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August 23, 2013

VIA E-FILING

Ms. Ann Cole, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Docket No. 130205-EI - In re: Commission review of numeric conservation goals (Florida Public Utilities Company).

Dear Ms. Cole:

Attached for electronic filing, please find the Petition of Florida Public Utilities Company for approval to establish its numeric conservation goals using a proxy methodology.

Thank you for your kind assistance with this filing. Please do not hesitate to contact me if you have any questions whatsoever.

Sincerely,

Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission review of numeric conservation) DOCKET NO. 130205-EI
goals (Florida Public Utilities Company).)
_____) FILED: August 23, 2013

PETITION TO ESTABLISH GOALS USING PROXY METHODOLOGY

Florida Public Utilities Company (“FPUC” or “Company”), by and through its undersigned counsel, hereby petitions the Florida Public Service Commission (“FPSC” or “Commission”) to establish numeric conservation goals for the Company using the formula attached and incorporated herein as Exhibit A. Approval and use of the proposed formula will enable the Commission to derive appropriate conservation goals for FPUC based upon the goals ultimately established by the Commission for Gulf Power Company and Florida Power and Light Company in Dockets Nos. 130202-EI and 130199-EI, respectively. Adoption of conservation goals for FPUC based upon the methodology proposed herein, and set forth specifically in Exhibit A, will satisfy the Commission’s responsibility to set goals for FPUC in accordance with Section 366.82, Florida Statutes, while allowing the Company to avoid significant expense and labor, which would certainly arise if the Company is required to conduct the costly and time consuming methodology analyses otherwise necessary to establish independent conservation goals for the Company. Moreover, the Company’s proposal will ultimately save its ratepayers significant additional expense. In support of this Petition, the Company states as follows:

1) FPUC is an electric utility subject to the Commission's jurisdiction in accordance with Chapter 366, Florida Statutes. Its principal business address is:

Florida Public Utilities Company
1641 Worthington Road, Suite 220
West Palm Beach, FL 33409

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2) The name and mailing address of the persons authorized to receive notices are:

Beth Keating
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215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

Cheryl Martin
Florida Public Utilities Company
1641 Worthington Road,
Suite 220
West Palm Beach, FL
33409

3) FPUC's substantial interests will be affected by the Commission's disposition of this Petition in that denial of the Company's request herein will subject the Company to the significant expense and undue burden of gathering extensive data and running (or hiring a costly consultant to run) the required technical and achievable demand savings analyses, as well as the economic analysis, to support updated conservation goals for the Company. This labor and cost intensive process will detract from the Company's resources to the detriment of FPUC and its ratepayers. Moreover, the burden imposed upon the Company will significantly outweigh the benefit, if any, to be derived from establishing conservation goals on a stand-alone basis for FPUC. In contrast, allowing the Company's goals for the next cycle to be based upon the formula set forth herein, which would link the Company's goals for its Northwest and Northeast Divisions to the goals to be established for Gulf Power Company and Florida Power and Light Company, respectively, provides a reasonable means to meet the objectives of Section 366.82, Florida Statutes, without impairing the finances and operations of the Company or imposing unnecessary costs on its ratepayers.

I. BACKGROUND

4) Rule 25-17.0021(2) and (3), Florida Administrative Code, provides:

(2) The Commission shall set goals for each utility at least once every five (5) years. The Commission on its own motion or petition by a substantially affected person or a utility may initiate a proceeding to

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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 (10) 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 reasonable 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 consideration 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.

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- (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.

5) The statutory provision underlying the above-referenced Rule is Section 366.82, Florida Statutes, which is part of the “Florida Energy Efficiency and Conservation Act,” (“FEECA”), Sections 366.80-366.85 and 403.519. Among the stated purposes of FEECA is to assure that Florida utilities (FEECA Utilities) utilize the most efficient and cost-effective demand-side renewable energy systems and conservation systems for the protection of the health, prosperity, and general welfare of the state and its citizens in order to promote a reduction in, and control of, the growth rates of electric consumption in Florida, and in particular, weather-sensitive peak demand.

6) In order to address these concerns and goals, the Legislature directed the Commission to set appropriate goals for the electric utilities consistent with FEECA’s objectives. The goals are expressed as annual electric peak demand and energy savings over a ten-year period.

7) FPUC’s current goals were set by the Commission by Order No. PSC-09-0855-FOF-EG, issued December 30, 2009, and its current DSM Plan was approved thereafter by Order No. PSC-10-0678-PAA-EG, issued November 12, 2010.

