BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO.: UNDOCKETED

REPORTING AND EVALUATING FEECA
UTILITIES' DEMAND-SIDE
MANAGEMENT PROGRAM PERFORMANCE.

PROCEEDINGS: STAFF WORKSHOP

TAKEN AT THE
INSTANCE OF: The Staff of the Florida
Public Service Commission

DATE: Thursday, April 28, 2011

TIME: Commenced at 9:30 a.m.
Concluded at 11:09 a.m.

PLACE: Betty Easley Conference Center
Hearing Room 148
4075 Esplanade Way
Tallahassee, Florida

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APPEARANCES:

Page 1
MS. LEWIS: I'm Kathy Lewis, Florida Public Service Commission Staff, Division of Regulatory Analysis. With me this morning is Larry Harris, Staff

Counsel. Also Tom Ballinger will be joining us in a few minutes.

Mr. Harris, would you please read the notice.

MR. HARRIS: Pursuant to notice published April 8th, 2011, in the Florida Administrative Weekly, this time and place has been set for an undocketed Staff workshop regarding Reporting and evaluating Florida Energy Efficiency and Conservation Act utilities' demand-side management program performance.

MS. LEWIS: Thank you, Larry.

First of all, welcome everyone. And as usual, we're going to start with a few housekeeping matters.

This workshop is being recorded. It's going to be archived. I believe you'll be able to view it on the Internet later, if you wish. It will also be transcribed. We have a sign-in sheet over here to the right. I think most of you have found that. Next to it is the agenda with the same six questions that you were all sent earlier.

Copies of this Agenda and the other documents associated with this workshop are going to be on the web FLORIDA PUBLIC SERVICE COMMISSION page -- or they're already there under the conferences and meeting agendas. Most of you know how to find that.

In a few minutes I'm going to give a short presentation, then we're going to have discussion using those same six questions from the agenda to guide us. We will take up one question at a time and just, I plan to just go down the line and hear from each of you on each
question. If you, so if you plan on speaking today, as
you already have, I see you've lined up here -- we
also -- you can sit over there where we also have
microphones, if you like.

Now once everybody is in place, I'd like to go
ahead right now and kind of go down the line. If you
would introduce yourself, who you represent for the court
reporter so she can go ahead and get started with that
because I don't know everyone here today. So go ahead.

MR. GROSS: I'm Tom Gross. I'm with Orlando
Utilities.

MS. LEWIS: Thank you.

MR. VENTO: Richard Vento, JEA.

MR. VAN HOFFMAN: Jason Van Hoffman, Florida
Public Utilities.

MR. KUSHNER: Brad Kushner, Black & Veatch, with
Florida Public Utilities.

MS. GUTHRIE: Lee Guthrie, Progress Energy.

FLORIDA PUBLIC SERVICE COMMISSION

MS. TIBBETTS: Arlene Tibbetts, Progress Energy.

MR. LARSON: Tom Larson, Southern Alliance for
Clean Energy.

MR. GRIFFIN: Steven Griffin on behalf of Gulf
Power Company.

MS. TODD: Jennifer Todd, Gulf Power Company.

MS. CANO: Jessica Cano, Florida Power & Light.

MR. KOCH: Tom Koch, Florida Power & Light.

MR. BRYANT: Howard Bryant, Tampa Electric.

MR. BEASLEY: Jim Beasley for Tampa Electric.
MS. LEWIS: Thank you. All right. Just to keep it interesting, I'm going to move over here to the lecturn.

Okay. The purpose of the goals and the programs is to economically defer power plant construction; to conserve expensive resources; and encourage development of demand-side management renewables, including solar PV and solar thermal. It's important that we keep the purpose of the goals and programs in mind during the discussion today.

We should also keep in mind the consequences of not accomplishing conservation goals. Some of those are increased costs, including plant and fuel that are passed on to ratepayers; increased environmental emissions; and impacts to local economic development.

The way utilities report their data to the Commission is based on the requirements of the FEECA statutes and rules the Commission developed based on those statutes. The statutes require the PSC to report to the Legislature and the Governor annually on the goals it has established and the program -- and the progress being made towards meeting those goals.

Rules require that by March 1st of each year data that the utility has collected on customer participation, cost and benefits must be provided to the PSC for the previous year.

Historically, the Commission has evaluated the utility's cumulative performance against the existing PSC...
established cumulative goal for that year. The last review covered 2004 through 2009. This process starts over every five years as new goals are established, as they were by Commission order in December of 2009.

This most recent order set separate annual numeric goals for residential and commercial customers. The order also required the establishment of solar pilot programs to increase the number of demand-side renewable energy systems.

Now moving on to the current situation, this is a snapshot of how the achievements included in the DSM reports filed by the utilities this year, March 1st, 2010, compare to the annual residential goals the PSC established for 2010. What it shows, Progress Energy fails in all categories based on its residential achievements. Gulf would fail in summer and annual energy categories.

On the commercial side, FPL would fail based on its summer demand and annual energy savings achievements. FPUC would also fail based on summer demand and annual energy savings achievements. Though not charted in these slides, if we take each company's residential and commercial/industrial savings and combine them and then compare them against the combined goals in each category, we would still have failures. Both Progress Energy and FPUC would fail based on their summer demand and annual energy reported achievements.

Now this chart illustrates where we are today
with plans and programs. The Commission's order clearly
required FEECA utilities to submit a DSM plan to meet
annual goals; however, the plan submitted by the IOUs did
not meet the annual goals, resulting in the Commission
requiring compliance plans to be filed. As a result of
these compliance issues, only four utilities had their
DSM plans approved during 2010. Those were OUC, JEA,
FPUC and TECO.

The next step is getting program standards
approved, and both FPUC and TECO had theirs
administratively approved in February of this year. As
municipal utilities, OUC and JEA are not required to file
program standards.

Gulf's DSM plan was approved in February of
this year. And as of today, Progress Energy and FPL's
plans have been filed, revised and refiled, but are still
pending approval, after which program standards must be
filed and approved and so on, making it likely that
2011 will be at least half over before the state's two
largest utilities have their actual programs up and
running.

Therefore, new programs and revisions to
existing programs that Progress and FPL have designed to
meet the new goals have not been in place during calendar
year 2010. Despite this lag, the Commission must still
evaluate FEECA utilities' achievements for the 2010
calendar year based upon their March 2011 filings. This
workshop is to discuss how that evaluation should proceed
or what our options are going forward. In keeping with our existing Commission procedures, Staff intends to take a draft of the FEECA report to Internal Affairs in early 2012. As in the past, this draft will include what you see here in the first two bullets: Megawatt and megawatt hour savings data submitted in the utility records compared against the goals, including residential and commercial/industrial customer categories that reflect both annual and cumulative achievements, as well as any justification for variances that utilities have submitted.

Bullets 3 and 4 are new areas that we will be emphasizing based on legislative revisions to the FEECA statutes. These include data on solar pilot programs and how the general body of ratepayers is affected by the success or failure of conservation efforts.

Staff will also include recommendations in the draft report that are based upon our review and analysis of the data. These range from accepting filings and justifications, no further action; program revisions or additions, a docketed proceeding for the affected utility; and potential rewards or penalties that would also be a docketed proceeding for the affected utility. And we are open to other suggestions.

So as I've said, Staff intends to take your input today into consideration as we develop data requests to ensure that we have the necessary information to prepare the 2012 FEECA report. The questions you see
here are the same ones that we previously sent you on the
agenda. And as I've said, I plan to go through the
questions one by one, letting each person who wants to

FLORIDA PUBLIC SERVICE COMMISSION

speak weigh in on one question at the time. If you don't
have specific comments on a question, that's fine. We
can just skip you and go to the next person.

