

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of:

FILED 11/2/2017
DOCUMENT NO. 09392-2017
FPSC - COMMISSION CLERK

DOCKET NO. 20170002-EG

ENERGY CONSERVATION COST
RECOVERY CLAUSE.

_____ /

PROCEEDINGS: HEARING

COMMISSIONERS
PARTICIPATING: CHAIRMAN JULIE I. BROWN
COMMISSIONER ART GRAHAM
COMMISSIONER RONALD A. BRISÉ
COMMISSIONER DONALD J. POLMANN
COMMISSIONER GARY F. CLARK

DATE: Wednesday, October 25, 2017

TIME: Commenced at 12:50 p.m.
Concluded at 2:00 p.m.

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

REPORTED BY: DEBRA R. KRICK
Court Reporter

PREMIER REPORTING
114 W. 5TH AVENUE
TALLAHASSEE, FLORIDA
(850) 894-0828

1 APPEARANCES:

2 J.R. KELLY, PUBLIC COUNSEL; PATRICIA A.
3 CHRISTENSEN, ERIK SAYLER, ESQUIRES, Office of Public
4 Counsel, c/o the Florida Legislature, 111 W. Madison
5 Street, Room 812, Tallahassee, Florida 32399-1400,
6 appearing on behalf of the Citizens of the State of
7 Florida.

8 JAMES D. BEASLEY, J. JEFFRY WAHLEN,
9 ESQUIRES, Ausley & McMullen, Post Office Box 391,
10 Tallahassee, Florida 32302, appearing on behalf of
11 Tampa Electric Company.

12 JEFFREY A. STONE, RUSSELL A. BADDERS, and
13 STEVEN R. GRIFFIN, ESQUIRES, Beggs & Lane, P.O. Box
14 12950, Pensacola, Florida 32591-2950, appearing on
15 behalf of Gulf Power Company.

16 JON C. MOYLE, JR., and KAREN PUTNAL,
17 ESQUIRES, Moyle Law Firm, P.A., 118 North Gadsden
18 Street, Tallahassee, Florida 32301, appearing on
19 behalf of Florida Industrial Power Users Group.

20 DIANNE M. TRIPLETT, ESQUIRE, 299 First
21 Avenue North, St. Petersburg, Florida 33701; and
22 MATTHEW R. BERNIER, ESQUIRE, 106 East College
23 Avenue, Suite 800, Tallahassee, Florida 32301-7740,
24 appearing on behalf of Duke Energy Florida, LLC.

25

1 APPEARANCES :

2 JOHN BUTLER, WADE LITCHFIELD, and KENNETH
3 M. RUBIN, ESQUIRES, 700 Universe Boulevard, Juno
4 Beach, Florida 33408-0420, on behalf of Florida
5 Power & Light Company.

6 BETH KEATING, ESQUIRE, Gunster Law Firm,
7 215 South Monroe Street, Suite 601, Tallahassee,
8 Florida 32301-1839, appearing on behalf of Florida
9 Public Utilities Company.

10 MARGO DUVAL, ESQUIRES, FPSC General
11 Counsel's Office, 2540 Shumard Oak Boulevard,
12 Tallahassee, Florida 32399-0850, appearing on behalf
13 of the Florida Public Service Commission Staff.

14 KEITH HETRICK, GENERAL COUNSEL; MARY ANNE
15 HELTON, DEPUTY GENERAL COUNSEL, as Advisors to the
16 Florida Public Service Commission, 2540 Shumard Oak
17 Boulevard, Tallahassee, Florida.

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I N D E X

WITNESSES

NAME:	PAGE
Lori J. Cross prefiled testimony inserted	14
Renae B. Deaton prefiled testimony inserted	26
Anita Sharma prefiled testimony inserted	34
Curtis Young prefiled testimony inserted	40
Danielle N.B. Mulligan prefiled testimony inserted	42
John N. Floyd prefiled testimony inserted	46
Mark R. Roche prefiled testimony inserted	59

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EXHIBITS

NUMBER :		ID	ADMTD
1 2-18	Comprehensive Exhibit List As identified in the comprehensive exhibit list	80 80	80 81

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

2 CHAIR BROWN: Good afternoon. And I want
3 to open this 2017 clause hearing conference.

4 Today is October 25th. The time is just
5 five minutes shy of one o'clock, and we are
6 taking up several dockets today. And this is
7 scheduled to go over the course of -- we have
8 October 25th through the 27th, but I hope we
9 can get done before the 27th. And I want to
10 call this hearing to order.

11 Thank you all for your patience. I know
12 we promised 12:30. It's hard to get food
13 quickly in Tallahassee, and it took us a little
14 bit longer, so thank you for your patience. My
15 apologies for a lot of the parties that were
16 waiting from the last docket thinking we were
17 going to take it up right away. So I hope you
18 all got some sustenance and we can get through
19 some of these clauses expeditiously.

20 So with that, staff, can you please read
21 the notice?

22 MS. DUVAL: By notice issued
23 September 27th, 2017, this time and place was
24 set for a hearing in the following dockets:
25 20170001-EI, 20170002-EG, 20170003-GU,

1 20170004-GU and 20170007-EI. The purpose of
2 the hearing is set out in the notice.

3 CHAIRMAN BROWN: Thank you so much.

4 And we are going to take appearances.
5 There are five dockets and, staff, it's -- your
6 suggestion that we take up the appearances all
7 at once, correct?

8 MS. DUVAL: Yes, ma'am.

9 CHAIRMAN BROWN: Okay. So all parties,
10 please, when I go through the list, can you
11 please enter your appearances and declare which
12 dockets you are entering an appearance for?
13 Starting with Florida Power & Light.

14 MR. BUTLER: Thank you, Madam Chairman.

15 John Butler and Wade Litchfield appearing
16 in dockets 01, 02 and 07. Also appearing -- on
17 behalf of Florida Power & Light Company.

18 Also appearing for Florida Power & Light
19 Company in the 01 docket are Maria Moncada and
20 Will Cox. In the 02 docket, Ken Rubin, and in
21 the 07 docket, Jessica Cano.

22 CHAIRMAN BROWN: Okay.

23 MR. BUTLER: Thank you.

24 CHAIRMAN BROWN: Thank you.

25 Duke, Matt Bernier.

1 MR. BERNIER: Thank you, Madam Chairman.

2 Good afternoon, Commissioners. Matt
3 Bernier for Duke Energy. I am entering an
4 appearance in the 01, 02 and 07 dockets. And I
5 would also like to enter an appearance for
6 Dianne Triplett.

7 Thank you.

8 CHAIRMAN BROWN: Thank you.

9 Mr. Beasley.

10 MR. BEASLEY: Thank you, Madam Chair,
11 Commissioners.

12 James Beasley, appearing with Jeff Whalen
13 for Tampa Electric Company in 01, 02 and 07
14 dockets.

15 CHAIRMAN BROWN: Thank you.

16 Gulf.

17 MR. BADDERS: Good afternoon. Russell
18 Badders on behalf of Gulf Power, in the 01, 02
19 and 07 dockets. I would also like to enter an
20 appearance for my partner, Steven Griffin, and
21 for Gulf's General Counsel, Jeffery A. Stone.

22 CHAIRMAN BROWN: Thank you.

23 FIPUG.

24 MR. MOYLE: Thank you, Madam Chairman.

25 Jon Moyle on behalf of the Florida

1 Industrial Power Users Group. I would also
2 like to enter an appearance for Karen Putnal,
3 and those would be in the 01, 02 and 07
4 dockets.

5 CHAIRMAN BROWN: Thank you.

6 Ms. Keating.

7 MS. KEATING: Thank you, Madam Chairman,
8 Commissioners.

9 Beth Keating with the Gunster Law Firm
10 here this afternoon for FPUC in the 01, 02, 03
11 and 04 dockets, for Indiantown and Chesapeake
12 in the 04 docket, and for Florida City Gas in
13 the 03 and 04 dockets.

14 CHAIRMAN BROWN: Okay. Thank you.

15 Mr. Cavros.

16 MR. CAVROS: Good afternoon, Madam Chair,
17 Commissioners.

18 George Cavros on behalf of Southern
19 Alliance for Clean Energy, entering an
20 appearance in the 07 docket.

21 CHAIRMAN BROWN: Thank you.

22 Mr. Wright.

23 MR. WRIGHT: Robert Scheffel Wright and
24 John T. Lavia, III, Gardner Law Firm, appearing
25 on behalf of the Florida Retail Federation in

1 the 01 docket, the fuel docket.

2 Thank you.

3 CHAIRMAN BROWN: Thank you.

4 Public Counsel.

5 MR. SAYLER: Erik Sayler on behalf of the
6 Public Counsel. I would like to do a notice of
7 appearance for Mr. Kelly, Ms. Christensen and
8 myself in all the dockets but the 07 docket,
9 and Mr. Rehwinkel.

10 MR. REHWINKEL: Yes, Charles Rehwinkel for
11 the 07 docket only today, as well as Stephanie
12 Morse.

13 Thank you.

14 CHAIRMAN BROWN: Thank you.

15 Staff.

16 MS. DUVAL: Margo DuVal for the 02 and 07
17 dockets. And I would like to enter appearances
18 for Wesley Taylor in the 03 docket; Stephanie
19 Cuello in the 04 and 07 dockets; Suzanne
20 Brownless and Danijela Janjic in the 01 docket;
21 and Charles Murphy in the 07 docket.

22 MS. HELTON: Mary Anne Helton as your
23 adviser. I would also like to enter an
24 appearance for your General Counsel, Keith
25 Hetrick.

1 CHAIRMAN BROWN: Thank you.

2 All right. So the order of dockets today
3 will be the 02, 03, 04, followed by 01; and I
4 would like to -- I hope to start the 07 docket,
5 if we can, before dinnertime. So that's my --
6 my goal here.

7 We are going to open the 02 docket at this
8 time.

9 Staff.

10 MS. DUVAL: Yes, Madam Chairman.

11 Parties present for the 02 docket are
12 Duke, FPL, FPUC, Gulf, TECO, OPC and FIPUG. I
13 would also note that PCS Phosphate is also a
14 party to this docket, and to my knowledge, they
15 did not request -- formally request excusal
16 from the hearing. However, all witnesses have
17 been excused and parties waived opening
18 statements.

19 In addition, there are proposed
20 stipulation on all issues where the parties
21 have stipulated to Issues 1 through 12 with
22 OPC, FIPUG and PCS Phosphate taking no
23 position.

24 CHAIRMAN BROWN: Just one moment.

25 Commissioner Brisé.

1 COMMISSIONER BRISÉ: Yeah, I am not sure
2 if that's completely accurate. I thought that
3 at the prehearing they had requested that they
4 would be excused, PCS Phosphate.

