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PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
ITEM NO. 18

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

DATE: Tuesday, November 25, 2014

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

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1 P R O C E E D I N G S

2 CHAIRMAN GRAHAM: Item Number 18.

3 I assume everybody left in the audience is  
4 here for Item Number 18. I am glad you are all  
5 here. We have had -- my office has had many calls  
6 about this item. We want to make it clear that the  
7 evidentiary record is already closed. I know a lot  
8 of people want to come speak to that. So if you  
9 are here to speak, I just want to let you know  
10 there is no more dialogue back and forth right now.  
11 It's just between staff and the commissioners. I  
12 do appreciate your interest in being here.

13 And we are about two hours into our meeting,  
14 so this is about time where I let my court reporter  
15 rest her little fingers. So that clock in the back  
16 says 11:30. Let's take a 10-minute break and come  
17 back at 11:40. Thank you.

18 (Brief recess.)

19 CHAIRMAN GRAHAM: All right. We are not quite  
20 on Art Graham time, but we are close enough.

21 Staff, Item Number 18, walk us through it.

22 MR. ELLIS: Good morning, Commissioners.

23 Phillip Ellis with Commission staff.

24 Item 18 is the staff's recommendation for the  
25 FEECA conservation goals dockets. Pursuant to the

1 FEECA statute, conservation goals must be  
2 established at least once every five years by the  
3 Commission. Goals were last set at the end of  
4 20 -- 2009, so the Commission must establish goals  
5 again by the end of the year.

6           Aware of this deadline, staff began the goal  
7 setting process in June 2013 with an informal  
8 meeting with the utilities and interested parties  
9 to discuss how to take advantage of lessons learned  
10 to streamline the proceeding. After this, dockets  
11 were opened and consolidated this August 2013, with  
12 a hearing held in July 2014.

13           In order to minimize cost to ratepayers, the  
14 Commission has previously granted petitions by FPUC  
15 and OUC to establish goals based upon a proxy  
16 methodology, and during the hearing approved a  
17 stipulation to establish goals for JEA.

18           Staff's recommendation addresses the remaining  
19 four FEECA utilities, Florida Power & Light, Duke  
20 Energy Florida, Tampa Electric Company and Gulf  
21 Power Company.

22           In a brief summary, staff's recommendation for  
23 conservation goals is for the Commission to  
24 establish goals that would allow both participants  
25 and nonparticipants to benefit, while allowing a

1 maximum opportunity to participate for ratepayers.

2 Regarding renewable energy, while staff  
3 recommends that the solar power programs should be  
4 discontinued as they are not cost-effective, demand  
5 side renewables would still be encouraged by the  
6 Commission's net metering rule.

7 If it is the Commission's reference, staff is  
8 prepared to review the recommendation in blocks at  
9 this time.

10 CHAIRMAN GRAHAM: Commissioner --  
11 Commissioners, what is your preference?

12 All right. Staff, let's just go ahead and  
13 walk us through the different options you have on  
14 this.

15 MR. BALLINGER: Are you referring to the  
16 start?

17 CHAIRMAN GRAHAM: Yes.

18 MR. BALLINGER: Okay. So with that -- this is  
19 Tom Ballinger with commission staff -- we will take  
20 these I guess in a block, dealing with issues one  
21 through nine, which are the DSM numeric goals.  
22 Issues 10 and 11 deal with renewable energy. So  
23 the chart you are referring to is just for the DSM  
24 goals, the issues one through nine.

25 CHAIRMAN GRAHAM: That's correct. We are

1 definitely going to separate the issues one through  
2 nine, and we will take the solar up later.

3 COMMISSIONER BALBIS: Okay. The chart that  
4 the staff has put together outline, basically, the  
5 Commission's range of options that are available to  
6 you. And obviously the one is the staff  
7 recommendation which is recommending using the RIM  
8 test with a two-year payback. This has the benefit  
9 providing benefits to both participants and  
10 nonparticipants.

11 Recall the DSM is funded by all ratepayers.  
12 It is not utility profits funding this program.  
13 It's the general body of ratepayers.

14 The RIM test tries to get an equity solution.  
15 People who choose not to participate or can't  
16 participate, renters, things of this nature, still  
17 benefit from the program from the deferral of  
18 generation. That is the purpose of the RIM test.  
19 The Commission has used it for many years in the  
20 past.

21 Your next option would be obviously using  
22 another test commonly around the country known as  
23 the total resource cost test, or TRC test. What  
24 this does is it does not look at the transfer  
25 between participants and nonparticipants, but looks

1 at the utility system as a whole.

2 And we found the utilities provided  
3 information based on the procedural order in this  
4 case, as Mr. Ellis said, we had that meeting early  
5 on and streamlined the process of what information  
6 to provide in this hearing to make it more  
7 efficient for the Commission and all players.

8 The utilities provided information that showed  
9 that the TRC test, a portfolio, it is also  
10 cost-effective from a system basis results in  
11 slightly higher both demand, but specifically  
12 higher journaling goal for utilities.

13 What this does, though, is it creates more of  
14 a cross subsidy between nonparticipants to  
15 participants. It also accelerates, if you will,  
16 the need for base-rate increases because of lost  
17 revenues.

18 A third option available to you today based on  
19 the record, you had two intervenors out of the nine  
20 who provided numeric goals to the Commission. That  
21 was SACE and Sierra Club. They proposed goals  
22 based on a one-percent of energy sales. It was not  
23 based on a cost-effectiveness test. It was  
24 premised on other states achieving this level.

25 Those are significant differences from either

1 the RIM or the TRC test, they did not propose  
2 specific demand goals, but rather backed into them.  
3 I believe it was Sierra Club did not provide  
4 complete goals where the Commission has to set both  
5 residential and industrial goals for demand and  
6 energy. And so we don't have a complete record for  
7 the one party. The either party we do, but staff  
8 had to create that; but that is clearly in the  
9 record for you.

10 Another option that was discussed, there was a  
11 lot of talk about payback periods. They range --  
12 the procedural order require the utilities to give  
13 us a baseline for dealing with free riders. These  
14 are the people who would do a measure even without  
15 an incentive.

16 A typical method of that is to look at payback  
17 period. And one that has been used for many years  
18 has been a two-year payback period. That if  
19 something that is -- provides benefits to the  
20 participant for two years, it's deemed that they  
21 would probably do that on their own and no need for  
22 an incentive. Again, we are trying to minimize the  
23 nonparticipating customers who aren't -- who are  
24 paying for this stuff and not subsidizing somebody  
25 else unduly.



1           The utilities provided a baseline of a  
2           two-year payback. They also provided sensitivities  
3           for the procedural order of a shorter and longer  
4           payback, a one-year payback and a three-year  
5           payback.

6           There was discussion at the hearing about how  
7           different rate classes have different payback  
8           periods, and that's quite true. Residential is  
9           different than commercial, and we all have  
10          different values of our money.

11          An option to you could be to use a RIM test  
12          and use a shorter payback, if you will, to get you  
13          slightly higher goals than what the RIM would be.  
14          That would be in keeping with balancing the  
15          participants and nonparticipants, but it does lead  
16          you towards providing incentives to those who would  
17          probably do it anyway, the free riders, and it is a  
18          departure from past Commission policy.

19          A couple other options that are possible is  
20          continuing with existing programs that utilities  
21          have in place now. There is a lot of familiarity  
22          with them. Their marketing, it's hard to start and  
23          stop programs that were cost tech effective based  
24          on previous proceedings. However, the evidence we  
25          got in the record, it was just a data request. It

1 really wasn't for setting goals, per se. It was  
2 more to give us a baseline to kind of give you some  
3 information of where we stand today. And my belief  
4 is if that were to be used, we would end up getting  
5 right back to, I think, the staff's original  
6 recommendation, because you have a couple factors  
7 going on.

8 You have appliance efficiency standards are  
9 changing, where you no longer want to provide a  
10 rebate, say, for a SEER 14 air conditioner because  
11 that -- the standard is changing as of January 1,  
12 2015. And existing provide a rebate for that, so  
13 that would have to be changed.

14 You also have, because of the other market  
15 conditions discussed in staff's recommendation,  
16 such as fuel prices, load forecasts going down,  
17 things of this nature, that the incentives, the  
18 current incentives are not cost effective.

19 So you would see changes on the program level,  
20 and I think -- my gut is telling me you would be  
21 getting back very close to the staff's  
22 recommendation if that was to -- if you were to say  
23 continue on with existing programs. I don't know  
24 that it's going to get you that much.

25 And finally, an option -- it could be if you

1 didn't agree with anything in the case, I guess,  
2 that you could -- you could -- you do have an  
3 existing order out there from 2009, where we set  
4 10-year goals, and there are still five years  
5 remaining on those goals and you could require  
6 utilities to continue to meet those goals. That  
7 brings into tension again that we faced in 2011,  
8 with programs to meet those goals may have an undue  
9 rate impact. That issue was not discussed in  
10 hearing either, but it is an option to you, so I  
11 hope that summarized things.

12 CHAIRMAN GRAHAM: Thank you, Tom.

13 All right. My lights aren't coming on so I  
14 will go tee it up and see where we kind of go from  
15 there.

16 I like this sheet, and you have the options  
17 layed out like that. It gives us a good place to  
18 start, a good launching point.

19 One of the things that is a concern to me is  
20 about how some of the low income people will  
21 participate in the DSM -- the whole DSM  
22 conversation. I think with everything being a  
23 two-year payback, I thought it limits a lot of  
24 things that they could and could not do.

25 So I think of the options you have here, I

1           like option number four the best myself, using the  
2           RIM test with the one year payback. I think that  
3           gives them some options that are out there. I know  
4           the utilities also have other specific programs  
5           that deal specifically with low income ratepayers.  
6           This doesn't take anything from that. Actually, I  
7           think it enhances that. It gives them the ability  
8           to put some more things in those things.

9           So to my colleagues, that's where I would like  
10          to start. If anybody else wants to either make  
11          that motion or continue on.

12          There we go, Commissioner Edgar.

13          COMMISSIONER EDGAR: Were you just bating me?

14          Chairman Graham, thank you, as always, for  
15          teeing this up and to the staff.

16          Of course, it goes without saying that this is  
17          a very technical and a very complex issue. I  
18          appreciate you putting out the option that you have  
19          taken from this chart that was provided by staff of  
20          RIM with a one-year payback screen. I am not quite  
21          ready to go there. I don't think I will be ready  
22          to go there, but I am hoping to have some  
23          discussion, and I appreciate you putting it out  
24          there.

25          What I think I am also hearing you say, and if

1 so, it's because it's what I am thinking and have  
2 thought all along, is some dissatisfaction with the  
3 options that are before us, and this is no  
4 criticism of the work of our staff whatsoever. I  
5 think you guys did a great job looking over the  
6 record, everything that led up to this point, which  
7 is almost a year-and-a-half, to get us to where we  
8 are now and the requirements that you have, which  
9 is to look at what's in the record and see where  
10 the numbers take us.

11 So thank you for that. But yet, from this  
12 side of the bench, what that meant for the  
13 recommendation of the goals is not really where I  
14 want us to be, and I am hoping that there is a way  
15 to balance all of this. I am not sure that I found  
16 it, but I am hoping that we can have some further  
17 discussion about that.

18 The -- this commission -- this commission has  
19 previously adopted a policy of a two-year payback  
20 for many of the reasons, Chairman Graham, that you  
21 have discussed, regarding possible impact in  
22 particular on low impact and vulnerable ratepayers,  
23 and concerns that I have had, and I believe we have  
24 all expressed at different times, about  
25 subsidization across different classes, and across

1 groups of residential customers that can and cannot  
2 benefit and participate in some of the programs.

