



May 1, 2020

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

Re: Docket No. 20200055-EG – Petition for approval of proposed demand-side management plan, by Gulf Power Company

Dear Mr. Teitzman:

Attached for electronic filing is Gulf Power Company's response to Staff's Second Data Request in Docket 20200055-EG.

Sincerely,

A handwritten signature in blue ink that reads "Richard Hume".

Richard Hume
Regulatory Issues Manager

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Attachments

cc: Gulf Power Company
Russell Badders, Esq., VP & Associate General Counsel
Beggs & Lane
Florida Public Service Commission
Douglas Wright, Division of Engineering

QUESTION:

Please refer to Gulf's Response to Staff's First Data Request, Question No. 2, and the spreadsheet titled "20200055 - Staff's 1st DR No. 2 - Attachment No. 1" provided by Gulf. More specifically, see the period totals for participation and administrative costs (CPVRR) under both the 2015 and 2020 DSM Plan projections. Please explain why administrative costs for a program are changing, despite no listed changes to the program. The following are some examples of the variations in administrative costs and participation from the 2015 DSM Plan to the 2020 DSM Plan:

- a. Residential Energy Survey (now Residential HES): Administrative costs decreased by 55 percent, despite a 26 percent decrease in participation.
- b. Community Energy Saver: Administrative costs increased by 101 percent, despite a 50 percent increase in participation.
- c. Energy Select: Administrative costs decreased by 28 percent, despite a 14 percent increase in participation.
- d. C/I Audit (now Business Energy Survey): Administrative costs decreased by 85 percent, despite a 40 percent decrease in participation.

RESPONSE:

Adjustments in program participation rates do not necessarily result in directly proportional changes to program administrative costs. This is particularly true in cases where administrative costs are relatively fixed in nature. Administrative costs reflected in Gulf's filings are primarily labor-related (both for internal resources like care center representatives and program managers as well as external contractors) and do not vary directly based on program participation. Moreover, even fixed costs can change over time. Gulf's 2015 projected program administrative costs were calculated utilizing the personnel and operating expenses which Gulf Power employed for each program in the program group when the 2015 DSM Plan was filed. Administrative cost projections for the 2020 DSM Plan reflect continuing efforts to increase efficiency and lower operating expenses to minimize program costs as appropriate when available. Additionally, the administrative cost projections associated with the 2020 DSM Plan also reflect a different mix of programs as compared to the 2015 DSM Plan.

QUESTION:

Please refer to Gulf's Response to Staff's First Data Request, Question No. 9, in which the Company stated that it "anticipates it would suspend new enrollment for all programs in the applicable sector."

- a. Is it correct that this proposal is new for Gulf? Discuss in your response if the Company is seeking an affirmative approval of program caps in this proceeding.
- b. Identify what information the Company needs in order to determine whether it will implement program caps to suspend new enrollments.
- c. Since approval of its 2015 DSM Plan, has Gulf used its advertising strategy to limit participation after meeting its goals for either the residential or business sector? Identify in your response all measures the Company has used to suspend new enrollments.
- d. What alternatives, if any, were considered prior to the Company proposing to implement program caps to limit participation after meeting its goals for either the residential or business sector?

RESPONSE:

- a. Gulf has not previously sought to suspend new enrollment for programs once all three goals (Summer KW, Winter KW, Annual GWh) for one or both sectors are met. Gulf is requesting approval to implement such a mechanism as a means of mitigating rate impact given that most programs do not pass RIM. For clarity, Gulf is not seeking approval to establish individual "program caps," but instead to suspend enrollment in applicable programs for a given sector once all three goals for such sector are achieved.
- b. The information needed to determine whether or when to suspend enrollments is current progress towards reaching each of the three numeric goals for each sector, residential and commercial/industrial. This information is tracked by the Company in connection with normal operating procedures.
- c. No. The Company has only used advertising strategy to increase participation in programs. Gulf has not employed any measures to suspend new enrollments.
- d. The only other alternative considered was budget, or spending caps. Gulf is aware that budget caps are utilized in some other jurisdictions as a means of limiting rate impact where goals are not set utilizing the RIM test. The Company ultimately decided against this approach since a spending cap could limit the ability to reach the three numeric goals for each sector as set by the Commission. Gulf does note, however, that the Commission utilized a similar approach in establishing goals for demand-side renewables in the 2009 DSM goals docket. Rather than establishing demand or energy goals, the Commission imposed spending cap equal to 10 percent of the average historical five-year cost recovery clause amount.

