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April 1, 2020

STAFF'S FIRST DATAREQUEST

-VIA ELECTRONIC FILING-

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

RE: Docket No. 20200056-EG: Petition for Approval of Florida Power & Light Company's Demand-Side Management Plan

Dear Mr. Teitzman:

Please find enclosed for electronic filing Florida Power & Light Company's responses to Staff's First Data request (Nos. 1-8).

If there are any questions regarding this transmittal, please contact me at (561)304-5662.

Sincerely,

/*s/ William P. Cox*
William P. Cox
Senior Attorney
Fla. Bar No. 00093531

Enclosure

cc: Doug Wright, Division of Engineering

QUESTION:
Please refer to the tab titled "2015 vs. 2020 Program Changes" in the attached Microsoft Excel document titled "Data Request #1 – Excel Tables," (Excel Tables Spreadsheet).

a. Please provide, in Microsoft Excel format, a similar table identifying what measures for each program in your proposed 2020 DSM Plan have been added, eliminated, modified, or not changed as compared to your Commission-approved 2015 DSM Plan. For programs with only a single measure, please report changes at the program level.

b. Please provide a brief explanation accompanying each designation, making sure to highlight inter-measure relationships (for example, in the case that one measure replaces another), incentive or participation criteria changes, and any tariff sheets related to a measure.

RESPONSE:
a. Please see Attachment No. 1 to this response.

b. Please see Attachment No. 1 to this response.

Attachment No. 1 is the Microsoft Excel Spreadsheet "20200056 - Staff's 1st DR No. 1 - Attachment No. 1," which has been provided via email to Doug Wright at dwright@psc.state.fl.us.

QUESTION:
Please refer to the tab titled “2015 vs. 2020 Program Comp” in the Excel Tables Spreadsheet.

a. Please provide, in Microsoft Excel format, a similar table identifying the annual and total demand and energy savings (both per program and per program participant), participation, incentive and total program costs (both in nominal and 2020 CPVRR dollars), and annual bill impacts for a residential (1000 kWh per month) customer for each program (including audits) in your proposed 2020 DSM Plan, all residential programs combined, all business programs combined, and all programs combined for the period 2020 – 2024 based on projections from both your 2015 DSM Plan and 2020 DSM Plan filings. If any values cannot be provided, please explain why.

b. Please also include in the table Rate Impact Measure (RIM), Total Resource Cost (TRC), and Participant (PCT) test results for each program (excluding audits) in your proposed 2020 DSM Plan, all residential programs combined, all business programs combined, and all programs combined for the period 2020 – 2024 based on projections from both your 2015 DSM Plan (if available) and 2020 DSM Plan filings. If any values cannot be provided, please explain why.

RESPONSE:
a. Please see Attachment No. 1 to this response. Please see the notes provided with the table for additional information regarding certain data and calculations.

b. Please see Attachment No. 1 to this response. As requested, FPL has provided the RIM, PCT and TRC results for the aggregate Residential and Business sectors, as well as the entire portfolio combined. However, FPL does not believe that such sector-level or total DSM portfolio-level calculations are appropriate metrics due to the inherent cross-subsidization. The cost-effectiveness of each program should be evaluated individually with each program passing or failing on its own merits. Otherwise, the effect of adding programs together is that the benefits of cost-effective programs are used to support otherwise non-cost-effective programs. Such a situation would result in a suboptimal portfolio to the detriment of the general body of customers.

Attachment No. 1 is the Microsoft Excel Spreadsheet “20200056 - Staff's 1st DR No. 2 - Attachment No. 1,” which has been provided via email to Doug Wright at dwright@psc.state.fl.us.

QUESTION:
Please adjust the incentive levels, and any program attributes that would change as a result (participation, administrative costs, etc.), of each program (excluding audits) in your proposed 2020 DSM Plan to raise their RIM test results to as close to 1.00 as possible.

a. Please explain if this modified 2020 DSM Plan (2020 RIM DSM Plan) is capable of achieving the annual residential and business goals established by the Commission by Order No. PSC-2019-0509-FOF-EG.

b. Please refer to the tab titled "2020 RIM DSM Plan" in the Excel Tables Spreadsheet. Please provide, in Microsoft Excel format, a similar table identifying the annual and total demand and energy savings (both per program and per program participant), participation, incentive and total program costs (both in nominal and 2020 CPVRR dollars), and annual bill impacts for a residential (1000 kWh per month) customer for each program (including audits) in the 2020 RIM DSM Plan, all residential programs combined, all business programs combined, and all programs combined for the period 2020 – 2024. If any values cannot be provided, please explain why.

c. Please also include in the table Rate Impact Measure (RIM), Total Resource Cost (TRC), and Participant (PCT) test results for each program (excluding audits) in the 2020 RIM DSM Plan, all residential programs combined, all business programs combined, and all programs combined for the period 2020 – 2024. If any values cannot be provided, please explain why.