I'd also like to remind you that you can make
comments after the workshop. We'd like to get them
within a week. That will help us as we're preparing our
data request, which we expect to send out in a couple of
weeks. So with that, I'm going to move over here and we
can start with the first question.

MR. HARRIS: This is Larry Harris. One other
thing I think we do want to make clear is we don't
anticipate that this is just one way from us to you all.
You know, if there's things that Kathy has covered that
you all want to talk about, you're welcome to. We don't
have to stick to just these six questions. You know, if
you all have general comments or if there's something
else you'd like to talk about or have us talk about
that's not on this list, we certainly want to include
that. So I think we wanted to make clear that it's not
just these six questions, just conversation on that,
period. A dialogue -- we want to hear from you all,
answer questions you have for us. Isn't that right,
Kathy?

MS. LEWIS: That's right. We'll use the
questions as a guide. But just to kind of keep order
and keep things flowing, I thought we could just do it
one by one. So we can go ahead and start, if you'd like
to start over here. I believe it's Mr. Vento.

MR. VENTO: Yes. JEA on item, topic number
one number, we don't have a position because we're not
impacted.

MS. LEWIS: Thank you.

MR. GROSS: Same for OUC.

MR. KUSHNER: This is Brad Kushner, Black &
Veatch, on behalf of FPUC. For FPUC in particular we
believe it's more appropriate to measure the goals
against the goals established in 2004.

MS. LEWIS: Thank you.

MS. GUTHRIE: Progress, as you know, still has
its hearing pending, so it's difficult to take a
position when we have goals without the programs
necessary to achieve those accomplishments. So, you
know, in that manner we lean toward 2004 and again
depending on the outcome.

MS. LEWIS: Okay. Thank you.

MR. LARSON: Tom Larson, Southern Alliance for
Clean Energy. We would recommend the 2010 goals be the
basis for measurement. And we've established those
goals, there's been a lot of dialogue on that, it's
known information. And Florida really needs to be
obtaining these kinds of advances in energy efficiency,
and I think our measurement from here forward should be
on that basis.

MS. LEWIS: Thank you.
MS. TODD: Jennifer Todd, Gulf Power. We feel
it's appropriate, given that the goals were approved in
December of 2009, that 2010 be measured against those
goals. Having said that, as you've already
acknowledged, our DSM plan was not approved in 2010. So
as we go through this discussion, we'd like to emphasize
that we would like recognition of that in terms of our
ability to meet those goals without an approved plan.

MR. KOCH: Tom Koch for FPL. We would echo
the same comments that our colleague at Gulf just made.
And just as a suggestion maybe for simplification
purposes in the responses from the IOUs, potentially we
would have Howard Bryant from TECO kind of throw out the
initial responses, and then we can chime in if there's
any clarifications or differences.

MS. LEWIS: Okay. You're saying TECO is going
to speak for the four IOUs in general.
MR. KOCH: Yes. Just for efficiency's,
efficiency's sake. Yes.

FLORIDA PUBLIC SERVICE COMMISSION

MS. LEWIS: And then you can make
clarifications separately.
MR. BRYANT: In general it's, it's kind of the same situation we had with the solar. Everybody stepped back and I was still in front of the line. But at any rate -- or maybe it's, it's the lack of hair and that which is left is gray. I don't know, but it's --

MR. HARRIS: Howard, when are you going to learn that when there's a line, start moving back quick, man?

MR. BRYANT: I know. I'm not, I'm not doing a good job of learning that. But nevertheless, you know, generally in terms of the four investor-owneds, Gulf, Progress, Florida Power and Tampa Electric, I'd like the opportunity to make some comments that I think are generic to all of us or common to all of us, if you will. But to the extent I'm not aware of a particular response or the fact that I know a utility has a slightly different approach, I'll know that or else they'll certainly slap me and, and make their comments as well. The idea is to perhaps just be a little bit more efficient and kind of keep the thing moving.

MS. LEWIS: That's good. I'm not looking forward to being here all day. Of course, I want to be here as long as it takes to do a good job.

FLORIDA PUBLIC SERVICE COMMISSION
accountability. But then obviously you have to recognize that for certain utilities, as your chart previously indicated, some folks still don't have their plans approved and so there has to be a grace period, if you will, on certain years. And that's been consistent with the past as well in terms of the plans that have been approved.

There's, there's typically been a bit of a lag, maybe not as bad as it is this time or as long as it is this time, but there's been a bit of a lag and so there's usually been grace that first year and then you move on from there. So that would be our position.

MS. LEWIS: Thank you. Any comments, Tom?

MR. BALLINGER: Good morning, all. Sorry for being late. I was involved in the "Take Your Kids to work" event going on. I've got some kids that are going to save some electricity, I think, so we're okay.

The first thing I heard though was disparity here amongst the IOUs, is I thought I heard Progress saying they would go back to the 2004 goals. Is that correct?

MS. GUTHRIE: I think -- let me just clarify that. If, again, depending on the outcome -- as you know, we're still pending.

MR. BALLINGER: Right.

MS. GUTHRIE: We don't really have a strong preference if, as Jennifer said, we were given acknowledgment that we didn't have programs in place for
2010 and at least part of '11. But, again, pending that outcome of --

MR. BALLINGER: Well, okay. We'll, we'll get there. I just -- we're just trying to recognize that. That is the one fact we know is that there's been several different schedules of approving of plans and things of that nature, and that's what we're trying to get here is -- but we do have goals that were established for 2010 and I think we have to measure those. And we're looking at do we measure additional things as well and take that all into consideration?

So I guess as we move forward then are we going to go through the individual parties until we get to the IOUs and then we'll have Howard? Is that the format we're going now?

MR. BRYANT: I think that'll work. And if -- again, I'll, I'll shut up at the appropriate time should I know another company has a different opinion.

MR. BALLINGER: All right. Thank you.

MS. LEWIS: Okay. Thanks, Tom.

We can go ahead and move on to question two.

MR. BALLINGER: Can I -- I'm sorry. I hate to bug in here on question one.

MS. LEWIS: No. Go ahead.

MR. BALLINGER: And I believe FPUC also said 2004 goals; is that right, Brad?

MR. KUSHNER: Yes, Tom. That's correct.

MR. BALLINGER: Okay. I'd like to, I guess,
further that discussion. If we are going to look at 2004, why would that be an appropriate benchmark to measure?

MR. KUSHNER: I think FPUC's position is similar to what was expressed earlier as far as the timing of when their plan was approved, recognizing what you said earlier about the 2009 goals being in place. We understand that. But the program is designed to achieve those goals. We're not approved until, I believe it was December of 2010.

So in this particular case for the 2010 conservation reports, we felt those goals should be compared to the goals established in 2004.

MR. BALLINGER: Okay. So the reasoning is the fact of just the delay in implementation to go ahead and go back to the older goals?

MR. KUSHNER: Yes, sir. That's correct.

MR. BALLINGER: Okay.

MS. LEWIS: Okay. Let's move on to question two.

MS. SALAK: May I ask a question?

MS. LEWIS: Yes.

MS. SALAK: Part of the delay was that the original plans did not meet the Commission's order. So I'm wondering how, how should we take that into consideration in this process?

MR. BRYANT: I can, I can speak certainly for Tampa Electric and perhaps for the other
The original plans were filed in October -- or, I'm sorry, the original agenda for the consideration of the plans occurred in October of 2009, and at that particular point in time the utilities in general were of the impression that as long as the plans indicated on a cumulative basis that they would meet the goals, the assumption was that we would secure approval and be able to start relatively early in 2010, and that's again consistent with previous proceedings.

