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July 22, 2019

ELECTRONIC PORTAL

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

**Re: Docket No. 20190017-EG - In re: Commission review of numeric conservation goals
(Florida Public Utilities Company).**

Dear Mr. Teitzman:

Attached for electronic filing in the referenced docket, please find Florida Public Utilities Company's Prehearing Statement.

As always, thank you for your assistance. Please do not hesitate to contact me if you have any questions whatsoever.

Sincerely,



Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

MEK

Enclosures

Cc: Service List

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Limited Proceeding to) Docket No. 20190017-EG
Recover Incremental Storm Restoration Costs)
by FPUC)
_____) Filed: July 22, 2019

**FLORIDA PUBLIC UTILITIES COMPANY'S
PREHEARING STATEMENT**

Pursuant to the requirements of the Order on Procedure, Order No. PSC-2019-0062-PCO-EG, Florida Public Utilities Company ("FPUC") hereby submits its Prehearing Statement.

Appearances:

Beth Keating
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(850) 521-1706
(850) 521-1713
On Behalf of Florida Public Utilities Company

1. Known Witnesses

FPUC intends to offer the testimony of:

| Witness | Subject Matter | Issues Numbers |
|--------------------|---|----------------|
| Scott Ranck (FPUC) | FPUC's historical and ongoing commitment to conservation and DSM, the Company's process and approach for developing DSM, and explanation of the Company's proposed goals, the Company's perspective on DSM, the value of DSM programs for its most vulnerable customers, and the challenges presented for a small company implementing DSM. | 1 - 10 |

| | | | |
|--|--|---|----------------|
| | | programs | |
| Robert Camfield (Christensen and Associates for FPUC) | | FPUC's avoided costs provided to Nexant for use in the evaluation of the technical and achievable potential of DSM and conservation measures. | 1 |
| Jim Herndon (Nexant)(FPUC co-sponsor) | | Summarizes and sponsors the Market Potential Study conducted for FPUC which includes technical potential and achievable potential for cost-effective Energy Efficiency and Load Management measures for FPUC. | 1, 2, 3, and 7 |

2. Known Exhibits

FPUC intends to sponsor the following exhibits:

| Witness | Proffered By | Exhibit No. | Description | Issue Numbers |
|-----------------|--------------|-------------|---|---------------|
| | | | | |
| Robert Camfield | FPUC | RJC-1 | FPUC Estimates of Avoided Costs, 2020-2038 | 1 |
| | | RJC-2 | Average Hourly Load By Year (MW), January/July | 1 |
| | | RJC-3 | Estimated Average Hourly Avoided All-In Costs, January 2024 | 1 |
| | | RJC-4 | Robert Camfield – Resume | 1 |
| Jim Herndon | FPUC | JH-1 | Background and Qualifications of Jim Herndon | 1 |

| | | | | |
|--|--|-------|--|----------------|
| | | JH-6 | Market Potential Study of Demand-Side Management in Florida Public Utilities Company's Territory (April, 2019) | 1, 2, 3, and 7 |
| | | JH-9 | Measure Lists | 1 and 2 |
| | | JH-10 | Comparison of 2014 Measure List with 2019 Measure List | 1 and 2 |

3. Basic Position

FPUC's proposed conservation goals for the 2020-2029 period, as described in the testimony of FPUC's witness Scott Ranck, are based upon FPUC's most recent planning process and reflect the total winter and summer peak demand and annual energy savings reasonably achievable in the Company's residential and commercial/industrial classes through cost-effective demand side management. They adequately reflect the costs and benefits to customers participating in DSM measures, as well as the Company's general body of ratepayers. Consistent with the FEECA statute, the Company's goals also give appropriate consideration to the need for incentives to promote efficiency and renewable systems, as well as costs associated with greenhouse gases. As such, FPUC's proposed goals are consistent with FEECA.

FPUC's proposed goals are also supported by the testimony and supporting exhibits of Nexant representative Jim Herndon. As part of a collaborative process, Nexant was retained by the FEECA utilities for the purpose of assessing the technical potential of demand-side resources for reducing customer electric demand and seasonal peak capacity demands. Nexant also assessed the economic potential and achievable potential for a subset of FEECA utilities, which included FPUC, and thereafter provided the Company with a complete Market Potential Study (MPS) that

is filed with Mr. Herndon's Direct Testimony as Exhibit JH-6. In conducting the technical potential test, which serves as the foundation for assessing the economic and achievable potential, Nexant included the full application of DSM technologies commercially available to all residential, commercial, and industrial customers in FPUC's territory. The assessment utilized a current utility forecast, supported in this proceeding FPUC's witness Robert Camfield. Using its proprietary TEA-POT model, Nexant considered a wide range of energy efficiency and demand response measures, as well as rooftop solar photovoltaic systems, battery storage systems, and combined heat and power systems screening for the required sensitivities. The results of this analysis reflect that no energy efficiency measures passed the RIM test, and there are no demand reduction measures or demand-side renewable energy systems that are cost-effective for FPUC.

