the utility's DSM plan. Please separate these costs into those applicable to residential programs and commercial/industrial programs. Also please specify which of these costs are recovered through base rates or a cost recovery clause. Include, for example, the following:
  - a. The cost of advertising DSM programs.
  - b. The cost of informational and education materials.
  - c. The cost of energy surveys.
  - d. The cost of equipment and incentives provided to participating customers.
  - e. Administrative costs.

- f. Other costs associated with implementing and conducting the DSM plan - please identify each.
5. Of the costs provided above, please discuss which are likely to have an adverse impact on economic growth, private sector job creation or employment, or private sector investment.
  6. Of the costs provided above, which are likely to have an adverse impact on business competitiveness, including the ability of persons doing business in the state to compete with persons doing similar business in other states or domestic markets, productivity, or innovation.
- B. For the five year period beginning July 1, 2011, which requirements of this rule, if any, would be performed by the company assuming the rule were not in effect? Please explain.
  - C. For each of the requirements identified in B above, what are the transactional costs associated with such requirements for the five year period beginning July 1, 2011?
  - D. What is the utility's estimate of the likely impact, stated in terms of costs and/or benefits, on small businesses (as defined by s. 288.703, F.S.) located in the Company's service territory, resulting from the implementation of 25-17.0021, F.A.C., for the five year period beginning July 1, 2011?
  - E. What is the utility's estimate of the likely impact, stated in terms of costs and/or benefits, on small counties and small cities (as defined in s. 120.52) located in the Company's service territory, resulting from the implementation of 25-17.0021, F.A.C., for the five year period beginning July 1, 2011?
  - F. What is the utility's estimate of the likely impact, stated in terms of costs and/or benefits, on entities located in the Company's service territory other than those specifically identified in Questions D and E, resulting from the implementation of 25-17.0021, F.A.C., for the five year period beginning July 1, 2011?
  - G. What does the utility believe is the expected impact of Rule 25-17.0021, F.A.C., on economic growth, private sector job creation or employment, and private sector investment for the five year period beginning July 1, 2011, in the utility's service territory?
  - H. What does the utility believe is the expected impact of Rule 25- 17.0021, F.A.C., on business competitiveness, including the ability of persons doing business in the utility's service territory to compete with persons doing business in states other than Florida or other domestic markets, productivity, and innovation, for the five year period July 1, 2011?
  - I. What are the benefits to your utility associated with Rule 25- 17.0021, F.A.C.?

**25-17.0021 Goals for Electric Utilities.**

(1) The Commission shall establish numerical goals for each affected electric utility, as defined by Section 366.82(1), F.S., to reduce the growth rates of weather-sensitive peak demand, to reduce and control the growth rates of electric consumption, and to increase the conservation of expensive resources, such as petroleum fuels. Overall Residential KW and KWH goals and overall Commercial/Industrial KW and KWH goals shall be set by the Commission for each year over a ten-year period. The goals shall be based on an estimate of the total cost effective kilowatt and kilowatt-hour savings reasonably achievable through demand-side management in each utility's service area over a ten-year period.

(2) The Commission shall set goals for each utility at least once every five years. The Commission on its own motion or petition by a substantially affected person or a utility may initiate a proceeding to review and, if appropriate, modify the goals. All modifications of the approved goals, plans and programs shall only be on a prospective basis.

(3) In a proceeding to establish or modify goals, each utility shall propose numerical goals for the ten year period and provide ten year projections, based upon the utility's most recent planning process, of the total, cost-effective, winter and summer peak demand (KW) and annual energy (KWH) savings reasonably achievable in the residential and commercial/industrial classes through demand-side management. Each utility's projection shall reflect consideration of overlapping measures, rebound effects, free riders, interactions with building codes and appliance efficiency standards, and the utility's latest monitoring and evaluation of conservation programs and measures. Each utility's projections shall be based upon an assessment of, at a minimum, the following market segments and major end-use categories.

**Residential Market Segment:**

**(Existing Homes and New Construction should be separately evaluated) Major End-Use Category**

- (a) Building-Envelope Efficiencies.
- (b) Cooling and Heating Efficiencies.
- (c) Water Heating Systems.
- (d) Appliance Efficiencies.
- (e) Peakload Shaving.
- (f) Solar Energy and Renewable Energy Sources.
- (g) Renewable/Natural gas substitutes for electricity.
- (h) Other.

