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**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Commission review of numeric conservation goals (Florida Power & Light Company)

Docket No. 080407-EG

In re: Commission review of numeric Conservation goals (Progress Energy Florida, Inc.)

Docket No. 080408-EG

In re: Commission review of numeric conservation goals (Tampa Electric Company)

Docket No. 080409-EG

In re: Commission review of numeric Conservation goals (Gulf Power Company)

Docket No. 080410-EG

In re: Commission review of numeric conservation goals (Florida Public Utilities Company)

Docket No. 080411-EG

In re: Commission review of numeric conservation goals (Orlando Utilities Commission)

Docket No. 080412-EG

In re: Commission review of numeric conservation goals (JEA)

Docket No. 080413-EG

Filed: July 27, 2009

**PROGRESS ENERGY FLORIDA, INC.'S  
PREHEARING STATEMENT**

Progress Energy Florida, Inc. (PEF) hereby submits its Prehearing Statement with respect to its numeric conservation goals for the period of 2010 through 2019:

**A. APPEARANCES:**

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**B. WITNESSES AND EXHIBITS:**

In identifying witnesses and exhibits herein, PEF reserves the right to call such other witnesses and to use such other exhibits as may be identified in the course of discovery and preparation for the final hearing in this matter.

**1. WITNESSES.**

**Direct Testimony.**

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
John Masiello	PEF's proposed conservation goals (2010-2019) PEF's ten-year projections (2010-2019)	1-13
Mike Rufo	Itron's Technical Potential Study PEF's economic and achievable potential	1-2

**Rebuttal Testimony.**

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
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PEF is still in the process of preparing rebuttal testimony which is due on July 30, 2009.

**2. DIRECT TESTIMONY EXHIBITS.**

<u>Exhibit No.</u>	<u>Witness</u>	<u>Description</u>
<u>(JAM-1)</u>	Masiello	PEF's Proposed Goal Scenario Ten-Year Projections of DSM Savings
<u>(JAM-2)</u>	Masiello	PEF's projected total technical potential amount of DSM
<u>(JAM-3)</u>	Masiello	PEF's projected economic amount of DSM savings using RIM
<u>(JAM-4)</u>	Masiello	PEF's projected economic amount of DSM savings using TRC

<u>(JAM-5)</u>	Masiello	PEF's projected annual bill impacts on residential customers with 1,200 kWh, with no incremental DSM added
<u>(JAM-6)</u>	Masiello	PEF's projected achievable goal scenario amount of DSM savings using RIM and Participant tests with 1,200 kWh bill impacts
<u>(JAM-7)</u>	Masiello	PEF's projected achievable goal scenario amount of DSM savings using TRC and Participant tests with 1,200 kWh bill impacts
<u>(JAM-8)</u>	Masiello	PEF's sensitivity analysis – RIM – TRC DSM economic potential with regard to high and low capital costs for generation, high fuel and CO2 costs, low fuel and CO2 costs, and no future CO2 costs
<u>(JAM-9)</u>	Masiello	Measure list used for analysis
<u>(JAM-10)</u>	Masiello	Measures not found cost effective for Achievable Study analysis
<u>(JAM-11)</u>	Masiello	Energy Management Upgrades
<u>(JAM-12)</u>	Masiello	PEF Renewable Energy Initiative
<u>(JAM-13)</u>	Masiello	Neighborhood Energy Saver Plus Initiative
<u>(JAM-14)</u>	Masiello	Carbon Footprint Initiative
<u>(JAM-15)</u>	Masiello	Business Energy Saver Initiative
<u>(JAM-16)</u>	Masiello	Customer Awareness and Education Initiatives
<u>(JAM-17)</u>	Masiello	List of measures that are eliminated based on 2 year payback criteria
<u>(JAM-18)</u>	Masiello	Itron Inc.'s direct testimony

<u>(MR-1)</u>	Rufo	Recent potential studies conducted by Itron
<u>(MR-2)</u>	Rufo	Studies within the scope of Itron's work
<u>(MR-3)</u>	Rufo	FEECA Utilities Total – Program Net Achievable Savings Potential in 2019
<u>(MR-4)</u>	Rufo	FP&L - Program Net Achievable Savings Potential in 2019
<u>(MR-5)</u>	Rufo	PEF - Program Net Achievable Savings Potential in 2019
<u>(MR-6)</u>	Rufo	TECO - Program Net Achievable Savings Potential in 2019
<u>(MR-7)</u>	Rufo	GPC - Program Net Achievable Savings Potential in 2019
<u>(MR-8)</u>	Rufo	JEA - Program Net Achievable Savings Potential in 2019
<u>(MR-9)</u>	Rufo	OUC - Program Net Achievable Savings Potential in 2019
<u>(MR-10)</u>	Rufo	FPUC - Program Net Achievable Savings Potential in 2019
<u>(MR-11)</u>	Rufo	Achievable Potential Method
<u>          </u>	Rufo	Itron report entitled "Technical potential for electric energy and peak demand savings in Florida - final report." filed with the Commission on 3/16/2009.

