



Matthew R. Bernier
ASSOCIATE GENERAL COUNSEL

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VIA ELECTRONIC FILING

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

Re: *Duke Energy Florida, LLC's Petition for Approval of Modifications to Rate Schedule FB-1, FixedBill Program; Docket 20200222-EI*

Dear Mr. Teitzman:

Enclosed for electronic filing, please find Duke Energy Florida, LLC Response to Staff's First Data Request (Nos. 1-16) regarding the above-referenced Docket.

Thank you for your assistance in this matter. If you have any questions, please feel free to contact me at (850) 521-1428.

Sincerely,

/s/ Matthew R. Bernier

Matthew R. Bernier

MRB/cmkn
Enclosure

**Duke Energy Florida, LLC's (DEF) Response to
Florida Public Service Commission's First Data Request (Nos. 1-16)
re. DEF's Petition for Approval of Modifications to
Rate Schedule FB-1, FixedBill Program**

Docket No. 20200222-EI

1. Paragraph 6 of the petition states that the goal of revising the Optional FixedBill tariff is to test customer willingness to grant DEF access to eligible customers' thermostats. Please discuss if DEF considers the proposed one-year modification to the tariff a pilot program.

Response:

DEF does consider this initial implementation a pilot program to explore customer interest and receptiveness to additional options and value.

2. Please discuss what prompted DEF to file this petition, since DEF already has Commission-approved DSM programs available to offer customers. In your response, please discuss the difference between an approved DSM program and the proposed tariff modification.

Response:

By granting DEF the opportunity to manage participants' thermostat in a way that reduces customer usage risk to DEF, DEF is offering the \$50 credit which is intended to effectively act to reduce their risk adder. It is widely recognized that thermostat management can be very successful at reducing customer load. Additionally, reductions in customer load at times of system and customer peak will reduce the risk associated with participants using electricity at times when it is more expensive.

EnergyWise, the collective "approved DSM programs," are designed to reduce usage around system peak usage that is the basis for reducing the need for future capacity investments. Events associated with this optional FixedBill program can occur at peak times during individuals' days that are not part of or associated with the value recognized by DEF's approved DSM Events. In addition, the approved DSM programs currently only operate for specific seasons. This program's use case is different and more associated with a general optimization that reduces usage risk, so DEF is evaluating customers' interest in this expanded use case independent of participating in approved DSM programs.

3. Please discuss the impact, if any, of the proposal on customers that do not take service under the FixedBill program.

Response:

The proposal will have no negative impacts on customers that do not take service under the FixedBill tariff.

4. Paragraph 6 of the petition states that if DEF has access to customer thermostats, DEF will be able to reduce peak demand throughout the year and respond to emergency events. Please define “emergency events” and what are DEF reasons for wanting to reduce peak demand under this tariff (as opposed to the residential load management tariff for example)?

Response:

DEF defines emergency events as those events that are scheduled and then executed within a short timeframe, where the time between event creation and event execution is so short that effective communication to customers included in the event are not possible. Emergency event use would remain consistent with the use of the term in DEF’s existing load management tariffs.

DEF is proposing to reduce the risk associated with customer usage under the FixedBill tariff. If DEF can reduce the risk associated with HVAC use during peak times throughout the year beyond those included in DEF’s DSM Programs, DEF can offer a FixedBill price with a reduced risk adder, lowering the fixed monthly bill offered to the customer.

5. How many customers are currently enrolled in the FixedBill program?

Response:

There are approximately 53,000 residential customers currently enrolled in the FixedBill program.

6. DEF proposes to incentivize up to 2,000 participating customers by providing them a \$50 pre-paid credit card. How did DEF determine the 2,000 customers’ participation level? Will enrollment be on a first-come-first-serve basis? If not, please discuss how DEF will select the 2,000 participants.

Response:

DEF arrived at 2,000 participants by filtering the roughly 138,500 customers eligible for FixedBill that have also opted in to receive marketing from DEF. First, DEF assumed only 85% of them would receive the marketing due to various constraints such as erroneous email addresses, etc. Next, DEF assumed a conservative program take rate of 1.5%. After this filtering, the appropriate participation level was rounded up to be an even 2,000. Participants will be enrolled on a first-come-first-serve basis.

