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July 12, 2019

VIA: ELECTRONIC FILING

Mr. Adam J. Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Commission Review of Numeric Conservation Goals (Tampa Electric Company)
FPSC Docket No. 20190021-EG

Dear Mr. Teitzman:

Attached for filing in the above docket, on behalf of Tampa Electric Company, is the Rebuttal Testimony of Mark R. Roche.

Thank you for your assistance in connection with this matter.

Sincerely,

James D. Beasley

JDB/pp
Attachment

cc: Parties of Record (w/attachment)

CERTIFICATE OF SERVICE.

I HEREBY CERTIFY that a true copy of the foregoing Rebuttal Testimony of Mark R. Roche has been served by electronic mail on this 12th day of July 2019 to the following:

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 20190021-EG
IN RE: COMMISSION REVIEW OF
NUMERIC CONSERVATION GOALS
TAMPA ELECTRIC COMPANY

REBUTTAL TESTIMONY

OF

MARK R. ROCHE

FILED: July 12, 2019

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY

OF

MARK R. ROCHE

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INTRODUCTION:

Q. Please state your name, address, occupation and employer.

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

Q. Are you the same Mark R. Roche who filed direct testimony in this proceeding?

A. Yes, I am.

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

A. The purpose of my rebuttal testimony is to address the deficiencies and misconceptions in the direct testimony and exhibits of Jim Grevatt and Forest Bradley-Wright, both of whom are testifying on behalf of the Southern Alliance for Clean Energy ("SACE").

Rebuttal testimony addressing the testimony of SACE witnesses Grevatt and Bradley-Wright is also being submitted by Mr. Jim Herndon (on behalf of Nexant, Inc., the consulting firm assisting the Florida Energy Efficiency and Conservation Act ("FEECA") utilities in this proceeding) and Mr. Terry Deason (on behalf of the seven FEECA utilities). For the sake of brevity, I have omitted from my rebuttal testimony some of the concerns addressed by Mr. Deason and Mr. Herndon, and I support and endorse their rebuttal testimony on any points they make which are not repeated in my rebuttal testimony.

Q. Do you have any general comments regarding the overall direct testimony of Mr. Grevatt and Mr. Bradley-Wright?

A. Yes. The testimony of both witnesses is highly critical

of the process utilized by the Commission and the FEECA utilities in setting Demand Side Management ("DSM") goals. However, that criticism principally relies on conclusions drawn by the SACE witnesses from select conclusory reports and other documentation primarily from two other jurisdictions, none of which is specific to the task at hand, which is setting DSM goals for the FEECA utilities for the 2020-2029 time period. Despite these witnesses' criticisms, Florida has been very successful in achieving significant demand and energy savings over time while keeping electric rates lower than the national average. Even as Mr. Grevatt and Mr. Bradley-Wright concede, the energy savings goals they are proposing lack any rigorous analysis, as required by Rule 25-17.0021 Florida Administrative Code ("F.A.C."). Instead, they simply urge the adoption of arbitrary percentage energy only savings goals, with no proposed summer or winter demand goals, that lack any legitimate basis or foundation and are based only on other non-Florida jurisdictions. Neither Mr. Grevatt's nor Mr. Bradley-Wright's recommendations meet the requirements of FEECA. Moreover, they both simply ignore the impact their arbitrary energy goals would have on utility customers in Florida. This renders their proposed goals not only arbitrary, but irresponsible and indefensible.

The general approach of Mr. Grevatt and Mr. Bradley-Wright is to ignore the nearly 40 years of successful delivery of conservation and energy efficiency programs by Tampa Electric and other FEECA utilities to their customers. Enacted in 1980 and amended since that time, FEECA required the affected utilities to offer efficiency programs to customers to help reduce those customers' demand and energy in order to meet the three main original focuses of FEECA: 1) reduce the growth rates for electricity demand at peak times, 2) reduce the consumption of electricity, and 3) conserve expensive resources. Tampa Electric was the first utility to receive Commission approval of its plans to meet the requirements of FEECA. The company has been a consistent contributor to the overall success of Florida's energy conservation efforts.