Now we recognized that the goals were set on an annual basis, we recognize decisions were made to have those plans refiled, and it took an element of time to do that. It's really -- I don't think you want to point fingers at anyone at all, that's not the purpose. It's just simply the, the process, the regulatory process itself has dealt us the hand with which we play now. And it's just a lag, if you will, in the process and we're dealing with it as best we can. I'm not sure there's anything else we could say about that.

MR. KOCH: Tom Koch from FPL. I would like to add one thing. I think in FPL's case, and probably I speak for the rest of us, but obviously people will correct if I'm wrong here. I think all the plans were filed in good faith, assuming that the goals had been set cumulatively, and it wasn't really the understanding of at least FPL and I think others that there had been a change in the process of the ways the goals were
established since they'd always been cumulative historically. So, you know, that's why you saw plans that basically met the cumulative goals but they did not meet the annual incremental goals because it wasn't clear that there had been a, had been a difference in the, in the way the goals were set. And of course in FPL's case there were some other extenuating circumstances which were unrelated to this specific docket that also, also engendered the delay.

MS. LEWIS: I understand what you're saying. But I think the, it was clear in the order that there were annual numeric goals and that was what -- the order setting the goals came out before the plans were filed, so.

MR. KOCH: I would say in our case that we did not recognize that in fact it had been changed. And I, you know, in retrospect you go back and read, you can see. But it really was not -- it was kind of something that everybody just assumed that it was set as they had been set and did not notice.

MR. BALLINGER: Well, I would take a little exception with that. I think in the past the Commission has set annual goals in prior proceedings. If you look back at orders, you'll see individual numbers for ten years cumulative.

Yes, our FEECA reporting has been on a cumulative basis in a window, but I also believe in past goal proceedings that when the filings came in, they met
not only the annual but the cumulative goals as well. I may be wrong on that, but that, I'm going from memory on that.

So I don't know that there's been a severe change in the way the goals have been set. If someone can, can prove me wrong on that, I'd be okay with that.

MR. KOCH: I would -- yes. I would agree that you had both annual incremental and cumulative, but the goals that were actually measured against and compared for purposes of compliance were always cumulative in the past. Both, both pieces of information were provided. You're correct.

MR. BALLINGER: And I tend to agree that past FEECA reports focused on the cumulative achievements and all that. If you all realize, last year we started doing an annual and cumulative to try to, to get this. And, quite frankly, it's mainly because of the change in the statute of rewards and penalties now. So we've got to try to shore up what are we measuring and what's appropriate before we start a reward penalty -- a reward proceeding or a penalty proceeding.

I mean, I myself want to be certain of we've got the right picture before we take formal actions.

MS. LEWIS: Thanks. Let's move on. Question two is related to what we're already talking about, what is the appropriate date range to use for judging utility performance: Annual, or should we consider using a band of three to six years?
MS. TODD: Ms. Lewis, before we move on, could I add one thing?

MS. LEWIS: Uh-huh.

MS. TODD: I just wanted to say in response to the question about the plans not being in compliance and how does that contribute to the discussion, for Gulf our plan submitted in March was not originally on an agenda until August of 2010 and then delayed until September. So even had the plan been approved in September, by the time the protest period expired and program standards were filed, the majority of 2010, if not all of it, would have been over anyway.

MS. LEWIS: Right. I understand that.

Anything else on, on the question, first question?

MS. GUTHRIE: I feel like we should weigh in as well. And going to Tom's point, in hindsight maybe we could have read it a little bit more clearly. But in Progress's case, the magnitude of our last approved plan, we went from approximately 200 gigawatt hours to 32 -- well, originally it was 3,488 over a ten-year period. So in good faith we developed a plan that would recognize those obstacles in building the infrastructure and time to get there, recognizing that it, it was a very aggressive goal, and in best faith try to develop a plan that would take us there.

MS. LEWIS: Yes, Sir.

MR. LARSON: I'd like to suggest that we're
talking about measurement and evaluation. And it may be
that in some cases there's goals that are missed and
good reasons why that happened, and that could be
reflected in the evaluation.

MR. BALLINGER: And I think Kathy addressed
that in her presentation, that the report is going to
contain the results, utility justifications for missing
the goals, whatever we measure it on, and then our
recommendations. So that's what we're trying to get at
is what are other possible justifications out there?
Are we catching the right thing? We've had a, we've had
a change in the world with the new legislation, the way
things are going, so we're not doing things the same old
way as before. And this is really the first year that
we've got the new goals in place under the new regime,
the new statutes, and we're trying to get a handle on
how we need to proceed to make sure we have fair and
accurate evaluations, and will it lead us to more formal
proceedings as contemplated under the statutes? That's
the purpose.

I agree with you, this is about reporting
evaluations. It's not, you know, who was wrong, who was
right, whatever. We are where we are and we need to
figure out, okay, how do we tell the right story? What
are we doing for conservation in the State of Florida?

FLORIDA PUBLIC SERVICE COMMISSION

And that's, that's really what I'm trying to focus on.
I've got to produce a report next year to tell the Commissioners and tell the Legislature and the Governor what's going on with conservation, and I want to make sure I tell an accurate story, a fair story. And if we need to take actions, we do. And that's, that's what we're here for.

MS. LEWIS: Okay. I'm not rushing. If we could go to question two now, all right? Okay.

MR. BALLINGER: You're trying to get there, aren't you?

MS. LEWIS: Yeah, I am. Okay. Down here?

MR. VENTO: Richard Vento, JEA.

On question number two, you know, it says in the question, it's annual or a band of three to six years. And our position is that maybe it's some combination thereof where you're evaluating -- obviously you put a plan together for an annual basis ultimately culminating in five years of cumulative savings. But the reality is, is the marketplace changes on an annual or maybe even less. And so consideration for obviously where you are on your annual basis, consideration for where you are in your cumulative basis, justifications and plans, and the period of time at which we, you give us, our position would be three years would be reasonable, or three to five years for the whole goal setting period would be the, the range where you have to ultimately meet your goals and that your, your, your achievements are considered over that time frame both FLORIDA PUBLIC SERVICE COMMISSION
annually and as you're progressing towards your cumulative.

MS. LEWIS: Thank you.

MR. GROSS: Tom Gross with OUC. We basically don't really have a position. Whatever directive you choose to provide us guidance on, we will do our best to comply.

MR. KUSHNER: FPUC agrees with the comments of Mr. Vento.

MS. LEWIS: Go ahead, Mr. Larson.

MR. LARSON: I think JEA has laid it out pretty clearly that, you know, we need to be flexible, we need to look at the different features that bear on our attainment, our obstacles and our opportunities and whether they're annual or three years alone or a range of time. I think that the shorter range is better than the longer range.

MS. LEWIS: Thank you.

MR. BRYANT: I think it's my turn. For the four of us that I spoke of earlier, we believe that there is a relationship actually between the second

question and the third question. And I'm not trying to jump to the third question, but just briefly I'll share on the third question, and that will lead into I think what our response will be on the second one here.

On the third question, we're of the opinion that annual is the appropriate way to go. As much as that is different than what I argued back on
December 30th of 2009, I've, I've come to the light now. I believe annual is correct, and let me frame it in this, in this particular manner.

We recognize that we didn't read clearly and we made assumptions as a group of utilities that we were of the assumption that cumulative would be the way that plans would be evaluated and performance would be evaluated, but we, but we now recognize it's annual. We believe that as goals are set at each goal setting process every five years, if we can clearly during those proceedings indicate the fact that these will be specifically annual goals or cumulative, if that happens to be the case, then that's the way our performance should be measured on a going-forward basis. And so having said that, the goals were set annually for the period that we're in right now and we believe our measurements should then be done on an annual basis.