5 CHAIRMAN BROWN: They -- and I will say,
6 Mr. Brew consulted with me before, and he -- he
7 said he was. It was his impression, except for
8 one docket, he was excused, and he asked if he
9 could be excused, and I was going to mention
10 that when we got to that.

11 MS. DUVAL: Okay, then my mistake.

12 CHAIRMAN BROWN: PCS is excused.

13 MS. DUVAL: Okay.

14 CHAIRMAN BROWN: All right. Any other
15 preliminary matters from any of the parties
16 before we get to the record?

17 Seeing none, staff, let's go to the --
18 let's address the pretrial testimony.

19 MS. DUVAL: Yes, Madam Chairman. We would
20 ask that the pretrial testimony of all
21 witnesses identified in section six, page four
22 of the prehearing order, be inserted into the
23 record as though record.

24 CHAIRMAN BROWN: Seeing no objection, we
25 will go ahead and enter into the record all of

1 the prefiled testimony of all witnesses as
2 identified in section six of the prehearing
3 order.

4 (Whereupon, prefiled testimony was
5 inserted.)

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DUKE ENERGY FLORIDA, LLC
DOCKET No. 170002-EG

**Energy Conservation and Cost Recovery Final True-up
for the Period January through December 2016**

**DIRECT TESTIMONY OF
Lori J. Cross**

April 27, 2017

1 **Q. Please state your name and business address.**

2 A. My name is Lori Cross. My business address is 299 First Avenue North, St.
3 Petersburg, FL 33701.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Duke Energy Business Services, LLC, as Strategy &
7 Collaboration Director in the Customer Programs Department. Duke Energy
8 Business Services and Duke Energy Florida, LLC ("DEF" or the "Company")
9 are both wholly owned subsidiaries of Duke Energy Corporation.

10

11 **Q. What are your duties and responsibilities in that position?**

12 A. My responsibilities include regulatory planning, support and compliance of
13 the Company's energy efficiency and demand-side management ("DSM")
14 programs. This includes support for development, implementation and
15 training, budgeting and accounting functions related to these programs.

16

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to compare DEF's 2016 actual energy
3 conservation program costs with actual revenues collected through the
4 Company's Energy Conservation Cost Recovery ("ECCR") Clause during
5 the period January 2016 through December 2016. The Company relies upon
6 the information presented in my testimony and exhibit in the conduct of its
7 affairs.

8

9 **Q. For what programs does Duke Energy Florida seek recovery?**

10 A. DEF seeks recovery through the ECCR Clause for conservation programs
11 approved by the Commission as part of the Company's DSM Plan, as well as
12 for Conservation Program Administration (i.e., those common administration
13 expenses not specifically assigned to an individual program). Notably, DEF
14 seeks recovery of costs for conservation programs approved by the
15 Commission on August 20, 2015 (see Order No. PSC-15-0332-PAA-EG), as
16 follows:

- 17 • Home Energy Check
- 18 • Residential Incentive
- 19 • Neighborhood Energy Saver
- 20 • Low-Income Weatherization Assistance Program
- 21 • Energy Management (Residential and Commercial)
- 22 • Business Energy Check
- 23 • Better Business

- 1 • Florida Custom Incentive
- 2 • Standby Generation
- 3 • Interruptible Service
- 4 • Curtailable Service
- 5 • Solar Water Heating with Energy Management Pilot
- 6 • Residential Solar Photovoltaic Pilot
- 7 • Photovoltaic for Schools Pilot
- 8 • Technology Development
- 9 • Qualifying Facility

10

11 **Q. Do you have any exhibits to your testimony?**

12 A. Yes, Exhibit No.__(LJC-1T) entitled, "Duke Energy Florida, LLC Energy
13 Conservation Adjusted Net True-Up for the Period January 2016 through
14 December 2016." There are six (6) schedules included in this exhibit.

15

16 **Q. Will you please explain your exhibit?**

17 A. Yes. Exhibit No.__(LJC-1T) presents Schedules CT-1 through CT-6.
18 Schedules CT-1 to CT-4 set out actual costs incurred for all programs during
19 the period from January 2016 through December 2016. These schedules also
20 illustrate variances between actual costs and previously projected values for
21 the same time period. Schedule CT-5 provides a brief summary of each
22 conservation program that includes a program description, program
23 accomplishments, annual program expenditures, significant program cost

1 variances versus projections, and a program progress summary over the
2 twelve-month period ending December 2016. Schedule CT-6 is DEF's capital
3 structure and cost rates.

4

5 **Q. Would you please discuss Schedule CT-1?**

6 A. Yes. Schedule CT-1 line 14 shows that DEF's actual end-of-period ECCR
7 true-up for December 31, 2016 was an over-recovery of \$3,391,426, including
8 principal and interest.

9

10 **Q. What does Schedule CT-2 show?**

11 A. The four pages of Schedule CT-2 provide an annual summary of
12 conservation program revenues as well as itemized conservation program
13 costs for the period January 2016 through December 2016 detailing actual,
14 estimated and variance calculations by program. These costs are directly
15 attributable to DEF's Commission-approved programs.

16

17 **Q. Would you please discuss Schedule CT-3?**

18 A. Yes. Page one of Schedule CT-3 provides actual conservation program
19 costs by month for the period January 2016 through December 2016. Page
20 two of Schedule CT-3 presents program revenues by month offset by
21 expenses, and a calculation of the end of period net true-up for each month
22 and the total for the year. Page three provides the monthly interest

1 calculation. Pages four and five of Schedule CT-3 provide conservation
2 account numbers for the 2016 calendar year.

3

4 **Q. What is the purpose of Schedule CT-4?**

5 A. The five pages of Schedule CT-4 show monthly capital investment,
6 depreciation and return for each conservation program.

7

8 **Q. Would you please discuss Schedule CT-5?**

9 A. Yes. Schedule CT-5 provides a brief summary report of each conservation
10 program that includes a program description, program accomplishments,
11 annual program expenditures, significant program cost variances versus
12 projections, and a program progress summary for the 2016 calendar year.

13

14 **Q. What is the purpose of Schedule CT-6?**

15 A: Schedule CT-6 is the capital structure and cost rates used to calculate the
16 return for each applicable conservation program.

17

18 **Q. What is the source of data used to calculate the true-up amount.**

19 A. The actual data used in calculating the actual true-up amounts is from DEF's
20 records, unless otherwise indicated. These records are kept in the regular
21 course of DEF's business in accordance with general accounting principles
22 and practices, provisions of the Uniform System of Accounts as prescribed
23 by the Federal Energy Regulatory Commission, and any accounting rules

1 and orders established by this Commission. Pursuant to Rule 25-17.015(3),
2 Florida Administrative Code, DEF provides a list of all account numbers
3 used for conservation cost recovery during the period January 2016 through
4 December 2016 on Schedule CT-3 pages 4 and 5.

5

6 **Q. Does this conclude your direct testimony?**

7 A. Yes.

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DUKE ENERGY FLORIDA
DOCKET No. 20170002-EG

Energy Conservation Cost Recovery
2017 Actual / Estimated and 2018 Projected Costs

DIRECT TESTIMONY OF
Lori J. Cross

August 18, 2017

1 **Q. State your name and business address.**

2 A. My name is Lori Cross. My business address is 299 First Avenue North, St.
3 Petersburg, FL 33701.

4

5 **Q. By whom are you employed and in what capacity?**

6 A. I am employed by Duke Energy Business Services, LLC ("DEBS"), as Strategy
7 Collaboration Director Regulatory Strategy in the Customer Programs
8 Department. DEBS is a service-company affiliate of Duke Energy Florida, LLC
9 ("Duke Energy Florida", "DEF", or the "Company").

10

11 **Q. What are your current duties and responsibilities at Duke Energy?**

12 A. My responsibilities include the regulatory planning, support and compliance of
13 the Company's energy efficiency and demand-side management (DSM)
14 programs. This includes support for development, implementation and training,
15 budgeting, and accounting functions related to these programs.

16

1 **Q. What is the purpose of your testimony?**

2 A. The purpose of my testimony is to describe the components and costs of the
3 Company's DSM programs. I will detail the projected costs for each program,
4 explain how these costs are presented in my attached exhibit, and show the
5 resulting projected Energy Conservation Cost Recovery ("ECCR") factors for
6 2018 customer billings.

7
8 **Q. For what programs does Duke Energy Florida seek recovery?**

9 A. Pursuant to Rule 25-17.015, F.A.C., Duke Energy Florida seeks recovery
10 through the ECCR clause of costs related to the following conservation
11 programs approved by the Commission as part of the Company's DSM Plan on
12 August 20, 2015 (see Order No. PSC-15-0332-PAA-EG), as well as for common
13 administrative expenses not linked to a specific program:

- 14 • Home Energy Check
- 15 • Residential Incentive Program
- 16 • Neighborhood Energy Saver
- 17 • Low-Income Weatherization Assistance Program
- 18 • Energy Management (Residential and Commercial)
- 19 • Business Energy Check
- 20 • Better Business
- 21 • Florida Custom Incentive
- 22 • Standby Generation
- 23 • Interruptible Service

- 1 • Curtailable Service
- 2 • Technology Development
- 3 • Qualifying Facility
- 4

5 **Q. Do you have any exhibits to your testimony?**

6 A. Yes. Exhibit No._(LJC-1P) supports Duke Energy Florida's energy
7 conservation calculations for the 2017 actual/estimated period and the 2018
8 projection period. There are six (6) schedules included in this exhibit.
9

10 **Q. Will you please explain your exhibit?**

11 A. Yes. Exhibit No._(LJC-1P) presents Schedules C-1 through C-6. Schedules C-
12 1 to C-4 provide projected program costs for calendar year 2018 along with an
13 updated projection of program costs for 2017. The 2017 updated projection of
14 costs includes the actual costs incurred for the period from January 2017
15 through June 2017 and forecasted costs for July through December 2017.
16 Schedule C-5 provides a brief summary report for each program that includes a
17 program description, estimated annual program expenditures for 2018, and a
18 summary of program accomplishments through the period ending June 2017.
19 Schedule C-6 is the capital structure and cost rates used to calculate the return
20 for each applicable conservation program.
21

22 **Q. Would you please discuss Schedule C-1?**

23 A. Schedule C-1 provides the calculation of the cost recovery factors for 2018 by
24 rate class.

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Q. What does Schedule C-2 show?

A. Schedule C-2 provides annual and monthly conservation program cost estimates for the 2018 projection period for each conservation program, as well as for common administration expenses. Additionally, Schedule C-2 presents program costs by specific category (e.g., payroll, materials, incentives, etc.) and includes a schedule of estimated capital investments, depreciation and return for the projection period.

