

# Hopping Green & Sams

Attorneys and Counselors

July 12, 2019

## VIA ELECTRONIC FILING

Adam Teitzman  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399-0850

Re: Docket No. 20190020-EG – Commission Review of Numeric Conservation Goals (JEA)

Dear Mr. Teitzman,

Enclosed for filing on behalf of JEA in the above docket please find the rebuttal testimony of JEA witness **Donald Wucker**.

By copy of this letter, the enclosed testimony has been furnished to the parties on the attached certificate of service by electronic mail.

Thank you for your assistance in this matter. Please feel free to call me at (850) 425-2376 should you have any questions concerning this filing.

Respectfully,



Brooke E. Lewis

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic delivery, this 12<sup>th</sup> day of July, 2019, to the following:

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*Brooke E. Lewis*

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Attorney

1                   BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2                   REBUTTAL TESTIMONY OF DONALD P. WUCKER

3                   ON BEHALF OF

4                   JEA

5                   DOCKET NO. 20190020-EG

6                   July 12, 2019

7

8   **Q.    Please state your name and business address.**

9    A.    My name is Donald P. Wucker. My business address is 21 West Church Street,  
10         Jacksonville, Florida 32202.

11

12   **Q.    Have you previously submitted direct testimony in this proceeding?**

13    A.    Yes.

14

15   **Q.    What is the purpose of your rebuttal testimony?**

16    A.    The purpose of my testimony is to rebut certain assertions in the pre-filed testimony of  
17         Southern Alliance for Clean Energy (“SACE”) witnesses, Jim Grevatt and Forest  
18         Bradley-Wright. Specifically, I will rebut the following assertions made by Mr. Grevatt:

- 19         • The RIM test should not be used for screening DSM programs; and  
20         • DSM goals should be set such that each FEECA utility will achieve annual efficiency  
21             savings equal to 1.5% by 2024.

22         In addition, I will rebut Mr. Bradley-Wright’s assertions regarding JEA’s efforts with  
23         regard to low-income customers.

24

**RIM Test**

1  
2 **Q. Are you familiar with the Commission’s practice in assessing how JEA and other**  
3 **electric utilities evaluate DSM cost-effectiveness?**

4 A. Yes. Since 2008, I have been involved in the consolidated proceedings in which the  
5 Commission approved DSM goals for the electric utilities that are subject to FEECA,  
6 Sections 366.80-366.85, Florida Statutes. At the conclusion of the last FEECA goal-  
7 setting proceedings in 2014, the Commission determined that the “unconstrained RIM  
8 achievable potential” is appropriate for evaluating the cost-effectiveness of DSM  
9 measures. *See* Order No. PSC-14-0696-FOF-EU at pp. 40 and 43 (Dec. 16, 2014). This  
10 conclusion was consistent with the Commission's past findings that the RIM test was  
11 appropriate for use in setting DSM goals for municipal utilities because the RIM test  
12 results in no upward pressure on rates and ensures that customers who participate in a  
13 utility DSM measure are not subsidized by customers who do not participate.

14  
15 **Q. Why is RIM important for evaluating DSM measures for municipal utilities?**

16 A. Because the RIM test ensures no DSM-related upward pressure on customers' rates, it is  
17 particularly appropriate in establishing DSM goals for municipal utilities, such as JEA,  
18 over which the Commission does not have rate-making authority. Local governing is a  
19 fundamental aspect of public power. It provides the necessary latitude to make local  
20 decisions regarding the community's investment in energy efficiency that best suit our  
21 local needs and values. Accordingly, as the Commission has recognized in prior  
22 proceedings, it is appropriate for the Commission to set goals based on RIM, but to defer  
23 to the municipal utilities' governing bodies to determine the level of investment in any  
24 non-RIM based measures. *See, In re: Adoption of Numeric Conservation Goals and*  
25 *Consideration of National Energy Policy Act Standards (Section 111)*, Order No. PSC-

1 95-0461-FOF-EG, at p. 3 (April 10, 1995). As the Commission has repeatedly stated, “it  
2 is reasonable to allow JEA to determine whether or not it should continue to offer  
3 existing [non-RIM] DSM programs as JEA is in the best position to determine its  
4 customers' needs.” Order No. PSC-2004-0768-PAA-EG, issued in Docket No.  
5 20040030-EG, at p. 3 (Aug. 9, 2004). *See also*, Order No. PSC-2000-0588-FOF-EG,  
6 issued in Docket No. 19990720-EG, at p. 3 (Mar. 23, 2000). (“As to those [non-RIM]  
7 DSM programs that JEA wishes to continue to offer, we find it reasonable to allow JEA  
8 to determine whether or not such programs should be continued because JEA is best-  
9 situated to determine its customers’ needs.”).

