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April 2, 2014

-VIA ELECTRONIC FILING-

Carlotta Stauffer, Director
Division of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

**Re: Docket No. 130199-EI; Florida Power & Light Company's Petition for Approval of
Numeric Conservation Goals**

Dear Ms. Stauffer:

In accordance with Rule 25-17.0021, Florida Administrative Code, please find enclosed for filing in the above referenced docket Florida Power & Light Company's ("FPL's") Petition for Approval of Numeric Conservation Goals, along with the testimony and exhibits of three witnesses.

This filing is being made via the Florida Public Service Commission's Web Based Electronic Filing portal and consists of four submittals. This letter, the petition, and the certificate of service are being filed as document 1 of 4. The remaining documents will be submitted as follows:

- Prefiled Testimony and Exhibits of T. Deason (document 2 of 4);
- Prefiled Testimony and Exhibits of T. Koch (document 3 of 4);
- Prefiled Testimony and Exhibits of S. Sim (document 4 of 4);

Please contact me if there are any questions regarding this filing.

Sincerely,

s/ John T. Butler
John T. Butler
Fla. Bar No. 283479

Enclosures

cc: Counsel for Parties of Record (w/encl.)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Petition for Approval of)
Numeric Conservation Goals by)
Florida Power & Light Company)

Docket No. 130199-EI

Filed: April 2, 2014

**FLORIDA POWER & LIGHT COMPANY'S
PETITION FOR APPROVAL OF NUMERIC CONSERVATION GOALS**

Pursuant to Sections 366.81 and 366.82, Florida Statutes, and Rule 25-17.0021, Florida Administrative Code, Florida Power & Light Company (“FPL”) petitions the Florida Public Service Commission (“Commission”) to approve the cumulative conservation goals attached as Exhibit TRK-7 for FPL for the years 2015-2024. In support of this petition, FPL states:

1. FPL is a public utility subject to the jurisdiction of the Commission pursuant to Chapter 366 of the Florida Statutes. The Commission has jurisdiction pursuant to Sections 366.81 and 366.82, Fla. Stat. to establish numeric conservation goals for each affected electric utility. The Commission will establish conservation goals for FPL in this proceeding. The establishment of FPL’s conservation goals will affect the need for and selection of resource alternatives by FPL, and the goals will be the target for FPL to meet in its subsequent filing of a demand-side management plan; therefore, FPL’s substantial interests will be determined in this proceeding.

2. The names and addresses of FPL’s representatives to receive communications regarding this docket are:

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3. This Petition is being filed consistent with Rule 28-106.201, Florida Administrative Code. The agency affected is the Florida Public Service Commission, located at 2540 Shumard Oak Blvd, Tallahassee, FL 32399. This case does not involve reversal or modification of an agency decision or an agency's proposed action. Therefore, paragraph (c) and portions of paragraphs (e), (f) and (g) of subsection (2) of such rule are not applicable to this Petition. In compliance with paragraph (d), FPL states that it is not known which, if any, of the issues of material fact set forth in the body of this Petition, or the supporting testimony and exhibits filed herewith, may be disputed by others planning to participate in this proceeding.

BACKGROUND AND OVERVIEW

4. Rule 25-17.0021, Florida Administrative Code, establishes that the Commission shall set Demand Side Management ("DSM") goals for each utility at least once every five years. This rule was promulgated pursuant to the Florida Energy Efficiency and Conservation Act ("FEECA"). Each utility is required to propose numeric goals for the ten-year period and provide ten-year projections of the total cost-effective, winter and summer peak demand savings (kW) and annual energy savings (kWh) reasonably achievable in the residential and commercial/industrial classes through DSM. These goals must be based upon the utility's most recent planning process. *See* Rule 25-17.0021(1)-(3), F.A.C.

5. FPL is an industry leader in DSM, and has been offering DSM programs since the 1970s – prior to Florida’s adoption of FEECA. Through year-end 2013, FPL has avoided the need to construct the equivalent of more than 14 new 400 megawatt (“MW”) generating units and has reduced annual energy consumption by 66,782 gigawatt hours (“GWh”) – equal to the electric consumption of all of FPL’s residential customers for more than a year. FPL’s supply-side efficiency improvements have also yielded significant benefits for its customers. For example, due to a 20% reduction in its average heat rate, FPL used 20% less fossil fuel to generate the same number of kilowatt hours in 2012 than it did in 2001. Importantly, FPL has achieved these demand-side and supply-side savings while keeping electric rates low for all customers – not just those who choose to participate in DSM programs. This is evident in FPL’s current price position: FPL’s typical residential bill is the lowest in Florida and approximately 25% below the national average.

6. FPL’s proposed DSM goals for the 2015-2024 timeframe are based on FPL’s current resource planning process as required by Rule 25-17.0021. Of the five resource plans analyzed, the resource plan reflecting FPL’s proposed DSM goals will result in the lowest levelized system average electric rates over the analysis period. The testimony and exhibits of FPL witnesses Dr. Steven Sim, Thomas Koch, and Terry Deason further support and explain FPL’s proposed DSM goals, and are incorporated herein by reference.

