

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission Review of Numeric Conservation Goals (Florida Power & Light Company).

Docket No. 20190015-EG

In re: Commission Review of Numeric Conservation Goals (Gulf Power Company).

Docket No. 20190016-EG

In re: Commission Review of Numeric Conservation Goals (Florida Public Utilities Company).

Docket No. 20190017-EG

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

Docket No. 20190018-EG

In re: Commission Review of Numeric Conservation Goals (Orlando Utilities Commission).

Docket No. 20190019-EG

In re: Commission Review of Numeric Conservation Goals (JEA).

Docket No. 20190020-EG

In re: Commission Review of Numeric Conservation Goals (Tampa Electric Company).

Docket No. 20190021-EG

Filed: July 22, 2019

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

Pursuant to the Order Establishing Procedure, Order No. PSC-2019-0062-PCO-EG, Duke Energy Florida, LLC (“DEF”) hereby submits its Prehearing Statement with respect to its petition for approval of DEF’s proposed conservation goals for the period 2020-2029.

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

Direct Testimony

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues #</u>
Lori Cross	DEF's proposed conservation goals (2020-2029); DEF's ten-year projections (2020-2029); DEF's economic and achievable potential;	1 - 11
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, 7

Rebuttal Testimony

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues #</u>
Lori Cross	DEF's proposed conservation goals (2020-2029); DEF's ten-year projections (2020-2029); DEF's economic and achievable potential;	1 - 10
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, 7
Terry Deason	Addresses cost effectiveness and the intervenor witnesses' suggestion to chiefly rely on the TRC test. Addresses cross-subsidizations and the intervenor witnesses' assertions that cross-subsidies can and should be disregarded when setting conservation goals. Addresses free-riders and the intervenor witnesses' recommendation to abandon the Commission's two-year payback screening criterion. Addresses the SACE witnesses' contention that other utilities' DSM goals should be mimicked here in Florida.	3, 4, 6, 7

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

Direct

<u>Witness</u>	<u>Proffered By</u>	<u>Exhibit #</u>	<u>Description</u>
Lori Cross	DEF	(LC-1)	Proposed Residential and Non-Residential Annual Potential RIM Evaluation for 2020-2029 (at the Generator)
Lori Cross	DEF	(LC-2)	Proposed Residential and Non-Residential TRC Evaluation for 2020-2029 (at the Generator)
Lori Cross	DEF	(LC-3)	Avoided Generation Assumptions
Lori Cross	DEF	(LC-4)	Fuel and CO2 Price Forecasts
Lori Cross	DEF	(LC-5)	Historical Achievements
Lori Cross	DEF	(LC-6)	Measures included in Economic Potential Based on RIM & TRC Evaluations
Lori Cross	DEF	(LC-7)	Projected RIM & TRC Portfolio Costs & Residential Customer Rate Impacts
Jim Herndon	NEXANT/DEF	(JH-1)	Background & Qualifications
Jim Herndon	NEXANT/DEF	(JH-4)	MPS for DEF
Jim Herndon	NEXANT/DEF	(JH-9)	2019 Measure List (Residential, Commercial & Industrial)
Jim Herndon	NEXANT/DEF	(JH-10)	Comparison of 2014 Measure List to 2019 Measure List

Rebuttal

<u>Witness</u>	<u>Proffered By</u>	<u>Exhibit #</u>	<u>Description</u>
Terry Deason	DEF	(TD-1)	Deason CV

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 and standards and economic conditions have increased the amount of efficiency that customers are undertaking on their own, without incentive from the utility. These factors 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 Lori Cross 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 proposed goals are based on a collection of measures and programs that pass both the Participant and Rate Impact Measure ("RIM") tests. Specifically, DEF is proposing a goal of 199 MW of winter peak demand reduction, 243 MW of summer peak demand reduction, and 166 GWh of energy reduction over the 2020-2029 time period. The 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 using the Participant 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 Ms. Cross's testimony. These goals reflect the reasonably achievable demand side management potential in DEF's service territory over the ten-year period 2020-2029 developed in DEF's planning process.

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

ISSUE 1: **Are the Company'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, pursuant to Section 366.82(3), F.S.?**

DEF: Yes, the technical potential, that is the basis for the proposed 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. (Cross, Herndon)

ISSUE 2: **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.?**

DEF: Yes. The proposed 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. (Cross)

ISSUE 3: **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.?**

DEF: Yes, the proposed 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 Rate Impact Measure (RIM) and Participant tests. The Participant and RIM tests, in tandem with each other, effectively ensure both participants and non-participants benefit. (Cross, Deason)

ISSUE 4: **Do the Company'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, pursuant to Section 366.82(3)(c), F.S.?**

DEF: Yes. 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. In 2018, DEF added an average of over 400 net metered customers each month, and through April 2019, that number has grown to over 700 net metered customers each month. (Cross, Deason)

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.?**

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

ISSUE 6: **What cost-effectiveness test or tests should the Commission use to set goals, pursuant to Section 366.82, F.S.?**

DEF: The Commission establish goals based on measures that are cost effective based on both the RIM and Participant tests. (Cross, Deason)

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

DEF: Yes. The proposed 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 them absent a utility incentive. This time-period has been recognized by the Commission in past proceedings as a reasonable proxy to eliminate free riders. (Cross, Herndon, Deason)

ISSUE 8: **What residential summer and winter megawatt (MW) and annual Gigawatt-hour (GWh) goals should be established for the period 2020-2029?**

DEF:

DUKE ENERGY FLORIDA - PROPOSED RIM GOALS 2020-2029			
	Winter Peak MWs	Summer Peak MWs	GWHs
Residential	78	108	115