FPUC continues to believe that the RIM test is the appropriate test for setting Conservation Goals, particularly given FPUC's size and limited resources that can be expended for administering its conservation programs. For FPUC, none of the measures passed the cost-effectiveness screening conducted by Nexant under the RIM test, which is reflected in the goals that FPUC is requesting be set for the Company for the next 10-year period. FPUC's request that the Commission establish no goals, or goals of zero, for FPUC for the next 10-year period is therefore appropriate and should be approved consistent with the FEECA statute.

Although FPUC believes that the Commission should establish no conservation goals, or set FPUC's goals at zero for the next period, FPUC plans to update and submit its existing Conservation Programs as its Conservation and DSM plan following the Commission's decision establishing FPUC's Goals. Maintaining FPUC's existing programs would be at least marginally cost-effective, as compared to implementing new programs, and provide additional benefits to FPUC's most vulnerable customers beyond those contemplated by FEECA.

4. Issues

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.?

FPUC: Yes. The Company's proposed goals for the next planning period are based upon the Company's most recent planning process and reflect a full and complete analysis of a wide range of available DSM measures and supply-side conservation and efficiency measures consistent with Section 366.82, Florida Statutes. The technical potential study performed by Nexant, as described in the testimony of witness Jim Herndon, provided an adequate assessment of the full technical potential of these measures, including assessment of demand-side renewable energy systems utilizing its extensive expertise and proprietary TEA-POT model. (Ranck, Herndon, Camfield)

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.?

FPUC: Yes. The Company's proposed goals adequately reflect the costs and benefits to participating customers as reflected by the outcome of Nexant's cost-effectiveness evaluation, which included an analysis of the costs and benefits to FPUC's customers through the application of the Participants test. (Ranck, Herndon)

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.?

FPUC: Yes. FPUC's proposed goals are consistent with the outcome of Nexant's cost effectiveness evaluation of the achievable potential of DSM measures on FPUC's system, which included consideration of the benefits to the general body of FPUC ratepayers through application of the Participants test and Ratepayer Impact Measure (RIM) test. (Ranck, Herndon)

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.?

FPUC: Yes. The Company's goals adequately reflect the need for incentives to promote energy efficiency and demand-side renewable systems. This analysis was accomplished by incorporating FPUC program costs and utility incentive costs, along with consideration of economic constraints and market demand for DSM services in Florida, in Nexant's analysis of the achievable potential of DSM measures on FPUC's system. (Ranck)

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.?**

FPUC: Yes. (Ranck)

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

FPUC: The Commission should use the results of the RIM Test as the threshold for setting DSM goals. If the results of the RIM test indicate a DSM measure may be cost-effective, then it should also be required to pass both the TRC test and the Participants test. (Ranck)

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

FPUC: Yes, Nexant's cost-effectiveness review included the analysis of several free ridership scenarios. FPUC's proposed goals are reflective of the outcomes of the analysis of those scenarios. (Ranck, Herndon)

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

FPUC: The Commission should establish no annual goals, or a goal of zero, for the period 2020-2029. (Ranck)

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

FPUC: The Commission should establish no annual goals, or a goal of zero, for the period 2020-2029. (Ranck)

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.?**

FPUC: No. The Commission should not establish separate goals for FPUC for demand-side renewable energy systems. All conservation goals for FPUC should be established to promote cost-effective DSM without any bias towards any particular technology or program . Furthermore, if demand-side renewable energy systems are cost effective, FPUC should have the flexibility to include such systems as part of their renewable portfolio or as part of their DSM goals. (Ranck)

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

FPUC: Yes.

5. Stipulated Issues

FPUC is not a party to any stipulations at this time, although FPUC is amenable to discussing opportunities to reach stipulations.

6. Pending Motions

FPUC has no pending motions or other matters requiring attention at this time.

7. Pending Confidentiality Requests

None.

8. Objections to Witness Qualifications

FPUC has no objection to the qualifications of any expert witness.

9. Sequestration

FPUC is not requesting sequestration of witnesses.

10. Compliance With Order on Procedure

FPUC believes that this Prehearing Statement fully complies with the requirements of the Order on Procedure.

RESPECTFULLY SUBMITTED this 22nd day of July, 2019.



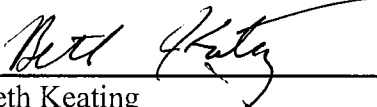
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Attorneys for FPUC

CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing Prehearing Statement of Florida Public Utilities Company in the referenced docket has been served by Electronic Mail this 22nd day of July, 2019, upon the following:

| | |
|---|---|
| <p>Florida Public Utilities Company Mike Cassel 1750 S 14th Street, Suite 200 Fernandina Beach, FL 32034 mcassel@fpuc.com</p> | <p>Kelley Corbari/Joan T. Matthews/Allan J. Charles/Brenda Buchan Florida Department of Agriculture and Consumer Services The Mayo Building 407 S. Calhoun Street, Suite 520 Tallahassee FL 32399 Kelley.Corbari@FreshFromFlorida.com allan.charles@FreshFromFlorida.com joan.matthews@FreshFromFlorida.com Brenda.buchan@FreshFromFlorida.com</p> |
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By: _____


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