3 So just to back up -- and Tom hit on all of  
4 these points, but I think it's important to say it,  
5 and important for everybody that cares about these  
6 issues to remember that part of what is before us  
7 ultimately with this step, and then also the next  
8 step in the process as we look at more specifically  
9 proposed programs, is what is cost-effective, and  
10 how do we measure cost-effectiveness.

11 And as Tom reminded us, the costs to develop  
12 and implement the programs, and operate the  
13 programs, are paid by all ratepayers, whether they  
14 are situated so that they can participate and  
15 benefit or not. And sometimes I think that gets  
16 lost in the discussion and the desire for  
17 environmentally sound energy production, energy use  
18 and energy policy. And I think that underlies the  
19 record, the hearing and the discussion that we have  
20 today.

21 So with all of that said -- well, let me back  
22 up before I get there.

23 Another part of this discussion is what is  
24 required by the statute, which is for us to review  
25 the goals every five years, and that is the process

1           that we have undertaken to get us to hearing, and  
2           to get us to this post-hearing recommendation.  But  
3           I also am struck by the reality that there are so  
4           many other dynamics that are going on with this  
5           state, and nationally, regarding energy policy.  
6           The most obvious, of course, is the EPA 111(d) rule  
7           proposal that we will be discussing proposed  
8           comments at IA later this afternoon.  But how that  
9           rule-making ultimately goes, the decisions that are  
10          made by the federal government, and then the  
11          decisions that are made by our sister agency, the  
12          State Department of Environmental Protection, to  
13          implement that as they develop the SIP that will be  
14          required will all interact with an impact goals  
15          that we set, goals that are achievable, costs that  
16          go with it, how EPA will give credit to the state  
17          for gains in energy efficiency.  And all of that is  
18          in the next two to three years, which means, I  
19          think, that for us to make adjustments to goals  
20          today, we will basically be in the position where  
21          we will need to start redoing goals in order --  
22          within the next six months or so in order to try to  
23          adjust to what we know is coming in two to three  
24          years.

25                           And I say that, because the process to get us

1 here, then ultimately, in 90 days or so, to review  
2 proposed projects, and for those projects to be  
3 further developed and implemented is at least a  
4 two-year process.

5 So with all of that said -- I realize the  
6 statute requires us to review the goals every five  
7 years. We have done that. We are doing it. But I  
8 am wondering if, to make adjustments to the goals  
9 at this point in time, when we will be turning  
10 around very shortly and beginning this whole  
11 process again, not based on the five-year statute  
12 requirement, but based on the reality of other  
13 changes in energy policy and the federal and state  
14 requirements in order to create stability and not  
15 have additional -- additional undue administrative  
16 costs, perhaps continuing with the existing goals  
17 from this point until this commission decides,  
18 whether by request or on our own volition, that it  
19 is appropriate and the right time to revisit those  
20 goals may be a better way to proceed.

21 But, Commissioners, I say that with the full  
22 acknowledgment that I am still trying to figure out  
23 how all of the different options would play out.  
24 And I want to hear, and welcome your comments. And  
25 if there is a problem with that proposal that I am



1 still not as aware of, then please, you know, put  
2 it out there and let's discuss it.

3 CHAIRMAN GRAHAM: Commissioner Balbis.

4 COMMISSIONER BALBIS: Thank you, Mr. Chairman.

5 And thank you, Commissioner Edgar. I agree  
6 with many of the things you have said, and that's  
7 one of the many struggles I have had through this  
8 process, is trying to balance all of these  
9 competing issues, especially EPA 111(d), and how  
10 that's going to affect what we do here today.

11 And I look back on -- one of the first things  
12 I know Commissioner Brown and myself did when  
13 coming into office was deal with the programs that  
14 were prepared to meet the 2009 goals. And this  
15 commission agreed that this two of those cases, for  
16 Duke and for FPL, that they resulted in an undue  
17 rate impact.

18 So I looked as kind of a bracketing in. And  
19 in 2009, there were goals that were set that some  
20 have called aspirational. Programs came in. There  
21 was an undue rate impact, so we continued with  
22 existing programs and resulted in effective  
23 programs that we have been realizing the benefits  
24 of every year.

25 And I like the idea of the status quo, not the

1 starting and stopping of programs, but I want to  
2 make the distinction between the goals and the  
3 programs; because the utilities are required, that  
4 when a program is no longer cost-effective, they  
5 must petition the Commission to modify or remove  
6 those programs. And I believe we have several of  
7 those in-house today, as utilities are looking at  
8 how to make programs more cost-effective and  
9 eliminating those that are not.

10 A good example of that is the fact that there  
11 was testimony that 27 new federal and state energy  
12 efficiency programs, or policies, are going to be  
13 in place in the next two years; and obviously,  
14 that's going to affect some of the programs that  
15 utilities provide.

16 So I think that the system we have in place of  
17 the existing programs, allowing the flexibility to  
18 remove those that aren't cost-effective and adding  
19 those as technologies developed. There is that  
20 ability for anyone to petition for a program to be  
21 added ore reviewed, and we do so on an annual  
22 basis.

23 So I think that's an interesting idea,  
24 something that I would like to discuss more, on  
25 keeping the status quo with the flexibility of

1           modifying them to become more effective.

2           And Commissioner Graham, or Chairman Graham,  
3           as far as your low income programs, they  
4           currently -- the utilities currently have those in  
5           place, and they are programs that, components of  
6           which do not meet the two-year screening process,  
7           but in the overall cost-effectiveness of the  
8           program itself, it still meets the appropriate  
9           test.

10           So I think that continuing with those programs  
11           allows us to impact those customers that are, may  
12           be of greater need, or may not have the ability to  
13           participate otherwise. So I am comforted by the  
14           fact that the programs exist today.

15           CHAIRMAN GRAHAM: Not all the utilities have  
16           the low income, but most of them do.

17           Commissioner Brisé.

18           COMMISSIONER BRISÉ: Thank you, Mr. Chairman.

19           So I appreciate the thought process. This is  
20           pretty difficult to sort of get a handle on  
21           considering what may be coming down the pike  
22           further down, but these are a couple of principles  
23           that I am looking at overall with respect to the  
24           goals.

25           One, have we exhausted all the low hanging

1 fruit? And how much are we going to expend to  
2 reach out to either more low hanging fruit, or  
3 slightly above what is considered low hanging  
4 fruit? And so are we close to the point of  
5 diminishing return with respect to the investment  
6 that we collectively are making as ratepayers?

7 Obviously, the issue of who's benefiting the  
8 participants and nonparticipants, and what's the  
9 level of cross subsidy in certain programs that  
10 exist. Obviously, the rate impact, I think, is  
11 important, and it undergirds all of those prior  
12 principles that are mentioned considering that our  
13 economy is still on the rebound, and recognizing  
14 that fact as we consider these goals, and the  
15 importance of the goals versus the programs as  
16 well.

17 And so I am thinking in terms of our goals, I  
18 would hate for us to have certain goals, but  
19 recognizing that we won't have programs that will  
20 help us attain those particular goals. So I would  
21 hate to have artificial goals, and looking at the  
22 programs that, look, no matter what we do in terms  
23 of our programs, we probably won't go able to  
24 attain those goals. So I hope that we keep that as  
25 part of our thought process. And, you know, I'm

1 open to maintaining the status quo, providing that  
2 we can address those particular issues.

3 CHAIRMAN GRAHAM: Clarification to  
4 Commissioner Edgar. So, is your suggestion going  
5 with Option 5 or going with Option 6? Just so I  
6 understand.

7 COMMISSIONER EDGAR: Sure. What I was  
8 discussing on this sheet would be the last line.  
9 So, No. 6, which would be to continue with the  
10 existing 2009 goals, which, I think, procedurally,  
11 what we would need to do is approve those for a  
12 period over the next five years, recognizing that  
13 under the statute at any time, we can, again, on  
14 our own action or responding to the request of an  
15 outside entity, begin to reexamine and then adopt  
16 new goals or changes to those goals.

17 So, it would be for five years, but with the  
18 clear understanding that we have the right and  
19 certainly recognize the option to begin and go  
20 through this process and potentially make changes  
21 to those goals earlier than that five-year time  
22 period as other factors indicate.

23 CHAIRMAN GRAHAM: Thank you.

24 Commissioner Brown?

25 COMMISSIONER BROWN: Thank you. And for those

1 people that are interested in watching this  
2 proceeding, I do believe Commissioner Edgar was the  
3 only one in 2009 that actually participated in a  
4 goals proceeding.

5 Were you here in 2004, too?

6 COMMISSIONER EDGAR: No.

7 COMMISSIONER BROWN: No. Wow.

8 COMMISSIONER EDGAR: And I wasn't here in  
9 1989, either.

10 (Laughter.)

11 COMMISSIONER BROWN: Okay. Thank you for that  
12 clarification.

13 And I also appreciate the discussion talking  
14 about the options just going right into the crux of  
15 the subject matter. But I do think it's important  
16 to kind of take a step back and have Mr. Ballinger  
17 go over the factors of the recommendation for  
18 purposes of the public and those that are watching  
19 that are interested and why staff derived the  
20 recommendation that it did and the factors that  
21 staff derived as being changes in circumstances to  
22 necessitate a change in the goals from 2009.

23 MR. BALLINGER: Absolutely. There were  
24 several changes that happened in the marketplace.  
25 First and foremost, we need to think of energy

1 efficiency and DSM as a resource. Just like  
2 generation, it's a competing resource. And as any  
3 resource to provide to customers, it's driven by  
4 market conditions at the time.

5 That's really what we're doing here. In five  
6 years, we're, again, looking at the market. What  
7 do we need. How much do we need. Sometimes we  
8 need more; sometimes we need less. It's treating  
9 it as a resource.

10 With that being said, the primary drivers --  
11 and I think this was discussed in Issue 8 -- that  
12 we saw that were beyond the utilities' control is a  
13 few things. First was load forecast. In 2009, we  
14 were still projecting more significant growth of  
15 customers and things of that nature. That has not  
16 materialized.

17 So, our load forecast alone is down. I  
18 believe you'll see loads aren't even expected to  
19 reach the 2007 actual levels for several years.  
20 So, with that means you don't need a resource to  
21 save energy. You're already saving it.

22 That could be two things. That could be the  
23 economy that we've seen have an impact. It could  
24 also be that consumers are getting the message  
25 about conservation. They're embracing that as part

1 of their lifestyle. We've seen it more and more.  
2 Were getting another generation of people coming  
3 up. People are starting to take it into account.  
4 Now, we still have teenagers who leave lights on.  
5 That's going to happen, but we -- we're making  
6 strides.

7 The Commission does a great deal of education.  
8 We do public service announcements. We do  
9 brochures at customer meetings. I have attended  
10 schools and given lectures. Commissioners have  
11 gone to lectures. So, we're making great strides,  
12 I think, as a nation. As a society, we're becoming  
13 more aware of it.

14 Second factor, I think, to me, is the most  
15 dramatic one of all is the fuel cost. Remember,  
16 this is a substitute for generation. Cost of fuel  
17 drops, that means the cost of generation drops.  
18 And we don't need to conserve it as much. Okay.  
19 That's dropped by over 50 percent since 2009.  
20 That's a huge factors and how much would be  
21 available. It's not that conservation is not out  
22 there, it's not available. It's just not as cost-  
23 effective as what we're dealing with.

24 Second one is codes and standards. We've had  
25 several Federal appliance efficiency standards



1 changes over the last several years; air  
2 conditioners, light bulbs.

