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September 20, 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 Brief and Post-Hearing Statement of Issues and Positions.

Thank you for your assistance in connection with this matter.

Sincerely,

/s/ Malcolm N. Means

Malcolm N. Means

MNM/pp
Attachment

cc: All Parties of Record (w/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: September 20, 2019

**TAMPA ELECTRIC COMPANY'S
BRIEF AND POST-HEARING STATEMENT OF ISSUES AND POSITIONS**

Tampa Electric Company (“Tampa Electric” or “the Company”), pursuant to the Prehearing Order¹ and Order Establishing Procedure² in these consolidated proceedings, submits this Brief and Post-Hearing Statement of Issues and Positions.

¹ Order No. PSC-2019-0323-PHO-EG, issued August 7, 2019 in Docket No. 20190021-EG, *In re Commission review of numeric conservation goals (Tampa Electric Company)*, at 60.

² Order No. PSC-2019-0062-PCO-EG, issued February 18, 2019 in Docket No. 20190021-EG, *In re Commission review of numeric conservation goals (Tampa Electric Company)*, at 11.

BRIEF

I. Background

These consolidated dockets are before the Florida Public Service Commission (“Commission”) pursuant to the Florida Energy Efficiency and Conservation Act (“FEECA”), codified at Sections 366.80 through 366.83 and section 403.519 of the Florida Statutes. FEECA directs the Commission to “adopt goals and approve plans related to the promotion of demand-side renewable energy systems and the conservation of electric and natural gas energy usage.” § 366.81, Fla. Stat. In 1993, the Commission adopted Rule 25-17.0021 of the Florida Administrative Code (“F.A.C.”) to establish a process for setting Demand Side Management (“DSM”) goals for electric utilities that are subject to the requirements of FEECA.³

Under Rule 25-17.0021 (the “DSM Goals Rule”), the Commission sets DSM goals for each of the FEECA utilities at least once every five years. R. 25-17.0021(2), F.A.C. The Rule requires each utility to propose numeric goals for a ten-year period and to provide ten-year projections of the total cost-effective, winter and summer peak demand savings (expressed in megawatts) and annual energy savings (expressed in gigawatt-hours) that are reasonably achievable in the residential and commercial/industrial customer classes through DSM. R. 25-17.0021(3), F.A.C. These goals must be based on the utilities’ most recent planning process. *Id.*

The Commission held a hearing on August 12-13, 2019 during which the Commission heard the direct testimony of thirteen witnesses for the FEECA utilities, including Tampa Electric’s witness Mark Roche. The Commission also heard the testimony of two witnesses for the Southern Alliance for Clean Energy (“SACE”) and the League of United Latin American Citizens

³ The seven utilities subject to FEECA are the parties to these consolidated proceedings, namely Florida Power & Light Company (“FPL”), Duke Energy Florida (“DEF”), Tampa Electric, Gulf Power Company (“Gulf”), Florida Public Utilities Company (“FPUC”), Orlando Utilities Commission (“OUC”) and Jacksonville Electric Authority (“JEA”).

(“LULAC”), and rebuttal testimony from ten FEECA-utility witnesses addressing the positions proposed by the witnesses for SACE and LULAC.

II. Summary of Tampa Electric’s Position

Tampa Electric developed aggressive, yet fair and reasonable goals for all customers based on a comprehensive and thorough analytical approach that comports with the requirements of FEECA, the DSM Goals Rule, and the Commission’s Order Establishing Procedure for this proceeding. These goals were appropriately developed by application of the Rate Impact Measure (“RIM”) test and the Participant Cost test (“PCT”) and utilized the two-year payback screen for free-ridership consideration. The resulting goals will achieve significant energy and demand savings without imposing unreasonable rate impacts on Tampa Electric’s customers. SACE and LULAC ask the Commission to discard this robust, analytical methodology in favor of “percentage of sales” energy-only goals based on conclusory information from other jurisdictions. They also ask the Commission to impose separate low-income DSM Goals that are inconsistent with FEECA and unsupported by the evidentiary record. The Commission should reject SACE and LULAC’s proposals and adopt Tampa Electric’s proposed goals.