10  
11 **Q. On page 7 of his testimony, Mr. Grevatt states: “[RIM] is only a test of whether**  
12 **rates will go up if the utility seeks and receives rate adjustments necessary to**  
13 **maintain the level of profits it would have earned absent the efficiency programs. It**  
14 **is not cost-effectiveness test.” With respect to municipal utilities, do you agree with**  
15 **Mr. Grevatt?**

16 **A. No. JEA is a not-for-profit, community-owned utility, which means it does not earn**  
17 **profits for or obtain funding from third party equity investors. Because we do not have**  
18 **stockholders, all costs — including existing fixed costs and new expenditures — must be**  
19 **recovered through customer rates. If energy sales decrease, our rates must increase in**  
20 **order for JEA to recover these existing fixed costs. If rates go up, the bills for non-**  
21 **participants go up as well, including low-income customers who are most affected by**  
22 **higher bills. Although JEA has aggressively marketed no-cost low-income offerings**  
23 **since 2009, 50% of eligible customers choose not to participate. As a municipal utility,**  
24 **JEA is especially sensitive to the needs of all our customer classes and sectors, including**  
25 **low income customers who chose for whatever reason not to participate in DSM**

1 programs. Because the RIM test accounts for lost revenues resulting from reduced  
2 energy sales, the use of the RIM test assures that our rates will not increase due to  
3 mandated conservation programs. From JEA's perspective as a municipal utility, RIM  
4 most assuredly is a cost-effectiveness test.

5  
6 **Q. Has JEA ever implemented conservation programs that included measures that did  
7 not pass the RIM test?**

8 A. Yes.

9  
10 **Q. Isn't that inconsistent with your position on the RIM test stated above?**

11 A. No. JEA's overriding concern is for all sectors of customers in the community. In prior  
12 years, when JEA offered measures that did not pass RIM, they were carefully managed in  
13 order to balance rate impacts with benefits to customers. As the Commission has  
14 previously recognized, reliance on the RIM test in setting goals for municipal utilities  
15 gives the governing bodies of those utilities the flexibility to use and manage non-RIM  
16 measures to create conservation programs for the good of the community based on local  
17 needs and values. This benefit can easily be lost if goals are set that require the use of  
18 non-RIM measures.

19  
20 **Low-Income Programs**

21 **Q. On page 28 of his testimony, Mr. Bradley-Wright states that JEA has "only broad-  
22 based neighborhood-style programs." Do you agree with this statement?**

23 A. No.

24  
25 **Q. What DSM programs does JEA have in place targeted to low-income customers?**

1 A. JEA specifically targets low-income customers through our two-phased Neighborhood  
2 Energy Efficiency (NEE) Program. Phase 1 provides installation of 15 electric and water  
3 conservation products as well as an energy education package of printed material  
4 including savings tips and energy consultation/education. We also discuss additional JEA  
5 resources and other community conservation programs, such as the Community Action  
6 Agency's (CAA) Weatherization Assistance Program (WAP), providing referrals where  
7 appropriate. This is performed in targeted neighborhoods identified by the City as having  
8 more than 50% of the neighborhood population at or below 150% of the federal poverty  
9 guidelines. Approximately 1,000 homes are completed per year.

10  
11 While implementing Phase 1 work, JEA looks within these homes for those in need of  
12 attic insulation. JEA offers an additional service whereby we provide blown-in attic  
13 insulation to bring the home's insulation value up to an R38-value in accordance with  
14 DOE WAP standards at no cost to the owner. Averaging about 150 insulation upgrades  
15 per year, this outgrowth of the NEE program has impacted well over 1,600 homes since  
16 2013 at no cost to the homeowner. Beginning October 1, 2019, JEA is adding a high-  
17 efficiency toilet initiative that will result in installation of up to 400 high-efficiency  
18 toilets in 200 income qualified homes. While this new service will not provide electric  
19 savings, the monthly financial savings from water and sewer conservation can assist  
20 customers with paying their home energy expenses

21  
22 Phase 2 provides an Energy Efficient Home Maintenance kit of 12 electric and water  
23 conservation products for participants in a Housing Counseling workshop required for  
24 first time home buyers involved in the City's loan assistance programs for low to  
25 moderate income residents. Approximately 500 kits are provided annually.