3 When FEECA started back in 1982, the SEER  
4 rating -- a typical SEER rating on an air  
5 conditioner was probably eight -- seven and a half  
6 and eight. Now, starting January 1 of 2015, you  
7 can't buy one with a SEER rating less than 15.  
8 That's a huge increase in the marketplace.

9 So, FEECA has done its job of jump-starting  
10 marketplaces and getting products out there. And  
11 it's -- you're getting more -- that low-hanging  
12 fruit -- there is not a whole lot left out there is  
13 what we've seen.

14 So, those things beyond the utilities's  
15 control have changed a lot, specifically since 2009  
16 and now, in just a five-year window.

17 COMMISSIONER BROWN: Thank you for that  
18 history. You know, I've struggled with this item  
19 for a few months now. And I feel that we, you  
20 know, have inherent conflicts, conflicting  
21 directives in the statute. You know, we are  
22 supposed to encourage conservation, but they are  
23 supposed to be cost-effective. And then solar is a  
24 whole other aspect we'll get into under 10 and 11.

25 You know, in Florida, people often think that

1 conservation is free. And it should be free, but  
2 under FEECA it does come at a cost. And so, here  
3 we are today. And when we had the 2009 goals, we  
4 came here 2010, 2011. Commissioner Edgar has been  
5 here longer, a lot longer.

6 CHAIRMAN GRAHAM: A lot longer.

7 (Laughter.)

8 COMMISSIONER BROWN: And we came here and we  
9 revised the programs because they just -- we talked  
10 about how the goals were aspirational, as  
11 Commissioner Balbis stated; that they just were not  
12 achievable.

13 And Mr. Ballinger, we talked in our briefing  
14 about those goals when they were set back in 2009.  
15 And maybe Commissioner Edgar could elaborate. But  
16 again, this is just for history purposes and for  
17 discussion when we decide these options.

18 When we set -- when the Commission set those  
19 goals back in 2009, there was -- were they set with  
20 the intent of making them achievable or  
21 aspirational?

22 MR. BALLINGER: There was discussion between  
23 the Commissioners and staff about that. And I  
24 remind you, changes in the statute in 2008 now put  
25 in factors of rewards and penalties for utilities

1 to exceed their goals or not to achieve their  
2 goals.

3 The Commission has the authority to grant a  
4 reward or penalty based on performance. In my  
5 mind, that makes those goals -- you need to be as  
6 achievable and realistic as you possibly can and  
7 not aspirational. That, to me, takes on a whole  
8 new meaning.

9 Then you're talking about money. If somebody  
10 performs a certain way or doesn't perform a certain  
11 way, you have that option. So, I don't think those  
12 goals were set as being aspirational. I think they  
13 were set to try to be achievable.

14 What we saw with the rate impact -- that's the  
15 yin and the yang that we have in the Legislature --  
16 is we do have to balance the rate impact.  
17 Unfortunately, that puts you all in a position of  
18 balancing --

19 COMMISSIONER BROWN: Well, and our goal as  
20 regulators is to ensure safe, reliable service at a  
21 reasonable rate. And of course, if you have a more  
22 affordable rate, you know, regulators tend to go  
23 for the more affordable rate. So, then you have  
24 the statute that encourages conservation. And if  
25 they don't meet the cost-effectiveness test, that

1 is, you know, counter to the inherent role that we  
2 serve.

3 MR. BALLINGER: Yes, it is a delicate balance.  
4 And I think that's why the Commission over the  
5 years has relied on the RIM test to try to strike  
6 that balance, to encourage conservation, to  
7 encourage utilities to do things that is not  
8 selling their product, which goes inherent against  
9 every market tradition of a company, not selling  
10 their product.

11 But on the other end, it does delay  
12 generation. It does result in lower rates for all  
13 consumers. So, it is a balancing act. I --

14 COMMISSIONER BROWN: Right.

15 MR. BALLINGER: I'll help Commissioner Edgar  
16 here. I was here in 1990 and before then, so -- in  
17 '89.

18 COMMISSIONER BROWN: Right.

19 MR. BALLINGER: So, you're off the hook.

20 COMMISSIONER BROWN: Commissioners, I like --  
21 I like the discussion. I think we have a lot of  
22 uncertainties going on in the marketplace here.

23 You know, obviously, during the discussion,  
24 during the hearing, we heard that it costs two  
25 cents to three cents per kilowatt hour for energy-

1 efficiency programs, and six cents to seven cents  
2 per kilowatt hour for new natural gas generation.

3 I think we should be investing in all of it,  
4 quite frankly. And I think with the unknown of the  
5 clean power plant, I think Commissioner Edgar has a  
6 fine point. So, I am open as well to options.

7 I don't like -- with all due respect,  
8 Commissioner -- Mr. Chairman, I don't like the  
9 option of the one-year payback. I think it does go  
10 counter to our very long precedential history of  
11 the two-year payback period.

12 So, I'm more inclined to support Commissioner  
13 Edgar's proposal, but I'm open.

14 CHAIRMAN GRAHAM: Commissioner Balbis.

15 COMMISSIONER BALBIS: Thank you. I have a few  
16 questions for Mr. Ballinger. You indicated in your  
17 opening summary that the continuing with the  
18 existing programs or modification, dealing with new  
19 efficiency standards, et cetera -- it will likely  
20 end up at the staff-recommended goals. Can you  
21 explain that a little further?

22 MR. BALLINGER: Sure. All you're really  
23 changing, if you're taking current programs and  
24 making them cost-effective to today's market  
25 conditions -- that's exactly what staff's

1 recommendation does. It recognizes the current  
2 market conditions in setting goals.

3 That's why I believe that if you go down that  
4 process, that's where you'll end up.

5 COMMISSIONER BALBIS: So, would you expect,  
6 then, a significant shift in programs that are  
7 offered with staff's recommendation? Or is that  
8 how it would play out anyways?

9 MR. BALLINGER: I don't think you'll see a  
10 significant shift in programs offered. You'll see  
11 a drop in rebate levels for certain programs and  
12 certain measures being removed. For example, the  
13 SEER 14 air conditioner -- there will still be a  
14 rebate for air conditioners. It will be less of a  
15 rebate to reflect the current market conditions.

16 COMMISSIONER BALBIS: And I guess just to  
17 clarify a little further, my question was: If we  
18 approve staff's recommendation, are you going to  
19 have a shift in programs, rebate levels, what have  
20 you, as opposed to keeping the goals where they are  
21 and continuing the existing programs with the  
22 modifications that happen throughout the normal  
23 course?

24 MR. BALLINGER: I -- my belief is you will get  
25 to the same place. That's my belief. I think if

1           you start taking in program by program at a time to  
2           make it cost-effective as they come in here for  
3           modification, you'll get to setting the goals at  
4           the RIM base level now.

5           COMMISSIONER BALBIS: Okay. I think that's  
6           important to understand because I want to make sure  
7           we're not causing a shift starting, stopping  
8           programs, changing rebate levels that are not  
9           appropriate by whatever action we take.

10          CHAIRMAN GRAHAM: Commissioner Edgar?

11          COMMISSIONER EDGAR: Thank you. And I agree  
12          completely, but I -- and maybe I'm missing  
13          something. But again, this is one step -- a  
14          significant step, albeit, but one step in a longer  
15          and more iterative process.

16          And whichever of any of these or some other  
17          that we adopt today for goal setting at this point,  
18          we still will have programs that will come -- the  
19          proposed programs with information about rate  
20          impact and other analysis that will come to us  
21          within the next few months; is that correct?

22          MR. BALLINGER: Yes, ma'am. Per our rules,  
23          within 90 days of the goals, utilities file their  
24          suite of programs designed to meet the goals that  
25          you have set.

1           COMMISSIONER EDGAR: Thank you. With that  
2           said -- I mean, you know, maybe there are no new  
3           things under the sun, but I'm not ready to  
4           foreclose the option that there might not be some  
5           new programs or some tweaks to some programs that  
6           would be in addition to whatever technical  
7           adjustments need to be made because of changes in  
8           air conditioners and things like that.

9           So, again, it's, of course, very much  
10          interlocked, but yet, the goals are goals, and the  
11          programs are programs. And it's two different  
12          steps so that I don't believe that adopting  
13          programs is what is -- or approving -- excuse me --  
14          approving programs is what is before us today.

15          But regardless of our decision, that will be a  
16          next step. And I do believe -- for me -- and  
17          I'm -- I know for all of us that the rate impact  
18          and the -- the rate impact and the projected  
19          estimated attainability will be a part of that  
20          later discussion.

21          CHAIRMAN GRAHAM: Commissioner Brisé.

22          COMMISSIONER BRISÉ: Thank you. And  
23          Mr. Ballinger, if you could, help me understand  
24          where we are currently in terms of our goals and  
25          how close we've come to meeting our goals.



1           MR. BALLINGER: We do an annual report every  
2 year where we measure, monitor utilities progress,  
3 FEECA reports. I believe -- and this is on memory.  
4 It wasn't in the record. It wasn't discussed. But  
5 I believe the utilities are pretty close to meeting  
6 their goals with the exception of FPL and Duke for  
7 the reasons we discussed earlier, that the programs  
8 were recognized to be that.

9           That said, though, we may be close because  
10 we're only in the first five years. And the real  
11 impact of those goals came in the latter five years  
12 as these things accumulate through time. So, I  
13 think we're pretty close to meeting them.

14           COMMISSIONER BRISÉ: Okay. So, then the  
15 goals, for all tentative purposes, with the  
16 exception of FPL and Duke, are relatively  
17 attainable as they stand.

18           MR. BALLINGER: Again, that's my understanding  
19 from memory of last time I looked at the report,  
20 which was several months ago.

21           COMMISSIONER BRISÉ: Okay.

22           CHAIRMAN GRAHAM: You have to understand what  
23 you just said; it's attainable except for those two  
24 utilities, which is roughly 65 percent or  
25 70 percent of all the utilities.

1 Commissioner Brown.

2 COMMISSIONER BROWN: Thank you. And I know I  
3 have this somewhere in here. It's horrible here  
4 (laughter).

5 Mr. Ballinger, we talked about the fact of the  
6 actual cost of the programs. And I told you I was  
7 going to give you a heads-up about this, about how  
8 much under these options it would cost. And if  
9 we -- and I know I have it. I just saw it five  
10 minutes ago somewhere about the actual cost and  
11 each utility has a different number.

12 So, if we were to continue the goals as is  
13 versus continuing the programs, versus the staff  
14 recommendation, could you give us a comparison of  
15 the bill impact?

16 MR. BALLINGER: I'll do my best.

17 COMMISSIONER BROWN: And I'm sorry for giving  
18 you that question.

19 MR. BALLINGER: No. No apologies. If you  
20 turn to Page 59 of the recommendation, and what  
21 this table shows is the current -- this is one  
22 component of the cost of DSM. Let me first say  
23 that. This is the chart that goes through the ECCR  
24 clause, which is to fund all the programs currently  
25 in place. It includes incentives, salaries for

1 employees, marketing, overhead, things of that  
2 nature.

3 COMMISSIONER BROWN: Does it also include the  
4 energy audits, residential energy audits?

5 MR. BALLINGER: Yes, it includes the cost of  
6 audits, all those -- all those things.

7 So, you see the current factor now, doing the  
8 current programs for the year 2014. And you see  
9 that the estimated impact under utilities proposal,  
10 the RIM achievable, which is what staff is  
11 recommending, and a TRC achievable. So, you see  
12 under the staff recommendation would be a slight  
13 rate decrease, okay, for those options.

14 For the other options discussed in the -- of  
15 options -- the six that I ran through -- if you go  
16 to the next one, which is the 1 percent retail  
17 energy, there was testimony in the record that  
18 estimated it to be roughly raising up to \$9.30 for  
19 that just through the ECCR factor.

