

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Energy Conservation Cost
Recovery Clause

Docket No. 140002-EG

Filed: September 26, 2014

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S
PREHEARING STATEMENT**

The Florida Industrial Power Users Group (FIPUG), pursuant to Order No. PSC-14-0085-PCO-EG, files its Prehearing Statement.

A. APPEARANCES:

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Attorneys for the Florida Industrial Power Users Group

B. WITNESSES AND EXHIBITS:

Jeff Pollock

Exhibit JP-1: Survey of State Policies on Cost Recovery of Energy Efficiency Costs by Industrial Customers

Exhibit JP-2: Duke Energy's Energy Efficiency and Demand-Side Management Decision Sample Form

C. STATEMENT OF BASIC POSITION:

FIPUG respectfully asks this Commission to consider permitting certain customers who can demonstrate that they are investing or have invested in energy efficiency equipment to opt out of paying energy efficiency charges. Many other jurisdictions have taken similar action and, given that electricity rates for industrial users in Florida remain high when compared to rates in competing southeastern states, this request should be considered and implemented.

To be clear, FIPUG is not suggesting that its members or other eligible customers pay less for energy efficiency measures and other classes of customers pay more for energy efficiency measures to the benefit of FIPUG members. Put simply, FIPUG is not seeking to shift costs from its members to other customer classes. FIPUG is suggesting that a utility whose

qualifying businesses have invested or invest in energy efficiency measures be able to count the documented MW and MWh savings from those energy efficiency investments when measuring whether the utility has complied with its energy efficiency goals. If eligible opt-out customers pay for those measures with their own funds, the utility can spend less to fund the programs needed to meet its overall goals. Thus, FIPUG's proposed opt out is not the zero sum game as portrayed in the rebuttal testimony filed by the utilities. The opt-out customers still pay for energy efficiency. The only difference is that their energy efficiency payments are specifically directed to measures that are cost-effective for the customer.

The following simple example may be helpful: Utility Company A has a 10,000 MW system that is used to calculate energy efficiency goals. Assume an energy efficiency goal of 1% is established, so that Utility Company A has an energy efficiency goal of 100 MWs. Under the present construct, the utility puts in place measures that it believes will achieve its 100 MW goal and charges all customers accordingly. Under FIPUG's suggested approach, assume that eligible opt-out customers invest their capital in energy efficiency measures that cumulatively result in 15 MW of energy efficiency savings. Utility Company A would recognize that 15%, or 15 MW of its energy efficiency goal was realized by these customers, and its 100 MW goal would be reduced to 85 MWs. A corresponding reduction in costs would occur so that revenue neutrality is achieved and no cost shifting results.

As to other issues in this proceeding (not issues 4A, 4B or 4C), FIPUG maintains that the respective utilities must satisfy their burden of proof for any and all monies or other relief sought in this proceeding.

GENERIC LEGAL ISSUE

ISSUE A: For each utility, what is the appropriate end date for the Commission's approved solar pilot programs?

FIPUG: Respective utilities must satisfy their burden of proof.

GENERIC CONSERVATION COST RECOVERY ISSUES

ISSUE 1: What are the final conservation cost recovery true-up amounts for the period January 2013 through December 2013?

FIPUG: Respective utilities must satisfy their burden of proof.

ISSUE 2: What are the total conservation cost recovery amounts to be collected during the period January 2015 through December 2015?

FIPUG: Respective utilities must satisfy their burden of proof.

ISSUE 3: What are the conservation cost recovery factors for the period January 2015 through December 2015?

FIPUG: Respective utilities must satisfy their burden of proof.

ISSUE 4: What should be the effective date of the new conservation cost recovery factors for billing purposes?

FIPUG: Respective utilities must satisfy their burden of proof.

ISSUE 4A: Should the Commission require the utilities to separate their Energy Conservation Cost Recovery expenditures into two categories, one for Energy Efficiency programs and the other for Demand Side Management programs?

FIPUG: Yes. The two programs are designed to achieve different objectives. Demand Side Management programs are used during times of peak demand and are an asset used effectively by utilities to manage peak demand. Energy Efficiency programs reduce overall system load, but are not a resource that is or can be called upon to meet a peak load condition. Given the marked difference in the programs, separating each program into its own category is appropriate.

ISSUE 4B: Should the Commission allow pro-active non-residential customers who implement their own energy efficiency programs and meet certain other criteria to opt out of the utility's Energy Efficiency programs and not be required to pay the cost recovery charges for the utility's Energy Efficiency programs approved by the Commission pursuant to Section 366.82, Florida Statutes?

FIPUG: Yes. An opt-out program can be implemented in a manner that does not shift energy efficiency costs from one class of customers to another and does not have a deleterious impact upon achieving energy efficiency goals. Provided these two objectives are realized, an opt-out program should be adopted.

ISSUE 4C: If the Commission allows pro-active customers to opt out of participating in, and paying for, a utility's Energy Efficiency programs, what criteria should the Commission apply in determining whether customers who wish to opt out are eligible to do so?

FIPUG: The Commission should allow customers whose load is at least 1 megawatt (MW), either at a single delivery point or through aggregation, to be eligible to opt out, provided that each of the aggregated facilities are located in the utility's service area and are under common ownership and operation. Eligible customers would submit a letter to the utility, signed by an officer of the company, confirming that the customer has invested in new energy efficiency measures; prior energy efficiency investments continue to be used and useful; or no new cost-effective energy efficiency measures are presently available. Also, for installed energy efficiency equipment, the customer should be required to provide

a certification (by a licensed professional engineer or certified energy manager) of the verifiable power and energy savings resulting from the energy efficiency measures. This approach and the criterion are similar to how South Carolina handles its opt-out program.

COMPANY SPECIFIC CONSERVATION COST RECOVERY ISSUE

Tampa Electric Company

ISSUE 5: What is the Contracted Credit Value for the GSLM-2 and GSLM-3 rate riders for Tampa Electric Company for the period January 2015 through December 2015?

FIPUG: TECO must satisfy their burden of proof.

ISSUE 6: What are the residential Price Responsive Load Management (RSVP -1) rate tiers for Tampa Electric Company for the period January 2015 through December 2015?

FIPUG: TECO must satisfy their burden of proof.

D. STIPULATED ISSUES:

None at this time.

E. PENDING MOTIONS:

None at this time.

F. STATEMENT OF PARTY'S PENDING REQUESTS OR CLAIMS FOR CONFIDENTIALITY:

None.

G. OBJECTIONS TO QUALIFICATION OF WITNESSES AS AN EXPERT:

Yes, unless the witness in question affirmatively states the subject matter area(s) in which he or she claims expertise.

H. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE:

There are no requirements of the Order Establishing Procedure with which the Florida Industrial Power Users Group cannot comply at this time.

s/ Jon C. Moyle, Jr.

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CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of FIPUG's Prehearing Statement was furnished to the following by Electronic Mail, on this 26th day of September, 2014:

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