As far as our performance is concerned, more specific to question number two, given the fact that we're accountable and we're recognizing we're accountable on an annual basis, and that's given the fact there's grace associated with the year 2010 and, frankly, the year 2011, we think on an annual basis from 2012 forward is appropriate, and we would suggest that our performance be measured as such.

Now if you, if you decide on, on a band, we would think that the band ought to be the five-year period and not some component shorter than that. We set

FLORIDA PUBLIC SERVICE COMMISSION
goals on a five-year basis. If we have a regulatory
process that allows us to have the plans approved in a
timely manner and we can get started, then, then we think
the evaluation period really ought to be from a
performance perspective over that five-year period. But
we do recognize there's accountability on an annual basis
having that been set for us previously, and asking that
that be very clear as we set goals on a going-forward
basis.

MR. BALLINGER: I'm confused, Howard. All
right. Earlier you said that, and, and talked before
the Commission at agenda, it was the IOU's presentation
that the performance should be cumulative. And there
was -- I remember discussions at agenda about it doesn't
make sense to look at an annual basis because what if

you exceeded your goal one year and fell short the next
year, you shouldn't be penalized because on a cumulative
basis you met it over the two years, let's say, or
three-year window. And that, that has some rationale to
it, I mean, quite frankly.

But did I hear you say now that basically
beginning in 2012 that we should look at an annual basis
and hold everybody accountable each and every year based
on the goals or is --

MR. BRYANT: I, I'm, I'm not trying to confuse
you, nor am I trying to fall away from a previous
assumption, and that was the fact that should, should
the plans have been approved in a manner that would
allow us to start 2010 with the new plan, attacking the
ew goals, then we would suggest that perhaps cumulative
is the better way of doing that. But, nevertheless,
that didn't happen, plus given the fact that goals were
set on an annual basis. And we acknowledge that it was
done and we just simply didn't read it clearly.

But going forward, having goals set on an
annual basis, we think that's the appropriate measurement
to hold us to if we can have grace applied to 2010 and
2011. If we move toward a cumulative situation, then the
question becomes when do you start the cumulative number,
and do you start it in 2010 or do you start it in halfway
through 11 or some combination or do you start it in '12?
And so we have to make the annual amount. And so to the
extent that we're accountable for that annual amount and
if you make it, that's good, if you don't make it, you
have opportunities to explain why. But if you are behind
and that, and that lag of accomplishment toward the goal
then follows into the next year, then you're starting out
certainly behind with even a higher number in that given
year to accomplish on an annual basis.

And so we're simply saying, I believe, that if,
if we're held accountable for -- if we're given annual
goals, then let us be held accountable on an annual basis
for those goals and measure our performance as such. And
that way the previous year becomes the previous year and
then you move forward on an annual basis.

MR. BALLINGER: Well, and I think we were
pretty clear that the order did say annual goals and the initial filings did not meet the annual goals.

MR. BRYANT: Right.

MR. BALLINGER: And so it's, it's do we hold you accountable for 2010? I mean, that's, that's the issue we're faced with.

MR. BRYANT: Well, I think that issue is a valid one. But to the extent the utilities had no plans approved for 2010, I don't see how you can hold the utility accountable, each one of them accountable for 2010 when they had no plan approved specific to meet that particular goal.

MR. TRAPP: Tom, this is Bob over here. Now Howard has confused me and I just need to ask a clarifying question.

Howard, are you talking about meeting annual increment or annual absolute? I think I'm hearing you say because of this forgiveness factor that you're proposing to meet the increment for the year.

MR. BRYANT: Hypothetically if the goal was ten for a given year, then we would be held accountable for ten for that year. If we made it, that is good. If we didn't make it, we have opportunities to explain why we didn't make it, and then we can be evaluated according to what we explain.

For the next year, if the goal was ten, then we would be held accountable for ten in that particular year. So that's accountability on an annual basis, and
then you move forward from there.

MR. TRAPP: I thought some of the goals had buildup in them. Am I wrong, Tom? In other words, it wasn't just 10, 10, 10, it was like 10, 11, 12, we're getting to 13.

MR. BRYANT: Correct. Correct. And I'm not

saying that there's no buildup. Again, it's just hypothetical. If the goal was ten, then we would be held accountable for ten. In the following year if the goal was 12, then we'd be held accountable for 12 in that given year.

MR. BALLINGER: And I think Bob's point is with the ramp-up of specific goals, that envisioned the program starting in 2010 and marketing picking up and then it taking off. So we've had this grace period for two years, the program is not going. Do we need to reset the goals to take out of that ramp-up, or do we still hold you to that ramp-up given the fact that you haven't started programs? Do you see the dilemma I'm facing now?

MR. BRYANT: I do, and I'm not convinced that we all want to get back into another proceeding. But to the extent you've just offered the opportunity to reset goals, I'm not sure we would fall away from --

MR. BALLINGER: No. No. No. That wasn't an offer. That was not an offer. Let me be clear on that. I'm just trying to understand what I hold you accountable to.
MR. BRYANT: Right.

MR. BALLINGER: Is it that one, that increment that has grown now for three years that you expected the

FLORIDA PUBLIC SERVICE COMMISSION

program to be matured and really start picking up, or is part of the grace give me, you know, ratchet that down a bit, realizing it's only my first year of the program? And so I don't know which to do.

MR. BRYANT: And I'm not convinced that at this point in time I can speak for all the utilities on that. I can only start thinking for Tampa Electric in terms of our perspective. And I'm not -- I've not thought about it in terms of how you've just couched it in terms of taking that increment away; in other words, ratcheting down to a different baseline, if you will, to start from. I need to think through that a little bit.

MR. BALLINGER: Okay.

MS. LEWIS: Yes, Mr. Larson.

MR. LARSON: I'd like to suggest that as we deal with this ramp-up, you know, it's, it's known that the goal in the future year is higher than it may be in the first year or second year. And if per chance there's a miss in the first year or a known reason why that's missed, we still know that there's a lot of opportunity to develop the annual delivery of savings. And I would suggest that the goals stand as they are. And if you've got to get cranking and ramp up faster to reach the 2012 goal that is possibly ramped up, that that should be what is in the sites.
MR. BALLINGER: Unfortunately some of that is not within the utility's control. It's -- you know, this is a voluntary program from customers to get them out there. So it's -- I'm a little sensitive to that, that it, you know, we can't just flip a switch and it's offered out there. So we've got to, we've got to consider that. Again, my goal is to represent a fair representation of what the conservation efforts are in Florida. And we are in a transition. We're in a --

MR. LARSON: But to the extent that there are known opportunities for greater penetration, better, more efficient development of different programs or measures that a utility could undertake, I would suggest that we shouldn't be too quick to assume that a future higher goal is not easily attainable.

MR. BALLINGER: Absolutely. And, for example, if, let's say, a utility chose not to offer the maximum incentive for a program and participation was a little short and that was the reason for not meeting the goal, quite frankly that wouldn't justify me. I think you'd need to be showing that you're doing all you can in the marketing effort and the, and the incentive levels, things of that nature. So there's, there's, yes, there's going to be a lot of dialogue as we go through. We're just trying to get a, a first feedback from people
out there of is there anything else we should be looking
at or you want us to look at and --

    MS. LEWIS: And that's where written comments
will be helpful, too, as you, as we go through this
today. And you do have a little bit more time to think
about it in light of comments being made today, you can
address those in written comments to us.

    MS. TODD: Jennifer Todd with Gulf Power.
    We agree with the comments of Mr. Bryant.
    To your point, Mr. Ballinger, about the, the goals
for 2012, we did, given the magnitude increase in
our goals and the number of new programs that we're
going to be offering, we did include a ramp-up in
the early years to try to reach that penetration in
the marketing and so forth. So applying our 2010
goals to 2012 basically pushed those out. If
there's an opportunity to do that, that would be
ideal, we feel like, from our perspective.