20 COMMISSIONER BROWN: Yeah.

21 MR. BALLINGER: That does not take into  
22 account the next page of the recommendation,  
23 Page 60, which is the lost revenues or the factor  
24 that comes about from when you have reduced sales.  
25 You have reduced sales, you have the same fixed

1 costs. So, the rates go up to recover the fixed  
2 costs.

3 What these two charts show you is that under a  
4 RIM, this gives you a relative sense of how soon a  
5 utility may ask for a rate increase. If sales go  
6 down for any reason --

7 COMMISSIONER BROWN: Possibly. Yeah.

8 MR. BALLINGER: Okay. They may possibly come  
9 in for a rate increase. So, you see that under a  
10 RIM scenario, the lost revenues are minimized.  
11 They are there, but they are not essential. Under  
12 TRC, they are about double. If you went to a 1  
13 percent, for example, it would be much greater than  
14 that. So, that gives you the range of what the  
15 bill impact would be.

16 COMMISSIONER BROWN: Many thanks.

17 MR. BALLINGER: You're welcome.

18 CHAIRMAN GRAHAM: Commissioner Balbis.

19 COMMISSIONER BALBIS: Thank you. I just want  
20 to make a few comments on the distinction and the  
21 nexus between the goals and the programs. And I  
22 think one of the risks that I want to avoid, that  
23 if we continue with the existing 2009 goals, that I  
24 believe the utilities are required to submit a DSM  
25 plan to achieve those goals, and we're going to be

1 caught in that same situation with an undue rate  
2 impact and back where we are.

3 So, regardless of whichever way we move  
4 forward in maintaining the goals as is, that  
5 utilities continue with the programs, modifying the  
6 programs as they're required, but not having to  
7 submit a plan to meet those goals. I don't know if  
8 that's something we can discuss because we're just  
9 going to be back in the same place four years from  
10 now and -- or that we were four years ago.

11 And I think that I'm intrigued by the thought  
12 that if we keep the goals as is and utilities move  
13 forward with modifying the plans as required, that  
14 we're going to get to what staff recommended anyway  
15 because those are those measures that -- the two-  
16 year payback, the RIM test, et cetera.

17 So, I'm not sure what we gain by doing that  
18 other than kind of a holding pattern to see what  
19 the EPA rules finally end up being.

20 CHAIRMAN GRAHAM: Well, let me see if I  
21 understand. The holding pattern would be  
22 Option No. 5 because that's currently what we're  
23 doing. I understand the goals are there. But not  
24 everybody has got goals -- not everybody has got  
25 programs that are going to meet those goals. So,

1 staying where we are are the -- keeping the  
2 standard is Option No. 5 on this sheet.

3 COMMISSIONER BALBIS: Yeah, and I think it  
4 would be a combination of four and five. You keep  
5 the goals as is. The programs are going to  
6 continue with the modifications that are required  
7 because some programs are no longer cost-effective.

8 They come to the Commission for review. We  
9 report what they have achieved. And they've  
10 already been close to, if not exceeding, the goals  
11 for some utilities. So, more of a combination;  
12 existing programs, modify them as needed, keep the  
13 2009 goals as is.

14 CHAIRMAN GRAHAM: You mean five and six.

15 COMMISSIONER BALBIS: I'm sorry. Five and  
16 six, not four and five.

17 And obviously, not having a penalty or reward  
18 with achieving the goals.

19 CHAIRMAN GRAHAM: Commissioner Edgar.

20 COMMISSIONER EDGAR: I'm sincerely  
21 appreciative of the discussion because, although it  
22 is somewhat -- it is somewhat circular and  
23 that's -- in my briefings with staff and my own  
24 thinking over the last months and days and hours  
25 and minutes on this -- on this issue, it does tend

1 to go around.

2 Procedurally, I'm not certain that the  
3 decision to continue with the existing programs is  
4 before us right now. But it is certainly a part of  
5 discussion and where it takes us. I'm just not --  
6 I just don't think it's in front of us right now.

7 Continuing with the goals where they are now,  
8 where they were established in 2009, and continuing  
9 since they were set for ten years to move that  
10 forward -- I agree, it's kind of a holding pattern,  
11 recognizing that I do think more changes are  
12 soon -- potentially soon ahead. So, I absolutely  
13 agree. That is kind of a holding pattern.

14 To that, to me, seems superior to adopting the  
15 goals that are in the staff recommendation, which  
16 are significantly lower than the goals that they  
17 are currently. And again, I understand why the  
18 staff made that recommendation. I am not  
19 criticizing it. However, it's not the direction I  
20 want to go in. And therefore, I've been, you know,  
21 working through, in my own mind, the different  
22 options and what it would mean.

23 And a holding pattern, if those are the  
24 appropriate words, that would continue the goals as  
25 they are, see what the next few years bring since,

1 as Mr. Ballinger said, often programs increase over  
2 time as to the participant and benefits reaped, to  
3 me, seems like it may be a better option than  
4 reducing the goals at this point in time.

5 And I had another thought and it just -- I  
6 completely forgot it. It's the age thing, I think.

7 (Laughter.)

8 I do -- again, recognize that whatever our  
9 decision today -- oh, I know what it was. Whatever  
10 decision today, we will be back in a few months  
11 looking at specific programs and at specific  
12 projected rate impact, which will be a very also  
13 important part of this larger process.

14 And the other point that I was going to  
15 make -- thank you for letting me stumble there for  
16 a few moments while I got to it -- is I understand  
17 what Mr. Ballinger was saying about conservation  
18 and energy efficiency, DSM being a resource. And  
19 that is certainly technically correct, and the way  
20 we ask and expect our staff to look at it.

21 However, on this side of the bench, it is  
22 also -- has policy ramifications, has an impact to  
23 the larger energy policy, is part of what the  
24 Legislature through statute has asked us to do and  
25 to implement.



1           So, in addition to it being a resource, it is  
2           a policy, and it is a statement as to what, as a  
3           state, our energy priorities are. And so, I think  
4           that that is something that we should acknowledge  
5           and recognize.

6           And for many of those reasons is why, as just  
7           one Commissioner, I am uncomfortable going to the  
8           reduced goals that have been recommended in the  
9           item before us.

10          Thank you.

11          CHAIRMAN GRAHAM: I have a question. I guess  
12          I'm trying to understand. I understand the current  
13          goals. Option No. 6 here is where we're currently  
14          at. We know that two of the utilities, 70 percent  
15          of our people that we're talking about, cannot  
16          achieve those goals.

17          Now, are we going to ask them to come back  
18          with programs to achieve those goals and then, when  
19          it becomes cost prohibitive, we're going to ask  
20          them to come back with programs that are more in  
21          line? Or do we have them come back with two  
22          different sets of programs; one that is going to  
23          meet those goals, and one that may be more  
24          financially palatable? I'm just throwing it out  
25          there because I'm trying to understand so we don't

1 do two, three iterations of this.

2 Commissioner Brisé.

3 COMMISSIONER BRISÉ: Thank you. And I think  
4 you just went to the point that I was going to go  
5 back to Mr. Ballinger about. Recognizing your  
6 statement that whether we went with Option 1 or  
7 Option 6, we're going to converge back to basically  
8 the same point.

9 And I suppose you're alluding to the same  
10 point that Commissioner Graham or the question that  
11 Commissioner Graham has just posed that if we  
12 continue the goals, but then, when we go through  
13 the programmatic phase of it, are -- we establish  
14 potential programs -- and not that we know that --  
15 all of them that could -- that could come in.

16 But we could potentially be in a position that  
17 we are looking at programs that put us back into  
18 the position of the original recommendation because  
19 of the reality of the market.

20 So, is that an appropriate assessment of what  
21 you meant --

22 MR. BALLINGER: Yes.

23 COMMISSIONER BRISÉ: -- as to those programs?

24 MR. BALLINGER: Yes, sir. When you look at  
25 the market conditions, the economics of it, I think

1           you will find yourself coming back to that level.

2           Another point I would say is even though  
3           you've said correctly, Chairman, two utilities,  
4           we've kind of acknowledged, probably won't meet  
5           those goals, so we've adjusted our programs -- for  
6           Gulf and TECO, even though they were -- have  
7           programs meeting those, market conditions have  
8           changed. So, I think even if you continue those  
9           goals, those two utilities might not be able to  
10          meet those goals as well. And you're into the same  
11          thing of the undue rate impact.

12          Let me also caution you, Options 5 and 6  
13          really were not discussed at the hearing. These  
14          are ones that are out there, procedurally available  
15          for you, but they weren't discussed at length.  
16          That's fine. They are still available options to  
17          you.

18          And I understand, Commissioner Edgar, of the  
19          holding pattern. I understand that and I  
20          appreciate that as well. I agree with it somewhat,  
21          too. I mean, it's -- there are a lot of moving  
22          parts out there.

23                 CHAIRMAN GRAHAM: Commissioner Brisé.

24                 COMMISSIONER BRISÉ: Yeah. So, the reason I  
25                 pose that question is, for me, it's all about going

1 full circle on something and not having to start  
2 and stop and say that we establish goals, fully  
3 cognizant that there is a great possibility that  
4 we're going to have to recoil on the goals that we  
5 set because they may not fit the market conditions  
6 as they stand right now. So, that's part of my  
7 concern with the holding pattern, as it were.

8 CHAIRMAN GRAHAM: Commissioner Balbis.

9 COMMISSIONER BALBIS: Thank you, Mr. Chairman.  
10 I want to, now, kind of shift gears from kind of  
11 the bigger picture, circular argument -- which I  
12 think I was becoming way too circular myself,  
13 but -- and focus on really the exercise that we've  
14 gone through of, you know, establishing the  
15 technical potential, everything that's out there,  
16 and then start, then, ratcheting back issues if  
17 they don't pass cost-effectiveness tests or really  
18 the impact of new codes and standards.

19 And starting on Page 11, you know, staff has  
20 summarized what those reductions are. And it's  
21 really -- the most significant impact of the 2009  
22 technical potential is the impact of new codes and  
23 standards.

24 And I think that with the fact that 27 of  
25 those will be implemented in the next three to four

1 years, I think we're going to see a significant  
2 reduction in what the companies have achieved,  
3 which, again, ties me into the results of the  
4 study. I mean, none of the intervenors really  
5 provided any technical testimony or recommendations  
6 other than a blanket 1 percent, which was  
7 disappointing.

8 There was a lot of discussion or some  
9 discussion on so of the programs that were  
10 eliminated and costs associated with that. But if  
11 you look at the impact of those individual programs  
12 that were scrutinized, it really was not that  
13 significant, at least what I've seen.

14 So, going back to the discussion of are we  
15 just going to go through the same steps or more  
16 steps to get to the same point, leaning towards  
17 having an accurate, achievable goal is another  
18 option as well, you know, because I think, in  
19 essence, we're all going to the same point.

20 We have the same holding pattern if the  
21 programs do not change from what they would change  
22 anyways. And that's really my -- my point to flesh  
23 out, if that's somewhat clear. Probably not.  
24 There are confused faces. I can try one more time  
25 if you want, but -- no, go ahead.

1           CHAIRMAN GRAHAM: Commissioner Edgar.

2           COMMISSIONER EDGAR: The programs are not in  
3 front of us. So, I'm a little unclear as to why we  
4 keep talking about what the programs should be  
5 because the programs are not in front of us.

6           I want -- I hope that it is clear that I am  
7 not completely happy nor am I a strong proponent of  
8 Item -- or Option 6. However, it's the best I've  
9 been able to come up with with the parameters of  
10 what is before us.

