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July 22, 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 is Tampa Electric Company's Prehearing Statement.

Thank you for your assistance in connection with this matter.

Sincerely,



Malcolm N. Means

MNM/pp  
Attachment

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission review of numeric conservation goals (Florida Power & Light Company)

DOCKET NO. 20190015-EG

In re: Commission review of numeric conservation goals (Duke Energy Florida, Inc.

DOCKET NO. 20190018-EG

In re: Commission review of numeric conservation goals (Tampa Electric Company)

DOCKET NO. 20190021-EG

In re: Commission review of numeric conservation Goals (Gulf Power Company)

DOCKET NO. 20190016-EG

In re: Commission review of numeric conservation goals (JEA)

DOCKET NO. 20190020-EG

In re: Commission review of numeric conservation goals (Orlando Utilities Commission)

DOCKET NO. 20190019-EG

In re: Commission review of numeric conservation goals (Florida Public Utilities Company)

DOCKET NO. 20190017-EG

DATED: July 22, 2019

**TAMPA ELECTRIC COMPANY'S  
PREHEARING STATEMENT**

**A. APPEARANCES:**

JAMES D. BEASLEY  
J. JEFFRY WAHLEN  
MALCOLM N. MEANS  
Ausley & McMullen  
Post Office Box 391  
Tallahassee, Florida 32302  
On behalf of Tampa Electric Company

**B. WITNESSES:**

	<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
<u>(Direct)</u>			
1.	Mark R. Roche (TECO)	Presentation and support of Tampa Electric Company's Proposed DSM Goals for 2020-2024	1,2,3,4,5,6,7,8,9,10
2.	Jim Herndon (TECO)	Presentation and summary of the methodology, input data, and findings contained in Tampa Electric's Market Potential Study Subject to the requirements of the Florida Energy Efficiency and Conservation Act ("FEECA")	1
3.	J. Terry Deason (TECO)	Appropriateness of Rate Impact Measure Test and Two-Year Free Ridership Consideration for DSM Goals	3,4,6,7

(Rebuttal)

1.	Mark R. Roche (TECO)	Rebuttal to intervenor witnesses, Mr. Grevatt and Mr. Forest Bradley-Wright	
2.	Jim Herndon (TECO)	Rebuttal to intervenor witnesses, Mr. Grevatt and Mr. Forest Bradley-Wright	
3.	J. Terry Deason (TECO)	Rebuttal to intervenor witnesses, Mr. Grevatt and Mr. Forest Bradley-Wright	

**C. EXHIBITS**

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
MRR-1	Roche	Tampa Electric's proposed DSM goals at the generator for

2020-2029; Overall process used to develop the company's proposed DSM goals for 2020-2029; Process used to develop the Technical Potential and the Market Potential Study of Demand Side Management in Tampa Electric Company's Service Territory Report; Comprehensive DSM measure list utilized in this proceeding; DSM measures that were either added or removed to the 2018 comprehensive measures list as compared to the 2013 technical potential study; Tampa Electric's DSM Technical Potential for Energy Efficiency, Demand Response and Distributed Energy Resources; Process used to develop the Economic Potential; Tampa Electric's avoided unit cost data used for cost-effectiveness evaluations; Assumptions used for the performance of cost-effectiveness; Tampa Electric's 2020-2029 DSM Economic Potential for the RIM and TRC cost-effectiveness tests; DSM Economic Potential cost-effectiveness sensitivity analyses; Process used to develop the Achievable Potential; 2020-2029 estimated annual DSM Achievable Potential for the RIM and TRC cost-effectiveness tests; DSM measures that make up the RIM and TRC DSM Achievable Potentials; Summary of the overall potentials; Projected residential annual bill impacts for the RIM and TRC 2020-2029 DSM portfolios; Tampa Electric's current DSM programs and achievements.