    MR. BALLINGER: You're free to ask for it.

    MS. TODD: I'm asking.

    MR. BALLINGER: Well, I say you're free in the
justification as to why if you fall short of the goal is
what it is, and we'll take it from there. But I'm just
pointing out a, it may have sounded like a good way to
do it, but there's, there's something down the road that

FLORIDA PUBLIC SERVICE COMMISSION

we have to think about.

    MS. LEWIS: Mr. Trapp.
MR. TRAPP: Hi, this is Bob Trapp again.

I feel like I need to interject myself and just observe that if you're only hearing and taking away one thing from this workshop, I think Staff is trying to make it abundantly clear right up-front that, that the key message is justification, justification, justification. Please don't assume anymore. If you're going to assume, assume tough love. Come in here with good justifications and that'll assist Staff greatly in our evaluation process. Thanks.

MS. LEWIS: Thank you. Anything else on question two?

Let me get to -- if not, we'll go on to question three, which is sort of what we've already been talking about as well. But if anybody has a specific comment they want to make on three.

MR. VENTO: Richard Vento, JEA. No changes in my comments.

MS. LEWIS: Okay.

MR. GROSS: Tom Gross, OUC. No, no change.

MS. LEWIS: Thank you.

MR. KUSHNER: FPUC has no additional comments.

MS. LEWIS: Mr. Larson? Oh, I didn't mean to skip Progress.

MR. LARSON: Well, the question is a pretty general question, how should they be measured? And, you know, I do think we should measure both annual goals and the cumulative goals. You know, how we evaluate the
conclusion about performance, especially considering the incentive opportunity, maybe we do need to be clear about, you know, how it plays out in the end of the analysis. But, you know, I do think that we should be tracking and measuring and considering both annual and cumulative results as we go along. Maybe the Commission and Staff could give us guidance so that it's clear, abundantly clear that, you know, with respect to especially the financial incentive component there, you know, here's the basis on which it will be measured.

MS. LEWIS: Thank you.

Howard?

MR. BRYANT: I think, yes, I think from the, from the investor-owneds, our position, as I stated earlier, would be we now have annual goals, we recognize that. And we would suggest that we be measured as such on an annual basis, but with the one caveat being when we're not paying attention at the end of a proceeding and goals are set on an annual basis, tell us one more time they're set on an annual basis and then we'll be great, or on a cumulative basis, if that happens to be the decision at that particular point in time.

MS. LEWIS: Anything?

MR. BALLINGER: I'd like -- just a question. Which is more appropriate to really measure what's going on in Florida, annual or cumulative? I mean, what's -- and I'd just kind of pose that to everybody. What do you think is more, more telling of, of where we're
going, recognizing the dynamics that go on in conservation?

MS. LEWIS: It's not a trick question.

MR. BALLINGER: No. I'm not -- I just, I just want your opinion. What do you think is the, is the
more, you know, useful information to put out there?

MS. GUTHRIE: Lee Guthrie for Progress Energy. And I'd like to just say we, we very much appreciate the
opportunity to be here today and have the dialogue with you because, as Tom said, it's a different time and
place. Where do we go from here?

So that being said, we've gone back and forth with this annual and cumulative, and, you know, good
reasons for both. Annual, as you say, you can see right away what's happening. You know, our cost recovery
reflects that, what happened in that particular year. You know, what are the influences such as the stimulus

FLORIDA PUBLIC SERVICE COMMISSION

that we saw in the last couple of years? Coming up what's going to be the impact of building codes? You
know, what's going to happen in economics? What are our customers going to do? How are they going to react to
those changes? Are they going to be able to participate? So that's for annual.

Cumulative though gives us that ability to say, well, maybe there is an off year for whatever reason,
economic or new construction starts are down, and it gives us a little bit of an opportunity to kind of ride
through that and then still be successful. Because I
think at the end of the day -- I know when Kathy did her presentation, you know, to see that Progress was not successful is, is difficult because I think we have strived very hard over the years to be successful, and I think at the end of the day we all want it. So, again, we appreciate your guidance and the opportunity to talk about how, how we can be successful. So thank you.

MR. KOCH: Tom Koch from FPL. I think the, one of the things that is important here is clarity. And I think if we have -- you know, there's already a set of goals that were set on an annual incremental basis, and I hope I'm not confusing with that nomenclature. But, but to also be tracking against a set of cumulative goals simultaneously, in other words, the kind of both option you have up there, I think makes it very difficult to figure out what exactly are you trying to hit.

And in the particular case, just the circumstances of this five-year period where we do have rather substantial delays in kind of getting to launch for a number of companies, it really begs the question, I think Howard already mentioned it, how do you start the cumulative number? So the explanations could become long and rambling and confusing, and I don't think that really provides clarity to, you know, for you or for the Legislature or anyone else as to what is really being achieved. And so I think it's kind of -- this is a question that's most readily addressed during the goals
proceeding. And when you set the goals and the basis
upon which the goals are set should therefore be the
basis upon which the performance of the companies is
measured, and that keeps it kind of clean and simple.

MR. BALLINGER: Okay. I'm going to try to clarify that. Assume for the instant that we set the
annual goals in December, and January 1 of 2010 we
approved your plans. Everybody got that assumption?
And now we're in 2011 and a few utilities missed an
annual goal. Do I start a proceeding to penalize them?
Or if they exceeded their goal, do I start a proceeding
to reward them? That's what I'm really focusing on.
Forget all this other stuff. I'm trying to get back, if
we had utopia, that things went along according to plan,
is measuring performance strictly on an annual basis the
right thing to do? That's, that's my question. That's
what I'm, I'm struggling with. Does that help or change
anybody's answer?

MR. BRYANT: Tom, I would -- this is Howard with Tampa Electric. I would suggest one other
assumption be a part of utopia, and that's the fact that
you would know that the goals were either established on
an annual or a cumulative basis. Now if they're
established on a cumulative basis, as we have sort of
assumed in the past, then we would probably suggest we
ought to be measured on a cumulative basis. It gives a
better indication. And, therefore, if for market
conditions, if for building code reasons, if for
stimulus dollars, whatever, you happen to have a banner year but in that following year you didn't make the increment for that year, yet on a cumulative basis you did achieve your goals, then I think the utility would suggest that we have, we've, we've met our requirement. And, you know, again, I'm not harkening to history and I recognize it's been water under the bridge, but I think there's merit in measuring us in that particular endeavor. Which goes back to an element of what Tom is saying in terms of clarity, not only in terms of how to present the accomplishments but clarity in terms of on the front end when we get established as to what are the goals, are they annual, are they cumulative, how are we going to get started, and then you couple that with the ability to get started as quickly as possible subsequent to the goal setting, then I think we've got the clarity that we need.

MR. BALLINGER: I don't know if I should ask this next question, but I will. Do you -- does it make sense setting annual goals only from a -- and I'm being all honest. I'm trying to understand this from a -- my own personal view is, is I like to look at both. I think there's, there's volatility in the DSM market, you have customer participation and there's a lot of moving parts to get there. I think it's very difficult to set an annual number and hit it precisely. There's a -- a lot of it is customer acceptance that we can't control, a lot of other factors. And that's what I'm struggling
with is does it make sense to, to do that? That's, that's what we're here for is to get this dialogue.

MR. BRYANT: Let me respond to that, if I could, and this is just Tampa Electric talking.

