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September 20, 2019

ELECTRONIC PORTAL

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

**Re: Docket No. 20190017-EG - Petition for Limited Proceeding to Recover
Incremental Storm Restoration Costs by FPUC.**

Dear Mr. Teitzman:

Attached for electronic filing, please find the **Florida Public Utilities Company's Post Hearing Statement and Brief**, in the above-referenced docket.

Thank you for your assistance with this filing. As always, please don't hesitate to let me know if you have any questions whatsoever.

Sincerely,

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MEK
Enclosures

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Limited Proceeding to) Docket No. 20190017-EG
Recover Incremental Storm Restoration Costs)
by FPUC)
_____) Filed: September 20, 2019

**FLORIDA PUBLIC UTILITIES COMPANY'S
POST HEARING STATEMENT AND BRIEF**

Pursuant to the requirements of the Order on Procedure, Order No. PSC-2019-0062-PCO-EG and the Prehearing Order, Order No. PSC-2019-0323-PHO-EG, Florida Public Utilities Company (“FPUC”) hereby submits its Post Hearing Statement and Brief. Transcript references are herein noted as “TR,” while references to Hearing Exhibits are indicated as “EXH” followed by the exhibit number.

I. FPUC’s Position on the Issues

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.?

FPUC: *Yes. The Company’s proposed goals for the next planning period are based upon the Company’s most recent planning process and reflect a full and complete analysis of a wide range of available DSM measures and supply-side conservation and efficiency measures consistent with Section 366.82, Florida Statutes. The technical potential study performed by Nexant provided an adequate assessment of the full technical potential of these measures, including assessment of demand-side renewable energy systems. *

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.?

FPUC: *Yes. The Company's proposed goals adequately reflect the costs and benefits to participating customers as reflected by the outcome of Nexant's cost-effectiveness evaluation, which included an analysis of the costs and benefits to FPUC's customers through the application of the Participants test.*

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.?**

FPUC: *Yes. FPUC's proposed goals are consistent with the outcome of Nexant's cost effectiveness evaluation of the achievable potential of DSM measures on FPUC's system, which included consideration of the benefits to the general body of FPUC ratepayers through application of the Participants test and Ratepayer Impact Measure (RIM) test. *

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.?**

FPUC: *Yes. The Company's proposed goals adequately reflect that, in today's environment, there is little need for incentives to promote energy efficiency and demand-side renewable systems. *

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.?**

FPUC: *Yes, to the extent that FPUC has been unable to identify any costs that it incurs as a result of state or federal regulation of the emission of greenhouse gases. *

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

FPUC: *The Commission should use the results of the RIM Test as the threshold for setting DSM goals for new measures. If the results of the RIM test indicate a DSM measure may be cost-effective, then it should also be required to pass both the TRC test and the Participants test.*

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

FPUC: *Yes, the cost-effectiveness review conducted by Nexant on behalf of FPUC included the analysis of several free ridership scenarios. FPUC's proposed goals are reflective of the outcomes of the analysis of those scenarios.*

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

FPUC: *The Commission should establish no annual goals, or goals of zero, for the period 2020-2029. The Company should, nonetheless, be allowed to file a DSM Plan to the extent any of its current programs, when updated, remain cost-effective under the Commission's Rule. To the extent an existing program may remain cost-effective, continuation of such program would be consistent with FEECA.*

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

FPUC: *The Commission should establish no annual goals, or goals of zero, for the period 2020-2029. The Company should, nonetheless, be allowed to file a DSM Plan to the extent any of its current programs, when updated, remain cost-effective under the Commission's Rule. To the extent an existing program may remain cost-effective, continuation of such program would be consistent with FEECA.*

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

FPUC: *The Commission should not establish separate goals for FPUC for demand-side renewable energy systems. All conservation goals for FPUC should be established to promote cost-effective DSM without any bias towards any particular technology or program. If, however, further analysis demonstrates that certain demand-side renewable energy systems are cost effective, FPUC should have the flexibility to include such systems as part of its DSM Plan.*

