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080407-EG

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Subject: Docket Nos. 080407-EI, 080408-EI, 080409-EI, 080410-EI, 080411-EI, 080412-EI, 080413-EI
Attachments: FIPUG Response to Motions for Reconsideration 01.21.10.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 7 pages.

e. The attached document is FIPUG's Response to Motions for Reconsideration.

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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: January 21, 2010

**THE FLORIDA INDUSTRIAL POWER USERS GROUP'S
RESPONSE TO MOTIONS FOR RECONSIDERATION**

The Florida Industrial Power Users Group (FIPUG), by and through its undersigned attorneys, pursuant to Rule 25-22.060(3), Florida Administrative Code, hereby responds to the motions for reconsideration filed in this docket.

Introduction

The Commission opened this docket to fulfill its responsibilities under the Florida Energy Efficiency and Conservation Act (FEECA) which requires it to set conservation

goals for the utilities. Section 366.82, Florida Statutes. FIPUG was granted intervenor status in Order No. PSC-09-0500-PCO-EG.

After an evidentiary hearing, the Commission established conservation goals in Order No. PSC-09-0855-FOF-EG (Goals Order). Motions for reconsideration were filed by Florida Power & Light Company (FPL), Progress Energy Florida (PEF), Gulf Power Company (Gulf) and National Resource Defense Council/Southern Alliance for Clean Energy (NRDC-SACE). FIPUG's response to these motions is below.

FIPUG's Position

As a basic matter, FIPUG reiterates that it supports cost-effective conservation. It further supports an approach which keeps rates reasonable and competitive and which strikes the appropriate balance between conservation and rate impact, especially in the current trying economic climate. FIPUG believes that the goals the Commission has adopted fail to maintain that balance and will result in large and unwarranted rate impact on all customers. The Commission must consider this delicate balance in the goal setting process.

FIPUG urges the Commission to continue to remain keenly aware of the difficult economic realities facing all Floridians as well as the businesses that employ them. As the Commission said: "[t]he downturn of the present economy, coupled with soaring unemployment, make rates and the monthly utility bill ever more important to utility customers." (Goals Order at 25).

The result of the goals the Commission has adopted will be to increase rates and thus depress economic development. As the Commission recognized:

When new DSM programs are implemented or incentive payments to participants are increased, the cost of

implementing the program will directly lead to an increase in rates as these costs are recovered.

(Goals Order at 25).¹ The Commission also recognized that though changes to FEECA were made during the 2008 legislative session, such changes “did not diminish the importance of rate impact when establishing goals for the utilities.” (Goals Order at 26). The Commission should apply and incorporate these principles into the goals it sets.

The Commission took these economic realities into account in its recent decisions in the FPL and PEF rate cases. It should do so here as well. PEF estimates that a typical residential bill will increase \$5.00 per month this year and \$15.00 per month over ten years if the goals set forth in the Goals Order are adopted. Similar relative increases will occur for the other classes, thus making the potential of conservation goal increases larger than those in the rate cases. Based on PEF’s calculations and the recent PEF rate case decision, it appears that the increase to be visited on customers due to the conservation goals will be over 25 times larger than that of the rate increase. Customers can ill afford such increases.

In addition, the Commission should also strive to avoid inappropriately subsidizing utility conservation measures. Because conservation services are not a natural monopoly, such subsidies would make competition more difficult for third parties.

The Reconsideration Motions

FPL, PEF and Gulf seek reconsideration of the Goals Order because it bases their goals on what is “technically possible” as opposed to that which is actually achievable. “Technically possible” goals ignore the constraints of the real world and assume that 100% of the measures will be adopted by all ratepayers. This is an unreasonable

¹ This is clearly the case for programs that do not pass the Rate Impact Measure (RIM) test.

approach and burdens ratepayers with unnecessary costs. Use of “technically possible” as the standard will result in goals which are inappropriately inflated and require ratepayers to pick up the tab for items that will never be implemented at the “technically possible” level. Thus, the Commission should make it clear that such an approach was not its intent.

As to NRDC/SACE’s motion, NRDC/SACE suggests, as it did at hearing, that the rate impact of the conservation goals is irrelevant. As noted above, the Commission has properly rejected this notion and should do so again. Rather than demonstrating that costs will decline, the record shows that costs due to the new goals will clearly increase.

Further, NRDC/SACE agrees that the Commission should use achievable potential, not technical potential, for goal setting purposes. Thus, the Commission should ensure that the goals are set based on parameters that can actually be met and consider real world conditions, not simply programs which have “technical potential.”

• **WHEREFORE**, the Commission should carefully consider the rate impact of its decision; base its goals only on measures which are reasonably achievable; and deny NRDC/SACE's motion for even larger goals.

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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 Response to Motions for Reconsideration has been furnished by electronic mail and U.S. Mail this 21st day of January 2010, to the following:

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