The Commission has consistently required aggressive goals and at the same time has strived to be mindful of the rate impact that conservation programs have on customers. With one exception, discussed later, the Commission has accomplished this through the use of a Rate Impact Measure ("RIM") test and a Participant Cost test ("PCT") to screen potential DSM measures to avoid undue high

utility rate impacts and cross-subsidization of program participants by non-participants. As I will later describe, SACE is recommending to the Commission that it jettison its balanced and effective approach to DSM goals setting and adopt in its place an arbitrarily selected percentage reduction in energy consumption without any regard whatsoever for the rate impact that "goal" would have on consumers of electric power in Florida. Their approach is wrong and should be rejected.

Contrary to these intervenor witnesses' suggestions, this Commission and the FEECA utilities have not gotten it all wrong. To the contrary, the FEECA utilities collectively, and Tampa Electric individually, have made and continue to make significant achievements in the area of DSM.

Q. Does your rebuttal testimony address any overlap between the direct testimony of Mr. Grevatt and Mr. Bradley-Wright?

A. Yes. Mr. Grevatt and Mr. Bradley-Wright share gross misconceptions regarding the RIM test and the use of a two-year payback screen for free-ridership. Both witnesses ignore the rigorous process that is required to

be performed at least every five years to determine the appropriate level of DSM goals in Florida.

REBUTTAL TO DIRECT TESTIMONY OF JIM GREVATT:

Q. On page 3, Mr. Grevatt states that his testimony is focused most heavily on the goals proposed by Florida Power and Light Company ("FPL") and that he infers that the methodology to proceed from the technical potential to the achievable potential is the same for each utility. Do you agree that FPL's methodology to proceed from the technical potential to the achievable is identical for Tampa Electric?

A. No, I do not. While I do agree that we utilized the same vendor to develop the technical potential for our individual company service areas and we follow the same Florida Administrative Code provisions and Florida Public Service Commission Rules, inferring further that factors such as avoided generating costs and timing, transmission and distribution costs, avoided fuel, program administrative costs, incentives, load forecasts, customer usage and patterns of that usage are the same is a gross misconception.

Q. On page 3 of his testimony, Mr. Grevatt states that the proposed savings goals for the utilities are unreasonably low. Do you agree with this statement?

A. No, I do not agree with this statement because Mr. Grevatt provides no reliable gauge to compare it to, other than anecdotal information he utilizes regarding other states. In fact, Tampa Electric's accomplishments are significantly greater than most other utilities in the United States. Tampa Electric began its DSM efforts in the late 1970s prior to the 1980 enactment of FEECA. Since then, the company has aggressively sought Commission approval of numerous DSM programs designed to promote energy efficient technologies and to change customer behavioral patterns such that energy savings occur with minimal effect on customer comfort. Additionally, the company has modified existing DSM programs over time to promote evolving technologies and to maintain program cost-effectiveness.

From the inception of Tampa Electric's Commission approved programs through the end of 2018, the company has achieved the following savings:

Summer Demand: 729.7 MW

Winter Demand: 1,236.0 MW

Annual Energy: 1,560.5 GWh

These peak load achievements have eliminated the need for nearly seven 180 MW power plants.

Q. On page 4 and 7 of his testimony, Mr. Grevatt states that the RIM test is not a cost-effectiveness test. Do you agree with this statement?

A. No, I do not. In Florida, the RIM test is one of the three prescribed cost-effectiveness tests used to justify DSM programs. In the United States, it is one of five typically performed cost-effectiveness tests used to analyze the cost-effectiveness of DSM programs.

Q. On page 7 of his testimony, Mr. Grevatt states that the RIM test does not assess changes in costs. Do you agree with this statement?

A. No, I do not. Mr. Grevatt fails to understand that the benefits (avoided generation, transmission, distribution and incremental fuel costs) utilized in the RIM formula are all future costs that proposed DSM measures seek to avoid (i.e. defer or eliminate) and the costs in the

denominator are also costs that would be incurred in the future. Thus, by Mr. Grevatt's own definition on page 7, lines 13 and 14 of his testimony, the RIM test is a cost-effectiveness test.

Q. On page 4 of his testimony, Mr. Grevatt states that potential rate impacts should not be the only factor considered. Do you agree that other factors should be used?