ISSUE 11: **Should these dockets be closed?**

FPUC: *Yes.*

II. BRIEF ON DISPUTED ISSUES

A. Overview

This proceeding has been conducted in accordance with the requirements of the Florida Energy Efficiency and Conservation Act (“FEECA”), Sections 366.80 – 366.85, Florida Statutes, and Commission Rule 25-17.0021, Florida Administrative Code. These provisions require that each utility propose numeric goals for the subsequent 10-year period for the cost-effective, winter and summer peak demand savings and annual energy savings that can be achieved through demand-side management (“DSM”). In this regard, it should be noted that the last time FPUC participated fully in the FEECA goals setting proceeding was 2008. In 2015, FPUC proposed adjustments to its DSM Plan based on revised conservation goals established for the Company by way of a proxy methodology approved by the Commission in Order PSC-2013-0645-PAA-EU . The revised DSM Plan was approved by the Commission as reflected in Order No. PSC-2015-0326-PAA-EU,

and Consummating Order No. PSC-2015-0360-CO-EU. (Ranck, TR 538-539). Under its current DSM plan, FPUC provides the following programs: Residential Energy Survey, Residential Heating and Cooling Upgrade, Commercial Heating and Cooling Upgrade, Commercial Chiller and Commercial Reflective Roof. (Ranck, TR 540). Of note, in 2018, FPUC significantly exceeded the residential winter peak demand goal, the summer peak demand goal, and energy reduction goals, due largely the high participation rate in the Residential Heating and Cooling Upgrade Program.

For the next 10-year period, 2020-2029, FPUC has once again joined with the other FEECA utilities to jointly engage an experienced outside engineering consultant (Nexant) charged with evaluating the technical, economic and achievable potential for DSM tailored to each of the utilities' service areas. (Ranck, TR 539). FPUC's proposed conservation goals for the 2020-2029 period, as described in the testimony of FPUC's witness Scott Ranck, are based upon FPUC's most recent planning process and reflect the total winter and summer peak demand and annual energy savings reasonably achievable in the Company's residential and commercial/industrial classes through cost-effective demand side management. (Ranck, TR 543). The proposed goals adequately reflect the costs and benefits to customers participating in DSM measures, as well as the Company's general body of ratepayers. Consistent with the FEECA statute, the Company's goals also give appropriate consideration to the need for incentives to promote efficiency and renewable systems, as well as costs associated with greenhouse gases. As such, FPUC's proposed goals are consistent with FEECA. (Ranck, TR 543; Herndon, TR 333-339).

FPUC's proposed goals are further supported by the testimony and exhibits of Nexant representative, Jim Herndon. As part of the collaborative process previously referenced, Nexant was retained by the FEECA utilities for the purpose of assessing the technical potential of demand-side resources for reducing customer electric demand and seasonal peak capacity demands. (Ranck, TR 539). Nexant also assessed the economic potential and achievable potential for a subset of FEECA utilities, which included FPUC, and thereafter provided the Company with a complete Market Potential Study ("MPS") that is filed with Mr. Herndon's Direct Testimony as Exhibit JH-6. (Herndon, TR 320, 322; EXH 30).

As explained within the MPS developed for FPUC by Nexant, DSM measures are analyzed under different cost-effectiveness tests, which are each intended to reflect the perspectives of different stakeholders. The Ratepayer Impact Measure ("RIM") addresses an electric utility customer perspective, which considers the net impact on electric utility rates associated with a measure or program. The Total Resource Cost ("TRC") addresses a societal perspective, which considers costs of DSM measure or program relative to the benefits of avoided utility supply costs. The Participant Cost Test ("PCT") addresses a participant perspective, which considers net benefits to those participating in a DSM program. (EXH 30, p. 52). In conducting the Technical Potential analysis ("TP"), which serves as the foundation for assessing the economic and achievable potential, Nexant included the full application of DSM technologies commercially available to all residential, commercial, and industrial customers in FPUC's territory, as well as rooftop solar photovoltaic systems, battery storage systems, and combined heat and power systems, screening for the required sensitivities. (Herndon, TR 322; EXH 33) The

assessment utilized a current utility forecast, supported in this proceeding by FPUC's witness Robert Camfield. (EXH 30, 36-38; Herndon, TR 333). The results of Nexant's analysis demonstrated that no new energy efficiency measures passed the RIM test for the TP or Achievable Potential scenarios. Likewise, there are no demand reduction measures or demand-side renewable energy systems that are cost-effective for FPUC. (EXH 30, p. 56).

Given FPUC's size and limited resources for administering its conservation programs, FPUC continues to believe the RIM test is the appropriate test for setting Conservation Goals, although the results of Nexant's analysis under this test reflect that no new energy efficiency measures passed the RIM test. (Ranck, TR 539, 541). Thus, FPUC's request that the Commission establish no goals, or goals of zero, for FPUC for the next 10-year period is appropriate and should be approved consistent with the FEECA statute. (Ranck, TR 545).