Q. Would you please discuss Schedule C-3?

A. Schedule C-3 contains a detailed breakdown of conservation program costs by specific category and by month for the period of January through June 2017 (actual) and July through December 2017 (estimated). In addition, Schedule C-3 presents a schedule of capital investment, depreciation and return, an energy conservation adjustment calculation of true-up, and a calculation of interest provision for the 2017 actual/estimated period.

Q. What is the purpose of Schedule C-4?

A. Schedule C-4 provides the projected ECCR revenues for the 2018 projection period.

Q. Would you please discuss Schedule C-5?

1 A. Schedule C-5 presents a brief description of each program, as well as a
2 summary of progress and projected expenditures for each program for which
3 DEF seeks cost recovery through the ECCR clause.

4

5 **Q. What is the purpose of Schedule C-6?**

6 A: Schedule C-6 provides the capital structure and cost rates used to calculate
7 the Return on Average Investment on Schedules C-2 and C-3.

8

9 **Q. Would you please summarize the results presented in your Exhibit?**

10 A. Yes. Schedule C-2, Page 1 of 8, Line 22, shows total 2018 projected program
11 costs of \$114,452,432 partially offset by a prior period over-recovery of
12 \$3,078,883 resulting in estimated net revenue requirements in 2018 of
13 \$111,408,966. The following table includes DEF's proposed ECCR billing
14 factors, by retail rate class and voltage level for calendar year 2018, as
15 contained in Schedule C-1, Page 2 of 2.

16

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2018 ECCR Billing Factors

	Secondary	Primary	Transmission
<u>Retail Rate Schedule</u>	<u>Voltage</u>	<u>Voltage</u>	<u>Voltage</u>
Residential (Cents/kWh)	.328	N/A	N/A
General-Service-Non-Demand (Cents/kWh)	.270	.267	.265
General Service 100% Load Factor (Cents/kWh)	.211	N/A	N/A
General Service Demand (\$/kW)	1.01	1.00	.99
Curtable (\$/kW)	.68	.67	.67
Interruptible (\$/kW)	.83	.82	.81
Standby Monthly (\$/kW)	.099	.098	.097
Standby Daily (\$/kW)	.047	.047	.046
Lighting (Cents/kWh)	.108	N/A	N/A

13

14 **Q. Does this conclude your testimony?**

15 A. Yes.

16

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF RENAE B. DEATON**

4 **DOCKET NO. 170002-EG**

5 **MAY 1, 2017**

6
7 **Q. Please state your name, business address, employer and position.**

8 A. My name is Renae B. Deaton. My business address is Florida Power & Light
9 Company, 700 Universe Boulevard, Juno Beach, Florida 33408. I am employed
10 by Florida Power & Light Company (“FPL” or the “Company”) as Director, Cost
11 Recovery Clauses, in the Regulatory & State Governmental Affairs Department.

12 **Q. Please state your education and business experience.**

13 A. I hold a Bachelor of Science in Business Administration and a Master of Business
14 Administration from Charleston Southern University. Since joining FPL in 1998,
15 I have held various positions in the rates and regulatory areas. Prior to my current
16 position, I held the positions of Senior Manager of Cost of Service and Load
17 Research and Senior Manager of Rate Design in the Rates and Tariffs
18 Department. I am a member of the Edison Electric Institute (“EEI”) Rates and
19 Regulatory Affairs Committee, and I have completed the EEI Advanced Rate
20 Design Course. I have been a guest speaker at Public Utility Research
21 Center/World Bank International Training Programs on Utility Regulation and
22 Strategy. In 2016, I assumed my current position as Director, Cost Recovery
23 Clauses, where I am responsible for providing direction as to appropriateness of

1 inclusion of costs through a cost recovery clause and the overall preparation and
2 filing of all cost recovery clause documents including testimony and discovery.

3 **Q. What is the purpose of your testimony?**

4 A. The purpose of my testimony is to present for Commission review and approval
5 the schedules supporting the calculation of the Energy Conservation Cost
6 Recovery (“ECCR”) Clause final net true-up amount for the period January 2016
7 through December 2016.

8 **Q. Have you prepared or caused to be prepared under your direction,
9 supervision or control an exhibit in this proceeding?**

10 A. Yes, I am sponsoring Schedules CT-1 and CT-4, and co-sponsoring Schedules
11 CT-2 and CT-3, in Exhibit AS-1. The specific sections of Schedules CT-2 and
12 CT-3 that I am sponsoring are identified in the Table of Contents, which is found
13 in Exhibit AS-1, Page 1 of 1.

14 **Q. What is the source of the data used in calculating the final net true-up amount
15 for the January 2016 through December 2016 period?**

16 A. Unless otherwise indicated, the data used in calculating the final net true-up amount
17 were taken from the books and records of FPL. The books and records are kept in
18 the regular course of the Company’s business in accordance with generally
19 accepted accounting principles and practices, and in accordance with the applicable
20 provisions of the Uniform System of Accounts as prescribed by this Commission
21 and directed in Rule 25-17.015, Florida Administrative Code. Pages 5 and 6 of
22 Schedule CT-2 provide a complete list of all account numbers used for ECCR
23 during the period January 2016 through December 2016.

1 **Q. What is the actual end of period true-up amount that FPL is requesting the**
2 **Commission to approve for the January 2016 through December 2016 period?**

3 A. FPL has calculated and is requesting approval of an over-recovery of \$14,240,648
4 including interest, as the actual end of period true-up amount for the period January
5 2016 through December 2016. The calculation of this \$14,240,648 over-recovery is
6 shown on Schedule CT-3, Page 8, Line 7 plus Line 8.

7 **Q. What is the final net true-up amount for the January 2016 through December**
8 **2016 period that FPL is requesting be carried over and included in the**
9 **January 2018 through December 2018 ECCR factors?**

10 A. FPL has calculated and is requesting approval of an over-recovery of \$7,866,571 as
11 the final net true-up amount for the period January 2016 through December 2016.
12 This final net true-up over-recovery of \$7,866,571 is the difference between the
13 actual end of period true-up over-recovery of \$14,240,648 and the actual/estimated
14 true-up over-recovery of \$6,374,077 approved by the Commission in Order No.
15 PSC-16-0534-FOF-EG, issued November 22, 2016. The calculation of the
16 \$7,866,571 over-recovery is shown on Schedule CT-1, Page 1.

17 **Q. Was the calculation of the final net true-up amount for the period January**
18 **2016 through December 2016 performed consistently with prior true-up**
19 **calculations in predecessor ECCR dockets?**

20 A. Yes. FPL's final net true-up was calculated consistent with the methodology set
21 forth in Schedule 1, Page 2 of 2, attached to Order No. 10093, dated June 19,
22 1981.

1 **Q. Have you provided a schedule showing the variances between actual and**
2 **actual/estimated program costs and revenues for the period January 2016**
3 **through December 2016?**

4 A. Yes. Schedule CT-2, Page 2, compares actual to actual/estimated program costs,
5 revenues and interest, resulting in the variance of \$7,866,571.

6 **Q. Please explain the calculation of the \$7,866,571 variance.**

7 A. The difference between 2016 actual and actual/estimated ECCR revenues, net of
8 revenues taxes of \$1,899,261 (CT-2, Page 2, Line 12) minus the difference
9 between 2016 actual and actual/estimated total adjusted program costs of
10 (\$5,945,374) (CT-2, Page 2, Line 9) results in a variance of \$7,844,365 (CT-2,
11 Page 2, Line 13). This \$7,844,635 over-recovery, plus the variance of \$21,936 in
12 interest (CT-2, Page 2, Line 14), results in a net over-recovery of \$7,866,571 (CT-
13 2, Page 2, Line 18).

14 **Q. Does this conclude your testimony?**

15 A. Yes.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF RENAE B. DEATON**

4 **DOCKET NO. 20170002-EG**

5 **AUGUST 18, 2017**

6

7 **Q. Please state your name, business address, employer and position.**

8 A. My name is Renae B. Deaton and my business address is 700 Universe
9 Boulevard, Juno Beach, FL 33408. I am employed by Florida Power & Light
10 Company (“FPL” or “the Company”) as Director, Cost Recovery Clauses, in the
11 Regulatory Affairs Department.

12 **Q. Have you previously filed testimony in this docket?**

13 A. Yes.

14 **Q. What is the purpose of your testimony in this proceeding?**

15 A. The purpose of my testimony is to present the schedules necessary to support the
16 actual/estimated Energy Conservation Cost Recovery (“ECCR”) clause true-up
17 for the period January 2017 through December 2017 and the calculation of the
18 ECCR factors based on the projected ECCR costs for FPL’s Demand Side
19 Management (“DSM”) programs to be incurred during the months of January
20 2018 through December 2018.

1 **Q. Have you prepared or caused to be prepared under your direction,**
2 **supervision or control any exhibits in this proceeding?**

3 A. Yes, I am sponsoring Schedules C-1 and C-4, and co-sponsoring Schedules C-2
4 and C-3, in Exhibit AS-2. The specific sections of Schedules C-2 and C-3 that I
5 am sponsoring are identified in the Table of Contents, which is found on Exhibit
6 AS-2, page 1.

7 **Q. What is the source of the data used in calculating the 2017 actual/estimated**
8 **true-up amount?**

9 A. Unless otherwise indicated, the data used in calculating the 2017 actual/estimated
10 true-up amount was taken from the books and records of FPL. The books and
11 records are kept in the regular course of the Company's business in accordance with
12 generally accepted accounting principles and practices, and with the applicable
13 provisions of the Uniform System of Accounts as prescribed by this Commission
14 and directed in Rule 25-17.015, Florida Administrative Code.

15 **Q. Please explain the calculation of the ECCR end of period net true-up and**
16 **actual/estimated true-up amount for 2017 included in Exhibit AS-2.**

17 A. Schedule C-3, pages 23 and 24 provide the calculation of the 2017 ECCR end of
18 period net true-up and actual/estimated true-up amounts. The end of period net
19 true-up amount to be carried forward to the 2018 ECCR factors is an over-recovery
20 of \$13,665,997 (Schedule C-3, page 23, line 9). This \$13,665,997 over-recovery
21 includes the 2016 final true-up over-recovery of \$7,866,571 (Schedule C-3, page
22 23, line 7a) filed with the Commission on May 1, 2017, and the 2017

1 actual/estimated true-up over-recovery, including interest, of \$5,799,425, (Schedule
2 C-3, page 23, lines 5 plus 6) for the period January 2017 through December 2017.
3 The 2017 actual/estimated true-up is based on actual data for the period January
4 2017 through June 2017 and revised estimates for the period July 2017 through
5 December 2017.