11           So, please know that if one of you or the  
12 staff or -- has -- believes that one of the other  
13 options either that is in front of us and that  
14 we've discussed or have yet to discuss is better,  
15 then I'm very open to that.

16           I do believe that goals under the statute,  
17 yes, should -- should be achievable, but I also  
18 think that goals should have an aspirational  
19 component. And Mr. Ballinger's memory is probably  
20 better than mine back five years ago, but I recall  
21 saying and there being some discussion that as the  
22 goals were adopted, that there were some stretch in  
23 it purposely. They were stretch goals. And I  
24 think that's appropriate. I think that's  
25 appropriate.

1           Mr. Ballinger is just Debbie Downer today  
2           about what is possible.

3           (Laughter.)

4           And the programs are not in front of us. So,  
5           I don't know -- I don't know that we are able to  
6           say what exactly will come before us as proposed  
7           programs and what exactly the results of it will  
8           be.

9           If Mr. Ballinger does have that crystal ball,  
10          then I've got some other questions personally that  
11          I'm going to speak to you about --

12          MR. BALLINGER: I'm leaving tomorrow if I've  
13          got that ball.

14          COMMISSIONER EDGAR: -- after this.

15          (Laughter.)

16          So, again, I recognize -- yes, programs,  
17          goals, programs, goals. The programs are not in  
18          front of us. I realize that the programs, whatever  
19          goals we set, will need to be adjusted. And I'm  
20          hopeful that there may be something more out there  
21          that didn't come in front of us five years ago. I  
22          don't know the answer to that.

23          Again, to restate what I've restated, this  
24          option is far from perfect. I'm not in love with  
25          it. And I'm open to better suggestions. I,

1           however, do not think adopting the goals as they  
2           are in the staff recommendation is where I want to  
3           be or sends some of the right messages from a  
4           policy standpoint, both from an energy economic-  
5           development and environmental standpoint.

6           And I say that with, again -- to restate what  
7           I restated that I restated, we will look at the  
8           rate impact. And that will be an important part  
9           of -- proposed rate impact or the rate impact -- an  
10          important part of the next step. And if there is  
11          another way to back in to get us, then I'm open to  
12          it.

13          CHAIRMAN GRAHAM: I just want to be clear, I  
14          just want to restate --

15          COMMISSIONER EDGAR: Do I need to restate it?  
16          (Laughter.)

17          CHAIRMAN GRAHAM: I understand we're talking  
18          about the goals, but I guess I'm looking past the  
19          vote of the goals to -- and Mr. Ballinger tell me,  
20          after we approve the goals, then we send these to  
21          the utilities. And they have to come back in "X"  
22          number of days with proposed programs to achieve  
23          those goals, correct?

24          MR. BALLINGER: Correct.

25          CHAIRMAN GRAHAM: Now, where I'm trying to get



1 at, regardless of what goals we pick, if we go with  
2 the No. 6 option, which is the 2009 goals, can we  
3 have them come back with programs that achieve  
4 those goals, and then other set of programs that  
5 may be not so much of a financial impact? Can we  
6 give them that direction? That's where I'm at on  
7 this whole thing.

8 MR. BALLINGER: If I understand your question,  
9 you would continue on the goals and direct them to  
10 file two sets of programs.

11 CHAIRMAN GRAHAM: Correct.

12 MR. BALLINGER: Two portfolios, if you will;  
13 one to meet the goals; and one, if there is undue  
14 rate impact, what they would propose as an  
15 alternative. I think that's doable. I think that  
16 you can direct them to do that.

17 We will find ourself in the position that we  
18 had in 2011 of that again where you had the two --  
19 you had the rate mitigation plan and you had the  
20 conformance plan.

21 The other issue, then, you're going to be  
22 faced with is are you going to create a dead band  
23 for a penalty because if you do a rate mitigation  
24 plan, but you have the goal higher, recognizing  
25 they are probably not going to meet that goal with

1 the lesser programs, do you give them a dead band,  
2 which was discussed in the FPL and Duke one back in  
3 2011.

4 CHAIRMAN GRAHAM: I just don't want to go to  
5 where we were where the goals were approved in 2009  
6 and we had to go back through it in 2011 because  
7 they weren't achievable.

8 I say let's just bring both of those things  
9 forward with this so we can get it done at one  
10 time. We can make that determination then and not  
11 have to do this entire process all over again.  
12 Regardless of which goals we pick, I just want to  
13 make sure that we can actually send those marching  
14 orders out.

15 Commissioner Balbis.

16 COMMISSIONER BALBIS: Thank you. And one of  
17 the reasons why I focus so much on the existing  
18 programs -- and I know -- you don't have to mention  
19 it's not before us today again (laughter). But one  
20 of the reasons why I focus on that is that this  
21 Commission approves those programs, monitors it --  
22 those programs on an annual basis to determine if  
23 they are cost-effective.

24 So, it's the one time we're not dealing with  
25 projections. It's the one time we're not dealing

1 with suppositions. We're dealing with what has  
2 worked today to kind of gauge where we need to go  
3 in the future and how that compares to what's in  
4 the record.

5 And staff indicating that staff's  
6 recommendation is, in essence, making the  
7 modifications due to the market conditions  
8 changing, different efficiency standards -- it  
9 further supports staff's recommendation.

10 The one question I have on continuing with the  
11 existing goals is that those were 10-year  
12 accumulative goals starting in 2009. And this time  
13 period would extend beyond that. How would we  
14 handle that situation?

15 MR. BALLINGER: There's a couple of ways. I  
16 think what I heard Commissioner Edgar say was she  
17 would only continue them on for the remaining five  
18 years. We are set by statute to review this at  
19 2019, which would be the end of the five years.  
20 So, you could -- I guess you could set a five-year  
21 goal or continue on, that you wouldn't set the  
22 remaining five years beyond that to 2024.

23 COMMISSIONER BALBIS: So, in the 2015 to 2020  
24 timeframe that was planned for in the 2009 goal  
25 setting proceeding -- just take those numbers and

1 plug it in?

2 MR. BALLINGER: That's my understanding of the  
3 conversation, yes.

4 COMMISSIONER BALBIS: And what are those  
5 numbers? Because what staff has provided is just  
6 the 10-year cumulative goals and how they compare  
7 to what was proposed.

8 MR. BALLINGER: Right. And we tried to put  
9 that on a comparative basis of 10-year goals. And  
10 what we did was year six through ten, we kept the  
11 growth rate the same as the last year. We  
12 basically flattened it out for the remaining five  
13 years.

14 It would be probably two-thirds of that number  
15 that you have on your charts, I'm guessing. But we  
16 can get that from the order in just a second.  
17 Mr. Ellis is digging frantically here.

18 Okay. For example, for FPL, the residential  
19 summer megawatt, the annual amount in 2015 would be  
20 100.7 megawatts, decline slightly in 20- -- it  
21 declines from there on out each year. But it's an  
22 incremental amount. It would be 95.9 in 2016; 91.4  
23 in 2017; 87.4 in 2018; and 83.3 in 2019. So, that  
24 equates to a cumulative amount of, what,  
25 600 megawatts, roughly.

1 COMMISSIONER BALBIS: For summer? Winter?

2 MR. BALLINGER: Actually, a little less than  
3 500 megawatts. For summer.

4 COMMISSIONER BALBIS: A little less than 500  
5 megawatts?

6 MR. BALLINGER: Yes. That was the residential  
7 component only.

8 COMMISSIONER BALBIS: For just the remaining  
9 five years?

10 MR. BALLINGER: Yes.

11 COMMISSIONER BALBIS: How does -- the 2009 --  
12 for FPL?

13 MR. BALLINGER: Yes.

14 COMMISSIONER BALBIS: Okay. How -- what I'm  
15 reading here is that 2009 -- okay. That was --

16 MR. BALLINGER: What we had to do was make it  
17 a 10-year goal. And that's why we did it. The  
18 bigger change in the goals, the existing goals, is  
19 the energy component. I wanted to point that out  
20 to you.

21 For FPL, the last five years would be on the  
22 residential side only, 193 gigawatt hours; then 183  
23 gigawatt hours; 174, 166, and 157. And in the  
24 commercial side, you would have 167, 134. So,  
25 roughly the same. So, you're looking at

1 approximately maybe 2,000 gigawatt hours in the  
2 last five years. That's the biggest impact of the  
3 existing goals is on the energy component.

4 COMMISSIONER BALBIS: So, then if we  
5 continue -- if we elect to maintain the same goals  
6 as 2009, the cumulative amount would be less than  
7 what was approved in 2009 because it's only for  
8 five years.

9 MR. BALLINGER: You're -- yeah, you're  
10 basically just continuing on the last five years.

11 COMMISSIONER BALBIS: Right, but --

12 MR. BALLINGER: So, you're just reverting back  
13 to the decision made in 2009 to set 10-year goals  
14 and seeing them through all the way through the  
15 fruition.

16 COMMISSIONER BALBIS: Right. But the  
17 cumulative number that's shown in the order will be  
18 less than what was shown in 2009 because it's only  
19 five years? Or no, are we going to set ten years?

20 MR. BALLINGER: You're right. The --

21 COMMISSIONER BALBIS: Okay. So, there would  
22 be the perception that we've reduced the goals.

23 MR. BALLINGER: You have to -- right. That's  
24 a -- a nuance that may -- may not -- not everybody  
25 may understand, myself included. I'm trying to

1 get -- but I think I understand your point that in  
2 2009, we set a goal that had a large number. Now,  
3 when we reset goals again, it will be basically  
4 half of that number because it's only for five  
5 years, but it's really a continuation of the same  
6 thing.

7 COMMISSIONER BALBIS: And then as  
8 Commissioner -- or Chairman Graham indicated, if  
9 the utilities provide a rate mitigation plan and  
10 then a plan that meets the goals, instead of being  
11 what was provided before, which is a suite of  
12 programs for ten years, it's going to be for five  
13 years?

14 MR. BALLINGER: Right.

15 COMMISSIONER BALBIS: Okay.

16 CHAIRMAN GRAHAM: Commissioner Brown.

17 COMMISSIONER BROWN: Mr. Chairman, if you  
18 would be so kind, I would enjoy a five-minute break  
19 to chat with my staff -- ten, five or ten -- 20.

20 CHAIRMAN GRAHAM: Okay. I don't have a  
21 problem with that. The clock behind us says ten  
22 'til one. So, at 1:00. Let's take a ten-minute  
23 break.

24 COMMISSIONER BROWN: Thank you so much.

25 (Brief recess from 12:50 p.m. to 1:03 p.m.)

1           CHAIRMAN GRAHAM: The question I have is does  
2 someone have a motion for one through nine or do  
3 you want to jump over to solar and come back to  
4 this? If someone has worked out a motion in the  
5 last ten minutes, then I'll go ahead and hear it.

6           COMMISSIONER EDGAR: Mr. Chairman, I really  
7 want to hear the solar discussion.

8           COMMISSIONER BRISÉ: Yeah.

9           CHAIRMAN GRAHAM: Okay.

10          COMMISSIONER EDGAR: I mean, they are  
11 separate, but again, interrelated. So, I would  
12 like to hear that discussion and then come back.

13          CHAIRMAN GRAHAM: All right. Then, let's  
14 table Issues 1 through 9, and go on to Tom's second  
15 sheet.

16          MR. BALLINGER: I'm going to turn this one  
17 over to the Mark Futrell.

18          CHAIRMAN GRAHAM: All right. Mark.

19          MR. FUTRELL: Good afternoon, Commissioners.  
20 Mark Futrell with staff. And I think we're going  
21 to recommend, with your permission, to allow staff  
22 to introduce Issue 11 first, which is on the solar  
23 rebate programs. So, if staff will take that and  
24 introduce it, we can discuss it.

