

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

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In re: Commission Review of Numeric Conservation  
Goals (Duke Energy Florida, LLC).

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Docket No. 20240013-EG

Date: July 22, 2024

**DUKE ENERGY FLORIDA, LLC'S  
UPDATED PREHEARING STATEMENT**

Pursuant to the Order Establishing Procedure, Order No. PSC-2024-0022-PCO-EG and First Order Modifying Procedure, Order No. PSC-2024-0159-PCO-EG, Duke Energy Florida, LLC (“DEF”) hereby submits its Updated Prehearing Statement with respect to its petition for approval of DEF’s updated proposed conservation goals for the period 2025-2034.

1. **Known Witnesses** - DEF intends to offer the testimony of:

**Direct Testimony**

<b>Witness</b>	<b>Subject Matter</b>	<b>Issues#</b>
Tim Duff	DEF’s updated proposed conservation goals (2025-2034); DEF’s ten-year projections (2025-2034); DEF’s economic and achievable potential	1 through 7 and 12 through 13
Jim Herndon	Technical potential for reducing electricity use and peak demand by implementing a wide range of end-use energy efficiency and demand response measures; solar photovoltaic and solar thermal installations	1, 2, & 7

**Rebuttal Testimony**

<b>Witness</b>	<b>Subject Matter</b>	<b>Issues#</b>
Tim Duff	DEF’s updated proposed conservation goals (2025-2034); DEF’s ten-year projections	1 through 7 and 12 through 13

(2025-2034); DEF's economic and achievable potential

Jim Herndon

Technical potential for reducing electricity use and peak demand by implementing a wide range of end-use energy efficiency and demand response measures; solar photovoltaic and solar thermal installations

1, 2, & 7

2. **Known Exhibits** - DEF intends to offer the following exhibits:

<b>Witness</b>	<b>Proffered By</b>	<b>Exhibit #</b>	<b>Description</b>
	<b>Direct</b>		
Tim Duff	DEF	(TD-1)	Updated Proposed Residential and Non-Residential Annual Potential RIM Evaluation for 2025-2034 (at the Generator)
Tim Duff	DEF	(TD-2)	Updated Proposed Residential and Non-Residential Annual Potential TRC Evaluation for 2025-2034 (at the Generator)
Tim Duff	DEF	(TD-3)	Updated Proposed Residential and Non-Residential Annual Potential Recommended Evaluation for 2025-2034 (at the Generator)
Tim Duff	DEF	(TD-4)	Avoided Cost Assumptions
Tim Duff	DEF	(TD-5)	Updated Projected Total Portfolio Costs & Residential Rate Impacts
Tim Duff	DEF	(TD-6)	Updated RIM, TRC & Participant Tests Benefits & Cost Analysis for all Programs for all portfolios
Tim Duff	DEF	(TD-7)	Updated Cost-Effectiveness Tests for all DSM Programs in RIM Portfolio
Tim Duff	DEF	(TD-8)	Updated Cost-Effectiveness Tests for all DSM Programs in TRC Portfolio
Jim Herndon	RESOURCE INNOVATIONS/DEF	(JH-1)	Background & Qualifications

Jim Herndon	RESOURCE INNOVATIONS/DEF	(JH-3)	Technical Potential Study of DSM for DEF
Jim Herndon	RESOURCE INNOVATIONS/DEF	(JH-8)	2024 Measure List (Residential, Commercial & Industrial)
Jim Herndon	RESOURCE INNOVATIONS/DEF	(JH-9)	Comparison of 2019 Measure List to 2024 Measure List
Jim Herndon	RESOURCE INNOVATIONS/DEF	(JH-10)	DEF Measure Screening and Economic Sensitivities

DEF reserves the right to identify additional exhibits for the purpose of cross-examination or rebuttal.

3. **Statement of Basic Position** -

DEF has been offering energy efficiency programs and measures to its customers for more than 35 years. In addition, changes in building codes, federal baseline standards and economic conditions have increased the amount of efficiency that customers are undertaking on their own, without incentive from the utility. These factors over time will reduce the number of programs and measures that DEF can cost-effectively offer its customers. Accordingly, the ten-year proposed conservation goals set forth in the testimony of DEF witness Tim Duff are based upon DEF’s most recent planning process of the total, cost-effective, winter and summer peak demand (MW) and annual energy (GWH) savings reasonably achievable in the residential and commercial/industrial classes through demand side management. DEF’s projections of summer and winter demand savings, annual energy savings, and participants reflect consideration of overlapping measures, rebound effects, free riders, effects of changes to building codes and appliance efficiency standards, and DEF’s evaluation of conservation programs and measures.