A. Yes I do, and that is why Tampa Electric's proposed DSM goals are based upon the RIM test and the Participants Cost test ("PCT"), in combination, which examines bill savings, participation levels and rate impacts as Mr. Grevatt outlines on lines 1 and 2 of page 5 of his testimony.

Q. On page 5 of his testimony, Mr. Grevatt states that the cost of the Total Resource Cost test ("TRC") portfolio, as compared to the RIM portfolio for FPL, would be $0.00005/kWh ($0.05/1,000 kWh). Does the same ratio apply to Tampa Electric for a residential customer?

A. No, this same ratio does not apply. The additional cost to each of Tampa Electric's residential customers based

upon a monthly usage of 1,000 kWh would be approximately $1.00 more per month for the TRC portfolio as compared to the RIM portfolio. While $1.00 per customer each month does not sound like much, for Tampa Electric, with over 750,000 residential, commercial and industrial customers, this equates to an increase of approximately $17 million per year. The higher cost impact associated with TRC based programs provided the basis for the Commission reversion from the one-time use of TRC goals back to RIM- and PCT-based DSM goals.

Q. Also, on page 5 of his testimony, Mr. Grevatt states that the potential study is flawed based on the use of the two-year simple payback screen to consider free-ridership. Do you believe the potential study that Tampa Electric follows is flawed because of this free-ridership consideration?

A. No, the process Tampa Electric followed is not flawed and the company adhered to all statutory requirements. Regarding the free-ridership consideration, the company fully supports the two-year simple payback screen. The objective of the free-ridership consideration is to limit, as much as practical, paying incentives to customers who would implement an energy efficiency

measure without an incentive. The two-year payback screen has been consistently recognized by the Commission as the most appropriate means of considering free-ridership.

Q. On page 6 of his testimony, Mr. Grevatt, states that his concerns about "problems" with the utilities potential studies are so numerous and complex that the studies by the utilities cannot be readily modified to produce appropriate goals. Do you agree the study that Tampa Electric conducted is full of "problems"?

A. No, I do not agree that the study or the process Tampa Electric followed to develop its achievable potential and proposed DSM goals is full of problems. I will agree that the process is complex, and required many meetings, countless hours of analysis and almost two years to complete in order to develop the company's proposed DSM goals. While Mr. Grevatt's inability to complete this process in performing his analysis may be problematic, the problem is with his work – not that of Tampa Electric or the other FEECA utilities.

Q. On page 8 of his testimony, Mr. Grevatt states that customers that use less energy are more accepting of paying a higher rate for energy than those that use more

energy. Do you agree with this statement?

A. No, I do not agree with this statement and can assure the Commission that in the over 400 plus commercial/ industrial energy audits I have personally performed in my career, Tampa Electric customers would not agree with this statement either because the primary driver for these customers asking for an audit is to identify ways for them to lower their overall utility costs, in which the rate is a key component.

Q. On page 8 of his testimony, Mr. Grevatt states that the RIM test does not indicate how many customers would be adversely affected. Is this an accurate statement?

A. No, this statement is inaccurate. The RIM test will indicate how many customers will benefit and how many customers will be adversely impacted. The RIM test is also known as the “No Losers test” and the “Fairness and Equity test”. There is a reason for these additional names associated with this cost-effectiveness test. To put it plainly, if a measure passes the RIM test and a customer installs the measure and receives a rebate, all rate payers benefit because that installation will place downward pressure on rates for all of the company’s

customers, regardless of their energy usage on a monthly basis. If a measure fails the RIM test, then, following the same scenario, all customers are adversely impacted because the additional costs will place upward pressure on rates for customers.

Q. On page 9 of his testimony, Mr. Grevatt discusses the fact that low-income programs would not be included in the achievable potential. Is this statement accurate?

A. Yes, the analysis of DSM programs is not performed as part of the goalsetting process. The purpose of the potential study is to determine the amount of potential cost-effective demand and energy reduction in Tampa Electric's service area based upon the cost conditions the company is experiencing at this time. This does not limit Tampa Electric from including programs designed for low-income customers, such as the company's two current low-income programs (Energy Education, Awareness and Agency Outreach and Neighborhood Weatherization).