III. Tampa Electric’s Goals are Aggressive, Yet Fair and Reasonable for All Customers

Tampa Electric utilized a comprehensive and thorough approach to establish its proposed DSM goals for the 2020-2029 period. These goals, which are based on the Company’s most recent planning process, are consistent with approved practices established in previous goals hearings and adhere to the requirements of FEECA, the DSM Goals Rule, and the Commission’s Order Establishing Procedure for this proceeding. (Tr. 894-895). Tampa Electric followed a very detailed and lengthy process to develop its goals. (Tr. 894:16-19).⁴ Specifically, Tampa Electric’s proposed

⁴ References to the transcript of the August 12-13, 2019 hearing are designated as (Tr. 894:16-19), meaning page 894 of the transcript, at lines 16-19.

DSM goals were developed through careful evaluation of 278 measures applied across residential and commercial/industrial market segments. (Tr. 847:20-24). Tampa Electric utilized the RIM cost-effectiveness test in conjunction with the PCT. This approach allows the Company to propose a high level of achievable DSM without placing upward pressure on rates and without creating cross-subsidies between customer groups. (Tr. 1361:18-1362:2). Indeed, the Company's proposed goals for summer demand and annual energy are higher than those proposed for the 2015-2024 period. (Tr. 828:11-14). Tampa Electric's proposed goals are reasonable, cost-effective, and fair for all of the company's customers. (Tr. 894:5-7). This goal-development process has consistently delivered aggressive goals while avoiding unduly high rate impacts in past proceedings. (Tr. 895:17-20).

In short, Tampa Electric's goals were carefully developed in a manner fully compliant with FEECA and the DSM Goals Rule, and those goals will result in cost-effective demand and energy savings without unduly high rate impacts and cross-subsidies. (Tr. 893-896).

III. SACE and LULAC's Proposed Goals are Arbitrary and Inconsistent with FEECA

Jim Grevatt and Forest Bradley-Wright testified on behalf of SACE and LULAC. (Tr. 927-1023). Mr. Grevatt and Mr. Bradley-Wright asked the Commission to cast aside the thorough approach and rigorous analysis methods successfully utilized by the Commission over the decades since the enactment of FEECA. Instead, they ask the Commission to implement energy-only savings goals – without summer or winter demand goals – that lack any legitimate basis in the evidentiary record. (Tr. 1360:15-20). These goals are not based on the rigorous analysis required by the DSM Goals Rule and do not meet the requirements of FEECA. Instead, their testimony is based primarily on conclusory reports and documentation 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 period. (Tr. 1360:3-8). Contrary to their testimony, the Commission and the FEECA utilities have

been successful in achieving significant demand and energy savings while keeping electric rates lower than the national average. In short, their proposed goals are irresponsible and indefensible.

Mr. Grevatt and Mr. Bradley-Wright also ignore the potential rate impacts of their proposed goals. Adoption of the “percentage of sales” goals would result in an Energy Conservation Cost Recovery (“ECCR”) factor that is approximately 17.6 times larger than the factor the Company projects for its proposed goals. (Tr. 1390:23-1391:1). For a residential customer using 1,000 kilowatt-hours, this would equate to an ECCR charge of over \$43 per month, as compared to \$2.48 for the Company’s proposed goal. (Tr. 1391:2-4). This increase in the ECCR charge alone would result in an overall increase of over 40 percent for to a typical residential customer bill. (Tr. 1391:8-11).

IV. The RIM Test, in Conjunction with the PCT, Remains the Appropriate Test for Setting DSM Goals

The Commission should approve the continued use of the RIM test in conjunction with the PCT to develop proposed DSM goals. First, the Commission has discretion to choose the appropriate cost-effectiveness test. Second, the RIM Test – when used in conjunction with the PCT – best accomplishes the goals of FEECA. Third, the Total Resource Cost (“TRC”) test does not account for all factors that must be considered under FEECA and does not address potential cross-subsidies. Finally, SACE and LULAC have not identified any compelling arguments or evidence supporting the position that the TRC test better accomplishes the goals of FEECA.

FEECA does not mandate the use of a particular test. The Commission thus has the discretion to rely on the RIM test and the PCT. Neither Mr. Grevatt nor Mr. Bradley-Wright challenges this discretion. (Tr. 1048:18-23). Furthermore, the Florida Supreme Court has affirmed the Commission’s use of the RIM test in prior goal-setting proceedings. *See Legal Environmental*

Assistance Foundation, Inc. v. Clark, 668 So.2d 982 (Fla. 1996). Clearly, there is no legal bar to relying on the RIM test and PCT.