RESPONSE:
a. All of the Energy Efficiency (EE) programs in FPL's 2020 DSM Plan fail the Rate Impact Measure (RIM) test. This is consistent with the analyses from FPL's 2019 DSM Goals docket which showed that no EE measures passed RIM – primarily due to the reduced benefits driven by FPL's significant reduction in system costs and impacts of changes to Codes and Standards. All the EE programs would still fail RIM even if their respective incentive and administrative costs were reduced to zero. Of course, it would be impossible to incent participation without incentives or operate a program with zero administrative costs. Additionally, if incentives were to be partially reduced, then participation would also fall – ultimately to zero when the incentive became too low to incent any participation. Dropping participation would cause the benefits to also drop. Therefore, the RIM ratio would not materially improve from such an incentive reduction. Please note that the Business Custom Incentive (BCI) program is retained in the table because its cost-effectiveness is customer-specific. Therefore, though BCI program-level cost-effectiveness cannot be determined at this time, the program would be cost-effective if customers' individual projects are cost-effective.

In the 2020 DSM Plan filing, FPL already included modifications to its Demand Response (DR) programs in order to maintain RIM cost-effectiveness. The Residential On Call program's cycling measures, which were no longer cost-effective, were eliminated for new participants, and certain incentives were reduced. Additionally, the Commercial/Industrial Demand Reduction (CDR) program's incentive was reduced. As demonstrated in Attachment No. 1 to this response, FPL cannot achieve the Commission-approved DSM Goals if only the cost-effective DR programs are retained and the now non-cost-effective EE programs are eliminated.

b. Please see Attachment No. 1 to this response.

c. Please see Attachment No. 1 to this response.

Attachment No. 1 is the Microsoft Excel Spreadsheet "20200056 - Staff's 1st DR No. 3 - Attachment No. 1," which has been provided via email to Doug Wright at dwright@psc.state.fl.us.

QUESTION:
Please refer to page 17 of Attachment 1 to the Company's petition for approval of its proposed demand side management plan (DSM Plan Petition), filed on February 24, 2020, which states that the Residential Low Income program was last modified in November 2015.

a. Please describe the changes made in November 2015.

b. Please explain how the Company could increase participation in the Residential Low Income program.

c. What actions are available to the Company that would allow the Residential Low Income program to pass the RIM test? What are the drawbacks of taking such actions?

RESPONSE:
a. The date reflects Staff's approval of the Program Standards filed subsequent to the Commission's approval of FPL's 2015 DSM Plan. In the 2015 DSM Plan, FPL added the following measures to its Low Income program: Energy Survey; Air Conditioner Unit Maintenance; Duct System Testing & Repair; Faucet Aerator; Low Flow Showerhead; and Water Heater Pipe Wrap. FPL eliminated the Room Air Conditioner Replacement measure.

b. FPL has exceeded its projected participation in its Low Income program for the last three years. FPL's 2020 DSM Plan proposes further increases for the participation for 2020-2024. FPL's Low Income program uses two channels to reach these customers. Under FPL's Energy Retrofit channel, FPL performs energy surveys and direct installs, at no cost to participants, the measures listed in subpart (a) of this Data Request, as appropriate. FPL performs proactive outreach through community-based promotional events and concentrated sweeps of neighborhoods using FPL Field Service Representatives. This is the primary channel through which FPL plans to increase program participation. FPL also leverages its long-standing delivery channel through Weatherization Assistance Providers (WAPs) in its territory who install measures in customers' homes and then receive a rebate from FPL for their work.

c. As discussed in FPL's response to Staff's First Data Request No. 3, the non-passing RIM results are primarily due to the reduced benefits driven by FPL's significant reduction in system costs. There are no actions FPL can take to enable this program to pass the RIM test. The costs from lost contributions to fixed costs alone, which are not controllable by FPL, exceed the total program benefits. Even if the FPL-controllable costs (for administration and incentives) were reduced to zero, the program would still fail RIM. Of course, with zero incentives program participation would also drop to zero.

QUESTION:
Please refer to page 2 of the cost-effectiveness analysis for the Residential Low Income program found in Appendix A of Attachment 1 to the DSM Plan Petition. Please explain why utility program costs without incentives (Column 1) appear in the years 2020 – 2024, and then again in 2029. Explain the nature of these costs.