6 **Q. Were these calculations made in accordance with the procedures previously**
7 **approved in the predecessors to this Docket?**

8 A. Yes, they were.

9 **Q. Have you prepared calculations of the allocation factors for demand and**
10 **energy?**

11 A. Yes. Schedule C-1, page 3 in Exhibit AS-2, provides these calculations. The
12 demand allocation factors are calculated by determining the percentage each rate
13 class contributes to the monthly system peaks. The energy allocation factors are
14 calculated by determining the percentage each rate class contributes to total kWh
15 sales, as adjusted for losses.

16 **Q. Have you prepared calculations of the 2018 ECCR factors by rate class?**

17 A. Yes. Schedule C-1, page 4 in Exhibit AS-2 provides the calculations of FPL's
18 2018 ECCR factors being requested.

19 **Q. Has FPL implemented any changes affecting the recovery of capital costs**
20 **through the ECCR as a result of its most recent base rate case?**

21 A. Yes. As result of the Stipulation and Settlement Agreement approved by the
22 Commission in FPL's most recent base rate case (Order No. PSC-2016-0560-AS-

1 EI, Docket No. 20160021-EI), FPL implemented changes effective January 1,
2 2017 that affect the recovery of capital costs through the ECCR clause. FPL
3 transferred approved ECCR capital projects classified as Construction Work in
4 Progress (“CWIP”) from base rates to ECCR and applied the approved
5 depreciation rates to the ECCR capital projects beginning in January 2017.

6 **Q. Were the changes discussed herein incorporated into the calculation of FPL’s**
7 **2017 ECCR factors?**

8 A. No. As indicated on pages 4 through 6 in the testimony of FPL witness Terry J.
9 Keith filed in Docket No. 20160002-EG on August 19 , 2016 (and adopted by me
10 on October 3, 2016), FPL did not include any of these changes in the calculation
11 of its 2017 ECCR factors because the Commission had not yet approved them.
12 However, because the Commission subsequently approved these changes as part
13 of a comprehensive settlement agreement in Order No. PSC-2016-0560-AS-EI, it
14 is appropriate to include them as part of the 2017 actual/estimated true-up
15 process.

16 **Q. Does this conclude your testimony?**

17 A. Yes.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**
2 **FLORIDA POWER & LIGHT COMPANY**
3 **TESTIMONY OF ANITA SHARMA**
4 **DOCKET NO. 170002-EG**
5 **MAY 1, 2017**

6

7 **Q. Please state your name and business address.**

8 A. My name is Anita Sharma and my business address is 9250 West Flagler Street,
9 Miami, Florida 33174. I am employed by Florida Power and Light Company
10 (“FPL”) in the Demand Side Management (“DSM”) Department as Manager, Cost
11 & Performance.

12 **Q. Please describe your educational and professional background and experience.**

13 A. I received a Masters in Economics in 1983 and a Masters in Finance in 2006 from
14 Florida International University. I began working at FPL in 1985 as an Assistant
15 Economist and have worked in positions of increasing responsibility in the areas of
16 economics and energy forecasting. I began in my present position as Manager of
17 Cost & Performance for DSM programs in March 2009.

18 **Q. Have you previously testified in this or predecessor dockets?**

19 A. Yes.

20 **Q. What is the purpose of your testimony?**

21 A. The purpose of my testimony is to present the actual Energy Conservation Cost
22 Recovery costs for FPL’s DSM programs for the period January 2016 through
23 December 2016.

1 **Q. Have you prepared or caused to be prepared under your direction, supervision**
2 **or control an exhibit in this proceeding?**

3 A. Yes. I am sponsoring Schedules CT-5, CT-6 and Appendix A and co-sponsoring
4 Schedules CT-2 and CT-3 in Exhibit AS-1. The specific sections of Schedules CT-2
5 and CT-3 that I am co-sponsoring are identified in the Table of Contents, which is
6 found in Exhibit AS-1, Page 1.

7 **Q. For the January 2016 through December 2016 period, did FPL seek recovery of**
8 **any costs for advertising which makes a specific claim of potential energy**
9 **savings or states appliance efficiency ratings or savings?**

10 A. Yes.

11 **Q. Has FPL complied with Rule 25-17.015(5), Florida Administrative Code, which**
12 **requires FPL to file all data sources and calculations used to substantiate claims**
13 **of potential energy savings or which state appliance efficiency ratings or savings**
14 **that are included in advertisement?**

15 A. Yes. The documentation required by the Rule is included in Appendix A.

16 **Q. Are all costs listed in Schedule CT-2 attributable to Commission-approved**
17 **DSM programs?**

18 A. Yes.

19 **Q. How did FPL's actual program costs for the January 2016 through December**
20 **2016 period compare to the actual/estimated costs presented in Docket No.**
21 **160002-EG, and approved in Order No. PSC-16-0534-FOF-EG?**

22 A. Actual program costs for the period were \$158,174,787. The actual/estimated
23 program costs were \$164,120,161. Therefore, actual costs were \$5,945,374, or

1 approximately four percent, lower than the actual/estimated costs (see Schedule CT-
2 2, Page 2, Line 9). Each program's contribution to the variance is shown on
3 Schedule CT-2, Page 4.

4 **Q. Does this conclude your testimony?**

5 A. Yes.

1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

2 **FLORIDA POWER & LIGHT COMPANY**

3 **TESTIMONY OF ANITA SHARMA**

4 **DOCKET NO. 20170002-EG**

5 **AUGUST 18, 2017**

6

7 **Q. Please state your name, business address, employer and position.**

8 A. My name is Anita Sharma. My business address is 9250 West Flagler Street, Miami,
9 Florida 33174. I am employed by Florida Power and Light Company (“FPL” or the
10 “Company”) as Manager, DSM Cost & Performance.

11 **Q. Have you previously filed testimony in this docket?**

12 A. Yes.

13 **Q. What is the purpose of your testimony?**

14 A. The purpose of my testimony is to submit for Commission review and approval the
15 projected Energy Conservation Cost Recovery (“ECCR”) costs for FPL’s Demand-
16 Side Management (“DSM”) programs to be incurred by FPL during January through
17 December 2018 and the actual/estimated ECCR costs for January through December
18 2017.

19 **Q. Are you sponsoring an exhibit in this proceeding?**

20 A. Yes. I am sponsoring Exhibit AS-2, Schedule C-5 and co-sponsoring Schedules C-2
21 and C-3. The specific sections of Schedules C-2 and C-3 that I am co-sponsoring are
22 shown on the Table of Contents (Exhibit AS-2, page 1).

1 **Q. Are all of the costs listed in these exhibits reasonable, prudent and attributable to**
2 **programs approved by the Commission?**

3 A. Yes. The 2018 projections and 2017 actual/estimated costs are based on the programs
4 from FPL's DSM Plan approved by the Commission in Docket 150085-EG. The
5 2017 actual costs also include some residual carryover costs associated with certain
6 programs from FPL's previously-approved DSM Plan that were discontinued in the
7 current DSM Plan.

8 **Q. Please describe the methods used to derive the program costs for which FPL**
9 **seeks recovery.**

10 A. The actual costs for the months of January through June 2017 came from the books
11 and records of FPL. The books and records are kept in the regular course of FPL's
12 business in accordance with generally accepted accounting principles and practices
13 and with the applicable provisions of the Uniform System of Accounts as prescribed
14 by this Commission and directed in Rule 25-17.015, Florida Administrative Code.

15
16 Costs for the months of July through December 2017 and January through December
17 2018 are projections compiled from detailed month-by-month analyses for each
18 program which were prepared by the relevant departments within FPL. The
19 projections have been created in accordance with FPL's standard budgeting and on-
20 going cost justification processes.

21

1 **Q. What are the ECCR costs for the January through December 2017**
2 **actual/estimated period?**

3 A. The actual/estimated costs for the period January through December 2017 are
4 \$163,355,218 as shown on Exhibit AS-2, Schedule C-3, page 22, line 19.

5 **Q. What are the 2018 costs FPL is requesting the Commission to approve?**

6 A. FPL is requesting approval of \$155,599,309 for recovery during the period of January
7 through December 2018 as shown on Exhibit AS-2, Schedule C-1, page 2, line 8. This
8 includes projected costs for January through December 2018 of \$169,229,261 as
9 shown on Exhibit AS-2, Schedule C-1, page 2, line 1 as well as prior and current
10 period over recoveries, interest and applicable revenue taxes.

11 **Q. Does this conclude your testimony?**

12 A. Yes.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 170002-EG:
ENERGY CONSERVATION COST RECOVERY CLAUSE

Direct Testimony (Final True Up) of
CURTIS D. YOUNG

On Behalf of Florida Public Utilities Company

1 Q. Please state your name and business address.

2 A. Curtis D. Young: my business address is 1641 Worthington Road, Suite 220 West
3 Palm Beach, Florida 33409.

4 Q. By whom are you employed and in what capacity?

5 A. I am employed by Florida Public Utilities Company as a Senior Regulatory
6 Analyst.

7 Q. What is the purpose of your testimony at this time?

8 A. To advise the Commission of the actual over/under recovery of the Conservation
9 Program costs for the period January 1, 2016 through December 31, 2016 as
10 compared to the true-up amounts previously reported for that period which were
11 based on six months actual and six months estimated data.

12 Q. Please state the actual amount of over/under recovery of Conservation Program
13 costs for the Consolidated Electric Divisions of Florida Public Utilities Company
14 for January 1, 2016 through December 31, 2016.

15 A. The Company over-recovered \$65,614 during that period. This amount is
16 substantiated on Schedule CT-3, page 2 of 3, Energy Conservation Adjustment.

17 Q. How does this amount compare with the estimated true-up amount which was
18 allowed by the Commission during the November 2016 hearing?

1 A. The cost recovery factors approved by the Commission in Docket No. 160002-EG
2 were based upon an anticipated over-recovery of \$68,169 as of December 31,
3 2016.

4 Q. Have you prepared any exhibits at this time?

5 A. We have prepared and pre-filled Schedules CT-1, CT-2, CT-3, CT-4, CT-5 and
6 CT-6 (Composite Exhibit CDY-1).

7 Q. Does this conclude your testimony?

8 A. Yes.

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
2 DOCKET NO. 20170002-EG - In Re: Energy Conservation Cost Recovery Clause
3 DIRECT TESTIMONY OF DANIELLE N.B. MULLIGAN

4 On behalf of
5 Florida Public Utilities Company

6 **Q. Please state your name, occupation and business address.**

7 A. My name is Danielle Mulligan. I am the Marketing and Conservation Manager for
8 Florida Public Utilities Company. My business address is 450 S. Charles Richard
9 Beall Blvd, DeBary, Florida 32713.

