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Subject: Docket No. 080407-080413-EG
Attachments: FIPUG Prehearing Statement 07.27.09.pdf

In accordance with the electronic filing procedures of the Florida Public Service Commission, the following filing is made:

- a. The name, address, telephone number and email for the person responsible for the filing is:

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- b. This filing is made in re: Commission review of numeric conservation goals for Florida Power & Light (Docket No. 080407-EG)
Progress Energy Florida, Inc. (080408-EG)
Tampa Electric Company (080409-EG)
Gulf Power Company (080410-EG)
Florida Public Utilities Company (080411-EG)
Orlando Utilities Commission (080412-EG)
JEA (080413-EG)
- c. The document is filed on behalf of Florida Industrial Power Users Group.
- d. The total pages in the document are 9 pages.
- e. The attached document is FIPUG's Prehearing Statement.

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7/27/2009

DOCUMENT NUMBER-DATE

07678 JUL 27 09

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission review of numeric conservation goals (Florida Power & Light Company).	DOCKET NO. 080407-EG
In re: Commission review of numeric conservation goals (Progress Energy Florida, Inc.).	DOCKET NO. 080408-EG
In re: Commission review of numeric conservation goals (Tampa Electric Company).	DOCKET NO. 080409-EG
In re: Commission review of numeric conservation goals (Gulf Power Company).	DOCKET NO. 080410-EG
In re: Commission review of numeric conservation goals (Florida Public Utilities Company).	DOCKET NO. 080411-EG
In re: Commission review of numeric conservation goals (Orlando Utilities Commission).	DOCKET NO. 080412-EG
In re: Commission review of numeric conservation goals (JEA).	DOCKET NO. 080413-EG

FILED: July 27, 2009

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S
PREHEARING STATEMENT**

The Florida Industrial Power Users Group (FIPUG), pursuant to Order No. PSC-08-0816-

PCO-EG files its Prehearing Statement.

A. APPEARANCES:

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On Behalf of the Florida Industrial Power Users Group

B. WITNESSES:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
Jeffrey Pollock	Balancing of programs and Rate impact; barriers to Cogeneration	3, 4, 7, 8, 9, 13, 14, 16

C. EXHIBITS

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
JP-1	Pollock	Illustration of the Impact of Conservation Programs

D. STATEMENT OF BASIC POSITION

FIPUG's Statement of Basic Position:

Conservation is an important aspect of every utility's portfolio. However, the importance of pursuing conservation programs must be balanced against their cost and the impact of that cost on ratepayers, especially as all consumers face challenging economic times. The Commission must not overlook rate impact as it evaluates conservation goals and programs.

Load management programs, such as interruptible programs, play an important role in conservation and should be encouraged. Such programs allow large customers to minimize demand when a utility need resources to maintain service to its firm customers.

The Commission should also more strongly encourage cogeneration and remove barriers to its efficient use. Cogeneration produces no environmental emissions, consumes no fossil fuel and requires no additional water consumption. Such facilities also allow utilities to avoid consuming expensive fossil fuel and thus the resultant emissions.

To encourage additional cogeneration and to more fully utilize existing cogeneration, the Commission should permit Multiple Load Management (MLM). MLM should be used to allow customers to more fully utilize existing cogenerated capacity/energy. MLM would allow a customer to centrally manage power and energy usage at multiple locations (owned and controlled by the customer) throughout the utility's service area. It would also allow the use of surplus capacity/energy from cogeneration to displace utility capacity/energy purchases at other locations (*i.e.*, self-service wheeling). The use of MLM would allow cogenerated power to be economically developed and fully utilized and would encourage more widespread and more efficient use of cogeneration.

The Commission should conduct an investigation to consider MLM as described above and to audit how the utilities calculate avoided costs in determining cost-effectiveness and in determining the real-time hourly payments for cogenerated energy. This would help to ensure that viable cogeneration projects are developed.

Finally, if the Commission decides to broaden energy efficiency measures, the utilities should specifically address industrial programs that will increase efficiency, such as the installation of premium efficiency motors. Such programs should be eligible for modest incentives. This would encourage the replacement of less efficient equipment with more efficient equipment thus resulting in demand reduction.

E. STATEMENT OF ISSUES AND POSITIONS:

ISSUE 1: Did the Company provide 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.?

FIPUG: No position at this time.

ISSUE 2: Did the Company provide an adequate assessment of the achievable potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems? (FSC NEW ISSUE)

FIPUG: No position at this time.

ISSUE 3: 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.?