**Commercial/Industrial Market Segment:**

**(Existing Facilities and New Construction should be separately evaluated) Major End-Use Category**

- (i) Building Envelope Efficiencies.
- (j) HVAC Systems.
- (k) Lighting Efficiencies.
- (l) Appliance Efficiencies.
- (m) Power Equipment/Motor Efficiency.
- (n) Peak Load Shaving.
- (o) Water Heating.
- (p) Refrigeration Equipment.
- (q) Freezing Equipment.
- (r) Solar Energy and Renewable Energy Sources.
- (s) Renewable/Natural Gas substitutes for electricity.
- (t) High Thermal Efficient Self Service Cogeneration.
- (u) Other.

(4) Within 90 days of a final order establishing or modifying goals, or such longer period as approved by the Commission, each utility shall submit for Commission approval a demand side management plan designed to meet the utility's approved goals. The following information shall be submitted for each program in the plan for a ten-year projected horizon period:

- (a) The program name;
- (b) The program start date;
- (c) A statement of the policies and procedures detailing the operation and administration of the program;
- (d) The total number of customers or appropriate unit of measure in each class of customer (i.e. residential, commercial, industrial, etc.) for each year in the planning horizon;
- (e) The total number of eligible customers or appropriate unit of measure in each class of customers (i.e., residential, commercial, industrial, etc.) for each year in the planning horizon;
- (f) An estimate of the annual number of customers or appropriate unit of measure in each class projected to participate in the program, including a description of how the estimate was derived;
- (g) The cumulative penetration levels of the program by year calculated as the percentage of projected cumulative participating customers or appropriate unit of measure by year to the total customers eligible to participate in the program;
- (h) Estimates on an appropriate unit of measure basis of the per customer and program total annual KWH reduction, winter KW reduction, and summer KW reduction, both at the customer meter and the generation level, attributable to the program. A summary of all assumptions used in the estimates will be included;
- (i) A methodology for measuring actual kilowatt and kilowatt-hour savings achieved from each program, including a description of research design, instrumentation, use of control groups, and other details sufficient to ensure that results are valid;
- (j) An estimate of the cost-effectiveness of the program using the cost-effectiveness tests required pursuant to Rule 25-17.008, F.A.C. If the Commission finds that a utility's conservation plan has not met or will not meet its goals, the Commission may require the utility to modify its proposed programs or adopt additional programs and submit its plans for approval.
- (5) Each utility shall submit an annual report no later than March 1 of each year summarizing its demand side management plan and the total actual achieved results for its approved demand side management plan in the preceding calendar year. The report shall contain, at a minimum, a comparison of the achieved KW and KWH reductions with the established Residential and Commercial/Industrial goals, and the following information for each approved program:
  - (a) The name of the utility;
  - (b) The name of the program and program start date;
  - (c) The calendar year the report covers;
  - (d) Total number of customers or appropriate unit of measure by customer class for each year of the planning horizon;
  - (e) Total number of customers or appropriate unit of measure eligible to participate in the program for each year of the planning horizon;
  - (f) Total number of customers or appropriate unit of measure projected to participate in the program for each year of the planning horizon;
  - (g) The potential cumulative penetration level of the program to date calculated as the percentage of projected participating customers to date to the total eligible customers in the class;
  - (h) The actual number of program participants and current cumulative number of program participants;
  - (i) The actual cumulative penetration level of the program calculated as the percentage of actual cumulative participating customers to the number of eligible customers in the class;
  - (j) A comparison of the actual cumulative penetration level of the program to the potential cumulative penetration level of the program;
  - (k) A justification for variances larger than 15% for the annual goals established by the Commission;
  - (l) Using on-going measurement and evaluation results the annual KWH reduction, the winter KW reduction, and the summer KW reduction, both at the meter and the generation level, per installation and program total, based on the utility's approved measurement/evaluation plan;
  - (m) The per installation cost and the total program cost of the utility;
  - (n) The net benefits for measures installed during the reporting period, annualized over the life of the program, as calculated by the following formula:

$$\text{annual benefits} = B_{npv} \times d / [1 - (1+d)^{-n}]$$

where

$B_{npv}$  = cumulative present value of the net benefits over the life of the program for measures

installed during the reporting period

$d$  = discount rate (utility's after tax cost of capital)

$n$  = life of the program.

*Specific Authority 366.05(1), 366.82(1)-(4) FS. Law Implemented 366.82(1)-(4) FS. History--New 4-30-93.*