10 **Q. Describe briefly your background and business experience?**

11 A. I graduated from the University of Phoenix in 2003 with a Bachelor of Science in
12 Business Marketing. I have been employed by FPUC since 2010, initially serving
13 as an Energy Conservation Representative for three years before being promoted to
14 the position of Marketing Manager. On June 1, 2017, I was given the additional
15 responsibility of overseeing the Energy Conservation department, which entails
16 management of the Company's electric and gas conservation programs to ensure
17 compliance with all Florida Public Service Commission (FPSC) rules as it pertains
18 to Energy Conservation programs. I am also involved in the preparation of various
19 conservation program related regulatory filings.

20 **Q. Are you familiar with the electric conservation programs of the Company and**
21 **costs which have been, and are projected to be, incurred?**

22 A. Yes.

23 **Q. What is the purpose of your testimony in this docket?**

24 A. To describe generally the expenditures made and projected to be made in
25 implementing, promoting, and operating the Company's electric conservation
26 programs. This will include recoverable costs incurred in January through

1 June 2017 and projections of program costs to be incurred from July through
2 December 2017. It will also include projected electric conservation costs for
3 the period January through December 2018, with a calculation of the
4 Conservation Adjustment Factor to be applied to the Company's consolidated
5 electric customers' bills during the collection period of January 1, 2018
6 through December 31, 2018.

7 **Q. Are there any exhibits that you wish to sponsor in this proceeding?**

8 A. Yes. The Company wishes to sponsor as exhibits Schedules C-1, C-2, C-3, C-4, C-5
9 and Exhibit DNBM-2. Exhibit DNBM-2 contains a description of a Distributed
10 Battery Technology Pilot program that the Company wishes to pursue through its
11 Conservation Demonstration and Development program (CDD). FPU wishes to test
12 the viability of using battery storage technology to improve customer's electric
13 system reliability and resiliency. In addition, the pilot will test whether the
14 technology can be used to lower FPU's power supply cost and test the viability of
15 using storage batteries to integrate renewables into FPU's power purchase portfolio.
16 Per the Company's 2015 Demand Side Management Plan (approved by Order No.
17 PSC-2015-0326-PAA-EG), FPUC will notify the Florida Public Service Commission
18 of any CDD project that exceeds \$15,000. The Company projects \$75,000 will be
19 spent on the pilot program and has attached Exhibit DNBM-2 to this filing as
20 notification.

21 **Q. Has the Company prepared summaries of its electric conservation programs
22 and the costs associated with these programs?**

23 A. Yes. Summaries of the electric conservation programs as approved in Docket No.
24 150089-EG, the petition for approval of the demand-side management plan, are
25 contained in Schedule C-5 of Exhibit DNBM-1. Included are the Residential Energy

1 Survey Program, the Residential Heating and Cooling Efficiency Program, the
2 Commercial Heating and Cooling Efficiency Program, the Commercial Chiller
3 Upgrade Program, the Electric Conservation Demonstration and Development
4 Program, the Low Income Energy Outreach Program, the Commercial Reflective
5 Roof Program and the Commercial Energy Consultation Program.

6 **Q. Has the Company prepared schedules that show the expenditures associated**
7 **with its electric conservation programs for the periods you have mentioned?**

8 A. Yes, Schedule C-3, Pages 1 and 1A of 5, Exhibit DNBM-1 shows actual expenses for
9 the months January through June 2017. Projections for July through December 2017
10 are also shown on Schedule C-3, Pages 1 and 1A. Projected expenses for the
11 January through December 2018 period are shown on Schedule C-2, Page 1 of 3 of
12 Exhibit DNBM-1.

13 **Q. Has the Company prepared schedules that show revenues for the period**
14 **January through December 2017?**

15 A. Yes. Schedule C-4 shows actual revenues for the months January through June 2017
16 and projected revenues for July through December 2017 and January through
17 December 2018.

18 **Q. Has the Company prepared a schedule that shows the calculation of its**
19 **proposed Conservation Adjustment Factor to be applied during billing periods**
20 **from January 1, 2018 through December 31, 2018?**

21 A. Yes. Schedule C-1 of Exhibit DNBM-1 shows these calculations. Net program cost
22 estimates for the period January 1, 2018 through December 31, 2018 are used. The
23 estimated true-up amount from Schedule C-3 (Page 4 of 5, Line 11) of Exhibit
24 DNBM-1, being an over-recovery, was added to the total of the projected costs for
25 the twelve-month period. The total projected recovery amount, including estimated

1 true-up, was then divided by the projected Retail KWH Sales for the twelve-month
2 period ending December 31, 2018. The resulting Conservation Adjustment Factor is
3 shown on Schedule C-1 (Page 1 of 1) of Exhibit DNBM-1.

4 **Q. What is the Conservation Adjustment Factor necessary to recover these**
5 **projected net total costs?**

6 A. The Conservation Adjustment Factor is \$.00102 per KWH.

7 **Q. Does this conclude your testimony?**

8 A. Yes.

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony and Exhibit of
4 John N. Floyd
5 Docket No. 170002-EG
6 Date of Filing: May 1, 2017

7 Q. Please state your name, business address, employer and position.

8 A. My name is John N. Floyd, and my business address is One Energy
9 Place, Pensacola, Florida 32520. I am employed by Gulf Power
10 Company (Gulf or the Company) as the Energy Efficiency and
11 Renewables Manager.

12 Q. Mr. Floyd, please describe your educational background and business
13 experience.

14 A. I received a Bachelor Degree in Electrical Engineering from Auburn
15 University in 1985. After serving four years in the U.S. Air Force, I began
16 my career in the electric utility industry at Gulf Power in 1990 and have
17 held various positions with the Company in Power Generation, Metering,
18 Power Delivery and Marketing. In my present position, I am responsible
19 for the development and implementation of Gulf's customer program
20 offerings associated with the Company's Demand-Side Management
21 (DSM) Plan.

22

23 Q. Have you previously testified before this Commission in connection with
24 the Energy Conservation Cost Recovery Clause?

25 A. Yes.

1 Q. Mr. Floyd, what is the purpose of your testimony?

2 A. The purpose of my testimony is to present the results of the approved
3 Energy Conservation Cost Recovery Clause programs and related
4 expenses for January 2016 through December 2016.

5

6 Q. Are you sponsoring any exhibits to your testimony?

7 A. Yes, I sponsor Exhibit JNF-1, Schedules CT-1 through CT-6.

8

9 Q. Have you verified that the information contained in Exhibit JNF-1 is
10 correct?

11 A. Yes, I have. This exhibit was prepared under my direction and control,
12 and the information contained therein is true and correct to the best of my
13 knowledge.

14 Counsel: We ask that Mr. Floyd's exhibit consisting of 6 Schedules,
15 CT-1 through CT-6, be marked for identification as:
16 Exhibit No. ____ (JNF-1)

17

18 Q. Please summarize for this Commission the deviations between the actual
19 expenses for this recovery period and the amount of estimated/actual
20 expenses previously filed with this Commission.

21 A. The estimated/actual true-up net expenses for the entire recovery period
22 January 2016 through December 2016, previously filed, were
23 \$12,579,743. The actual expenses incurred in 2016 were \$11,915,459,
24 which resulted in a variance of \$664,284 or 5.3% under the projection.
25 See Schedule CT-2, Line 10.

1 Q. Mr. Floyd, would you explain the January 2016 through December 2016
2 variance?

3 A. Yes. The variance was a result of actual expenses being less than
4 estimated in the majority of the programs. These variances were partially
5 offset by the following programs which experienced more actual expenses
6 than estimated: Community Energy Saver, Residential Building Efficiency,
7 Commercial/Industrial Energy Audit and Commercial Building Efficiency.
8 Overall, these variances mean that actual program expenses for the 12
9 month period through December 2016 were \$664,284 less than the level
10 of estimated/actual program expenses filed on August 19, 2016. A more
11 detailed description of the deviations is contained in Schedule CT-3, Page
12 1 and Schedule CT-6.

13

14 Q. Mr. Floyd, what was Gulf's adjusted net true-up for the period January
15 2016 through December 2016?

16 A. There was a \$270,410 under-recovery as shown on Schedule CT-1.

17

18 Q. Please describe your program participation levels during the recovery
19 period.

20 A. A more detailed review of each of the programs is included in my
21 Schedule CT-6. The following is a synopsis of program participation
22 levels during this recovery period.

23 (A) Residential Energy Surveys - During the 2016 recovery period, the
24 Company completed 6,696 surveys compared to the projection of
25 6,116.

- 1 (B) Community Energy Saver – During the 2016 recovery period, the
2 Company served a total of 2,500 eligible participants compared to a
3 projection of 2,500.
- 4 (C) Residential Custom Incentive – During the 2016 recovery period,
5 no participants enrolled in this program compared to a projection of
6 0 participants.
- 7 (D) HVAC Efficiency – During the 2016 recovery period, there were a
8 total of 5,780 participants in this program compared to a projection
9 of 5,979.
- 10 (E) Residential Building Efficiency – During the 2016 recovery period,
11 there were a total of 596 participants in this program compared to a
12 projection of 643.
- 13 (F) Energy Select - During the 2016 recovery period, there was a net
14 increase of 1,473 customers with a total of 17,720 customers
15 on-line as of December 31, 2016. Gulf projected 1,600 net new
16 customer additions during 2016.
- 17 (G) Commercial/Industrial (C/I) Energy Analysis - During the 2016
18 recovery period, a total of 342 C/I Energy Analyses were completed
19 compared to a projection of 356.
- 20 (H) Commercial HVAC Retrocommissioning – During the 2016
21 recovery period, there were 41 participants in this program
22 compared to a projection of 60.
- 23 (I) Commercial Building Efficiency - During the 2016 recovery period,
24 Gulf Power customers completed the qualifying installation of 50
25 tons of Commercial Geothermal HVAC; 20,806 sq. ft. of

1 Ceiling/Roof Insulation; and 269,196 sq. ft. of Commercial
2 Reflective Roof. Comparisons to 2016 projections can be found in
3 Schedule CT-6.

4 (J) Commercial/Industrial Custom Incentive – During the 2016
5 recovery period, no participants enrolled in this program compared
6 to a projection of 0 participants.

7 (K) Residential Time of Use Rate Pilot – Further description of the
8 Residential Time of Use Rate pilot program can be found in
9 Schedule CT-6.

10 (L) Conservation Demonstration and Development – Further
11 description of the 2016 Conservation Demonstration and
12 Development projects can be found in Schedule CT-6.