FIPUG: In answering this question, the Commission must balance the goal of conservation with the impact of the cost of conservation programs on rates. The Commission must not overlook rate impact when conservation goals and programs are evaluated.

ISSUE 4: 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.?

FIPUG: In answering this question, the Commission must balance the goal of conservation with the impact of the cost of conservation programs on rates. The Commission must not overlook rate impact when conservation goals and programs are evaluated.

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.?

FIPUG: No position at this time.

ISSUE 6: Should the Commission establish incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems?

FIPUG: The answer to this question depends on the type and amount of any such incentives and the incentives impact on rates.

ISSUE 7: What cost-effectiveness test or tests should the Commission use to set goals, pursuant to Section 366.82, F.S.?

FIPUG: Regardless of which cost-effectiveness test the Commission approves, what is most important is that the Commission encourage conservation programs that strike a reasonable balance between the advantages of the programs to program participants and other rate payers and that these conservation programs are fairly evaluated. The Commission should give significant weight to the RIM test to determine cost-effectiveness. Further, in the use of this test, the Commission should be sure that all utilities are conducting the test in the same way and that "lost revenue" for clause "losses" is not included.

ISSUE 8: What residential summer and winter megawatt (MW) and annual Gigawatt-hour (GWh) goals should be established for the period 2010-2019?

PROPOSED RESIDENTIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW										
Winter MW										
Annual GWh										

FIPUG: The Commission should set goals that balance the importance of pursuing conservation programs against their cost and the impact of that cost on rates.

ISSUE 9: What commercial/industrial summer and winter megawatt (MW) and annual Gigawatt hour (GWh) goals should be established for the period 2010-2019?

PROPOSED COMMERCIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW										

Winter MW										
Annual GWh										

FIPUG: The Commission should set goals that balance the importance of pursuing conservation programs against their cost and the impact of that cost on rates.

ISSUE 10: In addition to the MW and GWh goals established in Issues 8 and 9, should the Commission establish separate goals for demand-side renewable energy systems?

FIPUG: No position at this time.

ISSUE 11: In addition to the MW and GWh goals established in Issues 8 and 9, should the Commission establish additional goals for efficiency improvements in generation, transmission, and distribution?

FIPUG: No position at this time.

ISSUE 12: In addition to the MW and GWh goals established in Issues 8 and 9, should the Commission establish separate goals for residential and commercial/industrial customer participation in utility energy audit programs for the period 2010-2019?

FIPUG: No position at this time.

ISSUE 13: Should this docket be closed?

FIPUG: No. The Commission should conduct an investigation to consider MLM and to audit how the utilities calculate avoided costs in determining cost-effectiveness and in determining the real-time hourly payments for cogenerated energy.

Additional Issues

ISSUE 14: What action(s) if any, should the Commission take in this proceeding to encourage the efficient use of cogeneration? (FIPUG NEW ISSUE)

FIPUG: The Commission should remove barriers to the efficient use of cogeneration which prevents industrial customers from fully utilizing electricity generated from cogeneration because the cogeneration facility is at a different location from the customer's other facilities. In situations where the customer cannot construct its own transmission lines, the customer may put the cogenerated energy on the grid at the utility's hourly energy cost. This cost is much lower than the utility's average fuel cost and does not encourage cogeneration.

ISSUE 15: In setting goals, what consideration should the Commission give to the impact on rates? (OUC NEW ISSUE)

FIPUG: Electricity is a very large part of industrial customers' variable overhead. An increase in rates can impact the operation of the industrial company, including a shut down or roll back of production, with its concomitant job layoffs and lesser tax payments. The Commission must carefully weigh the encouragement of conservation programs with the impact such programs will have on rates. In these stressful financial times, the Commission must give strong consideration to any rate impact which will result from approval of conservation programs.

ISSUE 16: Since the Commission has no rate-setting authority over OUC and JEA, can the Commission establish goals that put upward pressure on their rates? (OUC NEW ISSUE)

FIPUG: No position.

F. STIPULATED ISSUES

FIPUG: None at this time.

G. PENDING MOTIONS

FIPUG: None at this time.

H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY

FIPUG: None at this time.

I. OBJECTIONS TO A WITNESS' QUALIFICATION AS AN EXPERT.

FIPUG: None at this time.

K. REQUIREMENTS THAT CANNOT BE COMPLIED WITH.

FIPUG: None at this time.

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CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the foregoing The Florida Industrial Power Users Group's Prehearing Statement has been furnished by electronic mail and U.S. Mail this 27th day of July, 2009, to the following:

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