The RIM test and PCT best accomplish the goals of FEECA. The Act requires the Commission to consider both “the costs and benefits to customers participating in the measure,” as well as the “costs and benefits to the general body of ratepayers as a whole” in setting DSM goals. § 366.82(2)-(3), Fla. Stat. The PCT considers the costs to customers participating in the measure. (Tr. 826:19-23). The RIM test also accounts for both the cost of incentives paid to program participants and the upward pressure on rates from unrecovered revenue requirements. (Tr. 1046:21-22). These factors are ignored by the TRC test. (Tr. 1047:8-9). The RIM test avoids cross-subsidies while allowing significant DSM accomplishments. (Tr. 826:23-827:3). On the other hand, the Commission has previously recognized that utilization of the TRC test could result in cross-subsidies between participating and non-participating customers and could disproportionately impact low-income customers. (Tr. 1047:9-11).⁵ The combination of the RIM and the PCT thus provides a cost-effective, fair, reasonable, and equitable determination of DSM expenditures for both program participants and non-participants. (Tr. 826:19-23). These tests best accomplish the goals of FEECA.

SACE and LULAC do not offer any compelling reasoning or evidentiary support for use of the TRC test. First, Mr. Grevatt argues that the RIM test is not actually a cost-effectiveness test because it considers lost revenues, which he believes are not a “cost.” (Tr. 937:9-10). This argument directly contradicts the Commission’s regulations. Rule 25-17.008 of the Florida Administrative Code references and incorporates the Commission’s Cost Effectiveness Manual (“Manual”). *See* R. 25-17.008, F.A.C. The Manual includes the RIM test, along with the PCT

⁵ Citing Order No. 1994-1313-FOF-EG, issued October 25, 1994, in Docket No. 930551-EG, *In Re Adoption of Numeric Conservation Goals and Consideration of National Energy Policy Act Standards by Tampa Electric Company*.

and the TRC test, as a cost-effectiveness test. (Tr. 1049:5-6). The Commission has also previously rejected the argument that lost revenues are not a cost. *See* (Tr. 1049:17-1051:7).⁶ Second, Mr. Grevatt also argues that Florida should utilize the TRC test because no other state relies solely on the RIM test as the “sole or even primary determinant.” (Tr. 934:15-17). This argument mischaracterizes the current goal-setting procedure. As mentioned above, the Manual recognizes the RIM, TRC, and Participant cost tests. The FEECA utilities apply all three tests in developing their proposed goals and present the results to the Commission for its consideration in setting DSM goals. *See* Exhibit 63, Document No. 13, at 1. Thus the RIM is not the sole test considered by the Commission. Furthermore, what other states may or may not do is irrelevant when addressing the question of the appropriate cost-effectiveness test to use in Florida. (Tr. 1054:22-1055:1).

In summary, the Commission should continue to apply the RIM test in conjunction with the PCT. SACE and LULAC do not – and cannot – argue that the Commission *must* use only the TRC test, and they present no compelling reasons to do so. Mr. Grevatt’s critiques of the RIM also miss the mark. Past practice demonstrates that the RIM test – in conjunction with the PCT – best satisfies FEECA’s requirement for the Commission to consider costs and benefits to both participants and non-participants in DSM programs.

V. The Utilities Did Not “Double Count” Free Riders

The FEECA utilities appropriately considered free riders. While SACE and LULAC argue that the FEECA utilities inappropriately “double adjusted” for free riders, this argument is based on a misunderstanding of the process for setting DSM Goals under FEECA and the DSM Goals Rule. The utilities developed an appropriate baseline scenario to determine the amount of energy and

⁶ Citing Order No. PSC-1995-0075-FOF-EI, issued January 12, 1995 in Docket No. 930551-EG, *In re: Adoption of Numeric Conservation Goals and Consideration of National Energy Policy Act Standards* (affirmed on appeal in *Legal Environmental Assistance Foundation, Inc. v. Clark*, 668 So.2d 982 (Fla. 1996).

demand savings that are achievable as required by FEECA. The Commission should, therefore, disregard the intervenors' criticism.

SACE and LULAC's argument is based on a misunderstanding of FEECA. Mr. Grevatt asserts that the utilities "double adjusted" for free riders by accounting for "naturally-occurring" efficiency in their development of DSM goals. (Tr. 950:17). To the contrary, the utilities *must* account for "naturally-occurring" energy efficiency. FEECA requires the Commission to "adopt appropriate goals for increasing the efficiency of energy consumption..." §366.82(2), Fla. Stat. (emphasis added).⁷ In order to develop goals designed to "increase" efficiency, the utilities must first determine the baseline level of energy consumption and efficiency in their service territories.

