

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission review of numeric conservation goals (Florida Power & Light Company).	DOCKET NO. 130199-EI
In re: Commission review of numeric conservation goals (Duke Energy Florida, Inc.).	DOCKET NO. 130200-EI
In re: Commission review of numeric conservation goals (Tampa Electric Company).	DOCKET NO. 130201-EI
In re: Commission review of numeric conservation goals (Gulf Power Company).	DOCKET NO. 130202-EI
In re: Commission review of numeric conservation goals (JEA).	DOCKET NO. 130203-EM
	Dated: June 10, 2014

JEA’S PREHEARING STATEMENT

JEA, pursuant to the Order Consolidating Dockets and Establishing Procedure (Order No. PSC-13-0386-PCO-EU), respectively, hereby files its Prehearing Statement in the above-referenced proceeding, and states:

I. JEA WITNESSES

Witness	Subject Matter
Richard J. Vento Director of Corporate Data Integration JEA	Provides a discussion of JEA’s unique customer base and demographics; discusses JEA’s historical and ongoing commitment to conservation and demand-side management (DSM); describes the overall process used to develop DSM goals; explains JEA’s approach to conservation and DSM; explains JEA’s proposed DSM goals; and addresses areas where the Public Service Commission Staff has expressed an interest in investigating through this docket.
Donald P. Wucker DSM Portfolio Management JEA	
P. G. “Bud” Para Chief Public Affairs Officer JEA	Rebuttal to Sierra Club witness Tim Woolf

II. EXHIBITS

Exhibit #	Description	Sponsoring Witness
RJV-1	Resume of Richard Vento	Richard J. Vento
DPW-1	Resume of Donald Wucker	Donald P. Wucker
JEA-1	JEA PSC-Approved DSM Goals	Richard J. Vento Donald P. Wucker
JEA-2	Current JEA FEECA Programs	Richard J. Vento Donald P. Wucker
JEA-3	JEA Fuel Price Projections	Richard J. Vento Donald P. Wucker
JEA-4R	JEA Economic & Achievable Potential	Richard J. Vento Donald P. Wucker
JEA-5	JEA Bill Impacts Analysis	Richard J. Vento Donald P. Wucker
JEA-6R	Economic Potential Sensitivities	Richard J. Vento Donald P. Wucker
PGP-1	Resume of P.G. "Bud" Para	P. G. "Bud" Para

In addition, JEA reserves the right to utilize any exhibit introduced by any other party.

JEA also reserves the right to introduce any additional exhibit necessary for cross-examination or impeachment at the final hearing.

III. STATEMENT OF BASIC POSITION:

JEA: The Commission should use both the Rate Impact Measure (RIM) test and the Participants test to set DSM goals. Use of the RIM test to ensure no impact to rates is particularly appropriate for municipal utilities over which the Commission does not have ratemaking authority. In this case, no residential DSM measures passed the RIM test and, although some commercial/industrial measures passed the RIM test, the potential energy savings are so small and spread over so many measures that it would be impractical from a design standpoint to develop a DSM plan to cost-effectively achieve de minimus levels of potential. Accordingly, consistent with prior agency practice, the Commission should set goals of 0 MW (summer and winter) and 0 MWh (annual energy) for both residential and commercial/industrial classes. The Commission should not establish additional goals for efficiency improvements in generation, transmission, and distribution; separate goals for demand-side renewable energy systems; separate goals for residential and commercial/industrial customer participation in utility energy audit programs; or incentives to promote customer- and utility-owned energy efficiency and demand-side renewable energy systems.

IV. ISSUES AND POSITIONS

ISSUE 1: Are the Company's proposed goals based on an adequate assessment of the full technical potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems, pursuant to Section 366.82(3), F.S.?

JEA: Yes JEA's proposed goals are based on an adequate assessment of the full technical potential of all available demand-side and supply-side conservative and efficiency measures, including demand-side renewable energy systems, pursuant to Section 366.82(3), F.S. Consistent with the other FEECA utilities, JEA updated the Commission approved Technical Potential from the 2009 Goals, using the following three step process to update the Technical Potential.