JH-1	Herndon	Herndon Background and Qualifications
JH-3	Herndon	MPS for Tampa Electric Company
JH-9	Herndon	2019 Measure Lists
JH-10	Herndon	Comparison of 2014 Measure List to 2019 Measure List

(Rebuttal)

JTD-1	Deason	Biographical Information for Terry Deason
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**D. STATEMENT OF BASIC POSITION**

**Tampa Electric Company's Statement of Basic Position:**

Based on the analysis performed by Tampa Electric for this current demand side management ("DSM") goals setting process, the company's reasonably achievable generator

level RIM-based DSM goals for 2020-2029 period are 79.7 MW of summer demand savings, 43.3 MW of winter demand savings, and 165.0 GWH of annual energy savings. These amounts are detailed on an annual basis for both the residential and commercial/industrial sectors in Document No. 1 of Mr. Mark R. Roche Exhibit (MRR-1).

The conclusions reached by the Southern Alliance for Clean Energy ("SACE") in this proceeding do not give effect to Florida law and applicable rules of the Commission. Their recommended DSM goals are vastly overstated and, if adopted, would have a monumental negative impact on Tampa Electric's rates and charges from the perspective of the customers the company serves.

#### **E. STATEMENT OF ISSUES AND POSITIONS**

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

**TECO:** Yes. Tampa Electric worked in concert with the other FEECA utilities and Nexant to develop a new Technical Potential Study. This new Technical Potential Study for Tampa Electric was based upon the full load forecast for the company which ensures the proposed goals are based on an adequate assessment of the full technical potential of all available demand-side and efficiency measures, including demand-side renewable energy systems, pursuant to Section 366.82(3), F.S. (Roche)

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

**TECO:** Yes. Tampa Electric utilized the Participant Cost Test ("PCT") as delineated in Rule 25-17.008, F.A.C., to adequately reflect the costs and benefits to customers participating in a DSM measure thereby adhering to the requirement of Section 366.82(3)(a), F.S. (Roche)

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

**TECO:** Yes. Tampa Electric utilized the cost-effectiveness methodologies as delineated in Rule 25-17.008, F.A.C., to adequately reflect the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions. (Roche)

**ISSUE 4:** Do the Company's proposed goals adequately reflect the need for incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems, pursuant to Section 366.82(3)(c), F.S.?

**TECO:** Yes. For measures that remained cost-effective after taking into account administrative costs but with no incentives, and after the two-year payback screen, Tampa Electric chose incentive levels that would maximize the achievable potential. Demand side renewable systems proved to remain non-cost effective. In addition, Tampa Electric does not believe incentives for demand side renewable systems are necessary under a Rate Impact Measure ("RIM") based goals model due to the large amount of naturally occurring installations of these systems. (Roche)

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

**TECO:** Yes. Currently there are no state or federal regulations on the emissions of greenhouse gases nor is there any time horizon established on which any such regulation may be enacted. Therefore, the appropriate greenhouse gas emissions cost utilized by Tampa Electric in the determination of its proposed DSM goals was zero. (Roche)

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

**TECO:** The Commission should use the RIM test in conjunction with the PCT test to establish DSM goals. As history has proven, these tests allow the accomplishment of significant DSM development without placing undue upward pressure on rates or creating winners and losers by the cross-subsidization among participants and non-participants. (Roche)

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

**TECO:** Yes. Tampa Electric utilized a longstanding Commission practice, initially approved in the 1994 DSM goals proceeding, of screening out measures having a payback period of two years or less without any incentive. This two-year payback criterion is the appropriate means to apply to minimize free ridership as required by the Commission's rule. (Roche)

**ISSUE 8:** What residential summer and winter megawatt (MW) and annual Gigawatt-hour (GWh) goals should be established for the period 2020-2029?