DEVELOPMENT OF PROPOSED DSM GOALS

7. FPL followed a rigorous, six-step analytical process similar to the process it has used in past DSM goal-setting proceedings to develop DSM goals. This process utilizes current forecasts and assumptions and appropriately reflects FPL’s specific resource needs and system costs. In sum, the six-step process consists of the following:

- First, a Technical Potential (TP) analysis determines the breadth of measures to be considered and their maximum hypothetical demand and energy savings;
- Second, FPL's resource needs during the DSM Goals timeframe are determined;
- Third, a preliminary economic screening of the DSM measures is performed using the Participant, Rate Impact Measure ("RIM"), and Total Resource Cost ("TRC") preliminary screening tests, their maximum rebate amounts are calculated, and the impact of free riders is taken into account (as required by Rule 25-17.0021, F.A.C.);
- Fourth, the 10-year Achievable Potential ("AP") is determined based on the maximum rebate levels for all measures that passed the preliminary economic screening;
- Fifth, various Supply and DSM-based resource plans are developed (five resource plans were developed for this proceeding), and;
- Sixth, those resource plans are analyzed from both economic and non-economic (i.e., fuel usage and system emission) perspectives to determine the optimum level of DSM Goals.

8. Several factors have significantly affected the cost-effectiveness of DSM measures, and ultimately, FPL's proposed level of DSM goals. First, current forecasts and assumptions have changed greatly since DSM goals were last evaluated. Current forecasted fuel costs are lower, current projected carbon dioxide emission compliance costs are lower, and FPL's generating system is more fuel efficient – and projected to become even more

fuel efficient in the future. Each of these factors greatly benefits customers by keeping electric costs low. At the same time, however, these factors reduce the cost competitiveness of DSM options because the benefits of DSM (i.e., avoiding these costs) have been reduced.

9. Additionally, the amount of energy efficiency projected to be delivered by federal and state codes and standards over the 10-year goals period has greatly increased. Customers will receive the benefit of these codes and standards, but at the same time, this represents a significant decrease in potential energy efficiency that might otherwise have been available from utility DSM measures. In some instances, codes and standards have eliminated the opportunity for certain DSM measures to play a role in FPL's DSM portfolio because they have become the new "baseline." This is another example of a very positive situation for customers that nonetheless has the effect of reducing the amount of cost-effective DSM that a utility can offer.

RESULTS OF DSM GOAL-SETTING ANALYSES

10. The results of FPL's six-step analysis support FPL's proposed goal of 337 MW (Summer) for the 2015-2024 DSM Goals period. The resource plan that includes the RIM-based 337 MW portfolio of DSM meets FPL's resource planning requirements and is projected to result in the lowest levelized system average electric rates of all the resource plans analyzed (including a supply-only resource plan). This resource plan is projected to result in the lowest annual electric rates of any of the DSM-based resource plans and avoid cross-subsidization of DSM program participants by customers who do not participate. From a non-economic perspective, there were only relatively small differences in projected system emissions and system fossil fuel use among the five resource plans, due in large part to FPL's already low emission profile and high fuel efficiency. The economic and non-

economic results of FPL's analyses are described in detail by FPL witness Sim. The annual Summer MW savings associated with the RIM 337 MW portfolio and corresponding Winter MW and annual GWh savings are presented in Exhibit TRK-7 to the testimony of FPL witness Koch.

11. FPL is a long-time proponent of renewables, including solar. For example, FPL owns and operates 110 MW of solar generation in Florida, and has three decades of experience in evaluating, testing and implementing various forms of solar energy applications. This experience has demonstrated that there are certain approaches that can be more or less effective in encouraging solar development. The results of the economic analyses performed for this proceeding show that FPL's current Solar Pilot Programs, required by the Commission in its last DSM Goal-setting order (Order No. PSC-09-0855-FOF-EG; Docket No. 080407-EG), are demonstrably not cost-effective. Moreover, the great majority of FPL customers who cannot or do not participate in the Solar Pilot Programs are subsidizing the uneconomic installation of solar measures for the very small fraction of customers who do participate. Accordingly, it should be incumbent upon proponents of such programs to furnish compelling reasons and data to support any continuation of these or similar solar programs.

WHEREFORE, for the reasons summarized above and more fully supported by the testimony and exhibits being filed herewith, FPL respectfully requests that the Commission approve the cumulative conservation goals for FPL attached to the direct testimony of FPL witness Koch as Exhibit TRK-7.

Respectfully submitted,

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By: s/ John T. Butler
John T. Butler
Fla. Bar No. 283479

**CERTIFICATE OF SERVICE
DOCKET NO. 130199-EI**

I HEREBY CERTIFY that a true and correct copy of FPL's Petition for Approval of Numeric Conservation Goals with accompanying testimony and exhibits was served by electronic delivery this 2nd day of April, 2014 to the following:

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