Q. On page 10 of his testimony, Mr. Grevatt states that because the RIM test is not used for supply side evaluations, it is inappropriate to use RIM as a cost effectiveness test for energy efficiency measures. Do you

agree with this statement?

A. No, I do not agree with this statement. Mr. Grevatt's comments demonstrate that he fails to understand three main components. He fails to understand core utility concepts such as the obligation to serve, reserve margin requirements, and many other requirements for the company to have the necessary infrastructure installed and available to safely and reliably serve all customers within its service area. It also demonstrates that Mr. Grevatt fails to understand that cost recovery from supply side investments made by Tampa Electric are either approved by the Commission prior to the facility being constructed or through the company's next rate case in which the costs of these investments will be carefully reviewed and scrutinized for prudency prior to approval of recovery. He also fails to understand that the RIM test was never designed or intended to be a cost-effectiveness evaluation tool for screening generation investments due to the components that make up the cost side of the equation (the denominator). The costs that make up the denominator make it unusable for a generation investment evaluation since the costs would be either zero or negative. There are no program costs, there are no utility incentives paid and there would be negative

lost revenue (i.e. the company would be collecting revenue from the kWh produced by the generation resource).

Q. On page 13 of his testimony, Mr. Grevatt states that utility bills will increase by hundreds of millions of dollars by removing those measures that fail the RIM test. Do you agree with this statement?

A. No, I do not agree with that statement. On the contrary and as stated in my direct testimony, by relying on the RIM and PCT test, Tampa Electric and the other Florida FEECA utilities have been able to achieve significant demand and energy savings for almost 40 years while keeping current rates 10.8 percent below the national average and substantially lower than other states such as Massachusetts with a residential retail price of 21.99 cents per kWh, New York at 17.34 cents per kWh and California at 19.44 cents per kWh.

Q. Also, on page 13 of his testimony, Mr. Grevatt states that adopting the TRC portfolio would only increase costs by less than 0.06 percent. Do you agree with this analysis for Tampa Electric?

A. No, I do not. As I discussed earlier the increase in the Energy Conservation Cost Recovery ("ECCR") Clause for Tampa Electric residential customers would be $1.00 more each month for each 1,000 kWh used. This equates to an increase of 44.6 percent.

Q. On page 14 of his testimony, Mr. Grevatt states that Florida is the only state that uses the RIM test as the primary cost-effectiveness test to evaluate DSM programs. He then gives examples regarding Virginia and Iowa. Do you have an opinion regarding these examples?

A. Yes, Florida is not the same as these states in terms of climate, population, type and number of customers (fixed income, low-income, for example) and many other aspects. While I do not know the specific reasons these states shift from one cost-effectiveness test to another, migrating from the RIM test to any of the other cost effectiveness tests (TRC, Societal Cost Test ("SCT") and the Utility Cost Test ("UCT")) would require the acceptance of some level of subsidization between customers (i.e. the participant of the DSM programs wins and those that do not participate lose). In his explanation, Mr. Grevatt details subsidizing other non-cost-effective DSM programs with cost-effective demand

response programs. I believe his statements inappropriately disregard basic fairness for customers who, for one reason or another, are not able to participate in DSM programs. That unfairness is avoided by use of the RIM and Participant cost-effectiveness tests. Tampa Electric does support subsidization for only low-income DSM programs because customers in those programs may not have the financial means to invest in energy efficient technology to receive a rebate in a cost-effective rebate type program.

Q. On page 15 and 16 of his testimony, Mr. Grevatt says that measures with two-year paybacks were inappropriately excluded from the estimates of efficiency potential. Do you agree with this statement?

A. No. In fact, Tampa Electric's technical and economic potentials do not have any consideration of free-riders. The impact from the consideration of free-riders is only reflected in Tampa Electric's achievable potential. The premise of Mr. Grevatt's discussion is that Tampa Electric purposely and inappropriately excluded energy efficiency measures when consideration of free-ridership is required by Florida law. I believe that if Florida chose some other method to consider free-ridership, Mr.