13

14 Q. Should Gulf's recoverable energy conservation cost for the period be
15 accepted as reasonable and prudent?

16 A. Yes.

17

18 Q. Mr. Floyd, does this conclude your testimony?

19 A. Yes, it does.

20

21

22

23

24

25

1 GULF POWER COMPANY

2 Before the Florida Public Service Commission
3 Prepared Direct Testimony and Exhibit of
4 John N. Floyd
5 Docket No. 20170002-EG
6 Energy Conservation Cost Recovery Clause
7 August 18, 2017

8 Q. Will you please state your name, business address, employer and
9 position?

10 A. My name is John N. Floyd and my business address is One Energy Place,
11 Pensacola, Florida 32520. I am employed by Gulf Power Company as the
12 Energy Efficiency and Renewables Manager.

13 Q. Mr. Floyd, please describe your educational background and business
14 experience.

15 A. I received a Bachelor Degree in Electrical Engineering from Auburn
16 University in 1985. After serving four years in the U.S. Air Force, I began
17 my career in the electric utility industry at Gulf Power in 1990 and have
18 held various positions with the Company in Power Generation, Metering,
19 Power Delivery and Marketing. In my present position, I am responsible
20 for the development and implementation of Gulf's customer program
21 offerings associated with the Company's Demand-Side Management
22 (DSM) Plan.

23 Q. Mr. Floyd, for what purpose are you appearing before this Commission
24 today?

25

1 A. I am testifying before this Commission on behalf of Gulf Power regarding
2 matters related to the Energy Conservation Cost Recovery Clause and to
3 answer any questions concerning the calculation of recoverable
4 conservation costs in this filing. Specifically, I will address projections for
5 approved programs during the January 2018 through December 2018
6 recovery period and the anticipated results of those programs during the
7 current recovery period, January 2017 through December 2017 (six
8 months actual, six months estimated).

9

10 Q. Have you prepared exhibits that contain information to which you will refer
11 in your testimony?

12 A. Yes. I have prepared two exhibits which are titled JNF-2 and JNF-3,
13 respectively. Exhibit JNF-2 consists of six schedules, and Exhibit JNF-3
14 consists of one schedule. Each exhibit was prepared under my direction,
15 supervision, or review.

16 Counsel: We ask that Mr. Floyd's exhibits
17 consisting of seven schedules be marked as
18 Exhibit Nos. ____ (JNF-2) and ____ (JNF-3).

19

20 Q. Would you summarize for this Commission the deviations resulting from
21 the actual costs for January 2017 through June 2017 of the current
22 recovery period?

23 A. Projected expenses for the first six months of the current period were
24 \$6,884,233 compared to actual expenses of \$5,450,860 for a difference of
25 \$1,433,373 or 21% under budget. A detailed summary of all program

1 expenses is contained in my Schedule C-3, pages 1 and 2, and my
2 Schedule C-5.

3

4 Q. Did you project expenses for the period July 2017 through December
5 2017?

6 A. Yes. A detailed summary of those projections can be found in my
7 Schedule C-3.

8

9 Q. How do the estimated actual expenses compare to projected expenses
10 included in the 2017 Projection filing for the period July – December
11 2017?

12 A. Estimated actual expenses for the period July – December 2017 of
13 \$6,825,342 are \$163,891 or 2% more than the projected expenses for that
14 same period of \$6,661,451.

15

16 Q. As authorized by Order No. PSC-2017-0178-S-EI in Gulf Power's
17 ~~Rate~~ Review Dockets 20160186-EI and 20160170-EI, are the On Peak
18 Demand credits and Critical Peak Demand charges issued under the
19 Critical Peak Option (CPO) for Large Power Time of Use (LPT) customers
20 being included in this Clause?

21 A. Yes. Effective July 1, 2017, the Critical Peak Option Program was added
22 to the Clause to capture the On-Peak Demand Credits net of the Critical
23 Peak Demand Charges.

24

25

1 Q. Are expenses for the credits projected in this filing for the periods July
2 through December 2017 and January through December 2018?

3 A. Yes. Projections for these expenses are provided on Schedules C-2 and
4 C-3. Detail regarding this program can also be found on Schedule C-5.
5

6 Q. Are the On-Peak Demand Credit and the Critical Peak Demand Charge
7 projected to change from the current rates during the projection periods?

8 A. Yes. Beginning January 2018, the On-Peak Demand Credit will equal
9 \$2.14 per kW of On-Peak billing demand, and the Critical Peak Demand
10 Charge will equal \$25.68 per kW of Critical Peak billing demand.
11

12 Q. Why are these values changing from the current level?

13 A. The On-Peak Demand Credit is the maximum value that is cost-effective
14 for the CPO rate. In other words, this is the maximum value that can be
15 provided to keep the program RIM passing. The Critical Peak Demand
16 Charge is calculated to ensure that participating customers are receiving
17 the full value of the capacity credits only for the demand that is actually
18 reduced during a critical event period.
19

20 Q. Have you provided a description of Gulf's DSM program results achieved
21 during the period, January 2017 through June 2017?

22 A. Yes. A detailed summary of year-to-date results for each program is
23 contained in my Schedule C-5.
24
25

1 Q. Would you summarize the conservation program cost projections for the
2 January 2018 through December 2018 recovery period?

3 A. Yes. Program costs for the projection period are estimated to be
4 \$14,512,062. These costs are broken down as follows: depreciation,
5 return on investment and property taxes, \$3,569,054; payroll/benefits,
6 \$4,333,802; materials/expenses, \$5,114,206; advertising, \$650,000; and
7 incentives, \$845,000. More detail concerning these projections is
8 contained in my Schedule C-2.

9

10 Q. Are the Company's projected expenses for the January 2018 through
11 December 2018 period reasonable and appropriate for cost recovery?

12 A. Yes. Gulf continually evaluates the resources necessary to deliver the
13 DSM Plan and all of its components in order to meet the Company's DSM
14 goals. With the current level of goals, Gulf has carefully considered the
15 appropriate level of resources necessary to achieve the goals.

16

17 Q. What is the basis for Gulf's conservation program cost projections for the
18 January 2018 through December 2018 recovery period?

19 A. These projections are based on program cost estimates associated with
20 Gulf's 2015 DSM Plan, which was approved on August 19, 2015, in Order
21 No. PSC-2015-0330-PAA-EG.

22

23

24

25

1 Q. Would you describe the expected results for your programs during the
2 January 2018 through December 2018 recovery period?

3 A. Program details, including expected results, for the period January 2018
4 through December 2018 can be found in my Schedule C-5.

5

6 Q. What is the proposed 2018 factor for Rate Schedule RS and what will be
7 the charge for a 1,000 kWh monthly bill on Gulf Power's Rate Schedule
8 RS?

9 A. The proposed Energy Conservation Cost Recovery factor for Rate
10 Schedule RS is .140 cents per kWh, which results in a charge of \$1.40 on
11 a 1,000 kWh monthly bill on Gulf Power's Rate Schedule RS.

12

13 Q. When does Gulf propose to collect these Energy Conservation Cost
14 Recovery charges?

15 A. The factors will be effective beginning with the first bill group for January
16 2018 and continue through the last bill group for December 2018.

17

18 Q. Are there any other issues to be addressed in this docket?

19 A. Yes. Gulf is proposing an extension of the Residential Time of Use
20 (RSTOU) pilot through December 31, 2020.

21

22 Q. Why is Gulf proposing to extend this pilot?

23 A. The Commission approved this pilot as part of Gulf's 2015 DSM Plan as a
24 means to evaluate a new rate schedule that could potentially be utilized
25 with a demand response program whereby the customer provides their

1 own thermostat. Gulf has successfully executed all the elements of the
2 pilot including recruitment of customers, delivery of thermostats to
3 participating customers and enrollment in the program. The results of the
4 pilot indicate customers see value in this approach, and the majority are
5 satisfied with the program. Gulf intends to take the pilot results, combined
6 with other data and experience with demand response, and propose a
7 permanent program for customers in the next cycle of DSM Plan reviews
8 in 2019. In the interim, Gulf would like to allow interested customers to
9 remain on the pilot rate until the Company files a permanent program.

10

11 Q. Are there any other benefits of extending the pilot?

12 A. Yes. While this program currently only provides automated demand
13 response capability with the central HVAC system through a “smart”
14 thermostat, Gulf is evaluating technologies that would allow additional
15 control of water heating and potentially other major appliances that could
16 easily be tested as part of this pilot. All of these evaluations would be
17 rolled into the permanent program filing as appropriate and beneficial to
18 Gulf’s customers.

19

20 Q. Is Gulf proposing changes to the RSTOU tariff to support this request?

21 A. Yes. The current RSTOU tariff will expire on December 31, 2017. Gulf is
22 requesting that the Commission approve extending the RSTOU tariff
23 through December 31, 2020, to allow time for 2020 DSM Plan approvals.
24 This extension will provide continuity for Gulf’s current pilot customers who
25 desire to remain on this pilot rate schedule pending 2020 DSM Plan

1 approvals. A revised tariff sheet is included as Exhibit JNF-3. Should the
2 Commission choose not to approve a permanent program as part of Gulf's
3 2020 DSM Plan, the extension of the current RSTOU tariff until the
4 proposed time would allow the opportunity for Gulf to smoothly transition
5 participating customers to a different rate schedule.

6

7 Q. Is Gulf requesting any additional funding for the pilot?

8 A. No. Gulf is currently well under budget for the RSTOU pilot and would
9 continue to operate under the approved expenditure cap.

10

11 Q. Mr. Floyd, does this conclude your testimony?

12 A. Yes, it does.

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**2 **PREPARED DIRECT TESTIMONY**3 **OF**4 **MARK R. ROCHE**

5
6 **Q.** Please state your name, address, occupation and employer.

7
8 **A.** My name is Mark R. Roche. My business address is 702
9 North Franklin Street, Tampa, Florida 33602. I am
10 employed by Tampa Electric Company ("Tampa Electric" or
11 "the company") as Manager, Regulatory Rates in the
12 Regulatory Affairs Department.

13
14 **Q.** Please provide a brief outline of your educational
15 background and business experience.

16
17 **A.** I graduated from Thomas Edison State College in 1994 with
18 a Bachelor of Science degree in Nuclear Engineering
19 Technology and from Colorado State University in 2009
20 with a Master's degree in Business Administration. My
21 work experience includes twelve years with the US Navy in
22 nuclear operations as well as twenty years of electric
23 utility experience. My utility work has included various
24 positions in Marketing and Sales, Customer Service,
25 Distributed Resources, Load Management, Power Quality,

1 Distribution Control Center operations, Meter Department,
2 Meter Field Operations, Service Delivery, Revenue
3 Assurance, Commercial and Industrial Energy Management
4 Services, and Demand Side Management ("DSM") Planning and
5 Forecasting. In my current position, I am responsible
6 for the company's Energy Conservation Cost Recovery
7 ("ECCR") Clause and Storm Hardening.

8
9 **Q.** What is the purpose of your testimony in this proceeding?