25          MS. MARR: Good afternoon, Commissioners.



1 Diana Marr, Commission staff.

2 Issue 11 is about whether the existing solar  
3 pilot programs should be continued. Staff  
4 recommends that the companies's existing solar  
5 pilot programs be allowed to expire on December 31,  
6 2015.

7 This recommendation is made for the following  
8 reasons; No. 1, the solar pilot programs were not  
9 cost-effective and failed the RIM and TRC cost-  
10 effectiveness test;

11 No. 2, solar PV incentives resulted in a large  
12 subsidy from the general body of ratepayers to a  
13 small segment of each utilities's customers,  
14 approximately 1600 for the four IOUs;

15 No. 3, the cost of installed solar PV has been  
16 decreasing since 2011;

17 No. 4, approximately 1200 customers from FPL,  
18 Duke, and TECO chose to install solar panels even  
19 though they did not receive an incentive;

20 And finally, No. 5, recent customer interest  
21 in the solar water heating has been limited.

22 And staff is available for questions.

23 CHAIRMAN GRAHAM: Read that No. 1 again for  
24 me, please.

25 MS. MARR: No. 1 is the solar pilot program

1           were not cost-effective. They failed the RIM and  
2           TRC cost-effectiveness test.

3           CHAIRMAN GRAHAM: Okay.

4           Commissioner Brisé.

5           COMMISSIONER BRISÉ: Thank you, Mr. Chairman.  
6           And I am in total agreement with staff on the fact  
7           that these programs were not cost-effective, and  
8           that you consider that the average home that was  
9           serviced by the solar PV were 3100-plus square-foot  
10          homes and with an estimated value of \$350,000.

11          And most of the -- the average customer who  
12          participated in the program, the household income  
13          was over a hundred thousand dollars. So, there is  
14          a large swath of our community that, the way the  
15          programs were designed, could not benefit from the  
16          programs.

17          However, I do believe that there is a space  
18          for solar programs and the like within our  
19          portfolio here in our state. And I would be  
20          greatly interested in hearing from my colleagues to  
21          see if we had any interest as a Commission to maybe  
22          have a separate docket to take a full view of what  
23          some of these programs could bring to our state.

24          And so, taking into full account the costs,  
25          the different types of programs that could be

1           instituted, and looking at programs, that that  
2           could benefit the whole spectrum of those who  
3           receive service.

4           So, that could include all sides of the solar-  
5           type programs, whether it's supply side or -- or  
6           retail-customer-type side. But we need to take a  
7           full account of these things so that we can make a  
8           good decision long term with respect to these  
9           issues.

10           CHAIRMAN GRAHAM: You did the invocation  
11           today, right?

12           COMMISSIONER BRISÉ: I did.

13           CHAIRMAN GRAHAM: I just noticed --

14           COMMISSIONER BRISÉ: I did. And it's raining.

15           CHAIRMAN GRAHAM: I just noticed when you  
16           started talking about solar and it started pouring  
17           down rain.

18           COMMISSIONER BRISÉ: I know.

19           (Laughter.)

20           CHAIRMAN GRAHAM: Commissioner Brisé, I agree  
21           with you. I think it seems like everything we're  
22           looking at, and we hear -- I think there is a need  
23           for solar. I'm not sure -- I'm not convinced that  
24           the need for solar is a demand-side need. Maybe a  
25           supply-side need. I mean, maybe the supply-side

1 need may be a better way of handling that need.

2 When you have it on the supply side, you don't  
3 have to have \$30,000 in your pocket to put it on  
4 your roof. You know, on the supply side, everybody  
5 gets to participate in the solar.

6 So, maybe some sort of an open docket or  
7 workshop or something to kind of feather out to see  
8 what the true cost of solar is is what we need to  
9 do and then come forward with a plan after that. I  
10 don't have a problem with that at all.

11 Commissioner Brown?

12 COMMISSIONER BROWN: Thank you. I think,  
13 Commissioner Brisé, you took the words right out of  
14 my mouth when you talked about -- everything you  
15 said, for the most part. Although, I do think that  
16 the appetite in Florida -- it's clear. People are  
17 interested in deploying solar. It was clear from  
18 the hearing.

19 All of the rebates that were utilized -- they  
20 were quickly gobbled up. Of course, there -- you  
21 know, they were cross-subsidized by all of the  
22 ratepayers. And only a few got to benefit, which  
23 is, of course, in conflict with our mission as  
24 regulators.

25 But solar -- the solar appetite is there in

1 Florida. And I think -- Commissioner Brisé, I  
2 think you are correct, we need a broader workshop.  
3 Wal-Mart actually proposed an idea of a workshop to  
4 kind of further the methodology discussion on  
5 solar.

6 I don't think that is necessarily the  
7 appropriate route, but I do think we need a broader  
8 scope of issues so that we can find ways to  
9 encourage solar deployment. Maybe offer incentives  
10 that benefit all, not just a few -- a select few.  
11 Full support of that.

12 CHAIRMAN GRAHAM: Commissioner Balbis.

13 COMMISSIONER BALBIS: Thank you, Mr. Chairman.  
14 I agree with a lot of what Commissioner Brisé said  
15 and really with a lot, if not every witness in this  
16 hearing. They each indicated that the programs  
17 were not cost-effective and that changes need to be  
18 made. So, perhaps, as a result of the workshop, if  
19 that's something that we want to do, that that will  
20 be solved.

21 But you know, I'm focused on the fact of  
22 implementing cost-effective programs, whether it's  
23 through the goal setting process or the solar pilot  
24 program, and also focus on eliminating any barriers  
25 that may exist.

1           There was a lot -- there is a lot of  
2           discussion about, you know, what we're doing, what  
3           we're not doing to encourage solar development.  
4           So, if we move forward with the workshop, you know,  
5           I hope there would be a focus on what barriers  
6           exist, if any, and what we can do so that, if the  
7           technology is there for these prices to continue to  
8           drop, that there won't be anything that's keeping  
9           customers from employing or deploying these units.

10           But my question for my colleagues is what's  
11           before us today is what to do with the existing  
12           solar pilot programs noting the fact they are not  
13           cost-effective, noting that they are impacting so  
14           few customers that, perhaps, aren't the ones that  
15           are in greatest need. What do we do with those  
16           programs today?

17           CHAIRMAN GRAHAM: Commissioner Edgar.

18           COMMISSIONER EDGAR: Thank you. And -- it's  
19           not the rain, but -- wait. I'm speaking and the  
20           rain has stopped.

21           (Laughter.)

22           One thing I enjoy about this work, which I  
23           hope is obvious -- I take the work very seriously,  
24           as do my colleagues, but I think it's very  
25           important to keep a sense of humor and to not take

1           yourself too seriously.

2           Commissioner Balbis, you raised one of the  
3           questions that I was going to ask. So, I would  
4           like -- so, two points; first, Commissioner Brisé,  
5           brief response to your suggestion. I would make  
6           the statement that I would hope that that would be,  
7           again, an examination and analysis of issues  
8           related to solar and not another goal setting  
9           docket, and that that be clear.

10           And also that if we move forward in that  
11           direction, that our staff does work, of course, so  
12           that as we move into it, we are clear as what we  
13           are trying to achieve and what an eventual end  
14           decision would be.

15           You know, Florida has many, many blessings,  
16           geographical, environmental, cultural. But we are  
17           not blessed with some of the renewable resources  
18           that many other states are. Many of the states  
19           that have an RPS have vast amounts of both  
20           operational and potential hydro and wind power as  
21           renewable resources. And that is just simply not  
22           the case for our state.

23           Solar, absolutely, in my opinion, needs to be  
24           part of our fuel and generation portfolio. I also  
25           personally want efforts to raise the amount of

1 solar generation in this state to be cost-effective  
2 and also that we look very carefully at the subsidy  
3 issues and if, indeed, were to advocate, encourage,  
4 or approve something that has a subsidy, that that  
5 is at least very clear and very transparent. It  
6 may be a policy decision, but that it is, again,  
7 clear and transparent.

8 I have asked our staff in the last few months  
9 to look at and to help me look at programs to  
10 further solar in other states, both those that may  
11 be working, and those also that, for whatever  
12 reason, have not worked.

13 Examples that I hear about often are in  
14 Georgia, Louisiana, Arizona. Minnesota recently  
15 put a, quote, value on solar. I think we can learn  
16 from those efforts.

17 But I also -- my understanding is that,  
18 although in some of these states and other states'  
19 recent programs to further solar have increased  
20 some numbers and have increased the participation  
21 in rebate programs. However, after the fact, there  
22 have been a lot of customer dissatisfaction and  
23 complaints about problems with operators and  
24 implementing and -- so, there are a lot of issues.

25 So, to wrap all of those into a further



1 discussion that our staff would work with, I  
2 certainly support, but again, would want to be  
3 clear that that is not goal setting, and that we  
4 know where it is we're trying to go so that when we  
5 come back to discuss and make decisions, the path  
6 has been clear.

7 So, with that said, then the next question --  
8 and Commissioner Balbis raised this -- is if we go  
9 in that direction -- and I'm supportive with those  
10 types of parameters that I've described, again,  
11 coming back to what is before us -- what is it that  
12 we do with the issues before us as far as the  
13 expiration, continuation, or somewhere in between  
14 of the current pilot programs. And I am very  
15 interested to hear what your comments and thoughts  
16 are on that.

17 CHAIRMAN GRAHAM: Commissioner Brisé.

18 COMMISSIONER BRISÉ: Thank you, Mr. Chairman.  
19 So, my thought process is that we would accept the  
20 recommendation as is with respect to allowing the  
21 current programs to expire by December 31st, 2015.  
22 And in the interim, we go through the process of  
23 looking at what possibilities exist within our  
24 state, what our state can bear in terms of programs  
25 that would actually work within our state.

1           Also, include potentially in that discussion  
2           the whole idea of net metering and how that plays  
3           into that equation with respect to the whole solar  
4           component because, obviously, that's a major  
5           portion of it, making sure that the -- that the  
6           rate is set appropriately for what we are hoping to  
7           achieve.

8           So, frankly, I don't think that, from my  
9           perspective, that we would set a target in terms  
10          of, well, this is where we want to reach or so  
11          forth. But this is the -- this is our reality,  
12          ultimately. And these are the programs that would  
13          work within our state. And if they were  
14          implemented, these are the rates for implementation  
15          and so forth so that we ultimately could make an  
16          informed decision with respect to these programs.

17                 CHAIRMAN GRAHAM: Commissioner Brown.

18                 COMMISSIONER BROWN: Thank you. Mr. Futrell,  
19                 with regard to the 25 million that's allocated to  
20                 solar, it encompasses solar PV, solar -- the water  
21                 heating and R and D. Can you attribute how much of  
22                 that -- which, obviously, from the hearing it  
23                 seemed that the solar PV was the most popular.  
24                 Solar PV is gradually decreasing in price. I'm  
25                 curious what that number -- of the 25 million, how

1 much was attributed to the PV for residential and  
2 commercial?

3 MR. FUTRELL: I think that's in the  
4 recommendation.

5 COMMISSIONER BROWN: I was trying to find it.

6 MR. FUTRELL: What we were able to provide,  
7 Commissioner, is a sense of the participation in  
8 those various programs. And in Issue 11, you will  
9 see that for -- fairly consistently across all  
10 utilities, the level of participation -- it was  
11 greater in the PV as far as --

12 COMMISSIONER BROWN: What about dollars?

13 MR. FUTRELL: -- dollars.

14 COMMISSIONER BROWN: Actual dollars. Of the  
15 25 million that was allocated, set aside for  
16 solar, I'm curious how much of that was attributed  
17 to R and D versus heating; water heating versus PV.