Grevatt would also consider that method inappropriate because he provides no suggestions for any alternative methods other than asserting on page 21 of his testimony that Florida is different from other jurisdictions.

Q. On page 19 of his testimony, Mr. Grevatt states that naturally occurring efficiency was excluded from the technical potential. Do you agree with this statement?

A. No, I do not. The load forecast that was prepared and provided to Nexant to calculate Tampa Electric's technical potential included the effects of naturally occurring energy efficiency. To ensure the accuracy of how Tampa Electric and the other FEECA utilities recognize demand and energy savings, we account for only the incremental increase in energy efficiency or demand savings from a Federal, state or appliance energy efficiency standard or building codes (i.e. – the minimum energy efficiency standard or base level that is on the market that the customer would be purchasing). Adjusting the base lines to recognize upcoming changes to building and appliance standards is the appropriate method to ensure that the eventual DSM programs Tampa Electric or the other FEECA utilities offer are not paying customers to install the base minimum in energy efficiency.

Q. On page 22 of his testimony, Mr. Grevatt states that the free-ridership screen should only be applied when designing DSM programs. Do you agree with this statement?

A. No, I do not. As I stated earlier, if the free-ridership consideration were removed, FEECA would be violated and the amount of DSM goals which is cost-effective to achieve would be inflated.

Q. On page 22 of his testimony, Mr. Grevatt states that Tampa Electric's economic potential would increase by 139 percent if the two-year payback free-ridership screen were removed. Is this statement accurate?

A. No, it is completely inaccurate. Tampa Electric's economic potential was provided without any free-ridership consideration so it would be impossible to increase it with Mr. Grevatt's faulty analysis and incorrect assumptions. The chart he provided on page 23 states that Tampa Electric's economic potential can be increased or decreased by the free-ridership when in fact, it cannot because it was not examined at that point in the company's process to determine its economic potential.

Q. On page 23 and 24 of his testimony, Mr. Grevatt states that the two-year free-ridership screen should not be used because not all customers will purchase the technology even if the technology has a two-year payback. Do you agree with this assessment?

A. I do agree that not all customers will purchase and install all technologies that have a two-year payback, but I think Mr. Grevatt is missing the point. If a technology has a two-year or less payback, the technology is already financially and economically attractive for that customer and they should be willing to purchase that technology without any additional economic assistance through a DSM program incentive. The two-year free ridership screen is used to recognize this, not to address an unlimited number of possible reasons as to why a customer chooses not to purchase and install a technology.

Q. On page 25 through 27 of his testimony, Mr. Grevatt states that early retirement was not included in the assessment. What would happen if early retirement was included in the assessment?

A. Two main things would happen and they both would drive the overall proposed DSM goals in the downward direction. First, administrative and measurement and verification costs (program costs) would go up, making programs less cost-effective. On page 27 of his testimony, Mr. Grevatt mentions the state of Arkansas's Technical Reference Manual, which calls for a "number of evaluations and additional verifications." Someone would clearly have to pay to have these evaluations and verifications performed which would add significant and unnecessary costs to the DSM program. Second, since the equipment is assumed to be replaced early, this would cause the projected life of the equipment to be reduced. Again, this would cause the cost-effectiveness of the technology to be reduced because the savings would be reduced due to the shorter life. As Mr. Grevatt discusses, other states that have this utilize a different cost-effectiveness test as their primary measure since those other cost-effectiveness tests can absorb these additional costs which provide very little benefit to customers, even when these DSM programs are funded by those customers.

Q. On page 29 and 30 of his testimony, Mr. Grevatt states that Tampa Electric should have included the efficiency of a SEER 14 heat pump displacing electric resistance

heat. Did Tampa Electric make a mistake in its potential analysis?

A. No, Tampa Electric did not make a mistake in its potential analysis. No value should be provided to a Seasonally Averaged Energy Efficiency Ratio ("SEER") 14 heat pump. This is the base federal appliance energy efficiency standard in the United States for residential air conditioning equipment. In addition, in Tampa Electric's climate zone during the winter it routinely gets below 40 degrees. When it is below 40 degrees there is not enough random heat in the ambient air for the heat pump to collect, so the supplemental heat of the heat pump (electric strip heat) will be energized. As a result, SEER 14 heat pumps will produce no demand savings that would support assigning zero savings to the base standard heat pump.