Although FPUC believes that the Commission should establish no conservation goals, or set FPUC's goals at zero for the next period, FPUC's existing conservation programs do provide benefits to FPUC's customers. (Ranck, TR 545-546). FPUC proposes to update its existing Conservation Programs, and to the extent that any of its updated, existing programs may be cost-effective, FPUC would request leave to submit these Conservation Programs as its DSM plan. Maintaining as many of FPUC's existing programs as possible would enable FPUC to continue to provide valuable conservation information and options to its customers, as well as additional cost-saving opportunities to its most vulnerable customers. (Ranck, TR 546; EXH 159; EXH 157). Regardless of

whether DSM goals are set for the Company, maintaining these programs would further the underlying goals of the FEECA statute.

Finally, FPUC further notes that none of the intervenors in Docket No. 20190017-EG submitted testimony or exhibits pertaining to any of the issues as they relate to FPUC. Thus, the only evidence in the record of this Docket No. 20170017-EG has either been filed or prepared by FPUC or by Nexant on FPUC's behalf.

B. Disputed Issues

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.?

First, to be clear, supply-side conservation and efficiency measures are not applicable to FPUC, given that it is not a generating utility. (Ranck, TR 543; Camfield, TR 560). With that said, the evidence in this docket clearly reflects that a more than adequate assessment of the full technical potential of all available demand-side conservation and efficiency measures, including renewable energy systems, was conducted for FPUC by Nexant. (Ranck, TR 543). The thorough analysis provided by Nexant, as reflected in Hearing Exhibit 30, sponsored by witness Herndon, provides a detailed analysis of the methodology and inputs utilized to conduct the technical potential assessment for FPUC utilizing the appropriate inputs provided by the Company. (Camfield, TR 577; Herndon, TR 326, 333-335, EXH 151, EXH 153, EXH 162)

Nexant's methodology and model for conducting this analysis is consistent with industry standards and has been relied upon in numerous other states. (Herndon, TR 339-340). Estimates of technical potential were based on one year of interval data (2015) for a sample of customers in the GSD rate classes. Customers were categorized into one of four max demand segments for the purpose of analysis. Technical potential for these customers was defined as the aggregate usage within each segment during summer and winter peak system hours. Since FPUC did not have any interval data available, Gulf customers were used as a proxy. (EXH 30, p. 93).

In the absence of any evidence to the contrary, the voluminous analysis provided by Nexant and received into this record as Hearing Exhibit 30, should be deemed to fulfill FPUC's burden of proof that its proposed goals are based upon 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. (Ranck, TR 543) Moreover, no evidence was presented in this Docket to suggest that the analysis conducted by Nexant for FPUC did not present an adequate assessment of technical potential, nor was any inquiry made at hearing regarding the adequacy of the technical potential analysis presented in Hearing Exhibit 30.

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.?

The evidence in this docket reflects that the Company's proposed goals are based upon an adequate assessment of the costs and benefits to customers participating in conservation and efficiency measures by virtue of the analysis conducted by Nexant for

FPUC. Hearing Exhibit 30. As Witness Herndon testified, the measures tested fully addressed DSM opportunities across all electric energy-consuming end-uses at residential, commercial, and industrial facilities in the FEECA Utilities' service territories. (Herndon, TR 324). Appropriately, all technically feasible measures were assigned to the appropriate customer segments and end-uses. (Herndon, TR 326; EXH 151).

Also, as reflected at page 21 of Hearing Exhibit 30, Nexant's examination examined the savings potential across DMS measures in a way that took into account the various savings opportunities available across FPUC's customer base. The report notes that FPUC provided Nexant with data concerning the premise type and loads characteristics for all customers for the market potential study analysis. Nexant examined the provided data from multiple perspectives to identify customer segments. As further stated at page 21 of Hearing Exhibit 30, "Nexant's approach to segmentation varied slightly for non-residential and residential customers, but the overall logic was consistent with the concept of expressing the customers in terms that were relevant to DSM opportunities." Nexant disaggregated the baseline utility sales forecast by end-use and equipment type, and applied individual measure savings as a percentage of baseline consumption to the baseline forecast. The measure savings, derived on a unit basis, were then converted to a percentage value relative to the baseline technology before applying to the forecast. As supported by Witness Herndon, this approach directly aligns the estimated market potential with the utility sales forecast, but does not result in the identification of a specific count of participating customers. (Hearing Exhibit 151)

