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Attachments: 07-27-09 Gulf's Pre-Hearing Statement.pdf



07-27-09  
fs Pre-Hearing

A. Susan D. Ritenour  
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B. Docket No. 080410-EG

C. Gulf Power Company

D. Document consists of 9 pages.

E. The attached document is Gulf Power Company's Pre-Hearing Statement in the above-referenced docket.

<<07-27-09 Gulf's Pre-Hearing Statement.pdf>>

Mallory Rogers  
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DOCUMENT NUMBER-DATE

07679 JUL 27 8

FPSC-COMMISSION CLERK

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July 27, 2009

Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0850

Dear Ms. Cole:

RE: Docket No. 080410-EG

Attached is the Pre-hearing Statement of Gulf Power Company to be filed in the above docket.

Sincerely,

*Susan D. Ritenour (lw)*

mv

Enclosures

cc: Beggs & Lane  
Jeffrey A. Stone, Esq.

DOCUMENT NUMBER-DATE

07679 JUL 27 09

FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Commission Review of Numeric )  
Conservation Goals (Gulf Power ) Docket No. 080410-EI  
Company) ) Date Filed: July 27, 2009  
)  
)

**PREHEARING STATEMENT OF GULF POWER COMPANY**

Gulf Power Company, ("Gulf Power", "Gulf", or "the Company"), by and through its undersigned attorneys, and pursuant to Order No. PSC-08-0816-PCO-EI (as revised by Order Nos. PSC-09-0152-PCO-EI and PSC-09-0467-PCO-EI) establishing the prehearing procedure in this docket, files this prehearing statement, saying:

**A. APPEARANCES:**

JEFFREY A. STONE, Esquire, RUSSELL A. BADDERS,  
Esquire, and STEVEN R. GRIFFIN, Esquire, of Beggs & Lane,  
P.O. Box 12950, Pensacola, FL 32591-2950  
On behalf of Gulf Power Company.

**B. WITNESSES:** All witnesses known at this time, who may be called by Gulf Power Company, along with the subject matter and issue numbers which will be covered by the witness's testimony, are as follows:

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
<u>(Direct)</u>		
1. J. N. Floyd (Gulf)	Gulf Power Company's Proposed GDSM goals for 2010-2019	1-16
2. M. Rufo (Gulf)	Itron's Technical Potential Study Gulf Power Company's economic and achievable potential	1, 2, 5

**(Rebuttal)**

Gulf Power Company has not completed its rebuttal testimony as of the date of this prehearing statement.

C. EXHIBITS:

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
(JNF-1)	Floyd	Proposed Numeric Conservation Goals; Existing/Proposed Goal Comparison; Achieved kW and kWh reductions; Technical Potential Measure List; Economic Potential Measure List; Achievable Potential Measure List; Summary of Results; Annual Bill Impact for 1,200 kWh/month Residential Customer
(MR-1)	Rufo	Potential Studies Conducted by Itron
(MR-2)	Rufo	Studies Within Scope
(MR-3)	Rufo	FEECA Achievable Savings
(MR-4)	Rufo	FPL Achievable Savings
(MR-5)	Rufo	PEF Achievable Savings
(MR-6)	Rufo	TECO Achievable Savings
(MR-7)	Rufo	Gulf Achievable Savings
(MR-8)	Rufo	JEA Achievable Savings
(MR-9)	Rufo	OUC Achievable Savings
(MR-10)	Rufo	FPUC Achievable Savings
(MR-11)	Rufo	Achievable Potential Method

D. STATEMENT OF BASIC POSITION:

**Gulf Power Company's Statement of Basic Position:**

It is the basic position of Gulf Power Company that the seasonal peak demand and annual energy conservation goals proposed by Gulf Power Company for the period 2010 through 2019 are based on a full assessment of technical, economic and achievable potential for demand-side conservation and efficiency measures, including demand-side renewable energy systems. The proposed goals are appropriate and meet the requirements of Section 366.82, F.S. and Rule 25-17.0021, Florida Administrative Code.

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.?

**GULF:** Yes. Through the Itron study, Gulf has performed an adequate assessment of the full technical potential of all available demand-side conservation and energy measures, including demand-side renewables. An assessment of supply-side

conservation and efficiency measures is more appropriately considered in a separate proceeding following the conclusion of the current goal-setting process. (Floyd, Rufo)

**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?

**GULF:** Yes. Through the Itron study, Gulf has performed an adequate assessment of the achievable potential of all available demand-side conservation and efficiency measures and demand-side renewable energy systems. An assessment of supply-side conservation and efficiency measures is more appropriately considered in a separate proceeding following the conclusion of the current goal-setting process. (Floyd, Rufo)

**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.?

**GULF:** Yes. The measures included in the development of Gulf's goals reflect the costs and benefits to the participating customers. This is accomplished by performing the Participants Test and requiring that all measures included in the goals pass this test (Floyd)