Q. On page 36 of his testimony, Mr. Grevatt proposes an alternative approach to establishing DSM goals by taking a percentage of kWh sales, does Tampa Electric support this approach?

A. No, Tampa Electric does not support this alternative approach. This same approach was proposed in the most

recent prior DSM goals proceeding. If this approach were taken, utilizing the projected kWh sales for 2019 and conservatively holding this sales forecast flat over the DSM goalsetting ten-year period, the resulting ECCR clause monthly rate would increase by a factor of 17.6. I cannot fathom the Commission or Tampa Electric explaining to a fixed income, low-income, or any of the other remaining residential customers that their overall electric bill is going up each month by over 40 percent to support non-cost-effective DSM programs.

Q. On page 37 and 38 of his testimony, Mr. Grevatt states that the TRC was improperly executed. Do you agree with this statement?

A. No, I do not agree with this statement. Tampa Electric conducted the TRC test in accordance with the prescribed methodology in the FPSC Cost-Effectiveness Manual, as it has done in all of the prior goal setting proceedings, as confirmed in all annual audits, audit discovery and annual discovery from Commission Staff.

REBUTTAL TO DIRECT TESTIMONY OF FOREST WRIGHT-BRADLEY:

Q. On page 2 of his testimony, Mr. Bradley-Wright discusses

a need for low-income energy efficiency that matches this important customer segment. Do you agree with this statement?

A. Yes, I do agree with this statement, and this is why Tampa Electric currently has two of the best low-income DSM programs. These DSM programs will also be proposed in the eventual DSM Plan that will support the goals established by the Commission in this proceeding.

Q. On page 3, Mr. Bradley-Wright states that there are flaws with the applicability of the RIM test and that low-income efficiency should be based upon the TRC test. Do agree with this statement?

A. No, I do not agree with this statement. The purpose of DSM goal setting is to determine the amount of cost-effective DSM available when the goals are set. This includes the analysis of individual measures that would be, could be or may be used as a component of a low-income program. I believe that Mr. Bradley-Wright is confusing the development of potential DSM programs with DSM goals setting.

Q. On pages 3 through 6 of his testimony, Mr. Bradley-Wright

discusses concerns with high energy burdens and suggests that those burdens can be reduced through energy efficiency programs. Do you agree with this assessment?

A. I partially agree with this assessment. I agree that there are customers in Tampa Electric's service area that are on fixed income and/or fall into the low-income classifications as designated by census tract data. Tampa Electric supports offering low-income programs to customers and for the same reasons supports the continued use of the RIM test to ensure that all customers experience the benefits of cost-effective DSM programs that place pressure to reduce overall electric rates.

Q. On page 9 of his testimony, Mr. Bradley-Wright states that Tampa Electric's only programs that are offered that do not pass cost-effectiveness are the programs that are targeted toward eligible low-income customers, is this statement accurate?

A. No, in addition to the low-income programs Tampa Electric offers, the residential and commercial energy audit programs are also not cost-effective.

Q. On page 10 and 11 of his testimony, Mr. Bradley-Wright

states that Tampa Electric is intending to continue its energy education and weatherization programs in the next DSM Plan, is this statement accurate?

A. Yes, it is.

Q. On page 12 of his testimony, Mr. Bradley-Wright states that additional formal goals should be established for low-income energy efficiency, do you agree with this proposal?

A. No, I do not agree with this proposal. To set additional DSM goal amounts above the amount proposed by Tampa Electric in this DSM goals proceeding would place upward pressure on rates by proposing a block of demand and energy that is purposely not cost-effective.

Q. On page 13 of his testimony, Mr. Bradley-Wright supports Mr. Grevatt's assessment of the RIM test. Do these reasons support deviating away from the RIM test?

A. No. As I explained above in response to Mr. Grevatt's misconceptions and misunderstanding of the RIM test, neither Mr. Grevatt's assessment nor Mr. Bradley-Wright's endorsement of it support deviating away from the RIM

test.