18 MR. FUTRELL: If you'll just give us a moment,  
19 Commissioner, I think we can pull that.

20 COMMISSIONER BROWN: Okay.

21 CHAIRMAN GRAHAM: While staff is going through  
22 that, it's interesting, you know, you read in the  
23 paper all the time some of these, quote, solar  
24 facts. And my office did a little digging into  
25 this stuff. You know, they said that the Sunshine

1 State is the third solar potential, and that we're  
2 actually only at No. 18. Well, I think the whole  
3 "Sunshine State" is just a license-plate slogan.  
4 That's not necessarily the case.

5 If you look, we're No. 5 overall when it comes  
6 to rainfall than all the other states. And the  
7 Federal Government National -- National Renewable  
8 Energy Laboratory says that Florida is No. 22nd of  
9 available solar energy. I mean, so, I thought it  
10 was interesting that you read all that other stuff  
11 out there that's not factual.

12 COMMISSIONER BROWN: Great PSA.

13 CHAIRMAN GRAHAM: That was my elevator music  
14 while we're waiting for staff to come up with it.

15 (Laughter.)

16 MR. FUTRELL: Commissioner Brown, I'm sorry.  
17 Pardon our delay. Looking at the rough data, FPL  
18 had about \$19 million of their expenditures over  
19 the last three years, I believe, was for solar PV.  
20 And Duke energy was about \$8.1 million.

21 COMMISSIONER BROWN: And I have that amount of  
22 each utility, of their spending, somewhere in here.  
23 I think it was in one of the handouts that  
24 Mr. Ballinger provided, correct?

25 MR. BALLINGER: No. That would have been --

1           that was from a FEECA report of a low-income  
2           program, not the solar programs.

3           COMMISSIONER BROWN: I saw it. I saw it,  
4           though.

5           MR. BALLINGER: It was -- it was part of the  
6           record.

7           COMMISSIONER BROWN: Okay. I'm going  
8           somewhere with this. I appreciate -- I'm really  
9           struggling with this issue. You know, as I stated  
10          in the other issue that we were talking about  
11          regarding conservation, we have this statute that  
12          tells us to support demand-side renewables. But  
13          then the staff recommendation is saying, oh, but  
14          our net metering rules do just that.

15          We don't have a renewable portfolio standard  
16          in Florida. We have the -- again, I just feel that  
17          we have -- we have somewhat -- we're in a quandary  
18          here of what to do with this program. We know that  
19          it cost ratepayers 25 million and only a few  
20          benefit from it, but it is encouraging solar  
21          deployment.

22          So, I just am not a hundred percent onboard  
23          with the recommendation.

24          CHAIRMAN GRAHAM: Commissioner Balbis.

25          COMMISSIONER BALBIS: Thank you, Mr. Chairman.

1 I just want to make a few comments because this was  
2 a very important -- or this is a very important  
3 issue. And it was a very interesting dialogue and  
4 discussion during the hearing, and the fact that  
5 each witness indicated it's not cost-effective.

6 And when -- there was some discussion about  
7 will these programs spur the PV market, will it --  
8 will it drive the cost lower, will it encourage  
9 more manufacturing. And the evidence indicated  
10 that it did not. There was no effect on it.

11 So, here, we have a situation unfortunately  
12 that resulted in very few customers getting upwards  
13 of \$10,000 per customer to put solar facilities on  
14 their homes that, in many cases, they would have  
15 done anyways.

16 So, when you look at the amount of  
17 subsidization that exists with these customers that  
18 aren't -- other customers that aren't participating  
19 are not receiving a benefit commensurate with the  
20 costs that they're paying.

21 I'm glad we went through this pilot program  
22 because we always hear from various parties that  
23 solar is cost-effective, that residential solar is  
24 something that is viable, and yet the market has  
25 not responded. People are not putting it in on

1 their own. They are only putting it in when  
2 they're a receiving significant amount of  
3 subsidizations.

4 And not just this program, but there is  
5 Federal production -- there are Federal tax  
6 credits. There is our net metering rule, which  
7 provides a retail benefit, which is extremely  
8 important.

9 And a lot of people discount that. They think  
10 that we're not doing enough. But when you look at  
11 a customer can get a retail savings, they are  
12 getting all of that infrastructure essentially for  
13 free that's providing the back-up electricity,  
14 that's something that's important.

15 And I know, Commissioner Edgar, I believe you  
16 were Chair when that rule went through. And  
17 that's -- I hope when you count your  
18 accomplishments that you count that as a  
19 significant one.

20 But Florida is doing, I believe, what we can.  
21 I'm glad we went through this pilot program. We  
22 looked at the results. We looked at the  
23 participation. We looked at the costs. And the  
24 results are that it's not cost-effective. So, if  
25 we want to continue with this subsidization,

1 perhaps through this workshop look at the option of  
2 having a voluntary program.

3 Chairman Graham indicated that some customers  
4 don't have the \$30,000 to put up a system, but with  
5 FPL's voluntary solar program, they can pay into a  
6 supply side. Perhaps, we can have an alternative  
7 they can pay into funding these programs. So, they  
8 are choosing to subsidize and not having that  
9 choice taken away from them.

10 CHAIRMAN GRAHAM: I guess this is more of a  
11 legal question. It sounds like there are enough  
12 Commissioners onboard to actually have some sort of  
13 solar workshop. Would it be best to open a docket  
14 and to look into it that way or just actually  
15 having a workshop?

16 I ask the question because if we're looking  
17 for participation from the general public, which  
18 gives them the more -- which gives us the most  
19 freedom to allow the public to participate?

20 MS. HELTON: I don't think it matters whether  
21 you open up a new docket or not, you could have  
22 just some kind of an un-docketed proceeding. I  
23 think we did that actually when we were gearing up  
24 towards all of the RPS draft rule. And I think  
25 that would be appropriate here to do for the solar



1 review as well.

2 CHAIRMAN GRAHAM: Okay. Commissioner Brown.

3 COMMISSIONER BROWN: Two points. Commissioner  
4 Balbis, I like your suggestion of the customers'  
5 ability to choose to participate in the solar and  
6 pay for it. And I think that that would be part of  
7 the workshop discussion.

8 And the second point that I want to make is  
9 that I think it is integral -- the most important  
10 thing to have customers and take customer input.  
11 And I know we have a lot of information in the  
12 docket file here on the subject matter. And I  
13 think that that is something that is very important  
14 to me.

15 CHAIRMAN GRAHAM: All right. Well, I think  
16 what's before us -- I think we agreed to a  
17 workshop. And we can figure out the details on how  
18 we're going to do that workshop and how we're going  
19 to allow for the customer input. But now we need  
20 to figure out what we're going to do with Issues  
21 No. 10 and 11.

22 Commissioner Edgar, you've got this first.

23 COMMISSIONER EDGAR: Thank you. And this is  
24 actually a question. Commissioner Brisé, I  
25 believe, in response to questions from Commissioner

1 Balbis and I, you suggested that, along with the  
2 work that we've just discussed on a going-forward,  
3 that in order to deal with the issues before us,  
4 that you would, at this point, support going with  
5 the staff recommendation.

6 So, I note that the result of that would be  
7 that this -- these solar pilot programs would  
8 remain in effect for basically another year. They  
9 would not expire at the end of this year, but at  
10 the end of 2015.

11 Is it your thinking that the work -- that we  
12 would be situated, perhaps, to then have something  
13 to consider that would go into effect after that,  
14 which would, then, negate that possibility of  
15 stopping, starting, stopping, or having -- changing  
16 for a period of time? Is that...

17 COMMISSIONER BRISÉ: Mr. Chairman?

18 CHAIRMAN GRAHAM: Yes.

19 COMMISSIONER BRISÉ: Yes, Commissioner Edgar,  
20 that is exactly my thought process; that if we go  
21 through a process next year, that by the time these  
22 programs expire, whatever we decide, whether it's  
23 to move forward or not to move forward, that we  
24 would have come to a conclusion. And so,  
25 therefore, if we decide to move forward, we will be

1 able to begin January 1, 2016.

2 CHAIRMAN GRAHAM: Another legal question. If  
3 the outcome of our workshop is more supply side  
4 rather than demand-side solar, is that something  
5 that we can do on our own? Do we have to get  
6 legislative action to kind of do that?

7 MS. HELTON: You're asking for an answer in a  
8 vacuum where we don't have all of the information.  
9 I think that the FEECA statute does talk about  
10 supply-side generation, but until we hear the  
11 information that would be provided in the workshop  
12 and until you have an idea of what it is that you  
13 think the utilities should or should not be doing,  
14 I think it's hard to answer your question about  
15 whether additional Legislative direction would be  
16 necessary or not.

17 CHAIRMAN GRAHAM: Nice dodge.

18 (Laughter.)

19 Commissioner Balbis.

20 COMMISSIONER BALBIS: Thank you. And I give  
21 this a shot on Issues 10 and 11. I move approval  
22 of staff's recommendation on Issue 10, which states  
23 that each IOU should continue to implement net  
24 metering, customer-owned renewable generation.

25 And on Issue 11, I move that we direct the

1 utilities to continue their solar pilot programs  
2 through December 31st, 2015.

3 CHAIRMAN GRAHAM: Staff recommendation both 10  
4 and 11.

5 COMMISSIONER BALBIS: But it sounds better if  
6 you say continue.

7 CHAIRMAN GRAHAM: Okay. We have the Balbis  
8 motion ahead of us that has been moved and  
9 seconded. Any further discussion?

10 Commissioner Brisé.

11 COMMISSIONER BRISÉ: Thank you, Mr. Chairman.  
12 And the motion is within the spirit of what we had  
13 in our conversation. And I don't know if we need  
14 to add to that discussion the fact that we plan to  
15 have a workshop or if that's something separate  
16 that we need to do.

17 COMMISSIONER BALBIS: Mr. Chairman, I would  
18 modify my motion for Issue 11 to -- provided that  
19 the Commission move forward with a workshop to  
20 thoroughly address the solar issues discussed  
21 today.

22 CHAIRMAN GRAHAM: It's been adjusted and  
23 seconded. Any further discussion?

24 Seeing none, all in favor say aye.

25 (Chorus of ayes.)

1           CHAIRMAN GRAHAM: Any opposed? By your  
2           action, you've approved the Balbis amendment on 10  
3           and 11.

4           Now, back to one through nine. All right.  
5           I'll start. I understand where every- -- excuse  
6           me. I understand where everybody is coming through  
7           on this particular area. My only problem is, I  
8           think for the most part, everybody just wants to  
9           stay with the status quo especially with the EPA  
10          ruling kind of looming over us.

11          I think just because we went through the  
12          process of having a hearing and we do have more  
13          facts in front of us, I don't like the idea of  
14          passing goals that we know that aren't achievable.

15          So, I have a little bit of a problem with  
16          Option No. 6. Now, granted, we can get to the  
17          point where it works with the suggestions I had  
18          mentioned earlier, but I think either going with  
19          Option No. 1 -- or more specifically for me, Option  
20          No. 4 works a lot better.

21          And I do understand where the Commission sits  
22          or where the Commission came from with the one-year  
23          payback and the two-year payback. But I throw that  
24          out there because I need for one of you to make a  
25          motion.

1 Commissioner Brisé.

2 COMMISSIONER BRISÉ: So, I'm not making a  
3 motion. I'm just going to sort of state where --  
4 where I might be in. I think that generally helps  
5 the discussion if we have a sense of where other  
6 people might be.