(Cross)

ISSUE 9: **What commercial/industrial summer and winter megawatt (MW) and annual Gigawatt hour (GWh) goals should be established for the period 2020-2029?**

DEF:

DUKE ENERGY FLORIDA - PROPOSED RIM GOALS 2020-2029			
	Winter Peak MWs	Summer Peak MWs	GWHs
Non-Residential	121	135	51

(Cross)

ISSUE 10: **What goals, if any,¹ should be established for increasing the development of demand-side renewable energy systems, pursuant to Section 366.82(2), F.S.?**

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 as were 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. (Cross)

Proposed/Contested Issues:

FDACS Proposed Sub-Issue 7(a): Do the Company's proposed goals appropriately consider customer education and measures targeted to low-income customers as required by the Commission in the prior FEECA goals proceeding (Order No. PSC-14-0696-FOF-EU),²

¹ DEF notes that SACE has proposed striking "if any" from this Issue, therefore the exact wording of the issue is contested.

² See, Order No. PSC-2014-0696-FOF-EU, issued December 16, 2014, at pgs. 26-27.

and should the Company be required to continue to consider and develop customer education and measures targeted to low-income customers in the future?

SACE Proposed Issue 11: Should distinct goals for low income customers be established, and if so, what should those goals be?

5. **Stipulated Issues** - None at this time.

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

7. **Requests for Confidentiality** -

DEF has the following pending request for confidential classification:

- June 19, 2019 - DEF's Request for Confidential Classification concerning its Response to Staff's Third Set of Interrogatories (49-58), (DN 05000-2019).

8. **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.

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

10. **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 22nd day of July, 2019.

/s/ Matthew R. Bernier
DIANNE M. TRIPLETT
Deputy General Counsel
Duke Energy Florida, LLC
299 First Avenue North
St. Petersburg, FL 33701
T: 727. 820.4692
F: 727.820.5041
E: Dianne.Triplett@Duke-Energy.com

MATTHEW R. BERNIER
Associate General Counsel
Duke Energy Florida, LLC
106 E. College Avenue, Suite 800
Tallahassee, FL 32301
T: 850.521.1428
F: 727.820.5041
E: Matthew.Bernier@Duke-Energy.com

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to the following by electronic mail this 22nd day of July, 2019, to all parties of record as indicated below.

/s/ Matthew R. Bernier

Attorney

C. Murphy / M. DuVal / A. King Office of General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 cmurphy@psc.state.fl.us ; mduval@psc.state.fl.us ; aking@psc.state.fl.us ; aweisef@psc.state.fl.us	Gary Perko / Brooke Lewis Hopping Green & Sams P.O. Box 6526 Tallahassee, FL 32314 garyp@hgslaw.com ; shelleyl@hgslaw.com ; brookel@hgslaw.com ; jenniferm@hgslaw.com
J. R. Kelly / P. Christensen / T. David / A. Fall-Fry Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, FL 32399 kelly.jr@leg.state.fl.us ; christensen.patty@leg.state.fl.us ; david.tad@leg.state.fl.us ; fall-fry.mireille@leg.state.fl.us	W. Christopher Browder Orlando Utilities Commission P.O. Box 3193 Orlando, FL 32802-3193 cbrowder@ouc.com
William Cox / Christopher Wright Florida Power & Light Company 700 Universe Boulevard (LAW/JB) Juno Beach, FL 33408-0420 will.cox@fpl.com ; christopher.wright@fpl.com	Paula Brown Regulatory Affairs Tampa Electric Company P.O. Box 111 Tampa, FL 33601-0111 regdept@tecoenergy.com
Charles A. Guyton Gunster Law Firm 215 South Monroe Street, Ste. 601 Tallahassee, FL 32301-1804 cguyton@gunster.com	Holly Henderson Gulf Power Company 215 South Monroe Street, Ste. 618 Tallahassee, FL 32301-1804 holly.henderson@nexteraeenergy.com
Mike Cassel Florida Public Utilities Company 1750 S.W. 14 th Street, Ste. 200 Fernandina Beach, FL 32034-3052 mcassel@fpuc.com	B. Marshall / B. Malloy / J. Luebkemann Earthjustice 111 S. Martin Luther King Blvd. Tallahassee, FL 32301 bmarshall@earthjustice.org ; bmalloy@earthjustice.org ; jluebkemann@earthjustice.org
K. Carbari / J. Matthews / A. Charles FDACS – Office of General Counsel 407 S. Calhoun St., Ste. 520 Tallahassee, FL 32399-0800 joan.matthews@freshfromflorida.com allan.charles@freshfromflorida.com Kelley.corbari@freshfromflorida.com	George Cavros SACE 120 E. Oakland Park Blvd., Ste. 105 Fort Lauderdale, FL 33334 george@cleanenergy.org
Berdell Knowles JEA 21 West Church Street Jacksonville, FL 32202-3158 knowb@jea.com	Stephanie Eaton 110 Oakwood Dr., Ste. 500 Winston-Salem, NC 27103 seaton@spilmanlaw.com

James Brew / Laura Wynn
1025 Thomas Jefferson St., N.W., Ste. 800W
Washington, D.C. 20007-5201
jbrew@smxblaw.com
law@smxblaw.com

Derrick Williamson / Barry Naum
1100 Bent Creek Blvd., Ste. 101
Mechanicsburg, PA 17050
dwilliamson@spilmanlaw.com
bnaum@spilmanlaw.com

J. Moyle / K. Putnal / I. Waldick
118 N. Gadsden Street
Tallahassee, FL 32301
jmoyle@moylelaw.com
kputnal@moylelaw.com
iwaldick@moylelaw.com