II. REQUEST

8) In lieu of setting conservation goals for FPUC based upon FPUC-specific data, the Company asks that the Commission approve revised goals for the Company to be set based upon the goals established for Gulf Power Company and Florida Power and Light Company at the conclusion of the proceedings in the respective dockets for those companies, Dockets Nos. 130202-EI and

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130199-EI. Specifically, FPUC asks that the Commission approve the use of the attached formula for the establishment of the Company's numeric goals and thereafter, allow the Company to abstain from further participation in the goals setting process and filings, as otherwise would be required by Order No. PSC-13-0386-PCO-EU. FPUC requests that its numeric goals be set using this proposed methodology only for the purposes of the 2014 review cycle, which is the basis for this Docket, and only for purposes of the 2014 conservation goals.

A. Prevents Undue Hardship for FPUC and Serves Interests of Ratepayers

9) Granting FPUC's request will avoid undue hardship for the Company. FPUC is by far the smallest of the investor-owned FEECA utilities with little more than half of one percent of the total annual kWh sales of the largest IOU. Likewise, the Company's internal resources are significantly more limited in comparison to the larger FEECA utilities. Nevertheless, the effort and expense required of FPUC to participate fully in the conservation goals review process will be nearly the same for FPUC as for the larger FEECA utilities. Because FPUC's internal resources are somewhat more limited, FPUC will have to rely on outside consultants to conduct much of the work required in the goal setting process at great expense to the Company. FPUC estimates that these costs could be as high as \$300,000 to \$400,000. These costs would be directly borne by FPUC's customers through the Energy Conservation Cost Recovery Clause. Due to its much smaller customer base, FPUC's customers therefore will be shouldered with a disproportionate burden resulting from participation in the goal setting process, as compared to the larger utilities who are able to spread the costs over many more customers. FPUC's customers would be much better served by participation in the Company's conservation programs as opposed to paying for the expensive process of setting the goals.

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B. Achieves FEECA's Objectives and Commission Responsibility Thereunder

10) The statute which provides the underlying support for Rule 25-17.0021, Florida Administrative Code, is Section 366.82, Florida Statutes. The stated goal of this statutory provision is to promote a reduction in, and control of, the growth rates of electric consumption in Florida by promoting increased efficiency of energy consumption and development of demand-side renewable energy systems, while taking into account the benefits to individual customers, as well as the utility's general body of ratepayers. FPUC's proposal as set forth herein still accomplishes all aspects of this goal, while avoiding undue cost and expense to the Company. Likewise, approval of FPUC's proposal will not interfere with the Commission's obligations under Section 366.82, Florida Statutes, as the goals set for FPUC will have been subjected to a comprehensive evaluation of ". . . the full technical potential of all available demand-side and supply-side conservation and efficiency measures. . . ."¹

11) The end result of approval of FPUC's proposal will be that the Commission establishes valid numeric conservation goals, which FPUC's conservation programs will then be designed to achieve. These goals will be based upon verified usage and demand data necessary to estimate the total cost effective kilowatt and kilowatt-hour savings reasonably achievable through demand-side management. The only distinction will be that the data used will be that of utilities operating in close proximity to FPUC's Northeast and Northwest divisions, rather than data from FPUC itself. Nonetheless, the end result will be that FPUC implements programs designed to achieve measurable energy efficiencies and demand reduction consistent with the Legislature's directive.

¹ Section 366.82(3), F.S.

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C. Proposed Methodology Provides Reasonable Estimate through Proxies

12) In addition, FPUC's proposal to use the goals ultimately set for Gulf Power Company and Florida Power and Light Company is reasonably consistent with the intent of the Rule as worded. Rule 25-17.0021(1), Florida Administrative Code, provides:

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.

[*Emphasis added.*] By this Petition, FPUC merely requests approval of an alternate way to provide that referenced estimate through proxy to Florida Power and Light Company's and Gulf Power Company's goals.

13) The methodology set forth herein for using the Florida Power and Light Company and Gulf Power Company goals as a proxy for establishing FPUC's goals is reasonable and will result in goals being established for FPUC that are consistent with the rest of the industry and fulfill the purposes of the underlying statute. Moreover, in the context of setting goals for Florida Power and Light Company and Gulf Power Company, key issues impacting the goals setting process will be fully addressed, including:

- a. Lower fuel costs resulting in lower purchase power energy costs for FPUC
- b. Lower load growth
- c. Improvements resulting in greater demand and energy savings due to changes in codes and standards
- d. Development of new conservation measures

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The formula attached and incorporated herein as Exhibit A will then be used to reasonably apply these changed conditions to FPUC's goals without FPUC's customers bearing the significant cost of the process to set the goals.