The Company’s updated proposed Recommended goals are based on a collection of programs and underlying measures that pass the Participant, Total Resource Cost (“TRC”) and Rate Impact Measure (“RIM”) tests, with the exception of a few measures included in programs targeting low-income customers. Specifically, DEF is updating and proposing a goal of 373 MW of winter peak demand reduction, 300 MW of summer peak demand reduction, and 582 GWh of energy reduction over the 2025-2034 time period. The updated proposed cost-effective DSM goals meet the requirements of Chapter 25-17, Florida Administrative Code (F.A.C.). DEF proposes that the Commission set DSM goals based on programs including measures that pass the PCT, TRC and RIM tests, because these tests are well-balanced and ensure that the perspectives of participants and all other ratepayers (including non-participants) are fairly considered.

The Commission should approve DEF’s overall Residential MW and GWh goals and overall commercial/industrial MW and GWh goals set forth in Mr. Duff’s testimony. These goals reflect the reasonably achievable demand side management potential in DEF’s service territory over the ten-year period 2025-2034 developed in DEF’s planning process.

4. **DEF's Statement of Issues and Positions -**

**ISSUE 1:** Are the utility'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?

**DEF:** Yes. DEF's technical potential, that is the basis for the updated proposed Recommended goals, includes an evaluation of all potential demand-side conservation and efficiency measures and demand-side renewable energy systems. Demand-side renewable energy systems were evaluated based on the same cost effectiveness standards that were used to evaluate other energy efficiency measures. No renewable measures were found to be cost-effective and therefore, none are included in the proposed goals.

(Witnesses: Duff, Herndon).

**ISSUE 2:** Are the utility's proposed goals based on savings reasonably achievable through demand-side management programs over a ten year period?

**DEF:** Yes. DEF's updated proposed Recommended goals were developed through a well-tested data-driven process consistent with Florida statute and Commission rules that appropriately considers market conditions and customer adoptions curves to yield reasonably achievable goals over the 2025-2034 period.

(Witnesses: Duff, Herndon).

**ISSUE 3:** Do the utility's proposed goals adequately reflect the costs and benefits to customers participating?

**DEF:** Yes. The DEF's updated proposed Recommended goals are based on measures that pass the Participant Cost Test. This test compares the incremental cost to participants to the participant benefits (bill savings). This ensures that the measures provide net benefits to participants.

(Witness: Duff).

**ISSUE 4:** Do the utility's proposed goals adequately reflect the costs and benefits to the general body of rate payers as a whole, including utility incentives and participant contributions?

**DEF:** Yes. DEF's updated proposed Recommended goals do adequately reflect the costs and benefits to the general body of ratepayers, as a whole, because the goals are based on measures that pass both the RIM and Participant tests. The Participant, TRC and RIM tests, in combination with each other, effectively ensure that both participants and non-participants benefit.

(Witness: Duff).

**ISSUE 5:** Do the utility'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?

**DEF:** Yes, the utility's updated proposed Recommended goals adequately reflect the need for incentives to promote both customer-owned and utility-owned energy efficiency systems. DEF does not believe there is currently a need for incentives to promote demand-side renewable energy systems as the demand-side renewable market has continued to mature and there has been significant growth in customer sited demand-side renewable energy systems. Florida currently ranks among the top ten states based on the cumulative amount of solar electric capacity installed. The cost to install solar has dropped significantly in recent years, and with that, DEF is seeing continued growth in the number of customers installing demand-side renewable systems on their own, without incentives from the utility.

(Witness: Duff).

**ISSUE 6:** Do the utility's proposed goals adequately reflect the costs imposed by state and federal regulations on the emissions of greenhouse gases?

**DEF:** Yes. Given the uncertainty of future carbon regulation, it is reasonable to exclude the cost of carbon emissions in this goal setting process.

(Witness: Duff).

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

**DEF:** Yes. The DEF's updated proposed Recommend goals are based on measures that have greater than a two-year payback period. A two-year payback period is a reasonable time-period in which to limit measures and assume that customers will adopt the measures absent a utility incentive. This time-period has been recognized by the Commission in past proceedings as a reasonable proxy to eliminate free riders.

(Witnesses: Duff, Herndon).

**ISSUE 8:** Should demand credit rates for interruptible service, curtailable service, stand-by generation, or similar potential demand response programs be addressed in this proceeding or in the base rate proceedings for the rate regulated FEECA Utilities? If this proceeding, what demand credit rates are appropriate for purposes of establishing the utilities’ goals?<sup>1</sup>

**DEF:** (a) Absent a comprehensive settlement agreement approved in a separate Commission docket (e.g., in a rate case settlement), under 25-17.0021(1), the credit rates should be addressed in this proceeding for the rate-regulated FEECA Utilities.