10
11 **A.** The purpose of my testimony is to present and support for
12 Commission review and approval the company's actual DSM
13 programs related true-up costs incurred during the
14 January through December 2016 period.

15
16 **Q.** Did you prepare any exhibits in support of your
17 testimony?

18
19 **A.** Yes. Exhibit No. MRR-1, entitled "Tampa Electric
20 Company, Schedules Supporting Conservation Cost Recovery
21 Factor, Actual, January 2016-December 2016" was prepared
22 under my direction and supervision. This Exhibit
23 includes Schedules CT-1 through CT-6 which support the
24 company's actual and prudent DSM program related true-up
25 costs incurred during the January through December 2016

1 period.

2

3 **Q.** What were Tampa Electric's actual January through
4 December 2016 conservation costs?

5

6 **A.** For the period, January through December 2016, Tampa
7 Electric incurred actual net conservation costs of
8 \$37,242,148.

9

10 **Q.** What is the final end of period true-up amount for the
11 conservation clause for January through December 2016?

12

13 **A.** The final conservation clause end of period true-up for
14 January through December 2016 is an under-recovery,
15 including interest, of \$719,198. This calculation is
16 detailed on Schedule CT-1, page 1 of 1.

17

18 **Q.** Please summarize how Tampa Electric's actual program
19 costs for January through December 2016 period compare to
20 the actual/estimated costs presented in Docket No.
21 160002-EG?

22

23 **A.** For the period, January through December 2016, Tampa
24 Electric had a variance of \$514,716 or 1.34 percent less
25 than the estimated amount. The estimated total program

1 costs were projected to be \$37,756,863 which was the
2 amount approved in Order No. PSC 16-0534-FOF-EG, issued
3 November 22, 2016 as compared to the incurred actual net
4 conservation costs of \$37,242,148.

5
6 **Q.** Please summarize the reasons why the actual expenses were
7 less than projected expenses by \$514,716?

8
9 **A.** The variance was a result of the following actual
10 expenses being less than estimated in the following
11 residential programs: Duct Repair; Electronically
12 Commutated Motors; Energy Education, Awareness and Agency
13 Outreach; ENERGY STAR for New Homes; Heating and Cooling;
14 Neighborhood Weatherization; Energy Planner; Wall
15 Insulation; Window Replacement; HVAC Re-Commissioning;
16 Window Film; and Prime Time. Additionally, actual
17 expenses less than estimated in the following
18 commercial/industrial programs: Ceiling Insulation;
19 Chiller; Cooling; Demand Response; Duct Repair,
20 Electronically Commutated Motors; Lighting Occupancy
21 Sensors; Load Management (GSLM-1); Refrigeration Anti-
22 Condensate Control; Standby Generator; Thermal Energy
23 Storage; Wall Insulation; Water Heating; Renewable Energy
24 Program; Exit Signs; HVAC Re-Commissioning; Motors; and
25 Roof Insulation. Common actual expenses were also less

1 than estimated. Each DSM program's detailed variance and
2 common variance contribution is shown on Schedule CT-2,
3 Page 3 of 4.
4

5 **Q.** Are all costs listed on Schedule CT-2 directly related to
6 the Commission's approved DSM programs?
7

8 **A.** Yes.
9

10 **Q.** When did Tampa Electric transition to the Commission
11 approved new 2015-2024 Ten-Year DSM Plan?
12

13 **A.** Tampa Electric transitioned to the Commission approved
14 new 2015-2024 Ten-Year DSM Plan on November 3, 2015 for
15 all DSM programs except for the Renewable Energy Systems
16 Initiative which was retired on December 31, 2015.
17

18 **Q.** On Schedule CT-2, Page 2 of 4, why are there costs in
19 2016 in the following DSM programs: Residential Window
20 Film; Renewable Energy Systems Initiative; Exit Signs;
21 Commercial HVAC Re-Commissioning and Commercial Window
22 Film if each of these programs would have been retired
23 prior to the beginning of 2016?
24

1 **A.** These costs incurred in 2016 for these programs occurred
2 due to three separate reasons. The first reason is if
3 the program required a verification, these customers
4 submitted their application for participation in the
5 program prior to the November 3, 2015 transition date.
6 Tampa Electric would perform the verification and then
7 the customer would be given time to perform the work, in
8 these instances the customer work was completed after the
9 beginning of 2016. The Residential Window Film,
10 Commercial Window Film and Exit Sign Programs required
11 verifications which caused these costs to be incurred in
12 2016. The second reason is timing of invoices. For the
13 Commercial HVAC Re-Commissioning Program the vendor that
14 was used for this program submitted their final invoice
15 to the company after the beginning of 2016. The third
16 reason is the final wrap-up of work that was performed in
17 the beginning of 2016 to complete the photovoltaic array
18 that was installed as part of the Renewable Energy
19 Systems Initiative Program.

20
21 **Q.** Should Tampa Electric's cost incurred during the January
22 through December 2016 period for energy conservation be
23 approved by the Commission?
24

1 **A.** Yes, the costs incurred were prudent and directly related
2 to the Commission's approved DSM programs and should be
3 approved.

4
5 **Q.** Does that conclude your testimony?

6
7 **A.** Yes, it does.

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1 **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**2 **PREPARED DIRECT TESTIMONY**3 **OF**4 **MARK R. ROCHE**

5
6 **Q.** Please state your name, address, occupation and employer.

7
8 **A.** My name is Mark R. Roche. My business address is 702
9 North Franklin Street, Tampa, Florida 33602. I am
10 employed by Tampa Electric Company ("Tampa Electric" or
11 "the company") as Manager, Regulatory Rates in the
12 Regulatory Affairs Department.

13
14 **Q.** Please provide a brief outline of your educational
15 background and business experience.

16
17 **A.** I graduated from Thomas Edison State College in 1994 with
18 a Bachelor of Science degree in Nuclear Engineering
19 Technology and from Colorado State University in 2009
20 with a Master's degree in Business Administration. My
21 work experience includes twelve years with the US Navy in
22 nuclear operations as well as twenty years of electric
23 utility experience. My utility work has included various
24 positions in Marketing and Sales, Customer Service,
25 Distributed Resources, Load Management, Power Quality,

1 Distribution Control Center operations, Meter Department,
2 Meter Field Operations, Service Delivery, Revenue
3 Assurance, Commercial and Industrial Energy Management
4 Services, Demand Side Management ("DSM") Planning and
5 Forecasting. In my current position, I am responsible
6 for the company's Energy Conservation Cost Recovery
7 ("ECCR") Clause and Storm Hardening.

8
9 **Q.** Have you previously testified before the Florida Public
10 Service Commission ("Commission")?
11

12 **A.** Yes. I have testified before this Commission on
13 conservation and load management activities, DSM plan
14 approval dockets and other ECCR dockets.
15

16 **Q.** What is the purpose of your testimony in this proceeding?
17

18 **A.** The purpose of my testimony is to support the company's
19 actual conservation costs incurred during the period
20 January through December 2016, the actual/projected
21 period January to December 2017, and the projected period
22 January through December 2018. The projected 2018 ECCR
23 factors have been calculated based on the current
24 approved allocation methodology. Also, I will support
25 the appropriate Contracted Credit Value ("CCV") for

1 participants in the General Service Industrial Load
2 Management Riders ("GSLM-2" and "GSLM-3") for the period
3 January through December 2018. In addition, I will
4 support the appropriate residential variable pricing
5 rates ("RSVP-1") for participants in the Residential
6 Price Responsive Load Management Program for the period
7 January through December 2018.

8
9 **Q.** Did you prepare any exhibits in support of your
10 testimony?

11
12 **A.** Yes. Exhibit No. MRR-2 was prepared under my direction
13 and supervision. This document includes Schedules C-1
14 through C-5 and associated data which support the
15 development of the conservation cost recovery factors for
16 January through December 2018 using the current 12
17 Coincident Peak ("CP") and 1/13 Average Demand ("AD")
18 Factor allocation methodology.

19
20 **Q.** Does the Exhibit No. MRR-2 meet the requirements of
21 Florida Statute Rule 25-17.015(1)(b) which requires the
22 projection filing to include the annual estimated/actual
23 true-up filing showing eight months actual and four
24 months projected commons costs, individual program costs
25 and any revenues?

1 **A.** No, based upon the due date of August 18, 2017 for this
2 filing in Docket No. 20170002-EG it would be impossible
3 for Tampa Electric to comply with having eight months
4 actual and four months projected commons costs,
5 individual program costs and any revenues.

6
7 **Q.** Did Tampa Electric communicate this issue to the
8 Commission?

9
10 **A.** Yes, last year Tampa Electric through the company's joint
11 petition with the other investor owned utilities filed
12 for a two-year waiver of Rule 25-17.015(1)(b) to file the
13 annual estimated/actual true up filings of six months
14 actual and six months of projected data which received
15 Commission approval in Order No. PSC-16-0493-PAA-EG.

16
17 **Q.** Did Tampa Electric submit the 2017 annual
18 estimated/actual true up filings of six months actual and
19 six months of projected data based upon this rule waiver?

20
21 **A.** Yes.

22
23 **Q.** Please describe the conservation program costs projected
24 by Tampa Electric during the period January through
25 December 2016.

1 **A.** For the period January through December 2016, Tampa
2 Electric projected conservation program costs to be
3 \$38,194,329. The Commission authorized collections to
4 recover these expenses in Docket No. 20150002-EG, Order
5 No. PSC-2015-0542-FOF-EG, issued November 23, 2015.

6
7 **Q.** For the period January through December 2016, what were
8 Tampa Electric's conservation costs and what was
9 recovered through the ECCR Clause?

10
11 **A.** For the period January through December 2016, Tampa
12 Electric incurred actual net conservation costs of
13 \$37,312,065 plus a beginning true-up over-recovery of
14 \$4,056,772 for a total of \$33,255,293. The amount
15 collected in the ECCR Clause was \$32,463,454.

16
17 **Q.** What was the true-up amount?

18
19 **A.** The true-up amount for the period January through
20 December 2016 was an under-recovery of \$789,258 including
21 interest.