14) Gulf Power Company and Florida Power and Light Company are in close proximity to, and therefore provide reasonable proxies for, FPUC's Northwest and Northeast Divisions, respectively. As such, basing FPUC's goals on those set for these two companies is reasonable and will result in goals that have been fully analyzed and appropriately tailored to FPUC's size. To be clear, the Company recognizes that the goals of Gulf Power and Florida Power and Light would not be final and approved until later in 2014. However, the Company is confident that the proxy methodology proposed will yield numeric goals for FPUC that are not only effective and workable, but consistent with the Rule criteria.

15) To be clear, FPUC's request herein would not impact or impair the Commission's review of FPUC's Conservation Plan, which would still be filed for approval in accordance with Rule 25-17.0021(4), Florida Administrative Code. FPUC will include in its Conservation Plan an estimate of the rate impact of the Conservation Plan.

16) In the event that the Commission also establishes non-numeric goals in Dockets Nos. 130202-EI and 130199-EI, FPUC would further propose that the programs currently implemented by the Company consistent with the previously approved non-numeric goals be carried forward until the next goals review proceeding.

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III. RELIEF

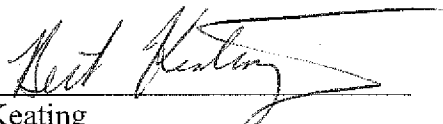
17) In sum, FPUC respectfully asks that the Commission approve the use of the proxy method set forth in Exhibit A for setting the Company's numeric conservation goals and allow FPUC to avoid the significant expense and burden upon the Company's limited resources that would be incurred through full participation in the conservation goals review process. Setting goals for FPUC in this manner will fulfill the objectives of Rule 25-17.0021, Florida Administrative Code, as well those of the underlying Florida Statute, while preventing undue burden and costs to FPUC – and ultimately FPUC's ratepayers. Therefore, FPUC asks that the Commission approve the Company's proposal to set its 2014 numeric conservation goals using this proxy-based methodology as reasonable and in the best interests of the Company and its ratepayers.

18) Counsel represents that she has contacted counsel for SACE, FLASEIA, FIPUG, the Office of Public Counsel, and the Florida Energy Office regarding this request, as suggested at the August 13 meeting in this Docket. Counsel for FIPUG has authorized FPUC to represent that FIPUG does not take issue with FPUC's proposal as outlined and as limited. Likewise, the Florida Energy Office/Department of Agriculture and Consumer Affairs has also indicated it would not oppose FPUC's proposal as reflected herein. The Office of Public Counsel has indicated that they currently intend to only monitor this proceeding, and therefore do not have a position on FPUC's proposal. SACE has, however, indicated it opposes FPUC's proposal. A definitive response has not yet been received with regard to FLASEIA's position, if any.

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WHEREFORE, Florida Public Utilities Company respectfully requests that the Commission enter an Order: 1) approving the Company's request to set its numeric conservation goals for 2014 based upon the conservation and efficiency goals prescribed by the Commission for Florida Power and Light Company and Gulf Power Company at the conclusion of the proceedings in Dockets 130199-EI and 130202-EI, as adjusted by the formula set out in Exhibit A to this Petition; 2) requiring the Company to file its numeric conservation goals calculated in accordance with Exhibit A, along with any non-numeric goals required, within ten days of the issuance of the final Orders in Dockets Nos. 130202-EI and 130199-EI for approval by the Commission; and 3) excuse the Company from the filing and participation requirements of Order No. PSC-13-0386-PCO-EU.

Respectfully submitted this 23 day of August, 2013,

By: 
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(850) 521-1706
*Attorneys for Florida Public Utilities
Company*

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by U.S. Mail or Electronic Mail to the following interested persons, this 23rd day of August, 2013:

Ms. Cheryl M. Martin
1641 Worthington Road, Suite 220
West Palm Beach, FL 33409-6703

FIPUG
c/o Jon C. Moyle, Jr., Esq.
c/o Moyle Law Firm
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Exhibit A

FPUC Abbreviated Process for Developing 2014 Conservation Goals

Background

Florida Public Utilities Company (“FPUC”) has two electric service area Divisions, Northeast and Northwest, in Florida of approximately equal loads. The Northeast Division serving the Fernandina Beach area, is generally surrounded by Florida Power & Light (“FPL”) service territory, and the Northwest Division serving the Marianna area, is surrounded by Gulf Power Company (“Gulf”) service territory. FPUC does not own generation and purchases all of its power requirements. Power for Northeast Division is purchased from JEA and power for Northwest Division is purchased from Gulf. Thus FPUC’s avoided generation cost is its avoided purchase power cost. In the 2009 Conservation Goals process, the annual purchase power costs for the Northeast and Northwest Divisions were averaged so that one set of economic potential calculations could be conducted rather than separate calculations conducted for each Division, effectively reducing the calculation effort by half and providing one set of conservation goals for FPUC. This abbreviated process addresses the Conservation Goals for each Division separately and then averages them to provide one set of conservation goals for FPUC.