One of the, one of the things that could happen if goals were set on an annual basis and accountability was held on an annual basis and we're in the perfect world, if a utility knows that it's going to be held accountable on an annual basis and it happens to be having a banner year and it reaches August or September and it has met all of its annual goals, the temptation to find a way to go on cruise control for the balance of that year, knowing that next year we're going to be held accountable on an annual basis again, is there.

Now I say the temptation. I'm not so sure that you can find ways to sort of accelerate or decelerate these programs because, as you said earlier, it does depend on customer acceptance, and we tend to be reactive to customers' requirements or asking for various, they're asking for various rebates. But that opportunity is there because you want to hit your goals, you want to accomplish what you're being held accountable for.

And if you can, if you can see that there's going to be difficulty in the following year, it does open the door, I think, to a certain extent to allow the utility to sort of throttle back, if possible, so that you can better your opportunity of meeting next year's goal, when in fact you know next year could be a
challenge for you.

MS. TODD: I think there -- this is Jennifer Todd with Gulf Power. I think there's benefit in looking at both annual and cumulative numbers for the, a lot of the reasons that have been discussed today: You know, to look on an annual basis how your program is doing, evaluate their performance and look at how things look in any given year, and then cumulative for a lot of the reasons that have been discussed as well.

But for, for assessing performance against the goals, I think we need to pick one or the other so that it's not confusing, it's very clear. And in your utopia, I think a cumulative approach we feel is a better approach long-term; however, given the current situation that we're in, which is not utopia, given the fact that we've lost or didn't have our DSM plans approved in 2010 and most of 2011 and that the goals were set on an annual basis, that's the reason for our, our opinion that for the balance of this goal setting proceeding they should be measured on an annual basis.

But given the utopia situation in the next goal setting process, I think a cumulative approach is a, is a better approach for a lot of the reasons we talked about in terms of the programs and customer participation and ramping up and those kinds of things.

MS. LEWIS: Mr. Trapp, did you want to say something?
MR. TRAPP: Yeah, I think I do.

MS. LEWIS: I thought so too.

MR. TRAPP: I haven't quite composed it yet in my brain, but I think it's a very interesting discussion and useful, but I am plagued with, okay, let's assume we're going to look at it annually or cumulative or both. Once you've got the megawatt and megawatt hour performance, what do you do with it? And that brings me to your, one of the slides you opened up with was what are the effects of not meeting the goals or exceeding the goals? So I'm, I'm thinking, and I'm not sure it's on the agenda, so I want to throw it out there, can we talk about gathering information? We need to gather information on what are the consequences of not meeting an annual goal or not meeting a cumulative goal? What are the consequences of exceeding a goal? And I wonder if there are any thoughts out there about how we gather that information.

MS. LEWIS: And to reiterate, if you're talking about this slide here, the increased cost related to plant and fuel, environmental emissions and local economic impacts that might occur.

MR. KOCH: Sorry. I pressed the button the wrong way.

The -- I think from, and I'll speak for FPL here, I think that the question that you've posed is...
highly complicated. And, you know, at least from our standpoint we're definitely not prepared to address that, address that today because, you know, you see the couple of items that are up here. There's a whole slew of things that would have to be evaluated to kind of properly set, you know, reasonably set kind of how that process would work, be worked through. And at least from FPL's standpoint we're really not, you know, prepared to kind of go down, and I think you wouldn't want to get kind of partway down the discussion and kind of get stuck, but anyway.

MR. TRAPP: Well, I think at minimum you can anticipate these questions in the form of data requests as we go through this process.

MR. KOCH: Well, I mean, I would say that we certainly, based upon the, the, you know, presentation, anticipated there was going to be another, another set of discussions along these lines.

MS. LEWIS: Yes. We're just wanting to raise this now so you're aware that it's coming. It's definitely going to be part of the FEECA report.

MR. BALLINGER: And, again, it's because of the change in the, in the landscape now. We have to look at rewards and penalties, so we have to quantify in dollars the impact of exceeding the goals or not meeting the goals before we recommend some further action. So we're trying to gather some additional data to do our reporting and this is the first year we're doing it.
That's the purpose of this workshop. We've got additional charges now we've got to look at basically, so we're trying to quantify -- we think to summarize what we see as the impacts to ratepayers of either exceeding the goals or not meeting the goals and that'll help us quantify where we go from there. So be thinking of it. You know, the data requests will being coming to try to quantify these things.

MR. BRYANT: Tom, if I could -- I'm sorry. Howard with Tampa Electric.

If I could respond with a thought to what Bob is asking. And the slide says potential consequences of not meeting the goals. There's a part of me that wants to suggest there is a consequence for attempting to meet the goals and even for meeting the goals based on the cost-effectiveness tool that has now been used to establish the goals, and I'm going to talk about the TRC test. There is built into that test a subsidizing element of the ones who get to participate being granted monies from those who cannot participate, and I don't need to go into the detail. I -- probably you folks are familiar with what I'm suggesting there.

But I would suggest, depending on the type of cost-effectiveness tool that you use, there is a cost to all ratepayers which is more so than the missed opportunity of the plant and fuel that you would save under the RIM test. Now that's a whole other discussion. I'm just thinking out loud on that particular issue.
MR. BALLINGER: That's at the next proceeding. At the next goals proceeding again I'm sure we'll hear it.

MR. BRYANT: Right.

MR. BALLINGER: But I think we've got to measure it -- what I'm hearing is we're looking at annual goals and people are saying hold us to the annual goals, granted you want some grace period, whatever, but I've got to try to quantify the impact of either exceeding that annual goal or not meeting it. And we think we've captured the few things here that, that impact ratepayers of not doing it.

The programs are cost-effective under the E-TRC, that was approved, that program, so that, that train has left the station.

MR. BRYANT: Right. It is where we are and I recognize that.

MR. BALLINGER: Right. So we're just trying to figure out the magnitude.

MR. BRYANT: Right.

MS. LEWIS: I know Mr. Larson wants to speak to this one as well, so go right ahead.

MR. LARSON: We're talking about a subject that maybe we don't use this term for in Florida very much, but we're talking about integrated resource planning. This is part of the larger discussion of how do we deliver the best range of the package of services here that constitute the, you know, the electric program.
and whether it's new plants or changing emissions or
dealing with jobs or dealing with savings in energy
efficiency or, or demand response. You know, they're
really all part of a larger integrated question and it
is very complex. And it may be that trying to do these
in separate proceedings is part of our complexity in
Florida that we don't bring this together, and, and
maybe we should be entering together into a larger
discussion of maybe more integrated resource planning
should be undertaken as a whole.

MR. BALLINGER: I've only got a few more years
'til 30 years. I don't know if I'm going to get there.
Again, I'm, I'm faced with the new legislation,
we've got annual goals, I've got some direction in the
statutes about how rewards and penalties can be done, and

part of it is sharing of generation, transmission,
distribution, savings, things of that nature. I've got
an ROE adjustment I can play with. I'm trying to get my
hands around this thing and figure out what the magnitude
is of not meeting these goals and we have to think about
that.

And your response is if, if you think annual is
the right way to do it, okay, how do I quantify that
annual? And some of these may take, in order to quantify
it, you have to look at a longer term impact on fuel
savings and emissions and things of that nature. It may
not be appropriate for you. I don't know the answer and
that's what we're, we're struggling with. And I'm
looking for you all to, to think about that, that we've
got this next step now that we've got to try to start at
least collecting data on before we take some actions.

MS. LEWIS: Yes.