22
23 **Q.** This value is different than the calculation detailed in
24 Exhibit No. MRR-1, Conservation Cost Recovery True Up,
25 Pages 8 through 20, filed May 1, 2017 which had an under-

1 recovery of \$719,198 including interest as the value.
2 Would you explain this difference?
3

4 **A.** Yes, in preparation of this projection filing the company
5 found two errors that occurred in the reporting of
6 expenses for 2016. The first error found that the
7 Renewable Energy Program's revenue and expenses had
8 inadvertently been included in the CT-3 Page 2 of 3
9 "Calculation of True-up and Interest Provisions". These
10 program expenses and revenues should not be included in
11 the deferred calculation because the Renewable Energy
12 Program is a standalone program and is not funded out of
13 the ECCR Clause. The second error was two charges
14 associated with payroll and vehicles that were
15 incorrectly charged to the Renewable Energy Program that
16 were associated with other energy conservation programs.
17

18 **Q.** Have these errors been corrected?
19

20 **A.** Yes, the company will also submit a revised 2016 True-up
21 file to the Commission.
22

23 **Q.** Did these errors affect any rates that have been charged
24 for the ECCR Clause?
25

1 **A.** No, the projection for 2016 (prepared in 2015) did not
2 contain this error nor did the projection for 2017
3 (prepared in 2016). The correction only impacted the
4 reporting for true-up that was filed on May 1, 2017.

5
6 **Q.** On several of the "C" schedules within the Exhibit No.
7 MRR-2, there are new line items that reduce the total
8 conservation expenses by the Renewable Energy Program
9 expenses. Would you explain why these new line items are
10 inserted?

11
12 **A.** Yes, the decision was made to present the Renewable
13 Energy Program in a more transparent way. Since the
14 Renewable Energy Program expenses and revenues are part
15 of a standalone program which is not funded out of the
16 ECCR Clause. The programs expenses and revenues will now
17 be shown as a reduction to the conservation expenses to
18 arrive at the total conservation expenses. One other
19 change made to improve transparency was to include the
20 details regarding the deferred balance (credits). The
21 deferred balance shows how much of the excess program
22 revenues have been accumulated awaiting investment in a
23 solar photovoltaic array. This deferred balance can be
24 found on the C-5 schedule for the Renewable Energy
25 Program.

1 **Q.** Please describe the conservation program costs projected
2 to be incurred by Tampa Electric during the period
3 January through December 2017?
4

5 **A.** The actual costs incurred by Tampa Electric through June
6 2017 and projected for July through December 2017 are
7 \$39,821,436. For the period, Tampa Electric anticipates
8 an under-recovery in the ECCR Clause of \$2,997,111 which
9 includes the 2016 true-up and interest. A summary of
10 these costs and estimates are fully detailed in Exhibit
11 No. MRR-2, Conservation Costs Projected, pages 24 through
12 32.
13

14 **Q.** Has Tampa Electric proposed any new or modified DSM
15 Programs for ECCR cost recovery for the period January
16 through December 2018?
17

18 **A.** Yes, at this time Tampa Electric is seeking approval of a
19 modification of the current Neighborhood Weatherization
20 and Energy Education, Awareness and Agency Outreach
21 programs by replacing the compact fluorescent lamps
22 ("CFL") currently provided with a specific number of
23 light emitting diode ("LED") lamps. This modification to
24 these programs is being heard within Docket No. 20170149.
25 If this modification is approved, the company would

1 transition to the new LED lamps once the supply of CFL
 2 lamps is exhausted and is projected to occur around the
 3 beginning of 2018.

4
 5 **Q.** Please summarize the proposed conservation costs for the
 6 period January through December 2018 and the annualized
 7 recovery factors based on a 12 CP and 1/13 AD basis
 8 applicable for the period January through December 2018?

9
 10 **A.** Tampa Electric has estimated that the total conservation
 11 costs (less program revenues) during the period will be
 12 \$40,312,775 plus true-up. Including true-up estimates,
 13 the January through December 2018 cost recovery factors
 14 allocated on a 12 CP and 1/13 AD basis for firm retail
 15 rate classes are as follows:

	Cost Recovery Factors
<u>Rate Schedule</u>	<u>(cents per kWh)</u>
19 RS	0.246
20 GS and CS	0.232
21 GSD Optional - Secondary	0.201
22 GSD Optional - Primary	0.199
23 GSD Optional - Subtransmission	0.197
24 LS-1	0.125

25

	Cost Recovery Factors
<u>Rate Schedule</u>	<u>(dollars per kW)</u>
GSD - Secondary	0.87
GSD - Primary	0.86
GSD - Subtransmission	0.85
SBF - Secondary	0.87
SBF - Primary	0.86
SBF - Subtransmission	0.85
IS - Secondary	0.67
IS - Primary	0.67
IS - Subtransmission	0.66

Exhibit No. MRR-2, Conservation Costs Projected, pages 17 through 23 contain the Commission prescribed forms which detail these estimates.

Q. Has Tampa Electric complied with the ECCR cost allocation methodology stated in Docket No. 930759-EG, Order No. PSC-93-1845-EG?

A. Yes, it has.

Q. Please explain why the incentive for GSLM-2 and GSLM-3 rate riders is included in your testimony?

1 **A.** In Docket No. 990037-EI, Tampa Electric petitioned the
2 Commission to close its non-cost-effective interruptible
3 service rate schedules while initiating the provision of
4 a cost-effective non-firm service through a new load
5 management program. This program would be funded through
6 the ECCR clause and the appropriate annual contracted
7 credit value ("CCV") for customers would be submitted for
8 Commission approval as part of the company's annual ECCR
9 projection filing. Specifically, the level of the CCV
10 would be determined by using the Rate Impact Measure
11 ("RIM") Test contained in the Commission's cost-
12 effectiveness methodology found in Rule 25-17.008, F.A.C.
13 By using a RIM Test benefit-to-cost ratio of 1.2, the
14 level of the CCV would be established on a per kilowatt
15 ("kW") basis. This program and methodology for CCV
16 determination was approved by the Commission in Docket
17 No. 990037-EI, Order No. PSC-99-1778-FOF-EI, issued
18 September 10, 1999.

19
20 **Q.** What is the appropriate CCV for customers who elect to
21 take service under the GSLM-2 and GSLM-3 rate riders
22 during the January through December 2018 period?

23
24 **A.** For the January through December 2018 period, the table
25 below lists the CCV for 2018 by voltage level including

1 the past six years of CCV:
2

3 **CCV dollars per kW by Voltage Level**

4		<u>Secondary</u>	<u>Primary</u>	<u>Subtransmission</u>
5	2018	9.56	9.46	9.37
6	2017	9.98	9.88	9.78
7	2016	8.81	8.72	8.63
8	2015	8.14	8.06	7.98
9	2014	7.72	7.64	7.57
10	2013	6.81	6.74	6.67
11	2012	9.82	9.72	9.62

12
13 If the 2018 assessment for need determination indicates
14 the availability of new non-firm load, the CCV will be
15 applied to new subscriptions for service under those rate
16 riders. The application of the cost-effectiveness
17 methodology to establish the CCV is found in the attached
18 analysis, Exhibit No. MRR-2, Conservation Costs
19 Projected, beginning on page 70 through 74.
20

21 **Q.** Please explain why the RSVP-1 rates for Residential Price
22 Responsive Load Management are in your testimony?
23

24 **A.** In Docket No. 070056-EG, Tampa Electric's petition to
25 allow its pilot residential price responsive load

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management initiative to become permanent was approved by the Commission on August 28, 2007. This program is to be funded through the ECCR clause and the appropriate annual RSVP-1 rates for customers are to be submitted for Commission approval as part of the company's annual ECCR projection filing.

Q. What are the appropriate Price Responsive Load Management rates ("RSVP-1") for customers who elect to take this service during the January through December 2018?

A. The appropriate RSVP-1 rates during the January through December 2018 period for Tampa Electric's Price Responsive Load Management program based upon the company's 2018 residential base rates and the 2018 projected clause amounts for ECCR, Fuel and Purchased Power Cost Recovery, Capacity Cost Recovery and the Environmental Cost Recovery are as follows:

<u>Rate Tier</u>	<u>(Cents per kWh)</u>
P4	40.852
P3	6.906
P2	(1.058)
P1	(3.002)

1 Page 75 contains the projected RSVP-1 rates for 2018.

2

3 **Q.** Does this conclude your testimony?

4

5 **A.** Yes it does.

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1 CHAIR BROWN: On to the exhibits.

2 MS. DUVAL: We have a stipulated
3 comprehensive exhibit list, which includes the
4 prefiled exhibits attached to the witnesses'
5 testimony in this case. The list provided to
6 the parties, the Commissioners and court
7 reporter, and staff requests that this list be
8 marked as the first hearing exhibit, and the
9 other exhibits be marked as set forth in the
10 chart.

11 CHAIRMAN BROWN: We will go ahead and do
12 that at this time.

13 (Whereupon, Exhibit No. 1 was marked for
14 identification.)

15 (Whereupon, Exhibit Nos. 2-18 were marked
16 for identification.)

17 MS. DUVAL: And at this time, we ask that
18 the comprehensive exhibit list, marked as
19 Exhibit No. 1, be entered into the record.

20 CHAIRMAN BROWN: Seeing no objection, we
21 will go ahead and enter into the record Exhibit
22 1.

23 (Whereupon, Exhibit No. 1 was received
24 into evidence.)

25 MS. DUVAL: And then we would also move

1 Exhibits 2 through 18 into the record as set
2 forth in the exhibit list.

3 CHAIRMAN BROWN: Seeing no objection, we
4 will go ahead and enter into the record
5 Exhibits 2 through 18.

6 (Whereupon, Exhibit Nos. 2-18 were
7 received into evidence.)

8 CHAIRMAN BROWN: All right, staff.

9 MS. DUVAL: Chairman -- Madam Chairman, at
10 this point, we would recommend that if the
11 Commission decides that a bench decision is
12 appropriate at this time, the proposed
13 stipulations for Issues 1 through 12 on pages
14 six through 15 of the prehearing order be
15 approved.

16 CHAIRMAN BROWN: Thank you.

17 Commissioners, if there are no questions
18 on all of the proposed stipulations as
19 identified in the prehearing order, we are ripe
20 for a motion.

21 COMMISSIONER BRISÉ: Move approval.

22 CHAIRMAN BROWN: Is there a second?

23 COMMISSIONER CLARK: Second.

24 CHAIRMAN BROWN: Any further discussion?

25 All in favor, say aye.

1 (Chorus of ayes.)

2 CHAIRMAN BROWN: Passes unanimously.

3 Thank you.

4 So with that, are there any other matters
5 that need to be addressed in the 02 docket?

6 MS. DUVAL: There are no other matters,
7 but since the Commission has made a bench
8 decision, post-hearing filings are not
9 necessary, and the final order will be issued
10 before or on November 14th, 2017.

11 CHAIRMAN BROWN: Okay. Do any of the
12 parties have any other matters in this
13 proceeding?

14 Seeing none, we will go ahead and adjourn
15 the 02 docket. Thank you.

16 (Whereupon, the proceedings were
17 concluded.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, DEBRA KRICK, 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 2nd day of November, 2017.



DEBRA R. KRICK
NOTARY PUBLIC
COMMISSION #GG015952
EXPIRES JULY 27, 2020