QUESTION:

Please refer to Gulf's Response to Staff's First Data Request, Question No. 9, in which the Company stated that it had not developed definitive procedures to implement program caps. If the Company's DSM Plan is approved without modification:

- a. Please discuss how waiting lists, and/or call backs will be addressed.
- b. When will the procedures to implement program caps be developed?
- c. Will specific information about program capping be addressed in the Program Standards phase (which follows DSM Plan approval)? Discuss why or why not.
- d. Will information about program capping be added to the program descriptions for each affected program? Discuss why or why not.
- e. What are the impacts of program capping on projected savings levels in this review period?
- f. What are the impacts of program capping on projected participation levels in this review period?
- g. What are the impacts of program capping on projected costs and/or cost recovery factors in this review period?

RESPONSE:

- a. Gulf does not contemplate utilizing wait lists or call backs associated with suspending enrollments. If the three goals for either sector are reached in a program year, any enrollments currently in-progress will be completed as normal. Suspended programs would reopen for enrollments in the following year.
- b. It is expected that suspensions will be applied equally across all non-audit programs as discussed in response to question 2(a) above and will be developed prior to the deadline for filing Program Standards. No program-specific procedures are contemplated.
- c. Yes. Information regarding potential enrollment suspensions will be included in Program Standards for all non-audit programs. Inclusion of this information in the Program Standards will be one of several means of informing customers and trade allies.
- d. Gulf has not considered adding information about enrollment suspensions to each program description. The program description details the parameters of the program; not the specific standards. Therefore, the Company believes it is more appropriate to address enrollment suspensions in the Program Standards.
- e. The Company's projections for savings, participation, and costs were developed based on the assumption that the Company would meet (rather than exceed) its DSM Goals. As such, the

Company does not anticipate that implementation of its proposal for suspending enrollments once all three numeric goals are achieved in either or both sectors would have any material impact on the foregoing projections.

- f. See response to question 3(e) above.
- g. See response to question 3(e) above.

QUESTION:

Please submit any drafts of website communications and/or Call Center or Customer Advisor scripts Gulf plans to use should it implement program caps.

RESPONSE:

At this time, Gulf has yet to develop any drafts of website communications or call center scripts.

QUESTION:

Please refer to the tab titled "Existing Program Projections" in the attached Microsoft Excel document titled "Gulf Data Request #2 - Excel Tables," (Excel Tables Spreadsheet).

- a. Please complete the table, and provide a copy in Microsoft Excel format, in a manner similar to Gulf's Response to Staff's First Data Request, Question No. 2, but for Gulf's DSM programs as they exist today (i.e., without the program modifications proposed in Gulf's 2020 DSM Plan) using the same market assumptions (e.g., economics, participation) used to calculate the cost-effectiveness and annual demand and energy savings projections for Gulf's proposed 2020 DSM Plan. 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), all residential programs combined, all business programs combined, and all programs combined. If any values cannot be provided, please explain why.

RESPONSE:

- a. Please see Attachment No. 1 to this response.

The values requested for participation and savings per participant for Residential Programs Combined, Business Programs Combined, and All Programs Combined are unable to be provided. The units of participation and savings per participant differ between programs, the differing unit values will not allow for compiling in the aggregate.

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

Attachment No. 1 is the Microsoft Excel Spreadsheet "20200055 – Staff's 2nd DR No. 5 – Attachment No. 1," which has been provided to Commission Staff via email to Doug Wright at dwright@psc.state.fl.us.

QUESTION:

Please refer to Gulf's Response to Staff's First Data Request, Question Nos. 2-3, Gulf's Response to Staff's Second Data Request, Question No. 5, and the tab titled "ECCCR Costs" in the Excel Tables Spreadsheet. Please complete the table, and provide a copy in Microsoft Excel format, by providing projections of the annual and period total ECCCR costs and annual residential bill (1000 kWh/month) impacts per program for the period 2020-2024 for each of Gulf's existing programs, those programs in Gulf's 2020 DSM Plan, and those programs as modified in response to Staff's First Data Request, Question No. 5 (2020 RIM DSM Plan). For annual and period total ECCCR costs and annual bill impacts, please report the portion of the total caused by servicing program participants from years prior to the reporting year (historical) and the portion caused by servicing program participants just in the reporting year (incremental), in addition to the total of these costs. An example is included in the Excel Tables Spreadsheet for clarity.

RESPONSE:

Please see Attachment No. 1 to this response.

Attachment No. 1 is the Microsoft Excel Spreadsheet "20200055 – Staff's 2nd DR No. 6 – Attachment No. 1," which has been provided to Commission Staff via email to Doug Wright at dwright@psc.state.fl.us