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June 5, 2020

VIA E-PORTAL FILING

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

**Re: Docket No. 20190210-GU – Approval of Demand Side Management
Plan, by Peoples Gas System**

Dear Mr. Teitzman:

Attached for electronic filing in the above docket on behalf of Peoples Gas System,
please find its Response to Staff's Fourth Data Request (Nos. 1-5).

Your assistance in this matter is greatly appreciated.

Sincerely,


Andrew M. Brown

AB/plb
Attachment

cc: Takira Thompson (via email: tthomps@psc.state.fl.us)
Office of Public Counsel (via email: fall-fry.mireille@leg.state.fl.us)
Ms. Paula K. Brown
Ms. Kandi M. Floyd
Ms. Karen Bramley
Mr. Luke Buzard

**PEOPLES GAS SYSTEM
DOCKET NO. 20190210-EG
STAFF'S FOURTH DATA REQUEST
REQUEST NO. 1
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1. Please refer to PGS's response to staff's third data request, number 1. Please explain why the Utility's existing Residential-Replacement program is failing the Gas Rate Impact Measure (G-RIM) test. As part of this response, please identify and describe a possible solution to achieve a passing G-RIM test result, while maintaining a passing Participants Test (PCT) result. If this is not possible, please explain why.
 - a. Please identify and describe possible solutions to achieve passing G-RIM test results for the Utility's proposed Residential-Replacement Tank Water Heater and Tankless Water Heater programs while maintain passing PCT results. If this is not possible, please explain why.
 - b. Please explain the reason for all differences in the G-RIM Test and PCT results for like programs when comparing the Utility's Existing Programs and Proposed Programs.
- A. Peoples Gas System ("PGS") proposed residential replacement programs that fail cost-effectiveness under the Gas Rate Impact measure ("GRIM") are the following:
 - ENERGY STAR Tank Water Heater
 - Tank Water Heater
 - Tankless Water Heater
 - Gas Space Conditioning

The main reason why these four technologies are failing cost-effectiveness under the GRIM test is because the test period for the cost-effectiveness test is required to be 20 years. Because of this requirement each of these technologies is being replaced at least once or twice during the study period. This creates a situation where the full replacement cost is seen within the test, but the technology does not have enough years to show the true benefits to PGS' System. The ENERGY STAR Tank Water Heater and Tank Water Heater both have a rated life of 13 years, so when these units are replaced in year 13, they only receive seven years of benefit for the replacement unit in the cost-effectiveness test. The Tankless Water Heater and Gas Space Conditioning both have a rated life of 20 years, so when these units are replaced in year 20, they only receive one year of benefit for the replacement unit in the cost-effectiveness test. PGS does not view decreasing the rebate due to this unique situation with the cost-effectiveness test. Additionally, the rebate amount assisted in the projection of participation which contributes to the overall energy savings required to achieve the Demand Side Management ("DSM") Goals approved by the Commission.

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- a. PGS believes there are two possible solutions to achieve passing GRIM test results for the company's proposed Residential-Replacement Tank Water Heater and Tankless Water Heater programs while maintain passing Participant Cost Test ("PCT") results. The first option is to allow for the alteration of the DSM study period within the prescribed Florida Public Service Commission Manual to match the life of the technology. The second option is to re-bundle the programs as they were in the existing DSM programs.
- b. The reason for the differences in the GRIM Test and PCT results for like programs when comparing the company's Existing Programs and Proposed Programs is the Existing Programs are bundled and the Proposed Programs are unbundled. In the Proposed Programs, each measure is examined separately in cost-effectiveness. In the Existing Programs, to determine the typical savings and cost data of the bundled measures for use in the Existing Programs cost -effectiveness, the weighted average of the actual 2018 and 2019 participation was used to determine the energy and cost data.

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- 2.** Please refer to PGS's response to staff's third data request, number 3. Please explain why the total projected residential annual therm savings are different for the Utility's Existing Programs as compared to its Proposed Programs.

- A.** The total projected residential annual therm savings are different for the Utility's Existing Programs as compared to its Proposed Programs by the annual number of program participants in the Residential Customer Assisted Energy Audit.

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- 3.** Please refer to PGS's response to staff's third data request, number 4. Please explain the reason for all differences in projected annual program participation for like programs when comparing the Utility's Existing Programs and Proposed Programs.

- A.** The difference in residential projected annual program participation when comparing the Utility's Existing Programs and Proposed Programs is the annual number of program participants in the Residential Customer Assisted Energy Audit. The difference in commercial projected annual program participation when comparing the Utility's Existing Programs and Proposed Programs is the annual number of program participants in the Commercial Walk-Through Energy Audit.

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- 4.** Please refer to PGS's response to staff's third data request, number 5. Please detail why the total projected program cost of the Utility's existing Electric Replacement program is different from the Utility's proposed Commercial Retrofit program.

- A.** PGS documents that the total projected program cost of the Company's existing Electric Replacement program is equal in overall cost (\$3,248,362 over the ten-year period).

- 5.** Please explain in detail why PGS believes that electric kilowatt-hour savings should be included as part of the energy charge savings in the Load Reduction Scenario.
- A.** PGS believes that electric kilowatt-hour savings have historically been included in all prior cost-effectiveness filings that were performed by a third-party consultant for the Company. In this proceeding, PGS developed its own cost-effectiveness model that allows PGS to run its own cost-effectiveness analysis. Because of the historical inclusion of electric kilowatt-hour savings in all scenarios, PGS included the kilowatt-hour savings for all scenarios. The Company does not have any documentation that states why the inclusion of kilowatt-hour savings were allowed to be included in the load reduction scenario but believes there are reasons for justification in their inclusion in all scenarios. These reasons include:
- 1) The relative ease of replacing a gas technology (in availability, purchase of and installation) with an electric technology places pressure on viewing each gas replacement as replacing an electric piece of technology.
 - 2) Including the kilowatt-hour savings in all scenarios assists in meeting cost-effectiveness and assists in shifting the program to deliver long term natural gas savings and long-term value to customers. In addition, by assisting in cost-effectiveness allows for the life of the program cost-effectiveness test requirement of 20-years to be better realized.
 - 3) The Florida Public Service Commission Cost Effectiveness Manual for Natural Gas Utility Demand Side Management programs cost-effectiveness manual allows for the delineation of the various ways of expressing test results is not meant to discourage the continued development of additional variations for expressing cost-effectiveness.