Program costs were based on existing program costs available from the FEECA utilities as well as other regional and national utility program data, but the program costs were applied on a per kWh saved basis rather than on a participant basis. This approach was used as it was determined to be the most fair and objective methodology for estimating program costs for the Achievable Potential (“AP”) analysis. The program costs are applied as inputs to Nexant's Technical, Economic, and Achievable Potential (“TEA-POT”) POT model for each measure, and without consideration of program designs for a measure or a set of similar measures, or a numeric goal for a particular program, the use of a per-unit estimate for program costs was considered more appropriate than attempting to estimate a per-measure administrative cost that would require consideration and allocation of future fixed and variable costs associated with the delivery of a specific DSM program. (EXH 154, Interrogatory 55). The estimated DSM measure program costs applied in the Market Potential Study (“MPS”) for FPUC were inclusive of all causalities with measure energy savings through the inclusion of total program costs relative to kWh achievements for FEECA Utility programs as well as other regional and national utility programs. (EXH 154, Interrogatory 57). Nexant’s achievable potential analysis provides a reasonable estimate of the cost-effective savings that can be attained at the incentive levels and program delivery costs specified in its study for FPUC. In Nexant's Market Potential Study for FPUC, the Economic Potential (EP) cost-effectiveness measure screening did not include consideration of utility incentives or utility program costs for any of the test perspectives (Ratepayer Impact Measure (RIM), Total Resource Cost (TRC), Participant Cost Test (PCT), or 2-year payback) as the EP assumes 100% market adoption of all cost-effective measures without

consideration of the effect of utility-sponsored programs. (EXH 156, Interrogatory 66). Bill savings for FPUC's customers were likewise appropriately calculated and applied in Nexant's analysis. (EXH 157, Interrogatory 67). Along with other resource planning considerations, these estimates are an appropriate basis for the Commission to develop DSM goals for FPUC. (Herndon, TR 341).

In the absence of any evidence to the contrary, the voluminous analysis provided by Nexant and received into this record as Hearing Exhibit 30, should be deemed to fulfill FPUC's burden of proof that its proposed goals are based upon an adequate assessment of the costs and benefits for customers participating in conservation measures. (Ranck, TR 543) Moreover, no evidence was presented in this Docket to suggest that the analysis conducted by Nexant was inadequate.

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.?

The evidence in this docket demonstrates that the Company's proposed goals do reflect the costs and benefits to its general body of ratepayers, including incentives and participant contributions, as demonstrated in particular by Hearing Exhibit 30. The costs and benefits analysis is further supported by the information provided in responses to Staff's Interrogatory 35, which outlined the specific costs and benefits for measures passing the Economic Potential or Achievable Potential analysis associated with avoided generation, avoided transmission and distribution, avoided operations and maintenance, avoided fuel, administrative costs, incentive costs, lost revenues, utility equipment cost,

and customer equipment costs. (EXH 153). The analysis also takes into consideration the impact of trends in Florida Building Codes, which will tend to reduce FPUC's system-wide peak demands to some extent. (EXH 157; EXH 159, Interrogatory 98). Nexant's analysis also included typical DSM market adoption curves that apply to a range of end-uses and program offerings, developed from primary and secondary research on utility DSM accomplishments, as explained by Witness Herndon, as well as an elasticity function based on a regression analysis performed on the EIA's Annual Electric Power Industry Report, also known as Form EIA-861. (Herndon, TR 337-338).

As reflected in the testimony of Witness Herndon, Nexant conducted the appropriate analyses, applying both the RIM and TRC cost-effectiveness tests, as well as the Participants Test. (EXH 151; Herndon, TR 328-329; 337-341; EXH 153, Interrogatory 27). Additional sensitivities were analyzed in accordance with the Order Establishing Procedure, Order No. PSC-2019-0062-PCO-EG. (Herndon, TR 335)

In the absence of any evidence to the contrary, the voluminous analysis provided by Nexant and received into this record as Hearing Exhibit 30, should be deemed to fulfill FPUC's burden of proof that its proposed goals are based upon an adequate assessment of the costs and benefits for the Company's general body of ratepayers. (Ranck, TR 543) Moreover, no evidence was presented in this Docket to suggest that the analysis conducted by Nexant was inadequate.

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.?