MR. LARSON: I think also that introduction of
the concern about TRC and subsidization just points to
the, to the issue that, that we've got to broaden the
analysis. It's not just the savings alone. It's got
the costs, it's got the elements. And, you know, the
Southern Alliance for Clean Energy would really like us
to be exploring maybe in some of the established forms
of response for support of Mr. Ballinger's analysis each
year so that consistently across all the utilities those
that are responsible for, or have the opportunity for
the financial incentives, that they provide the cost
information, the benefits, the net benefits data that
helps evaluate whether we realize the TRC goals that we
anticipated in the proceedings that led to the goals,
that we, that we really understand the utility cost test
implications and the participant cost test. And maybe
the data formed, the responses the utilities need to
make annually in March needs to be expanded.

MS. LEWIS: That's exactly what we're here for
is to think about those questions now, and as we form
the data request, to get all the factual information
that we can. And not to say that we're going to have a
reward or penalty proceeding, but if we do, we have a
start on that as well. That would be a separate
proceeding, of course.

MR. BALLINGER: If I could, Kathy, go back to your slide that shows the residential situation.

MS. LEWIS: Okay. Sure. Oh, that goes to achievements?

MR. BALLINGER: Yeah. Okay. Yeah, that one would work.

Here's what we're faced with. I've got an annual goal, I've got Progress didn't meet the winter, summer energy, I've got Gulf didn't meet the summer energy. Okay? I need to know is that difference for Progress of a little over 200 gigawatt hours in one year, what's the magnitude of that impact? Is it $100 or $10 million in both fuel and environmental? What's the environmental? How many more tons of SO2 were emitted, things of that nature. That's what I've got to try to quantify to be able to say, yes, start a penalty proceeding or no.

I mean, if the impact is minimal, it may be -- it comes into play. I've got to get a magnitude of what the violation is, if you will, and that's what we're struggling with.

For the demand component, you know, one year missing, that, that doesn't make -- it may not make sense from a system-wide standpoint but maybe a value of deferral for having extra capacity. Maybe they were fine with capacity and it didn't make a bit of difference. I don't know. But that's the kind of thing I've got to try
to quantify for each utility. So be, be thinking that in terms of what's the harm or the benefit of missing or exceeding the goals from these categories? Because that's what I've got to explain and try to quantify as part of the overall analysis. We're going to attempt to send, you know, data requests to get to that, but be thinking of it, of your responses of what's an appropriate way to, to measure that magnitude. Thank you.

MS. LEWIS: All right. Let's get back on the questions, now. Are we ready to go to four? How should savings for residential and commercial/industrial customer classes be evaluated separately, combined or both.

MR. VENTO: JEA. Recognizing both the science and the arts in setting goals, we would endorse a combined. And the reason is because, yes, we do go through the science of establishing those goals on a per sector basis, commercial/industrial versus residential, but ultimately the market, the economy, and all those other things that were spoken of today all have influences. So, you know, ultimately the end in mind is to meet the overall goals for the time period, whether annual or whatever is decided, or cumulative, but ultimately the flexibility of having that cumulative goal as the end objective is desirable to allow some flexibility on the utility side to, if a particular sector is not responding, for them to go ahead and to
maybe stimulate further a different sector. So combined is where we would like.

MS. LEWIS: Thank you.

FLORIDA PUBLIC SERVICE COMMISSION

MR. GROSS: OUC sees the benefit and flexibility of having the combined savings of both residential and commercial.

MS. LEWIS: Thank you.

MR. KUSHENER: FPUC believes they should be looked at separately by customer class. There's programs developed for each customer class that have their own respective achievements. And if you are exceeding in one area, and you theoretically happen to not be exceeding in another such that it brings down your total, I don't think you should be penalized on a total basis, if you are making achievements on one side or another. That being said, comparison on an individual basis does allow the flexibility to address some of the programs that are being offered by the utility to improve performance in the future.

MS. LEWIS: So you're saying that customer class is important because you're designing the program specifically for that, yet you would like the flexibility of being able to add them together so you wouldn't be penalized if there was a failure based in one customer class area.

MR. KUSHENER: That's correct. And I think the other element of what you just said is that the DSM plan does have individual programs by customer class.
that have been approved.

MS. LEWIS: Thank you.
All right. Howard.

MR. BRYANT: I was expecting Tom to say something, I'm sorry. Our perspective from the investor-owneds is the fact that they should be done on a cumulative basis. The system that you are avoiding or deferring is indifferent to whether it's coming from the commercial group or the residential group, and the flexibility that is needed as goals become more aggressive, I believe, lends itself -- we all believe lends itself to the fact that it should be done on a combined basis.

MS. LEWIS: Mr. Larson.

MR. LARSON: I wouldn't want to disappoint you, Mr. Bryant. I feel that we, again, have the opportunity to evaluate both classes, but in the final analysis I do agree that the cumulative result, the combined result is really our goal. We're trying to reduce the need for additional supply; we're trying to understand how we get there, so I do think that we should be tracking very closely what we do by class. But at the same time, you know, our ultimate result is the combined outcome.

MS. LEWIS: Thank you.
MR. BALLINGER: Before we move on to the solar, if I could go back a question, if you can recall. Those of you that think we should look at a cumulative basis, that was the purpose of the first question. Basically it's because we started in 2010 and we got new goals, so cumulative and annual are the same numbers in my mind. So if I'm doing cumulative, do I need to take in another account, given that we have had a change, also, in the landscape. And that's really the question I'm struggling with.

I understand once we get to '11 and '12, I can do cumulative for 2010, 2011, and '12, because we do it in five-year blocks. But since we're not only at a change in landscape, but also a change in the goals sequence, I'm struggling with do I need to look at another range in here to capture this transition, or is it appropriate, and that's really a question I have in my mind. You can put this in your written comments if you want to. You don't have to respond today.

Howard looks like he's --

MR. BRYANT: I'm not sure I understand the question yet. I'm trying hard, though. I'm trying.

MR. BALLINGER: Well, as Kathy said in the beginning, the sequence we do is every five years. We kind of start over again. We have a new baseline, if you will, to report the cumulative is what we have done in the past. And I think we're going to still report
that in some form or fashion. 2010 is both the same annual and same cumulative. And now that we've also had a change in the landscape, does it make sense to go behind. That was why the first question, should I go back to 2004 and look at what the cumulative amount should have been maybe for that, is that another way to look at things to account for this transition we're faced with.

Does it make sense, or does it not make sense?
If it doesn't make sense, tell me. That's fine.

MR. BRYANT: No, I think all of us grappled with what to do on the first question in terms of making a meaningful suggestion from our perspective. You could look at the '04 goals which were set, in essence, really for a ten-year period starting in '05 through '14. And you could say, well, we have not -- we didn't have plans approved for all the utilities, so perhaps what we should do for 2010 is go back into that plan and look at -- or, I'm sorry, those set of goals, and let's look at what the number ought to be for 2010 based on the old set, and, in fact, what should be for 2011. And then say, well, we'll report and measure them against those particular numbers.

FLORIDA PUBLIC SERVICE COMMISSION

It would seem like, though, that that starts to add confusion in terms of how do you narrate the explanation of what you're doing, given the fact that we had this transition, we had some delays, regulatory delays, and so now do we simply -- do we do that and,
perhaps, add confusion, and then determine at some point in time when do you interject the new goals. Do you do it in 2012? And if you do it in 2012, do you start with the increment for '12 and add it to the cumulative that you have been tracking along, and out of the old set it becomes confusing.

And so I think that's where we came to the conclusion that generally if you will start with the goals set in '09, which would be for '10 through '19, and as we've alluded to several times, narrate the grace situation for the two years, and then start holding us accountable on an annual basis from there because goals were set in that manner, I think that is kind of where our thinking continues to be. It would not -- to me, it would be the least confusing. And the only issue would seem to be the fact that we have a plausible way of explaining why the delay, if you will, occurred before all the plans were approved for all the utilities.

MS. LEWIS: Thank you.

Mr. Larson, go ahead.