**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.?

**GULF:** Yes. By passing the RIM test, Gulf's proposed goals reflect the costs and benefits that minimize overall rate impacts for the general body of customers, whether or not they participate in one of the resulting conservation programs. By only including measures that also pass the Participants Test, these proposed goals adequately consider participant contributions as a component of overall customer impact. (Floyd)

**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.?

**GULF:** Yes. Although there are currently no state or federal regulations governing the emission of greenhouse gases, assumptions for CO<sub>2</sub> cost avoidance have been considered as a benefit in the evaluation of all measures. (Floyd, Rufo)

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

**GULF:** Not at this time. The establishment of incentives, if necessary, should take place in a separate proceeding. (Floyd)

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

**GULF:** A combination of the Rate Impact Measure and the Participants Test cost-effectiveness tests should be used by the Commission to set goals pursuant to Section 366.82, F.S. This combination of tests provides a reasonable balance between participating and non-participating customer benefits and provides downward pressure on overall electric rates while still supporting significant conservation activities. (Floyd)

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

**GULF:** (Floyd)

<b>PROPOSED RESIDENTIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	1.9	4.7	8.4	12.9	18.0	23.7	29.8	35.9	41.6	47.0
<b>Winter MW</b>	1.8	4.3	7.4	11.1	15.4	20.0	25.0	30.0	34.7	39.2
<b>Annual GWh</b>	2.0	6.0	12.3	20.5	30.3	41.3	53.2	65.3	76.5	86.8

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

**GULF:** (Floyd)

<b>PROPOSED COMMERCIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	1.2	2.8	4.7	6.9	9.3	11.8	14.4	17.0	19.5	21.9
<b>Winter MW</b>	0.5	1.0	1.6	2.3	3.0	3.8	4.6	5.4	6.2	7.0
<b>Annual GWh</b>	2.7	7.3	13.4	20.7	28.7	37.2	46.1	55.1	63.9	72.2

**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?

**GULF:** No. Demand-side renewables should be evaluated and included in Gulf's DSM plan based on the same criteria already established for traditional end-use energy efficiency measures. Since, Gulf Power evaluated demand-side renewable energy systems in its overall DSM goals evaluation process, a separate goal is unnecessary. (Floyd)

**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?

**GULF:** Not at this time. This matter should be considered in a separate proceeding following the conclusion of the current goal-setting process. (Floyd)

**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?

**GULF:** No. Energy audits are an important component of achieving the proposed goals through customer education of both general and program-specific actions customers can take to reduce energy usage and, therefore, should be included as part of the overall DSM goals. (Floyd)

**ISSUE 13:** Should this docket be closed?

**GULF:** Yes. (Floyd)

**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)

**GULF:** No such action is necessary in this proceeding. (Floyd)

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

**GULF:** The Commission should give serious consideration to the rate impacts of DSM goals in this proceeding. In FEECA, specifically Section 366.82(3), the Commission is charged with developing goals that explicitly consider costs to the customer. Throughout Chapter 366, F.S., the Commission is given responsibility to consider costs and their resultant impact on rates. As acknowledged by Staff witness Spellman, the adoption of TRC would result in upward pressure on rates. The Commission has a better option, the Rate impact Measure Test, which provides for both an increase in the level of efficiency goals and downward pressure on rates. (Floyd)

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

**GULF:** No position

**F. STIPULATED ISSUES**

**GULF:** Yet to be determined. Gulf is willing to stipulate that the testimony of all witnesses whom no one wishes to cross examine be inserted into the record as though read, cross examination be waived, and the witness's attendance at the hearing be excused.

**G. PENDING MOTIONS:**

None

**H. PENDING CONFIDENTIALITY REQUESTS**

1. Request for Confidential Classification filed June 30, 2009 [DN: 06548-09] relating to SACE/NRDC's First Request for Production of Documents Nos. 1 - 3.
2. Notice of Intent to Request Confidential Classification filed July 13, 2009 [DN 06995-09] relating to Responses 46, 48 and 49 of Staff's Eighth Set of Interrogatories.



I. OTHER MATTERS:

**GULF:** To the best knowledge of counsel, Gulf has complied with all requirements set forth in the orders on procedure and/or the Commission rules governing this prehearing statement. If other issues are raised for determination at the hearings set for August 10 - 14, 2009 Gulf respectfully requests an opportunity to submit additional statements of position and, if necessary, file additional testimony.

Dated this 27<sup>th</sup> day of July, 2009.

Respectfully submitted,



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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: **Commission Review of Numeric  
Conservation Goals for Gulf Power  
Company** )  
 )  
 )

Docket No.: **080410-EG**

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true copy of the foregoing was furnished by U. S. mail this 27<sup>th</sup> day of July, 2009, on the following:

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