Nexant's analysis included an analysis under both the RIM and TRC scenarios applying the maximum incentive that could be included while maintaining the cost-effectiveness of the measure. (EXH 30; EXH 151) Incentives were calculated as described in Section 7.1.1 of Nexant's MPS Report for FPUC, which was:

- In the RIM scenario, two incentive values were analyzed. First, the RIM net benefit for the measure was calculated based on total RIM benefits minus RIM costs. Next, the incentive amount that would drive the simple payback to two years for each measure was calculated. The final incentive applied for the measure was based on the lower of these two values;
- In the TRC scenario, the incentive amount required to drive the simple payback to two years for each measure was used as the final incentive for the measure.

(EXH 30; EXH 151, Interrogatory 10)

On FPUC's system, the issue is not incentives to participate, it is the need for customer information and assistance with identifying and implementing energy saving choices. Educating customers on the benefits of energy efficiency and energy conservation is the backbone of FPUC's DSM plan, evidenced by the fact that its Residential Energy Survey program had 962 participants. The Company puts a heavy emphasis on promoting zero-cost or low-cost energy efficiency and conservation measures through the Company's customer education initiatives. (Ranck, TR 539-540; EXH 153; EXH 157). Grassroots events, such as "lunch-and-learn" events, and the distribution of information, at these events in an effort to educate residents on how to conserve energy in their homes utilizing low-cost solutions, like energy-efficient lighting

and recommended thermostat settings, are some of the key program methods the Company employs. (EXH 158, Interrogatory 85).

In the absence of any evidence to the contrary, the voluminous analysis provided by Nexant and received into this record as Hearing Exhibit 30, should be deemed to fulfill FPUC's burden of proof that its proposed goals are based upon an adequate assessment of the need for incentives. (Ranck, TR 543) Moreover, no evidence was presented in this Docket to suggest that the analysis conducted by Nexant was inadequate.

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.?

Given that FPUC does not own generation assets, FPUC does not incur any direct costs incurred as a result of any state and federal regulations on greenhouse gas emissions. (Ranck, TR 543; EXH 151) Moreover, there are currently no regulations that impose greenhouse gas emissions costs on FPUC. (Ranck, TR 545) As such, the Company's proposed goals adequately and appropriately reflect that there are no such costs. (EXH 30). No evidence to the contrary was presented.

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

The evidence in this docket supports that the Rate Impact Measure test ("RIM") remains the appropriate test for determining the conservation goals for FPUC. As

Witness Ranck noted, “If the results of the RIM test indicate a DSM measure may be cost effective, then it should also be required to pass both the TRC test and the Participants test.” (TR 541) By comparison, using the TRC test, instead of the RIM test, would have a notable bill impact for FPUC’s customers. (EXH 152, Interrogatory 21; EXH 153, Interrogatory 26). Given that many of FPUC’s residential customers are low-income, and the majority of its customer in the Northwest Division are still dealing with the impacts of Hurricane Michael, the RIM test provides the more appropriate analysis. (Ranck, TR 546).

Issue 7: Do the Company’s proposed goals appropriately reflect consideration of free riders?

The evidence in the record for this docket reflects that free ridership has been appropriately considered in the development of FPUC’s proposed goals. (Ranck, TR 554; EXH 151, EXH 155, EXH 157) As noted by Witness Herndon, Nexant’s analysis took into consideration applied a two-year payback screening criterion, which eliminated measures that had a payback of two years or less. (Herndon, TR 335). Nexant also analyzed a one-year and a three-year payback scenario, but even under these scenarios, no measures passed RIM. (Herndon, TR 335-336, EXH 30; EXH 157, Interrogatory 68).

Measures with pay backs of two years or less typically provide participants with significant kWh savings that would, or should, be pursued by customers without the need for the DSM program and/or any added incentives. If the 2009 exception is, however, utilized, then some measures with pay backs of 2 years or less would be included and costs to the general body of ratepayers would increase above what is reasonably

necessary to achieve an appropriate amount of DSM savings. In 2014, the Commission returned to the two-year payback screen to set appropriate goals. In doing so, the Commission made a specific finding that "the two-year payback criterion provides sufficient economic incentive to convince a customer to participate in a given energy efficiency program while balancing the requirement to account for free riders and minimizing program costs and undue subsidies". (See pages 26-27, Order No. PSC-14-0696-FOF-EU). (EXH 160, Interrogatory 101).