7. Would the 2,000 selected customers need to pay an initial set-up fee? If yes, what is the fee?

Response:

No, there is no initial set-up fee associated with this voluntary program.

8. Will DEF implement the proposed thermostat program if there are not 2,000 customers enrolled? Please discuss.

Response:

Yes – 2,000 customers is a maximum amount. Since the program is voluntary, DEF is hopeful for this level of interest and subscription.

9. Please discuss why DEF proposes to give customers a pre-paid credit card as opposed to a \$50 bill credit?

Response:

DEF is proposing the \$50 pre-paid credit card as a more meaningful inducement to participate than bill credit.

10. Please explain the sentence “customer owned assets outside and in addition to Commission approved DSM programs through December 31, 2021”, referenced in paragraph 6 of the petition and state which DSM programs DEF is referring to.

Response:

DEF is referring to the existing load management tariffs RSL-1 and RSL-2 as the “Commission approved DSM programs.” If there is an approved DSM program that controls a customer end use of electricity which can reduce peak usage, DEF does not want the customer’s participation in that program to prohibit participation in this program. This program is independent from the DSM Programs and lacks overlap of timing in the different programs’ peak reductions.

11. Please explain the statement “this form of financial reward will be charged against the risk adder (below the line) associated with the FixedBill program” in petition paragraph 6. In your response, please state for the last 12 months the total amount of risk adder collected from all participating FixedBill customers and recorded below the line.

Response:

The referenced language was simply meant to indicate that the \$50 pre-paid credit card will be charged below-the-line. The adder is not charged beneath the line; the net difference between the fixed bill amount (which includes the adder) and the bill, as it would have been under the otherwise existing tariff, is recorded below the line. This can be driven by weather impacts on usage, other usage differences, rate differences between estimated when the contract entered and actuals as time passes and other factors. For the past 12 months, this amount recorded below the line was \$3,001,463. By comparison, this amount for calendar year 2019 was \$933,101. Additionally, this amount program-to-date (since March 2018) is -\$614,148.

12. Please explain how the total revenues (excluding any taxes) collected from customers on the FixedBill program are allocated between above- and below-the-line?

Response:

DEF measures actual customer usage and applies it to the otherwise applicable rate schedule. This determines what is allocated to DEF above the line, ensuring that non-participants are held harmless. Any remaining revenue or revenue loss is allocated below the line.

13. Will customers selected to participate in the thermostat program need to sign a service agreement with additional requirements (compared to those already enrolled in the FixedBill Program)? If yes, please provide a copy of the agreement and explain what the requirements associated with allowing control of customer-owned assets are.

Response:

DEF anticipates the need for a modified service agreement that may include additional requirements associated with this program. DEF is currently working through details with implementation vendors that will be critical in determining the ultimate modifications to the customer agreement, but will provide the modified service agreement to the Commission at least prior to enrolling customers in the optional FixedBill Program

14. Will DEF have to install any equipment to control thermostats for customers that sign up for the \$50 pre-paid credit card? If yes, please explain what equipment needs to be installed and how DEF will recover the costs of any such equipment.

Response:

No, DEF will not need to install any equipment.

15. *(incorrectly identified as 14. by Staff)* Does the proposed tariff modification need to be in effect for 12 months, or would 11 months be appropriate too?

Response:

DEF will be marketing to eligible customers as a new offering and enrollment that includes the pre-paid credit card for thermostat management. The customer agreement will coincide with the 12-month term of the existing FixedBill tariff with enrollment taking place by December 31, 2021.

16. *(incorrectly identified as 15. by Staff)* The proposed tariff language under Risk Adder states that this program will be implemented until December 31, 2021 and would help reduce risk from customers to company. Could the proposed changes place additional risk on participants and remove any potential benefits of participating in this tariff option? Please explain.

Response:

No, DEF does not believe that any additional risk is placed on participants.