The FEECA utilities use a thorough, analytical process to develop these baselines. First, existing building codes and federal appliance standards set the baseline against which proposed DSM measures are compared. (Tr. 1375:13-20). For example, building codes require central air conditioning systems to meet a minimum Seasonal Energy Efficiency Ratio ("SEER") of 14. *See* Exhibit 63, Doc. No. 3, at 51. The Goal-setting process thus examines the potential energy savings that could be achieved by incentivizing customers to adopt units that exceed 14 SEER.

In reality, some customers already have units with an efficiency greater than 14 SEER, while others have less efficient units. The FEECA utilities must, therefore, attempt to quantify the current mix of air conditioning units that exist within their service territories. The utilities develop this estimated equipment mix as part of the technical potential study. Here, Tampa Electric provided Nexant with its 2018-2028 10-year load forecast and related information including details used for developing the load forecast, customer premise forecasts for 2018-2028, customer characteristics and billing data, and historical DSM program and measure data. (Tr. 841:17-25).

⁷ Of course, the Commission must also consider the cost-effectiveness of each measure. *See* §366.82(3), Fla. Stat.; *see also* R. 25-17.0021, F.A.C. (requiring FEECA utilities to propose goals based on the total "cost-effective" savings "reasonably achievable").

Nexant then used this information to disaggregate Tampa Electric’s load forecast into customer sectors and segments. (Tr. 321). The disaggregated load forecast provides “baseline energy consumption trends” specific for Tampa Electric’s service territory. (Tr. 1104:11-18). Nexant then used the information provided by Tampa Electric to determine what assumptions underlie the Company’s load forecast. (Tr. 1104-1105). For example, a utility’s load forecast may assume that some customers have already installed various more-efficient measures. (Tr. 1105:4-6). By disaggregating each utility’s load forecast, and applying the assumptions underlying that forecast, Nexant develops a base case scenario for existing energy usage which may be used to identify “the future potential for energy efficiency.” (Tr. 1104:11-18).

This process is distinct from the “free ridership” analysis. The DSM Goals Rule requires each FEECA utility to propose numeric DSM goals that consider “free riders.” R. 25-17.0021(3), F.A.C. After the Commission sets DSM goals, the FEECA utilities must develop DSM programs to achieve those goals. §366.82(7), Fla. Stat. These programs include incentives intended to promote adoption of DSM measures. A “free rider” is a person who applied for and received a DSM program incentive for a measure that they would have installed anyway. (Tr. 865:8-16, 1105:13-15). The baseline scenario looks at *existing* levels of energy efficiency – it does not incorporate the effects of future DSM program incentives. Nor could it, as those programs do not exist at this stage of the FEECA process. As a result, Tampa Electric’s technical potential and economic potential do not include any consideration of free-ridership. (Tr. 1374:17-18). Free ridership is addressed later in the achievable potential stage, where the Company screens out all measure permutations that have a payback of less than two years. (Tr. 866).

In short, Mr. Grevatt's argument is based on a misunderstanding of the FEECA process. FEECA requires the Commission to set goals based on the level of energy efficiency that is achievable above and beyond the current level of efficiency. In order to make this determination, the utilities must develop a base-case scenario that estimates the current mix of equipment in use in the utility's territory. This is a snapshot of the status quo – it does not account for potential free riders under future DSM programs. There was no flaw in Tampa Electric's goal-development process and Mr. Grevatt's criticism should be disregarded.

VI. The Two-Year Payback Screen Remains the Best Method for Addressing Free Riders

The two-year payback screen remains the best method for considering free ridership. The screen is supported by precedent as well as sound logic. SACE and LULAC offer two main critiques of the screen, but these critiques are based on misunderstandings of FEECA and the DSM goal-setting process. The Commission should continue to utilize the two-year payback screen to address free ridership.

The DSM Goals Rule requires each FEECA utility to consider free ridership in developing goals. R. 25-17.0021(3), F.A.C. Since 1994, the FEECA utilities have accomplished this through application of a two-year payback screen. (Tr. 864:21-22). The screen removes those measures from the RIM and TRC achievable potentials that have a simple payback period less than or equal to two years. (Tr. 864:24-865:3). The Commission has consistently applied the screen since 1994, with only a slight modification in the 2009 DSM goals docket. (Tr. 1063:7-9). The screen is also supported by sound logic – if a technology has a payback period of two years or less, that technology is already financially and economically attractive for customers. (Tr. 1377:10-15). As a result, customers should be willing to purchase that technology without any additional economic incentive from a utility DSM program. (Tr. 1377:10-15). Based on this

precedent and this logical foundation, the Commission should continue to apply the two-year payback screen.