RESPONSE:
The average measure life for the Low Income program is 9 years. In order to continue to retain the benefits provided by the program participants to the general body of customers (*i.e.*, avoided capacity and O&M costs) for the duration of the full analysis period through 2065, FPL must "re-participate" the same number of customers as originally signed up in the initial set of years once the measure life ends for those original participants. This re-participation can be accomplished either by replacing the original participants' end-of-life installations or by recruiting new participants to replace those who no longer participate after the end of their installation's life. Accomplishing re-participation requires re-incurring the costs for the same FPL administrative activities as was needed for the original sign-ups as well as, the same program incentives (which for the Low Income program is in the form of free device installations). Therefore, these costs will reoccur after each cycle of the measure life over the analysis period. Please note that this methodology is used for all FPL's DSM program cost-effectiveness analyses.

QUESTION:
Please refer to pages 12 and 20 of Attachment 1 to the DSM Plan Petition.

a. How does the Company measure success of its audit programs?

b. Please explain if Home Energy Kits are provided to participants in the Residential Energy Survey program?

c. Please provide how long the Company maintains records for its Residential Energy Survey and Business Energy Evaluation audits?

d. Please explain if the Company compares customer energy consumption before and after performing Residential Energy Survey or Business Energy Evaluation audits. If not, why not?

RESPONSE:
a. FPL's Residential Energy Survey and Business Energy Evaluation (collectively the "Energy Surveys") educate customers on energy efficiency and encourage them to participate in applicable FPL DSM programs and/or implement other recommended actions not included as part of FPL's programs. Because the Energy Surveys' purpose is educational, success is based on FPL providing quick on-demand access to the information which the Energy Surveys provide and customers' satisfaction with the execution of the Energy Surveys. Customers have immediate access to the Energy Surveys at any time, every day of the year through FPL's online and phone channels. If a customer desires an in-home or on-site visit instead, FPL provides that service in a timely manner based on the customer's availability. FPL also measures the quality of customers' experience with the Energy Surveys by tracking customers' satisfaction. FPL uses these results to identify what customers feel has been well-executed and identify any opportunities to further enhance the Energy Survey performance.

b. FPL does not provide Home Energy Kits as part of this program.

c. In general, FPL retains Energy Surveys for five years.

d. Because FPL does not claim energy savings as a direct result of the Energy Survey programs, FPL does not track before and after energy consumption.

QUESTION:
Please refer to Section II of Attachment 1 to the DSM Plan Petition. For those programs containing multiple incentivized measures, please explain the methodology the Company follows to aggregate incentive costs to the program level.

RESPONSE:
FPL estimates participation at the measure level. Therefore, the aggregated program incentive cost is the sum of each measure's estimated incentive cost based on the participation in each measure.

<u>QUESTION</u>:
Please refer to paragraph 5 on pages 3-4 of the DSM Plan Petition, in which the Company states it will "cap program participation each year for the Residential and Business sectors individually once their respective MW and GWh Goals have been achieved…"

a. Please explain the specific process or procedure the Company would follow to implement limits ("caps") on program participation in a nondiscriminatory manner. Discuss in your response how customers would be notified if, or when, program participation is capped for a given year.

b. Please identify the specific residential programs that would, or may, be subject to program participation caps.

c. Please identify the specific business or C/I programs that would, or may, be subject to program participation caps.

<u>RESPONSE</u>:
a. The purpose of the proposed capping is to mitigate the financial impact of the non-cost-effective programs on the general body of customers (please see FPL's response to Data Requests Nos. 1, 2 and 3 of this set). Capping will be implemented only if all three of the Goals (Summer MW, Winter MW and Annual GWh) for either the residential or business sector are achieved prior to the end of a given year. At that point, new participation for all programs within the applicable residential or business portfolio would be halted through the end of that year. The capped programs would reopen for new participants January 1 of the following year. Any prior commitments for participant incentives for installations that are already in progress, but not yet completed at that time, would still be paid once the installation is completed. Any customer who contacts FPL regarding an impacted DSM program during the period when the program is capped would be informed at that time that participation was suspended through year-end. This process will ensure that all potential participating customers are treated in a non-discriminatory manner. FPL would continue performing Energy Surveys regardless of whether a sector's incentive programs are capped. Survey participants would be informed of the other programs' capping status as part of their Energy Survey. In addition, communication regarding capped programs will be provided through FPL's website, Care Center and trade allies. FPL expects that if capping were activated it would happen very late in the year. Therefore, for most of FPL's programs, potential participants should be able to defer their installations to the beginning of the following year with minor inconvenience.

b. The caps will be implemented on a residential or business sector-level basis, *i.e.,* no new residential programs customer sign-ups when residential aggregate cap is reached, and no new business programs customer sign-ups when business aggregate cap is reached. Therefore, all programs' participation within the respective residential or business portfolio would be capped at the point when the sector-level goals are achieved. Please also see FPL's response to subpart (a).

c. Please see FPL's response to subpart (b).