(b) The Stipulating Parties reserve the right to take positions on Issue 8(a). However, for purpose of Stipulation, and in accordance with the provisions of the 2024 Settlement Agreement filed contemporaneously in Docket No. 20240025-EI, the parties agree to stipulate the level of demand credit rates. The Stipulation on Issue 8(b) to set the level of credits should not be construed to indicate that parties have agreed that the DSM goals case is the proper forum to set the level of credits, and acceptance of the Stipulations as to the level of credits should be considered independently of the question of where the credits should be set. The following levels of clause-recoverable credits for Interruptible (“IS”), Curtailable (“CS”), and Standby Generation (“GSLM-2”) customers shall be in effect beginning with the first billing cycle of 2025:

<u>Customer Type</u>	<u>Credit Level</u>
<u>IS</u>	<u>\$8.00/kw-month</u>
<u>CS</u>	<u>\$8.00/kw-month</u>
<u>GSLM-2</u>	<u>\$8.11 x C + \$0.10 x kwh monthly</u>

No changes in these credits shall be implemented any earlier than the effective date of new DEF base rates implemented pursuant to a general base rate proceeding, and that such new IS/CS/GSLM-2 credits shall only be implemented prospectively from such effective date. At such time as DEF’s base rates are reset in a general base rate

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<sup>1</sup> Issue 8 currently asks: “Should demand credit rates for interruptible service, curtailable service, stand-by generation, or similar potential demand response programs be addressed in this proceeding or in the base rate proceedings for the rate regulated FEECA Utilities? If this proceeding, what demand credit rates are appropriate for purposes of establishing the utilities’ goals?” The Stipulation provided herein relates to the second of the two questions (credit levels) but does not address the first except as provided in the 2024 Settlement Agreement. Therefore, the Stipulating Parties propose to bifurcate the issue into two parts, (a) and (b).

proceeding, the IS/CS/GSLM-2 credits shall be reset. In the next Demand Side Management goals and plan approval proceeding (currently anticipated to occur in 2029), DEF shall not propose to change the level of the credits.

### **FPL-Specific Issues**

**ISSUE 9:** Should the savings associated with FPL’s Residential Low Income Renter Pilot program be included in its conservation goals?

**DEF:** No position.

**ISSUE 10:** Is FPL’s proposed HVAC On-Bill option for its existing Residential On-Call program with its associated HVAC Services Agreement (proposed Tariff sheets 9.858 through 9.866) a regulated activity within the jurisdiction of the Commission? If not, should the savings associated with FPL’s HVAC On-Bill option and HVAC Services Agreement be removed from its conservation goals?

**DEF:** No position.

**ISSUE 11:** Should the Commission approve FPL’s proposed plan to cap participation for non-RIM Test passing programs once sector-level goals are achieved?

**DEF:** No position.

### **All FEECA Electric Utilities Issues**

**ISSUE 12:** What residential and commercial/industrial summer and winter megawatt (MW) and annual Gigawatt-hour (GWh) goals should be established for the period 2025-2034?

**DEF:** DEF’s energy efficiency goals will reflect their proposed goals, plus an increase in participation for Neighborhood Energy Saver by 10% and an increase the installation of smart thermostats from 10% to 40%. This results in the following goals for the 10-year period:

2025-2034 Annual Goals									
Recommended Annual Goals (values at the generator)									
	Residential			Non-Residential			Total		
	WMW	SMW	GWH'S	WMW	SMW	GWH'S	WMW	SMW	GWH'S
2025	32	21	50	4	7	5	35	28	55
2026	32	21	51	3	7	5	35	28	56
2027	33	22	52	4	9	6	38	31	58
2028	34	22	53	4	9	6	38	31	59
2029	34	22	54	4	10	7	39	32	61
2030	33	22	53	4	9	6	37	31	59
2031	33	22	53	4	8	6	37	30	59
2032	33	22	54	5	8	5	38	30	59
2033	33	22	54	5	8	4	38	30	58
2034	33	22	54	5	8	4	38	29	58
<b>TOTAL</b>	<b>331</b>	<b>215</b>	<b>527</b>	<b>42</b>	<b>84</b>	<b>55</b>	<b>373</b>	<b>300</b>	<b>582</b>

(Witness: Duff).

**ISSUE 13:** What goals are appropriate for increasing the development of demand-side renewable energy systems?

**DEF:** Given that renewable systems were not deemed cost effective under the RIM test, it would not be appropriate to establish goals for demand-side renewable systems in this goal setting proceeding. Demand-side renewable systems were evaluated using the same criteria used for other energy efficiency measures. Programs that provide incentives to customers who install renewable systems would result in cross subsidies between participants and non-participants and increase rates to all customers.

(Witness: Duff).