**3. REBUTTAL TESTIMONY EXHIBITS.**

<u>Exhibit No.</u>	<u>Witness</u>	<u>Description</u>
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TBD by July 30, 2009

#### **D. PEF'S STATEMENT OF BASIC POSITION:**

In collaboration with the seven FEECA utilities, PEF has developed comprehensive plans and programs for increasing energy efficiency and conservation and demand-side renewable energy systems within its service area. The ten-year proposed conservation goals set forth in the testimony of PEF witness John Masiello are based upon PEF'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. PEF's projections of summer and winter demand savings, annual energy savings and participants reflect consideration of overlapping measures, rebound effects, free riders, interactions with building codes and appliance efficiency standards, and PEF's evaluation of conservation programs and measures. The Commission should approve PEF's overall Residential MW and GWH goals and overall commercial/Industrial MW and GWH goals set forth in Mr. Masiello's testimony. These goals reflect the reasonably achievable demand side management potential in PEF's service territory over the ten year period 2010-2019 developed in PEF's planning process.

PEF's proposed goals are further supported by the testimony and exhibits of Itron representative Mike Rufo. Itron conducted a technical potential study on behalf of the collaborative to assess the technical potential for reducing electricity use and peak demand by implementing a wide range of end-use energy efficiency and demand response measures as well as customer-scale solar photovoltaic and solar thermal installations in the service territories of the seven collaborative utilities. Itron's Technical Potential Study serves as the foundation for estimating economic and achievable potential for each collaborative utility and provides direct input into PEF's proposed DSM goals for 2010-2019.

The proposed goals set forth in PEF's high RIM scenario contained in Mr. Masiello's testimony reflect the reasonably achievable demand side management potential in PEF's service territory over the ten year period 2010-2019 and should be approved by this Commission. The Commission should review the proposed goal scenarios with consideration of well-reasoned precedent set in Order Nos. PSC-94-1313-FOF-EG, PSC-99-1942-FOF-EG, and PSC-04-0769-PAA-EG. The Commission should also balance the needs of all stakeholders and minimize any adverse impacts to customers. Indeed, special consideration must be given to external factors beyond PEF's control such as tightened credit availability, weakened financial and retail industries, unemployment, and the overall Florida economy may make highly aggressive goals difficult to achieve.

#### **E. PEF'S STATEMENT OF ISSUES AND POSITIONS:**

PEF's positions on the issues identified in this proceeding are as follows. (Note: The issue numbering sequence below corresponds to the combined issue list distributed by Staff on July 22, 2009)

##### **1. FACTUAL ISSUES.**

**ISSUE 1:** Did the Company provide 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.?

**PEF Position:** Yes. Through the work of a collaborative team comprised of Florida Power and Light Company, Progress Energy Florida, Inc., Tampa Electric Company, Gulf Power Company, Florida Public Utilities, Jacksonville Electric Authority, Orlando Utilities Commission (collectively "FEECA utilities"), SACE/NRDC and Itron, PEF provided an adequate assessment of the full technical potential pursuant to the Section 366.82(3), F.S. (Rufo, Masiello)

**ISSUE 2:** Did the Company provide an adequate assessment of the achievable potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems?

**PEF Position:** Yes. Through a rigorous and comprehensive evaluation process aimed at providing the highest Rate Impact Measure ("RIM")-based cost-effective level of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems, PEF conducted and has provided an adequate assessment of DSM achievable potential. (Rufo, Masiello)

**ISSUE 3:** 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.?

**PEF Position:** Yes. PEF utilized the Participants' test as delineated in Rule 25-17.008, F.A.C., to adequately reflect the costs and benefits to customers participating in a DSM measure thereby adhering to the requirement of Section 366.82(3)(a), F.S. (Masiello)

**ISSUE 4:** 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.?

**PEF Position:** Yes. To establish PEF's proposed DSM goals, the company utilized the RIM test as delineated in Rule 25-17.008, F.A.C., to adequately reflect the costs and benefits to the general body of ratepayers as a whole. The RIM test manages the inclusion of utility incentives as well as other utility costs in such a manner so as to create a benefit for all ratepayers while protecting all ratepayers, both participants and non-participants, from rates that would otherwise be higher in the absence of the DSM program. In addition to the RIM test, the company utilized the Participants' test to adequately reflect participant contributions. (Masiello)

**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?

**PEF Position:** Yes. (Masiello)

**ISSUE 6:** Should the Commission establish incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems?

**PEF Position:** Utility incentives, as authorized in recent legislation, can provide the Commission a useful tool to address a utility's performance and financial impacts as it strives to meet future goals. If the Commission seeks to prescribe goals based on any test other than the recently modified RIM, the issues of goals and incentives would become inseparable, and an immediate consideration of incentives would become necessary. (Masiello)

**ISSUE 7:** What cost-effectiveness test or tests should the Commission use to set goals, pursuant to Section 366.82, F.S.?

