



May 27, 2020

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

Re: Docket No. 20200055-EG – Petition for approval of proposed demand-side management plan, by Gulf Power Company

Dear Mr. Teitzman:

Attached for electronic filing is Gulf Power Company's response to Staff's Fourth Data Request in Docket 20200055-EG.

Sincerely,

S/Richard Hume

Richard Hume
Regulatory Issues Manager

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Attachments

cc: Gulf Power Company
Russell Badders, Esq., VP & Associate General Counsel
Beggs & Lane
Florida Public Service Commission
Douglas Wright, Division of Engineering

QUESTION:

Please refer to Gulf's updated response to Staff's First Data Request, Question No. 2.

- a. Please explain why participation in Gulf's Community Energy Saver program is projected to be greater now than the program's projected participation from Gulf's 2015 DSM Plan filings?
- b. Please explain what efforts Gulf can take to limit participation in Gulf's Community Energy Saver program, and what effect these efforts will have on the projected costs and demand and energy savings of Gulf's 2020 DSM Plan.
- c. Considering the projected demand and energy savings of Gulf's Community Energy Saver program are greater now than the program's projected savings in Gulf's 2015 DSM Plan filings, please explain why the program now exhibits lower RIM and TRC test results than before. In your response, please address the characteristics of Gulf's avoided cost assumptions (e.g. avoided unit in-service date, capacity costs, and energy costs) and identify the main drivers behind these test results.
- d. Considering the projected demand and energy savings of Gulf's Energy Select program are approximately the same now to the program's projected savings in Gulf's 2015 DSM Plan filings, please explain why the program now exhibits lower RIM and TRC test results than before. In your response, please address the characteristics of Gulf's avoided cost assumptions (e.g. avoided unit in-service date, capacity costs, and energy costs) and identify the main drivers behind these test results.

RESPONSE:

- a. Gulf intentionally increased the projected participation in the Community Energy Saver program for the 2020 DSM Plan with an aim toward reaching additional low-income customers. Based on past program experience, the Company believes the proposed increase in participation is attainable.
- b. The design of the Community Energy Saver program is built around targeting certain geographical areas that meet the qualification requirements of the program. There are a number of ways Gulf could limit participation while maintaining the basic design of the program. These could include reductions in the number of geographical areas targeted by the program and reductions in the canvassing efforts within those targeted areas. Either or both of these actions would limit the number of customers participating in the program. Gulf notes, however, that reductions in participation would also reduce the demand and energy savings associated with the program and could potentially impact the ability of the Company to meet the goals established by the Commission.
- c. The projected demand and energy savings for the Community Energy Saver program are higher for the 2020 DSM Plan due to a larger number of projected participants. The per participant demand and energy savings are slightly lower as proposed in the 2020 DSM Plan compared to the 2015 Plan. RIM and TRC scores are both lower due to lower avoided cost

benefits. As discussed in witness Floyd's testimony in the goals docket, the primary driver in reduced avoided cost benefits as compared to 2015 is avoided fuel cost projections. Although the avoided cost benefit of generation capital costs is slightly higher due to the timing of the in-service date, decreases in T&D capacity cost and fuel more than offset this increase for an overall reduced benefit.

- d. Please see the Company's response to subpart c above.

QUESTION:

Please refer to the description of Gulf's Energy Select program provided in Section II of Schedule 1 attached to Gulf's petition. Please explain if the Residential Service Variable Price rates associated with Gulf's Energy Select program, or any other costs/benefits of the program, can be modified so that the program achieves a RIM test result of 1.00 or greater. If so, please make those modifications and submit updated responses to Staff's First Data Request, Question Nos. 1-3, and Staff's Second Data Request, Question Nos. 5-6, that reflect the modifications.

RESPONSE:

Gulf's DSM Plan filing incorporates the lowest reasonable cost assumptions for all programs, including Energy Select. Therefore, there is no practicable means to further modify these factors and thereby improve this program's cost-effectiveness. As discussed in Gulf's response to Question No. 1, all programs' cost-effectiveness have been impacted by the reduced avoided system costs (DSM's benefits). Gulf has consistently engaged in a variety of efforts to reduce the cost of the Energy Select program in recent years. These actions have included upgrading equipment to reduce equipment installation and maintenance costs, numerous process improvements that have reduced labor costs, and other vendor price reductions in an effort to improve the cost effectiveness of the program. Decreases in avoided cost benefits, however, have more than offset improvements from these program cost reductions.

Regarding the rates for Energy Select, any changes to the variable rates would drive changes in customer response and corresponding energy and demand savings. Any changes that result in less benefits to participants as a means of improving cost-effectiveness would reduce customer interest in the program. This, in turn, would further erode the ability to attract customers to the program and impair Gulf's ability to achieve the Residential sector goals.