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Participation in Phase 1 is voluntary, we attempt to overcome market barriers by various means including working with both local government representatives and pastors.

Participation is voluntary so we have to respect the customer’s privacy and right to choose. Phase 2 is based on participation in the Housing Counseling workshop required for first time home buyers involved in the City’s loan assistance programs which we have no influence on its participation. JEA plans to continue offering and promoting the Neighborhood Energy Efficiency Program for low-income customers.

**Q. Has JEA calculated the energy savings associated with the low-income targeted DSM programs?**

A. Yes. Since 2010, the implementation of the Phase I and Phase 2 product offerings has yielded almost 11,000 MWh’s of annual energy savings with coincident peak impacts exceeding 4 MWs. Additionally, the low-income insulation program has been implemented in over 1,600 of these homes and has reduced the customer’s monthly electric bill by over 11% on average.

**Q. Does JEA promote energy savings among low-income customers in any other ways?**

A. Yes. Outside of the NEE Program, JEA works with the federal Low Income Home Energy Assistance Program (LIHEAP) program to provide bill assistance, and during the Senior Day interviews, flyers and resources are provided for JEA programs and other community resources to help low income seniors save on their utility bills. JEA keeps a permanent display in the customer lobby of low cost, do-it-yourself conservation products and a sign-up list for the NEE Program. JEA provides speakers from its

1 Ambassador Team to give a “Savings Without Sacrifice” presentation to neighborhood  
2 associations, churches, schools, community development groups, and other organizations  
3 in low income neighborhoods. The presentation provides conservation information in  
4 addition to product demonstrations on how to install low cost energy saving products.

5  
6 JEA also participates in regular events with the leaders of multiple advocacy groups for  
7 low-income, seniors, and disabled persons to promote a strong network of  
8 communication, keeping these leaders aware of utility programs, changes, resources, etc.  
9 available to their clients.

10  
11 **SACE’S Proposed 1.5% Goals**

12 **Q. Mr. Grevatt recommends that the Commission set DSM goals for each of the**  
13 **FEECA utilities which will achieve annual efficiency savings equal to 1.5% of**  
14 **annual retail sales by 2024. Do you agree?**

15 **A.** No. A 1.5% goal is completely arbitrary. Some utilities may be able to cost effectively  
16 achieve 1.5% and some may not. Some may be able to cost effectively achieve more. It  
17 depends upon the specific utility.

18  
19 **Q. If the Commission grants JEA’s zero goals proposal, will JEA cease its conservation**  
20 **efforts?**

21 **A.** Absolutely not. JEA has no plans to end its conservation programs and as previously  
22 mentioned is planning to expand its low-income program. JEA will continue to offer  
23 conservation programs that are in the best interest of the community by balancing rate  
24 impacts and the needs of all of JEA’s customers. Consistent with established  
25 Commission precedent, setting JEA’s goals based on RIM rather than an arbitrary sales

1 percentage would continue to provide JEA, as a municipal utility, the flexibility to  
2 determine the level of investment in energy efficiency that best suits the community's  
3 needs and values.  
4

5 **Q. Has the Commission established goals of zero in previous dockets?**

6 A. Yes, the Commission has established zero goals several times for municipal utilities  
7 based on evaluation of the RIM test. With respect to JEA, the Commission established  
8 zero goals in 2000 and 2004. In the 1999-2000 goal-setting docket, the Commission set  
9 JEA's numeric goals at zero because none of the measures evaluated by JEA passed both  
10 the participant and RIM tests. *See* Order No. PSC-2000-0588-FOF-EG, issued in Docket  
11 No. 19990720-EG (Mar. 23, 2000). In the 2004 proceeding, two measures actually  
12 passed the RIM test, but the Commission deemed it inappropriate to develop  
13 conservation programs based on them. *See* Order No. PSC-2004-0768-PAA-EG, issued  
14 in Docket No. 20040030-EG, at p. 3 (Aug. 9, 2004).  
15

16 **Q. Does this conclude your rebuttal testimony?**

17 A. Yes, it does.