The abbreviated process is designed to consider all the factors that went into the determination of the 2009 Conservation Goals and to also consider all those same factors that will be considered in setting the 2014 Conservation Goals. The 2009 Conservation Goals included residential and commercial/industrial, which combine to total goals for summer and winter demand and annual energy. The 2009 Conservation Goals process set goals for 2010 through 2019. This process will set goals for 2015 through 2024. The existing goals for 2015 through 2019, the first 5 years of this process, are most important because they reflect the unique attributes of FPUC’s service area such as avoided cost and penetration of measures. The goals for the years from 2015 through 2019 will be adjusted by the changes in the approved goals from this process for FPL and Gulf thus reflecting actual changes in conditions projected for the next five years compared to those conditions projected in the 2009 Conservation Goals determination. The FPUC goals for 2020 through 2024 will be calculated based on the average annual changes in the goals determined in this process for FPL and Gulf for 2020 through 2024. The accuracy of the goals for the last five year period are not as important as for the first five year period since they will be reset in another goals setting process in five years.

Calculation Method

The example calculations shown in Tables 1 through 3 are presented for annual energy for the residential sector, but the calculation method will be the same for the commercial/industrial sector and for winter and summer peak demand.

Table 1 FPL Residential Energy Goals

	A	B	C	D
Year	2009 Goals (1)	2014 Goals (2)	2009/2014 Ratio (3)	Percent Increase (4)
	GWH	GWH		
2015	193.0	144.8	0.75	
2016	183.4	137.6	0.75	
2017	174.2	130.7	0.75	
2018	166.4	124.8	0.75	
2019	157.5	118.1	0.75	
2020		120.6		2.0
2021		122.9		2.0
2022		125.3		2.0
2023		127.8		2.0
2024		130.4		2.0

- (1) From Order PSC-09-0855-FOF-EG
- (2) Assumed for this example. Actual to come from Final Order for FPL for Docket 130199-EI Conservation Goals.
- (3) A/B
- (4) Percent increase from Column B. For example 2020 = 120.6/118.1

Table 2 Gulf Residential Energy Goals

	A	B	C	D
Year	2009 Goals (1)	2014 Goals (2)	2009/2014 Ratio (3)	Percent Increase (4)
	GWH	GWH		
2015	50.2	40.2	0.8	
2016	53.6	42.8	0.8	
2017	55.4	44.3	0.8	
2018	56.2	45.0	0.8	
2019	56.7	45.4	0.8	
2020		46.8		3.0
2021		48.2		3.0
2022		49.6		3.0
2023		51.1		3.0
2024		52.6		3.0

- (1) From Order PSC-09-0855-FOF-EG
- (2) Assumed for this example. Actual to come from Final Order for Gulf for Docket 130202-EI Conservation Goals.
- (3) A/B
- (4) Percent increase from Column B. For example 2020 = 46.8/45.4

Table 3 FPUC Residential Energy Goals

	A	B	C	D	E	F
Year	2009 Goals (1)	Factor (2)	2014 Goals (3)	Percent Increase (4)	2014 Goals (5)	2014 Goals (6)
	GWH		GWH		GWH	GWH
2015	0.5	0.775	0.39			0.39
2016	0.5	0.775	0.39			0.39
2017	0.5	0.775	0.39			0.39
2018	0.5	0.775	0.39			0.39
2019	0.5	0.775	0.39			0.39
2020				2.5	0.40	0.40
2021				2.5	0.41	0.41
2022				2.5	0.42	0.42
2023				2.5	0.43	0.43
2024				2.5	0.44	0.44

- (1) From Order PSC-09-0855-FOF-EG
- (2) Average of Table 1 Column C and Table 2 Column C
- (3) A*B
- (4) Average of Table 1 Column D and Table 2 Column D
- (5) Percent increase applied to Column C. For 2020 = 0.39*1.025.
- (6) Column C and Column E.