**Stipulated Issues** - On July 15<sup>th</sup>, 2024, a Joint Notice of Necessary Stipulations was filed, notifying the Commission that the parties have reached stipulations on Issue 8(b) and Issue 12. <sup>2</sup>

**Issue 8(b):** In this proceeding, what demand credit rates as appropriate for establishing DEF's goals?

Stipulation:

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<sup>2</sup> See document no. 07555-2024

The Stipulating Parties reserve the right to take positions on Issue 8(a). However, for purpose of Stipulation, and in accordance with the provisions of the 2024 Settlement Agreement filed contemporaneously in Docket No. 20240025-EI, the parties agree to stipulate the level of demand credit rates. The Stipulation on Issue 8(b) to set the level of credits should not be construed to indicate that parties have agreed that the DSM goals case is the proper forum to set the level of credits, and acceptance of the Stipulations as to the level of credits should be considered independently of the question of where the credits should be set. The following levels of clause-recoverable credits for Interruptible (“IS”), Curtailable (“CS”), and Standby Generation (“GSLM-2”) customers shall be in effect beginning with the first billing cycle of 2025:

<u>Customer Type</u>	<u>Credit Level</u>
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<u>CS</u>	<u>\$8.00/kw-month</u>
<u>GSLM-2</u>	<u>\$8.11 x C + \$0.10 x kwh monthly</u>

No changes in these credits shall be implemented any earlier than the effective date of new DEF base rates implemented pursuant to a general base rate proceeding, and that such new IS/CS/GSLM-2 credits shall only be implemented prospectively from such effective date. At such time as DEF’s base rates are reset in a general base rate proceeding, the IS/CS/GSLM-2 credits shall be reset. In the next Demand Side Management goals and plan approval proceeding (currently anticipated to occur in 2029), DEF shall not propose to change the level of the credits.

**Issue 12: What residential and commercial/industrial summer and winter megawatt (MW) and annual Gigawatt-hour (GWh) goals should be established for the period 2025-2034?**

Stipulation:

DEF’s energy efficiency goals will reflect their proposed goals, plus an increase in participation for Neighborhood Energy Saver by 10% and an increase the installation of smart thermostats from 10% to 40%. This results in the following goals for the 10-year period:

2025-2034 Annual Goals									
Recommended Annual Goals (values at the generator)									
	Residential			Non-Residential			Total		
	WMW	SMW	GWH'S	WMW	SMW	GWH'S	WMW	SMW	GWH'S
2025	32	21	50	4	7	5	35	28	55
2026	32	21	51	3	7	5	35	28	56
2027	33	22	52	4	9	6	38	31	58
2028	34	22	53	4	9	6	38	31	59
2029	34	22	54	4	10	7	39	32	61
2030	33	22	53	4	9	6	37	31	59
2031	33	22	53	4	8	6	37	30	59
2032	33	22	54	5	8	5	38	30	59
2033	33	22	54	5	8	4	38	30	58
2034	33	22	54	5	8	4	38	29	58
<b>TOTAL</b>	<b>331</b>	<b>215</b>	<b>527</b>	<b>42</b>	<b>84</b>	<b>55</b>	<b>373</b>	<b>300</b>	<b>582</b>

**Pending Motions** - DEF does not have any pending motions at this time.

**Requests for Confidentiality**

DEF has the following pending request for confidential classification:

- May 28, 2024: DEF’s Request for Confidential Classification concerning its Response to FIPUG’s First Request for Production of Documents (1-5), (DN 04274-2024).
- June 5, 2024: DEF’s Request for Confidential Classification concerning its Response to FL Rising & LULAC’s First Set of Interrogatories (1-52) and First Request for Production of Documents (1-2), (DN 04629-2024).
- June 20, 2024: DEF’s Request for Confidential Classification concerning its

Supplemental Response to FL Rising & LULAC's First Request for Production of Documents (1-2), (DN 06749-2024).

- June 24, 2024: DEF's Request for Confidential Classification concerning its Response to FIPUG's Second Request for Production of Documents (6-10), (DN 06903-2024).
- July 11, 2024: DEF's Notice of Intent to Request Confidential Classification concerning its Response to Staff's Fifth Set of Interrogatories (Nos. 50-52), (RFCC to be filed in the near future).
- July 17, 2024: DEF's Request for Confidential Classification concerning its Amended Response to PCS Phosphate's Second Request for Production of Documents (3-4), (DN 07620-2024).

**Objections to Qualifications** - DEF has no objection to the qualifications of any expert witnesses in this proceeding at this time, subject to further discovery in this matter.

**Sequestration of Witnesses** - DEF has not identified any witnesses for sequestration at this time.

**Requirements of Order** - At this time, DEF is unaware of any requirements of the Order Establishing Procedure of which it will be unable to comply.

RESPECTFULLY SUBMITTED this 22<sup>nd</sup> day of July, 2024.

/s/ Stephanie A. Cuello

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**CERTIFICATE OF SERVICE**

Docket No. 20240013-EG

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 22<sup>nd</sup> day of July, 2024.

/s/ Stephanie A. Cuello

Attorney

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