Step 1: Adjust existing measures by removing from the 2009 TPS those baseline measures rendered obsolete by changes to codes and standards, establishing new baseline measures to replace those that became obsolete, and reducing the demand and energy of all dependent measures related to the new baseline measure.

Step 2: Add new measures that are commercially-viable competing and complimentary measures that were not included in the 2009 TPS, and calculate the respective demand and energy impacts of those new measures relative to the appropriate baseline measure.

Step 3: Adjust for marketplace changes by incorporating the effect of overall service area growth for 2007 (the last year of actual data reflected in the 2009 TPS) through 2012, and reducing overall demand and energy potential to reflect the impact of JEA's DSM programs from 2007 through 2012.

With regard to supply-side measures JEA continually monitors the operation of its generating units and utilizes standard industry methods to utilize the system in the most efficient manner. Moreover, the Commission has found that supply-side efficiency measures are better evaluated separately from demand-side measures. (Vento, Wucker)

ISSUE 2: Do the Company's proposed goals adequately reflect the costs and benefits to customers participating in the measure, pursuant to Section 366.82(3)(a), F.S.?

JEA: Yes. JEA's proposed goals adequately reflect the costs and benefits to customers participating in the measure, pursuant to Section 366.82(3)(a). JEA's proposed goals are based on forecasts of achievable potential that are driven primarily by measure-level assessments of cost-effectiveness to customers. Specifically, customer cost-effectiveness is assessed using the Participant Test, where benefits are calculated based on customer bill savings and costs are based on participant costs of acquiring and installing the energy efficiency measure (net of utility program incentives). Both the participant benefits and participant costs are assessed on present value basis over the life of the measure. (Vento, Wucker)

ISSUE 3: **Do the Company's proposed goals adequately reflect the costs and benefits to the general body of rate payers as a whole, including utility incentives and participant contributions pursuant to Section 366.82(3)(b), F.S.?**

JEA: Yes. JEA's proposed goals are based on achievable potential that included consideration of the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions, through use of the RIM and Participant tests. (Vento, Wucker)

ISSUE 4: **Do the Company's proposed goals adequately reflect the need for incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems, pursuant to Section 366.82, F.S.?**

JEA: Yes. JEA has comprehensively analyzed customer-owned energy efficiency measures and none were found to be cost-effective. JEA's load forecast reflects the impacts of net metering associated with customer-owned rooftop solar photovoltaic (PV) systems, and this load forecast was used as the basis for the cost-effectiveness analysis performed for this Docket. As such, incentives to promote customer-owned demand-side renewable energy systems are adequately reflected in JEA's proposed goals. Utility-owned energy efficiency and renewable energy systems are supply-side issues. (Vento, Wucker)

ISSUE 5: **Do the Company's proposed goals adequately reflect the costs imposed by state and federal regulations on the emission of greenhouse gases, pursuant to Section 366.82(3)(d), F.S.?**

JEA: Yes. There currently are no costs imposed by State and Federal regulations on the emissions of greenhouse gases (GHG). Although the US Environmental Protection Agency (EPA) recently proposed GHG emissions guidelines for existing power plants, there is no clear indication of what those guidelines may ultimately require or associated costs. EPA has proposed GHG new source performance standards for new units, but JEA does not forecast any new units until 7 well beyond the 2015 through 2024 goal setting period. It would be inappropriate to establish DSM goals that would increase customer rates based on speculation related to yet-to-be defined potential regulations of emissions of greenhouse gases. (Vento, Wucker)

ISSUE 6: **What cost-effectiveness test or tests should the Commission use to set goals, pursuant to Section 366.82, F.S.?**

JEA: Section 366.82, Florida Statutes, requires the Commission to consider, among other things, the costs and benefits to the participating ratepayers as well as the general body of ratepayers as a whole, including utility incentives and participant contributions. However, Section 366.82 does not dictate which cost-effectiveness test must be used to establish DSM goals. JEA believes the Commission should use both the RIM and Participant test in setting DSM goals. When used in

conjunction with each other, these tests fulfill the Commission's statutory obligations. Specifically, the Participant test includes all of the relevant benefits and costs that a customer who is considering participating in a DSM measure would consider; whereas the RIM test includes all of the relevant benefits and costs that all of the utility's customers as a whole would incur if the utility implements a particular measure.