SACE and LULAC offer two main critiques of the two-year payback screen, both of which miss the mark. First, Mr. Grevatt argues that the utilities have provided no data to support the notion that the two-year payback screen assumes 100 percent adoption of all measures with a payback of two years or less. (Tr. 946:11-13). This criticism is based on a misunderstanding of the purpose and function of the payback screen. (Tr. 1066:3-20). The payback screen does not assume that all customers will not adopt measures with a payback of less than two years. The utilities recognize that some customers will not adopt a measure regardless of its payback, while others will adopt measures with paybacks longer than two years. (Tr. 1065:12-13). The payback screen assumes that two years is a reasonable point of differentiation to predict where customers are more likely to adopt a measure based on the measure's own inherent economic attractiveness. (Tr. 1065:13-17). Second, Mr. Grevatt argues that the underlying goal for DSM programs is to eliminate market barriers to adoption of DSM measures. (Tr. 946:14-17). This is simply incorrect. Neither FEECA nor the DSM Goals Rule refers to "market barriers" in any form. Instead, the legislative intent section of FEECA declares that the purpose of the Act is to "utilize the most efficient and cost-effective demand-side renewable energy systems and conservation systems..." § 366.81, Fla. Stat.

The Commission has long supported the use of the two-year payback screen. The screen remains supported by sound logic. None of the arguments advanced by SACE and LULAC justify a deviation from this precedent. As such, the intervenors' critiques should be dismissed and the two-year payback should continue to apply.

VII. Tampa Electric Properly Accounted for Equipment Turnover

Tampa Electric and the other FEECA utilities properly accounted for the natural turnover of measures in developing their DSM goals. SACE and LULAC argue that the utilities erroneously calculated achievable potential by failing to assume any level of early retirement of equipment. This criticism is not supported by the record. Consequently, the Commission should find that there was no error in the DSM goal development process employed by the FEECA utilities.

Mr. Grevatt defines “early retirement” as occurring when a customer decides to replace a still-functioning piece of equipment based on a utility incentive. (Tr. 955:23-25). In theory, these customers would be replacing older, less efficient equipment with more efficient equipment. Mr. Grevatt argues that the utilities improperly lowered the achievable potential by failing to assume some level of early retirement. (Tr. 958:6-11). Assuming some level of early retirement, however, would not materially change any utility’s ultimate achievable potential. (Tr. 1109:20-22). This is because Nexant’s market potential study accounts for the natural turnover cycle of equipment. (Tr. 1109:22-1110:1). Nexant assumes an even distribution of equipment replacement over the equipment’s useful life. (Tr. 1110:1-2). For example, for a measure with a ten-year lifespan, Nexant assumes that 10 percent of the stock of that measure is replaced each year over the ten-year study period. (Tr. 1110:2-3). Based on this turnover rate, the entire stock of that measure would be replaced during the study period. Thus, all of the potential efficiency gains from replacement of old equipment are captured in the study. If Nexant assumed some customers retired their equipment early, this would simply shift some amount of the turnover from later years of the study to earlier years. (Tr. 1110:14-19). This would have a minimal impact on the total achievable potential. (Tr. 1110:20-1111:2).

Nexant's study properly accounted for the natural turnover rate of measures. Adopting Mr. Grevatt's proposed approach would have a minimal impact on the FEECA utilities' achievable potential. Mr. Grevatt's criticism thus falls flat. The Commission should find that the utilities' treatment of equipment turnover is proper and that it complies with FEECA and the DSM Goals Rule.

VIII. The Commission Should Not Set Separate Low-Income DSM Goals for Tampa Electric

The Commission should reject SACE and LULAC's request for the Commission to "formalize targets for low-income efficiency as part of this [FEECA] proceeding." (Tr. 997:7-8). This request is inconsistent with FEECA. Furthermore, SACE and LULAC do not identify any evidentiary support tending to show that these goals are necessary. To the contrary, the record shows that Tampa Electric's current low-income programs are effective both in terms of participation levels and in terms of energy savings, and that Tampa Electric plans to continue those programs in the future. SACE and LULAC's separate low-income DSM goals are neither legal nor necessary.