7 I am partial to Option 1. And I think that  
8 that appropriately recognizes where we are,  
9 appropriately recognizes what's in the current  
10 record, and takes a look out into the future with  
11 respect to what might be. And it's not -- if it's  
12 not perfect, then it's not a crystal ball in any  
13 estimation. But it gives us a perspective of where  
14 we are currently situated. And for me, I think  
15 that that is the best option.

16 Now, I can potentially be convinced on six.  
17 I'm not quite there yet, but just to give you a  
18 perspective of where I am.

19 CHAIRMAN GRAHAM: Commissioner Balbis.

20 COMMISSIONER BALBIS: Thank you, Mr. Chairman.  
21 You know, going through this goal setting process  
22 was -- it's been interesting. I mean, we started  
23 with a wide net of all of the potential  
24 technologies that are out there, and then slowly  
25 applied different factors to eliminate those --

1 those technologies or programs and coming up with  
2 an achievable number.

3 And I was hoping that through this process  
4 that the intervenors would provide additional  
5 testimony or an alternative or something that  
6 logically either added programs, deleted programs,  
7 or something to get to the goal which is before us  
8 today. And that did not happen. We simply had the  
9 utilities providing very detailed information that  
10 was thoroughly vetted and questioned, and then two  
11 of the intervenors having just a 1-percent -- a  
12 1-percent goal.

13 I think our rules and the Legislature and our  
14 statutes prescribed a process that we had to go  
15 through. And it's the same process that we went  
16 through in 2009. And the results were what the  
17 results were. And the real key decisions that are  
18 before us today are the issues that Chairman Graham  
19 indicated on the two-year payback screen, RIM or  
20 the TRC.

21 And I think being consistent with what this  
22 Commission has done for a long time of applying a  
23 two-year screen is appropriate. And I also think  
24 that utilizing the RIM test is the most appropriate  
25 test.

1           So, like Commissioner Brisé, I'm strongly  
2           leaning towards Option 1. I think it's justified  
3           in the record. And more importantly, I believe,  
4           and I agree with staff that that's where we're  
5           going to end up with anyway. So, why not have the  
6           goals reflect that.

7           And then as far as the question on sending a  
8           message or, more importantly, encouraging,  
9           perhaps -- let me state this correctly, having more  
10          aspirational goals -- I think that's what providing  
11          a penalty or an incentive does. I'm not sure I'm  
12          there yet because that is a different matter  
13          altogether. But I think you can achieve that same  
14          encouragement with those factors.

15          But I'm strongly leaning towards Option 1,  
16          just noting that a combination of five and six may  
17          be problematic -- or even six as well.

18          CHAIRMAN GRAHAM: Commissioner Edgar.

19          COMMISSIONER EDGAR: Thank you. Commissioner  
20          Balbis, is there an option before us that is not  
21          problematic?

22                 (Laughter.)

23          I note that you singled out the one that I  
24          suggested as problematic.

25          COMMISSIONER BALBIS: No, I --



1           COMMISSIONER EDGAR: Can you identify the  
2 option that is not problematic?

3           COMMISSIONER BALBIS: Well, to focus on  
4 Option 5, which I liked until it was pointed out by  
5 several colleagues that it was problematic -- to be  
6 honest, I believe Option 1 is the least problematic  
7 because it has the information in the record and is  
8 something that we know is achievable and that we  
9 would get there once we continue with the programs  
10 that are cost-effective. So, I think No. 1 is the  
11 least problematic, if not not problematic.

12           COMMISSIONER EDGAR: Thank you. And I was,  
13 obviously, being a little tongue-in-cheek, but I  
14 appreciate your answer and -- no. No. No. And I  
15 recognize it as -- and accept it as credible.

16           I, however, don't completely agree. I have  
17 not seen or heard an option that is not problematic  
18 in some way and not just in a minor way, not in a  
19 way that I can really overlook.

20           You know, I propose more discussion on what we  
21 have, now, termed Option 6. I'm glad we had that.  
22 To me, it is the least problematic, but that's  
23 because I -- it is partially because I'm not  
24 ready -- and I don't believe all of the information  
25 before us -- to predetermine what those next

1 decisions would be. And to me, that seems like  
2 that's -- that's what we are doing for the  
3 rationale I have heard for adopting the staff  
4 recommendation.

5 The staff recommendation, albeit, perhaps, I  
6 expect, technically correct, is problematic to me  
7 because those are not goals that I want to adopt.  
8 Those are not goals that I want to vote for. And  
9 those are not goals that I will vote for today.

10 However, you don't get to hang around this  
11 place for ten years without generally being able to  
12 count votes. So, although I definitely prefer it  
13 when we bring our different expertise and  
14 perspectives and find consensus, I recognize that  
15 that is not always possible. And that is part of  
16 the strength of the process.

17 I do believe -- I said it before -- but that  
18 the staff did a good job with the information that  
19 was before us. However, it is not a result that I  
20 can support. I'm disappointed that we haven't been  
21 able to come up with -- working with our staff and  
22 with all of the parties earlier in the process -- a  
23 result that is less problematic than any of the six  
24 options that are before us.

25 Similar to what many of you have said, I am

1 not comfortable with a one-year payback. I just  
2 think there are too many inequities in that. And  
3 therefore, I cannot support that.

4 Continuing current goals with existing  
5 programs -- I could probably support that. I just  
6 don't know that it's available to me to vote for  
7 today, although I'm open to it. I just think under  
8 the statute, we are -- my understanding is we are  
9 required to go to that next step. But I don't  
10 know. Let me -- oh, I hate to ask a question when  
11 I'm not sure I know what the answer might be. But  
12 I'm going to go ahead and do it anyway.

13 Ms. Helton, I'll pose it to you, but to  
14 whomever. Is a combination of Option 5 and 6 today  
15 available to us that would, then, basically  
16 foreclose programs coming back to us in 90 days?  
17 Or is there another way to do that?

18 MS. HELTON: I really don't know the answer to  
19 that question. As I understand Option 6, what that  
20 really is is continuing what we've done already,  
21 continuing the order from 2009. And what that  
22 would mean with respect to new programs or looking  
23 at new programs, I'm really not sure.

24 COMMISSIONER EDGAR: Commissioners, I think  
25 we've worked together long enough to know that if I

1           felt like I knew what exactly was the best  
2           approach, I would try very strongly to convince you  
3           of that. I've said, I'm not -- I don't think  
4           Option 6 is as good as I would like it to be, but  
5           I'm not sure how meeting all the parameters, we can  
6           get better.

7                     But I will vote against today a motion to  
8           adopt the staff recommendation or anything that  
9           contains a one-year payback.

10                    CHAIRMAN GRAHAM: Commissioner Balbis.

11                    COMMISSIONER BALBIS: Thank you. I wanted to  
12           just present something that I kicked around with my  
13           large staff.

14                    (Laughter.)

15                    And it was looking at continuing with the  
16           existing programs. And honestly -- so, what I did  
17           is I looked at the latest FEECA report and see what  
18           these companies have achieved, noting that a lot of  
19           them did meet their targets. And it was their way  
20           to -- for example, FPL achieved a 71-megawatt  
21           reduction in winter; 140, summer -- 211 gigawatt  
22           hours in energy -- and looking at what they've  
23           achieved and try to extrapolate for ten years.

24                    And Mr. Ballinger and I spent quite a bit of  
25           time together and -- you know, how can we get

1           there. And so -- because, in essence, the  
2           incremental rate impact to customers would be zero  
3           because that's what they're paying today. They are  
4           working.

5                     But then how do we project into the future.  
6           That's where him and I had the discussion where  
7           you're -- in essence, what's going to happen  
8           because the companies will be petitioning to modify  
9           the programs, you're going to get to what staff's  
10          recommendation is.

11                    So, he did a very good job of convincing me of  
12          that. But if there was a way to continue with what  
13          we're doing without having the issues of keeping  
14          the 2009 goals, which expire in five years -- so,  
15          now we have to deal with what's happening after  
16          that. And then we have to deal with the  
17          additional -- some middles of plans that do not  
18          meet the goals, that meet the goals. And we're  
19          just going to be exactly where we were four years  
20          ago.

21                    So, that's -- that's why I'm leaning so  
22          heavily towards Option 1. But believe me, if there  
23          was an Option 7 that could be accurate, not result  
24          in an undue rate impact, and be something that's  
25          palpable, I would support that as well.

1           CHAIRMAN GRAHAM: So, what you're saying is  
2 Tom Ballinger did a good job of convincing you of  
3 that, but you're not convinced yet.

4           COMMISSIONER BALBIS: Well, I'm -- if someone  
5 could be creative, I would be open to that. But he  
6 did a good job.

7           CHAIRMAN GRAHAM: There is no motion on the  
8 floor.

9           Commissioner Edgar.

10          COMMISSIONER EDGAR: I have to just point out  
11 that no matter what we do today, we will back  
12 here -- well, I don't know about we will be, but  
13 five people will be up here reviewing conservation  
14 goals no matter what we do today.

15          So, even if we were to vote to continue to  
16 with the current goals over the reduced goals that  
17 are in the staff recommendation, in five years,  
18 we'll be looking at it anyway -- somebody will be  
19 looking at it anyway.

20          CHAIRMAN GRAHAM: Commissioner Brisé.

21          COMMISSIONER BRISÉ: Thank you, Mr. Chairman.  
22 I think we're probably at that place of diminishing  
23 return in terms of discussion. So, I'm going to  
24 throw out a motion that we accept staff's  
25 recommendation on Issues 1 through 9.

1                   CHAIRMAN GRAHAM:  It's been moved and  
2                   seconded, staff recommendations on Issue 1 through  
3                   9.  Any further discussion?

4                   Seeing none, all in favor, say aye.

5                   COMMISSIONER BALBIS:  Aye.

6                   COMMISSIONER BRISÉ:  Aye.

7                   CHAIRMAN GRAHAM:  Any opposed?

8                   COMMISSIONER BROWN:  Nay.

9                   COMMISSIONER EDGAR:  No.

10                  CHAIRMAN GRAHAM:  By your actions, your ayes  
11                  have it.

12                  Okay.  That means that we are done.  We're  
13                  going to start IA.  That clock in the back says  
14                  it's quarter 'til.  We'll start at 2:00 in the IA  
15                  room.

16                  (Whereupon, proceedings concluded at 1:46  
17                  p.m..)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA )  
COUNTY OF LEON )

I, DEBRA R. KRICK, Professional Court  
Reporter, do hereby certify that the foregoing  
proceeding was heard at the time and place herein  
stated.

IT IS FURTHER CERTIFIED that I  
stenographically reported the said proceedings; that the  
same has been transcribed under my direct supervision;  
and that this transcript constitutes a true  
transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative,  
employee, attorney or counsel of any of the parties, nor  
am I a relative or employee of any of the parties'  
attorney or counsel connected with the action, nor am I  
financially interested in the action.

DATED THIS 5TH day of December, 2014.



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DEBRA R. KRICK  
NOTARY PUBLIC  
COMMISSION #EE212307  
EXPIRES JULY 13, 2016



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CERTIFICATE OF REPORTER

STATE OF FLORIDA )  
COUNTY OF LEON )

I, ANDREA KOMARIDIS, Professional Court Reporter, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that I stenographically reported the said proceedings; that the same has been transcribed under my direct supervision; and that this transcript constitutes a true transcription of my notes of said proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor am I a relative or employee of any of the parties' attorney or counsel connected with the action, nor am I financially interested in the action.

DATED THIS 5th day of December, 2014.



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ANDREA KOMARIDIS  
NOTARY PUBLIC  
COMMISSION #EE866180  
EXPIRES FEBRUARY 09, 2017