Because the RIM test ensures no impact to customers' rates, it is particularly appropriate in establishing DSM goals for municipal utilities, such as JEA. Local governing is a fundamental aspect of public power. It provides the necessary latitude to make local decisions regarding the community's investment in energy efficiency that best suit our local needs and values. Accordingly, as the Commission has recognized in prior proceedings, it is appropriate to set goals based on RIM, but to defer to the municipal utilities' governing bodies to determine the level of investment in any non-RIM based measures. (Vento, Wucker, Para)

ISSUE 7: Do the Company's proposed goals appropriately reflect consideration of free riders?

JEA: Yes. The screening criteria based on simple payback to the customer (2 years or less) were designed to remove measures from the achievable potential forecasts that exhibit the key characteristic most associated with high levels of free-ridership in utility rebate programs, i.e. measures with naturally high levels of cost-effectiveness to the customer. The sensitivity of total achievable potential to this particular screening criterion was tested using alternative simple payback screening values (1 year and 3 years). In addition to this screening step, the naturally occurring analysis performed in estimating achievable potential represents an estimate of the amount of "free riders" that are reasonably expected to participate in the particular program offerings simulated. In this sense, the payback-based screening criteria were implemented to develop portfolios with necessarily low free-ridership levels, and within the achievable potential forecasts for those portfolios, the forecasting methodology produces explicit estimates of the expected level of free-ridership within those programs. (Vento, Wucker, Para)

ISSUE 8: What residential summer and winter megawatt (MW) and annual Gigawatt-hour (GWh) goals should be established for the period 2015-2024?

JEA: No residential DSM measures passed the RIM test. Accordingly, the Commission should establish goals of 0 MW (summer and winter) and 0 MWh (annual energy) for the residential class. (Vento, Wucker, Para)

ISSUE 9: What commercial/industrial summer and winter megawatt (MW) and annual Gigawatt hour (GWh) goals should be established for the period 2015-2024?

JEA: Although some commercial/industrial measures passed the RIM test, the potential energy savings are so small (0.1 MW and 1.2 GWh) and spread over so many measures (49) that it would be impractical from a design standpoint to develop a DSM plan to cost-effectively achieve such de minimus levels of potential. Accordingly, the Commission should establish goals of 0 MW (summer and winter) and 0 MWh (annual energy) for commercial/industrial class. (Vento, Wucker, Para)

ISSUE 10: **What goals, if any, should be established for increasing the development of demand-side renewable energy systems, pursuant to Section 366.82(2), F.S.?**

JEA: The cost-effectiveness analysis of demand-side renewable energy systems shows that they are not cost-effective. Therefore, no goals should be established for demand-side renewable systems. (Vento, Wucker, Para)

ISSUE 11: **Should the Company's existing Solar Pilot Programs be extended and, if so, should any modifications be made to them?**

JEA: JEA was not required under the 2009 FEECA goals to offer Solar Pilot Programs. As such, there are no existing Solar Programs to extend. (Vento, Wucker)

V. STIPULATED ISSUES

None at this time.

VI. PENDING MOTIONS

JEA has no motions pending at this time.

VII. PENDING REQUESTS FOR CONFIDENTIAL CLASSIFICATION

JEA has no requests for confidential classification pending at this time.

VIII. OBJECTIONS TO WITNESSES' QUALIFICATIONS

None.

IX. REQUIREMENTS OF THE PREHEARING ORDER THAT CANNOT BE MET

None.

Respectfully submitted this 10th day of June, 2014.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic delivery this 10th day of June, 2014, to the following:

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