



William P. Cox  
Senior Attorney  
Florida Power & Light Company  
700 Universe Boulevard  
Juno Beach, FL 33408-0420  
(561) 304-5662  
(561) 691-7135 (Facsimile)  
E-mail: Will.Cox@fpl.com

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**-VIA ELECTRONIC FILING-**

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

**RE: Docket No. 20200056-EG: Petition for Approval of Florida Power & Light Company's Demand-Side Management Plan**

Dear Mr. Teitzman:

Please find enclosed for electronic filing Florida Power & Light Company's response to Staff's Third Data Request (Nos. 1-2).

If there are any questions regarding this filing, please contact me at (561) 304-5662.

Sincerely,

/s/ William P. Cox  
William P. Cox  
Fla. Bar No. 0093531

cc: Douglas Wright, Division of Engineering  
Charles Murphy, Esq., Office of General Counsel  
Stephanie U. Eaton, Spilman Thomas & Battle, PLLC  
Derrick Price Williamson, Spilman Thomas & Battle, PLLC  
Barry A. Naum, Spilman Thomas & Battle, PLLC

QUESTION:

Please refer to FPL's response to Staff's First Data Request, Question No. 8, in which FPL states that it would implement program caps if all three goals (Summer MW, Winter MW, and Annual GWh) are achieved for either the residential or business sectors prior to the end of a given year.

- a. Please define the term "aggregate," as used in FPL's response to Part b.
- b. For each year in the 2020-2024 projected period, what is the projected administrative cost to implement program caps?
- c. Please describe the relationship between program caps and administrative costs for the programs that are eligible for caps.
- d. Please describe the effect of program caps on the program managers and other administrative employees (i.e., how will FPL distribute the workload of an employee whose program has been capped?). Please detail how the payroll-related costs of reassigned employees would be reflected (reallocated) in FPL's ECCR schedules.
- e. Aside from payroll-related costs, please describe how FPL would reallocate other administrative costs if a program is capped. Discuss in your response how reallocated administrative costs would be reflected in cost effectiveness evaluations in the 2020-2024 review period.
- f. Once a program is capped in a given period, will administrative costs for the program and/or the sector cease, or continue for the balance of the period? Discuss in your response what other types of costs will either cease or continue for the balance of the period.
- g. In its response to Question No. 8, FPL stated that if capping were needed, the expectation is that the need to do so would occur "very late" in the year. If that expectation were accurate, please discuss the rationale for implementing caps for what is likely to be a short period of time?
- h. Please identify the month in 2017 when all three goals were achieved for the residential sector.
- i. By applicable year, please identify the months in 2017-2019 when all three goals were achieved for the commercial/industrial sector.

RESPONSE:

- a. In FPL's response to Staff's First Data Request No. 8, subpart (b), "aggregate" refers to the total sum of all programs' Summer MW, Winter MW and Annual GWh within the Residential or Business sectors.
- b. Please see FPL's response to Staff's Second Data Request No. 5. FPL does not have annual projections for 2020-2024 for two reasons. First, it is unknown whether or not program capping will occur in any of these years. Second, FPL expects any administrative cost for implementation will be de minimis.
- c. FPL's administrative costs are comprised of both fixed costs, which would be unaffected by the temporary suspension of new participation in a capped program, and variable costs which are directly tied to participation and therefore, would be reduced if a program were capped. Please note that FPL's Residential Energy Survey and Business Energy Evaluation

educational programs would continue regardless of whether program capping is implemented in any year because they do not yield savings counted towards Goals achievement.

- d. There would be no impacts on the workload for program managers and most other support employees. The activities performed by these employees are related to program planning, reporting, and process improvements primarily. As described in subpart (c), such fixed costs are unrelated to program participation and would continue even if programs are capped. A few positions, such as those which perform invoice processing or customer appointment scheduling, could be temporarily impacted until the following year. If so, in the interim, these employees would take on other ECCR-related work as available. If ECCR work is not available, they would pick up non-ECCR work and shift their time reporting to be charged to base, and such costs would not be included in ECCR schedules.
- e. Please see FPL's response to subparts (c) and (d). If program capping was to occur in any year, non-payroll fixed costs (such as contractor maintenance for FPL-owned load management equipment) would be unaffected. Any non-payroll variable costs would be reduced/eliminated during the remaining months of any year if programs are capped thereby reducing ECCR costs in that year. FPL's cost-effectiveness evaluations, which are based on future participation projections, would not be affected by these unpredictable temporary adjustments.
- f. Please see FPL's response to subparts (c), (d) and (e).
- g. The purpose of this proposal is to avoid FPL incurring unnecessary costs (*i.e.*, beyond those needed to achieve the Goals), which would then be passed on to the general body of customers, both DSM non-participants and participants alike, through the ECCR clause. The potential magnitude of such excess costs doesn't alter the fact that unneeded costs would be incurred and thereby place an unfair burden that the general body of customers who would be required to pay for them.
- h. In 2017, the Residential sector achieved its three DSM Goals during December. In such a circumstance, FPL would not implement participation capping.
- i. For the Business sector, its three DSM Goals were achieved during October in the years 2017 and 2019. 2018's three Business sector DSM Goals were achieved in June. 2018 was an anomaly because overall achievements were driven by a couple individual customers who each implemented installations at many of their multiple locations in a single year. FPL does not expect a repeat of this situation at this magnitude in the future.

QUESTION:

In its Petition, at page 3, the Company stated that only a small number of programs in FPL's 2020 DSM plan remain cost effective. Assuming that all three goals were achieved in a given year for the applicable sectors, please answer the following questions:

- a. Is it correct that the Residential Load Management (On Call) program would not be subject to program caps on participation, and would continue to be offered? Discuss why or why not.
- b. Is it correct that the Business On Call program would not be subject to program caps on participation, and would continue to be offered? Discuss why or why not.
- c. Is it correct that the C/I Demand Reduction program would not be subject to program caps on participation, and would continue to be offered? Discuss why or why not.
- d. Is FPL proposing to cap both cost-effective and non-cost-effective programs for a sector once it meets all three goals for that sector in a given year? Discuss why or why not.

RESPONSE:

- a. No, all programs within the Residential or Business sector would be capped if that sector's three Goals are achieved. Please see FPL's response to Staff's First Data Request No. 8, subpart (a). Regardless of whether a particular program's cost-effectiveness screening test shows that program to be cost-effective individually, the sum of the capacity amounts for all the programs in the DSM portfolio as a combined resource must be considered within the broader context of FPL's Integrated Resource Planning (IRP) process. A key part of the IRP process is to identify the type of resources, either supply-side or demand-side, that can meet FPL's capacity needs. This selection is determined by the option that is projected to result in the lowest electric rates for FPL's customers. Therefore, adding more DSM resources than FPL's IRP has determined to result in the lowest rates would create a suboptimal outcome.
- b. Please see FPL's response to subpart (a).
- c. Please see FPL's response to subpart (a).
- d. Please see FPL's response to subpart (a).