**TECO:** Tampa Electric proposes the residential summer and winter Megawatt (MW) and annual Gigawatt-hour (GWh) goals in the chart below be established for the period 2020-2029:

<b>Tampa Electric's 2020-2029 Proposed Residential DSM Goals at the Generator</b>			
Year	Summer Demand (MW)	Winter Demand (MW)	Annual Energy (GWh)
	Incremental	Incremental	Incremental
2020	4.7	2.58	9.3
2021	4.9	2.57	9.6
2022	5.0	2.56	9.7
2023	5.2	2.56	10.0
2024	5.4	2.55	10.3
2025	5.6	2.54	10.7
2026	5.8	2.54	11.0
2027	6.0	2.53	11.3
2028	5.6	2.53	10.5
2029	6.0	2.52	11.3

The cumulative effect of these residential goals through 2029 would be a summer MW reduction of 54.0 MW, a winter MW reduction of 25.5 MW and cumulative energy savings of 103.6 GWh. (Roche)

**ISSUE 9:** What commercial/industrial summer and winter megawatt (MW) and annual Gigawatt hour (GWh) goals should be established for the period 2020-2029?

**TECO:** Tampa Electric proposes the commercial/industrial summer and winter Megawatt (MW) and annual Gigawatt-hour (GWh) goals in the chart below be established for the period 2020-2029:

Tampa Electric's 2020-2029 Proposed Commercial/Industrial DSM Goals at the Generator			
Year	Summer Demand (MW)	Winter Demand (MW)	Annual Energy (GWh)
	Incremental	Incremental	Incremental
2020	2.7	1.9	5.5
2021	2.5	1.7	6.5
2022	2.4	1.6	5.5
2023	2.9	2.0	6.5
2024	2.4	1.6	5.6
2025	2.5	1.8	6.7
2026	2.8	1.9	5.8
2027	2.6	1.8	6.8
2028	2.4	1.7	5.8
2029	2.6	1.8	6.8

The cumulative effect of these commercial/industrial goals through 2029 would be a summer MW reduction of 25.8 MW, a winter MW reduction of 17.8 MW and cumulative energy savings of 61.4 GWh. (Roche)

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

**TECO:** Goals should not be established for increasing the development of demand-side renewable energy systems as they continue to be non-cost effective. If any goals are set, they should be set at zero, as these measures are not cost-effective. (Roche)

**ISSUE 11:** Should these dockets be closed?

**TECO:** Yes, Tampa Electric's Docket No. 20190021-EG should be closed once the Commission's decisions on all of the issues in the docket have become final and the Commission has concluded that the docket has otherwise met the requirements for closure.

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

**TECO:** Tampa Electric objects to SACE's proposed amendment to Issue 10. This issue is appropriately stated in the Commission's February 18, 2019 Order Establishing Procedure. SACE's proposed amendment to the issue would have the effect of



suggesting that some positive numeric goals should be established when the appropriate goals could be zero.

**SACE's Proposed Issue 11: Should distinct goals for low income customers be established, and if so, what should those goals be?**

**TECO:** Tampa Electric objects to the inclusion of SACE's proposed Issue 11. This goal-setting process, and the statute and rules governing it, appropriately focus on demand and energy savings goals for two broad sectors consisting of residential and commercial/industrial customers, rather than subsets of those broad categories. The Commission has recognized this in prior proceedings and has appropriately relied on the DSM plan approval phase of the process for consideration of more specific means of achieving demand and energy goals set by the Commission.

**F. STIPULATED ISSUES**

TECO: None at this time.

**G. MOTIONS**

TECO: None at this time

**H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY**

TECO: None at this time.

**I. OBJECTIONS TO A WITNESS'S QUALIFICATION AS AN EXPERT**

TECO: None at this time.

**J. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE**

TECO: Tampa Electric complied with all requirements in the Order Establishing Procedure.

DATED this 22nd day of July 2019.

Respectfully submitted,

*Malcolm N. Means*

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ATTORNEYS FOR TAMPA ELECTRIC COMPANY


**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of Tampa Electric's Prehearing Statement was served by electronic delivery this 22nd day of July 2019 to the following:

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