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

Based upon the analysis conducted by Nexant applying the RIM and Participants Tests, no new measures are cost-effective for FPUC. (Ranck, TR 545) As such, the Commission should not set residential goals for FPUC for the period 2020-2029. (Ranck, TR 545) Nexant's analysis, however, did not analyze FPUC's existing, implemented DSM programs. (Ranck, TR 555). It is possible that FPUC's existing programs, into which significant dollars have already been invested, may remain cost effective under the appropriate cost effectiveness tests. (Ranck, TR 545-546, 548-549, 550-552). As such, FPUC asks that it be allowed to submit a DSM Plan consisting of existing, cost-effective programs, even if the Commission sets no conservation goals for the Company. (EXH 153; EXH 157)

Maintaining FPUC's existing programs will enable low-income customers to continue to have a resource for receiving personalized and directly applicable energy consumption information through the FPUC Energy Survey Program. While FPUC does

not have programs specifically designed for low-income customers, the Company has specifically targeted outreach programs within existing programs designed to engage its low-income customers. (EXH 156) Additional benefits include a continuation of grass roots energy conservation luncheon events that are specifically intended to educate and inform senior citizens who reside in low income areas about cold weather energy savings tips and collateral materials. More broadly, the economic impacts from Hurricane Michael that were felt 2018 in FPUC 's NW territory are likely to translate into an increased demand for low income energy conservation outreach. (EXH 158, Interrogatory 78). In addition, FPUC expects to be able to achieve energy savings if allowed to maintain some or all of its existing programs. (Ranck, TR 555; EXH 159). Given that approximately 7% of FPUC's customers are currently participating in FPUC's DSM programs, the Company suggests that retaining its existing DSM programs better serves the public interest, and fulfills the intent of FEECA, than would the discontinuance of its programs. (Ranck, TR 552).

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

Based upon the analysis conducted by Nexant applying the RIM and Participants Tests, no new measures are cost-effective for FPUC. As such, the Commission should not set commercial/industrial goals for FPUC for the period 2020-2029. (Ranck, TR 545) It is possible that FPUC's existing commercial/industrial programs, into which significant dollars have already been invested, may remain cost effective under the appropriate cost effectiveness tests. As such, FPUC asks that it be allowed to submit a DSM Plan

consisting of existing, cost-effective programs, even if the Commission sets no conservation goals for the Company. (EXH 153; EXH 157) FPUC expects to be able to achieve energy savings if allowed to maintain some or all of its existing programs. (Ranck, TR 555). Given that approximately 7% of FPUC's customers are currently participating in FPUC's DSM programs, the Company suggests that retaining its existing DSM programs better serves the public interest, and fulfills the intent of FEECA, than would the discontinuance of its programs. (Ranck, TR 552).

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

The evidence in the record for this docket reflects that there are no demand-side renewable energy systems that pass the appropriate cost effectiveness tests. (Ranck, TR 542). As such, it would not be appropriate to establish separate goals for the purpose of developing demand-side renewable energy systems. Conservation goals, if any, for FPUC should be established to promote cost-effective DSM without any bias towards any particular technology or program. (Ranck, TR 544). The record reflects that Nexant did fully analyze DSRE measures, but did not produce estimates of achievable potential for any demand-side renewable energy measures because none of the measures passed the cost-effectiveness screening for either the RIM or TRC scenarios. (Herndon, TR 329-333, 339).

C. Conclusion

The evidence in this docket demonstrates that FPUC's proposed goals have been developed based upon a full and complex analytical process that incorporated all of the

required elements of the FEECA statute. The evidence also supports FPUC's suggestion that it should still be allowed to submit a DSM Plan following this proceeding consisting of cost-effective programs, even if the Commission sets FPUC's goals at zero, as requested. FPUC respectfully suggests that Commission approval of FPUC's proposals in this proceeding would be consistent with both the record of this proceeding, as well as with FEECA. While FPUC urges the Commission to approve zero goals based upon the analysis conducted by Nexant, allowing FPUC to nonetheless submit a DSM Plan for approval – and cost recovery – would be in the public interest, consistent with the primary intent of FEECA, that being the “[r]eduction in, and control of, the growth rates of electric consumption and of weather-sensitive peak demand,” and would not have an undue impact on costs to customers. ss. 366.81 and 366.82 (7), Florida Statutes.

RESPECTFULLY SUBMITTED this 20th day of September, 2019.

By:



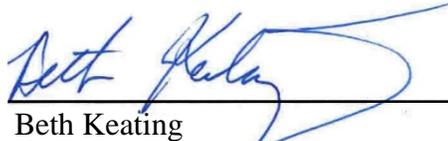
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CERTIFICATE OF SERVICE

I hereby certify that true and correct copies of the foregoing Prehearing Statement of Florida Public Utilities Company in the referenced docket has been served by Electronic Mail this 20th day of September, 2019, upon the following:

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