Mr. Bradley-Wright's proposed low-income DSM goals are inconsistent with FEECA. In setting DSM Goals, FEECA requires the Commission to consider the "costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions." §366.82(3)(b), Fla. Stat. Tampa Electric's rigorous, professional analysis utilizes the RIM test to determine the amount of cost-effective DSM available without placing undue upward pressure on rates. (Tr. 1386:11-14). In contrast, Mr. Bradley-Wright's proposed method is to take each utility's TRC economic potential and arbitrarily reduce it by 50 percent. (Tr. 1008:9). This proposal would unduly impose a much higher monthly ECCR cost on the general body of ratepayers, including the low-income customers Mr. Bradley-Wright is interested in helping. (Tr. 1386:7-17). In short, Mr.

Bradley-Wright's proposal ignores the costs to the general body of ratepayers and would not fulfill the rigorous analysis needed to meet the requirements of FEECA for DSM goals setting. The Commission should reject this approach as inconsistent with the requirements of FEECA.

SACE and LULAC also fail to offer any compelling justifications or evidentiary support for their proposed separate low-income goals. Mr. Bradley-Wright asserts separate goals are necessary because the FEECA utilities are not achieving enough energy savings in low-income communities. (Tr. 997:17-21). Mr. Bradley-Wright also concedes, however, that Tampa Electric reaches a significant number of these households and achieves significant energy and demand savings through its existing low-income DSM programs. (Tr. 1010:6-10). Between 2015 and 2018, Tampa Electric's Neighborhood Weatherization program reached a total of 27,346 participants, or 23.6% of eligible low-income customers. Exh. 91 at 15. Over the same time frame, Tampa Electric's Energy Education program reached 3,654 participants. Exh. 91 at 11. In 2018, Neighborhood Weatherization resulted in annual savings of 9,729,494 kilowatt-hours at the generator, while Energy Education resulted in savings of 320,878 kilowatt-hours at the generator. Exh. 91 at 11, 15. Based on these results, Mr. Bradley-Wright lists Tampa Electric among the "top performers" that should "be commended for the difference they are making in their communities." (Tr. 1010:6-9). Tampa Electric plans to continue these low-income programs in the future. (Tr. 1381:7-9). SACE and LULAC's argument that Tampa Electric is not doing enough to reach low income communities clearly lacks any basis in the evidentiary record.

SACE and LULAC's proposed separate low-income DSM goals were not developed in a manner consistent with FEECA. Nor are these goals necessary. The record clearly demonstrates that Tampa Electric has achieved significant participation levels and energy savings in low-income communities within its service territory. Tampa Electric plans to continue those programs in the

future. Since the proposed goals are noncompliant with FEECA and the record does not demonstrate that they are necessary, the Commission should reject them.

IX. Conclusion

Tampa Electric proposed goals present the maximum amount of achievable cost-effective energy and demand savings while avoiding cross-subsidies, appropriately considers free ridership, and recognizes the rate impacts on its participating and non-participating customers. These goals are based on an analytical approach that comports with the requirements of FEECA, the DSM Goals Rule, and the Commission's Order Establishing Procedure for this proceeding. SACE and LULAC criticize Tampa Electric's use of the RIM test and the two-year payback method, but the Commission has a long history of utilizing the RIM test and the two-year payback screen with good results for Florida ratepayers. As an alternative, SACE and LULAC offer a set of energy only goals based on a percentage of sales. These goals are arbitrary and are not based on the robust, Florida-specific analysis required by FEECA. SACE and LULAC also critique the Company's treatment of equipment turnover. Their preferred approach, however, would not result in a materially different result. Finally, SACE and LULAC ask the Commission to impose a separate set of low-income DSM goals that are not based on a FEECA-compliant analysis and that are not justified by the evidentiary record. The Commission should reject these critiques, find that Tampa Electric's methodology was sound, and adopt the Company's proposed goals.

POST-HEARING 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 remained non-cost effective. Furthermore, Tampa Electric does not believe incentives for demand side renewable systems are necessary under a 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:

Tampa Electric's 2020-2029 Proposed Residential DSM Goals at the Generator			
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.*

DATED this 20th day of September 2019.

Respectfully submitted,

/s/ Malcolm N. Means

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Tampa Electric's Prehearing Statement was served by electronic delivery this 20th day of September 2019 to the following:

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