**PEF Position:** The RIM test is the threshold measure that should be used in Florida as it reasonably balances the interests of all stakeholders. (Masiello)

**ISSUE 8:** What residential summer and winter megawatt (MW) and annual Gigawatt-hour (GWh) goals should be established for the period 2010-2019?

**PEF Position:** PEF's goals are listed in the table below. (Masiello)

PROPOSED RESIDENTIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW	24.57	25.88	27.90	29.33	30.64	33.26	43.28	42.58	39.23	26.09
Winter MW	37.68	41.55	43.20	44.30	45.40	45.88	58.53	58.31	55.23	33.06
Annual GWh	40.22	42.66	46.31	48.75	51.19	57.77	54.85	54.36	47.53	43.88

**ISSUE 9:** What commercial/industrial summer and winter megawatt (MW) and annual Gigawatt hour (GWh) goals should be established for the period 2010-2019?

**PEF Position:** (Masiello)

<b>PROPOSED COMMERCIAL CONSERVATION GOALS</b>										
<b>Year</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Summer MW</b>	8.77	11.57	21.46	22.49	23.27	23.52	24.04	23.01	21.46	18.24
<b>Winter MW</b>	4.74	4.77	10.80	10.84	10.87	10.96	10.92	10.91	10.82	10.77
<b>Annual GWh</b>	10.42	11.05	12.00	12.63	13.26	14.96	14.21	14.08	12.31	11.37

**ISSUE 10:** In addition to the MW and GWh goals established in Issues 8 and 9, should the Commission establish separate goals for demand-side renewable energy systems?

**PEF Position:** No. Since demand-side renewables are included in PEF's overall DSM goals, a separate goal is not required. (Masiello)

**ISSUE 11:** In addition to the MW and GWh goals established in Issues 8 and 9, should the Commission establish additional goals for efficiency improvements in generation, transmission, and distribution?

**PEF Position:** No. PEF continuously identifies and evaluates conservation and efficiency improvement opportunities throughout its transmission and distribution resources, as guided in Rule 25-17.001(e) F.A.C. (Masiello)

**ISSUE 12:** In addition to the MW and GWh goals established in Issues 8 and 9, should the Commission establish separate goals for residential and commercial/industrial customer participation in utility energy audit programs for the period 2010-2019?

**PEF Position:** No. PEF has a robust DSM program that requires participation in the energy audit prior to the installation of DSM measures. PEF meets the diverse needs of its customer segments by offering multiple audit options for the customer's convenience. While specific measures are designed and directed for individual customer segments, the process, procedures and objectives are developed as a cohesive collection and as such ensure cost effective synergies. (Masiello)

**ISSUE 13:** Should this docket be closed?

**PEF Position:** Yes.



### Additional Issues

**ISSUE 14:** What action(s), if any, should the Commission take in this proceeding to encourage the efficient use of cogeneration? (FIPUG NEW ISSUE)

**PEF Position:** No such action is needed in this proceeding.

**ISSUE 15:** In setting goals, what consideration should the Commission give to the impact on rates? (OUC NEW ISSUE)

**PEF Position:** The Commission should give serious consideration to such rate impacts as it did in Order No. PSC-04-0769-PAA-EG. In doing so, the Commission should use the RIM test as the threshold measure for evaluation as the RIM test reasonably balances the interests of all stakeholders.

**ISSUE 16:** Since the Commission has no rate-setting authority over OUC and JEA, can the Commission establish goals that puts upward pressure on their rates? (OUC NEW ISSUE)

**PEF Position:** No position.

**2. LEGAL ISSUES.**

- PEF is not aware of any legal issues at this time.

**3. POLICY ISSUES.**

- PEF is not aware of any policy issues at this time.

**F. STIPULATED ISSUES.**

PEF is not a party to any stipulations at this time.

**G. PENDING MOTIONS.**

PEF is not aware of any pending motions at this time.


**H. PEF'S REQUESTS FOR CONFIDENTIAL CLASSIFICATION.**

PEF is not aware of any pending requests for confidential classification.

**I. REQUIREMENTS OF PREHEARING ORDER THAT CANNOT BE MET.**

None.

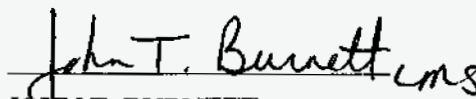
RESPECTFULLY SUBMITTED this 27<sup>th</sup> day of July, 2009.

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of Progress Energy Florida, Inc.'s Prehearing Statement has been furnished via U.S. Mail this 27<sup>th</sup> day of July, 2009 to all parties of record as indicated below.

  
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