Q. On page 14 and 15 of his testimony, Mr. Bradley-Wright states that the TRC test is the natural choice for evaluating low-income DSM programs. Do you agree with this assessment?

A. No, I do not agree with this assessment. Just because another cost-effectiveness test provides an output that may appear more attractive for a particular measure, or in this scenario which would be applied to the eventual DSM programs, does not mean it should be used.

Q. On page 15 of his testimony, Mr. Bradley-Wright states that the PCT would be an inappropriate cost-effectiveness test for low-income programs, do you agree with his assessment?

A. Yes, his assessment of the PCT and its inappropriateness in regard to this topic is correct.

Q. On page 16 of his testimony, Mr. Bradley-Wright asserts that the use of the RIM test and two-year free-ridership screen results in double counting, do you agree with this statement?

A. No, I do not agree with this assessment. The use of the RIM test and free-ridership consideration in this proceeding does not double count energy efficiency measures, including those that would be, could be or may be used as part of an eventual low-income DSM program.

Q. Also, on page 16 of his testimony, Mr. Bradley-Wright suggests that for the technical potential to be accurate, the load forecast used to establish goals should be elevated to ignore any naturally occurring DSM activities by customers. Is this methodology sound?

A. No. This methodology contradicts the methodology Tampa Electric has consistently used for load forecasting and conflicts with the methodology that has been applied in every prior DSM goal setting proceeding for Tampa Electric. In fact, as part of the order establishing procedure, Tampa Electric provided the impact over the DSM goals period of naturally occurring DSM and Building Codes and Appliance Standards. Tampa Electric does not get to count these DSM savings toward the eventual Commission approved goals the company is assigned, so it would be inappropriate to ignore them in the company's load forecast or the technical potential study completed

by Nexant.

Q. On page 23 of his testimony, Mr. Bradley-Wright proposed a different evaluation method to assess low-income DSM measures. Do you support this proposal?

A. No, I do not support this proposed alternative. Removing the free-ridership screen would ignore Florida law. The proposed method of just arbitrarily selecting some percentage of economic potential for the achievable potential would remove the rigor and professional work to determine the amount of cost-effective DSM available to Tampa Electric and would place upward pressure on rates due to the promotion of non-cost-effective measures. This would also unduly place a much higher monthly ECCR cost on those customers Mr. Bradley-Wright seems interested in helping.

Q. On page 24 of his testimony, Mr. Bradley-Wright proposes different levels of achievable potential for Tampa Electric. Do you support these proposed levels?

A. No, I do not support the different levels of DSM goals for the many reasons I have outlined in this rebuttal testimony. I also do not support selecting a DSM goal

level that lacks any analysis to examine the cost-effectiveness of those measures against the current costs Tampa Electric projects for its next avoided unit. This is the main purpose of establishing DSM goals, to either defer or eliminate the need for the next avoided generating unit. Mr. Bradley-Wright's proposal ignores any evaluation methodology and merely selects a percentage that promotes the use of non-cost-effective measures because it results in higher goals.

Q. On page 27 of his testimony, Mr. Bradley-right discusses several ideas to promote deeper savings for low-income eligible customers. Do you support these ideas?

A. I fully support offering DSM programs that are focused on low-income customers and, as previously explained, Tampa Electric will propose low-income DSM programs in the eventual DSM Plan that will support the Commission approved goals in this proceeding. I do not agree with the ideas that Mr. Bradley-Wright suggests that Tampa Electric should supply free heating, ventilating and air conditioning ("HVAC"), water heaters and appliance upgrades. I do support offering building envelope improvements, adding insulation, sealing ductwork and the continued offering of energy efficiency kits to eligible

customers. The main reason for offering these assortments of measures is to assist customers in reducing their energy usage and subsequently also benefit Tampa Electric by assisting in the reduction of weather sensitive peak demand.

Q. On page 29 of his testimony, Mr. Bradley-Wright suggests that Tampa Electric does not afford opportunities for residential customers across all categories of housing. Is this suggestion accurate?

A. No. Tampa Electric currently offers many programs that all residential owners and renters in all segments (single family, multi-family and manufactured homes) can take advantage of.

Q. Does this conclude your rebuttal testimony?

A. Yes.