FLORIDA PUBLIC SERVICE COMMISSION

MR. LARSON: If I may follow with another matter before we go into solar. It relates to this analysis that Mr. Ballinger is thinking about, and I think part of our interest is cost-effectiveness. And it's not just the savings, but also doing it cost-effectively and efficiently for the citizens. And I think we need to be considering whether performance savings are being attained cost-effectively. Are there
program adjustments that should be considered in future years?

I'm not saying let's go and remeasure all of our programs right away, because we're still getting settled in on getting started, if you will. But one of our opportunities is midcourse correction. You know, remember the FEECA statute says look at the goals at least every five years, and it could be sooner. Now, it hasn't been the practice to do it sooner, but there could be opportunity to either attain greater goals in 2013 or '14, if we see that performance is being very cost effectively attained by certain kinds of programs or measures.

We ought to take advantage of those opportunities to enjoy the benefits, the consequences, the positive-side consequences, or avoid negative downside consequences. And so I would encourage us to look for ways to not just meet the number, but also to beat the number. To do it in ways that make sense for all of us.

MS. LEWIS: Thank you. All right.

I'm going on to Number 5. Last chance.

All right. Question 5, what type of information should be provided for solar pilot projects. And we have here such as number of installations, savings per installation, amount of expenditures, problems encountered, and lessons learned are some of the things we have talked about. This would not apply to the
municipals. Thank you.

MR. BRYANT: Well, let me talk. We think all of those items are the right things to be measuring, those that are listed parenthetically there. But I think we would also want to add the fact that there's a customer cost, and we need to be determining the customer cost. That is crucial to every bit of the evaluation we do at the end of the pilot period, because the cost of the equipment, that which the customer is going to pay, is going to determine whether or not this will become cost-effective at the end of this experiment. And unless the cost of this equipment is decreased, it will not be cost-effective, whether it is measured under the RIM test or whether it is measured under the TRC test, either one. So cost of equipment is the linchpin.

And the dialogue that occurred at the time of the goal being set for the expenditure to occur was based on the assumption that if we were to infuse the market with dollars, then it would advance the technology. And that is true, and I'll talk about that in just a second. But the second thing is it would bring the cost down. And that has to happen, or we're not going to get any further than where we are right now.

Now, let me take about infusing the market with dollars and how that has worked thus far. Two utilities have had the opportunity to launch their solar activities. Or we've all had the opportunity, but two of
us have sort of gotten there first, you might say. One
being Progress. And when they offered their money for
solar rebates, their dollars for the PV component of that
offering, those dollars were exhausted in one day.

Tampa Electric offered its money on April the 18th, I believe, and our monies were exhausted for the PV component in three days. And so it is true that if you offer the money, it will definitely incent the market and there will be activity. The question becomes, though, what happens to the cost of the equipment because we have done that. And that is what we are going to measure, and

that is what we are going to report, because that's the linchpin for longevity of this technology.

MR. BALLINGER: Howard, this is Tom. Are you also collecting data on are the customers getting any other tax rebates or anything like that to impact their net costs? I mean, I'd like to see the gross cost of the equipment, less any rebates and money you got.

MR. BRYANT: Right.

MR. BALLINGER: And also the vendor ID. You know, is it a wide range of vendors, is it two or three vendors providing -- do you have that kind of detail?

MR. BRYANT: We will know that, because we are tracking all of those items.

MR. BALLINGER: Is that something that will be available in time for this report? I mean, I know you have exhausted your money, but is the equipment being installed now, is it taking six months to get installed,
I don't know the --

MR. BRYANT: Right. And I'll speak for Tampa Electric. Our solar initiatives have a prescribed time period for the installation to occur. If it does not, then the money goes back into the pot, if you will, for people on a, quote, interested list or waiting list. So we will be learning about the punctuality of customers installing relative to their request for the rebate. We will know who are the vendors that are doing it. We will know -- we're going to know that kind of activity. We have in place the opportunity of collecting that type of information. So those are all components of what we would anticipate being made available at the end of the year.

Well, let me rephrase that. There's a couple of opportunities each utility has to report its program activity. One is the true-up, and then the other is during the projection filing. And so those occur approximately every six months, and so at that particular point in time, just like with the other programs, you are able to identify what has been your activity and what are the elements that are associated with that activity, be it the cost, or issues, or whatever the case might be. Number of participants, things like that. So that's when we anticipate offering that type of information up in some form or fashion as part of those types of filings.

MS. TODD: Can I just add for Gulf? We will have the information that you have described in terms of
what we tracking with the exception of other incentives
that the customers may be getting from other sources.
To my knowledge, we're not planning to track that
information at this time.

MR. BALLINGER: But don't you think that would
be useful to try to get an idea of what the net cost is
to the customer? I mean, I tend to agree with Howard.
What we are trying to see is what is it taking customers
to make this move. Or even, at least, if they got one.
We may not know the amount, but did they get an
additional tax break, just an addition like that. And
if you don't have it, that's fine. But that's the kind
of stuff we are trying to gather and be thinking about.

MS. LEWIS: Ms. Kaufman, did you want to
speak?

MS. KAUFMAN: I did. Thank you. I was just
thinking it is so odd to be sitting over here. I don't
think I have sat at this position before.

MR. BALLINGER: It's a nice place to sit.

MS. KAUFMAN: Yes. I'm Vicki Kaufman; I'm
here on behalf of the Florida Industrial Powers Users
Group.

And on Question Number 5, you know, we want to
applaud you for collecting information about the solar
projects, and we'd like to suggest that the more detailed
information you can collect, the better it would be. And
one thing we would be interested in seeing would be, say,
the cost per megawatt or kilowatt hour of what has been
saved by these programs on a yearly basis, so that we can have an idea, you know, what the actual cost is of the megawatts or kilowatts, as the case may be, that are being saved by the infusion of money and all of that into the marketplace. Give us a better sense of, you know, to use a cliche, bang for our buck, rather than just -- you know, I know these questions are not fleshed out. You might already have it in mind, but savings per installation. And I don't know if you mean over the whole life of the installation or a yearly basis, so we'd like to see some pretty discreet detailed information on that.

MS. LEWIS: Thank you.

Any other comments on this question?

All right. The final one, as you can see, is kind of a catch-all, and we have already discussed it a little bit, but that is just -- and keeping in mind the data requests that we are going to be developing.

MR. BALLINGER: Can I suggest about a five or ten-minute break to give us a chance to talk amongst ourselves a bit? I want to check with Bob and Beth and make sure we have covered everything. When we get back, we can address Question Number 6. Is that okay?

MS. LEWIS: All right. We'll take five minutes. Thank you.

(RECESS.)

MR. BALLINGER: Go back on again. I guess all
I would want to wrap up in saying is, you know, you see staff's dilemma, the problem we have to do. We're trying to get this. We are looking to you to get any input you can. Again, it goes back to we are really trying to get a handle on the quantification of the goals, achievements, failures, successes, things of that nature, to start reporting that. So be thinking of ways of how to demonstrate the magnitude of these numbers. And we will jumble around with the different opinions we have heard today, and try to put together our report.

As Kathy said, I think that goes back to the Commission for Internal Affairs early in 2012. That's where we are at. And you can be expecting some data requests in the next few weeks, probably along these lines, and maybe some others. That's about all I have. I think we have covered everything here.

Is there anything else anyone else would like to add that we should look into, or do you see a problem in the direction we are going? Tell us now.

MS. LEWIS: Or tell us in your written comments, which I wanted to bring that up. I believe Larry had mentioned transcripts could be ready a week from Tuesday, or Tuesday. So we were thinking of making our written comments instead of just due in one week until the week after the Tuesday, so the following Monday.
MR. BALLINGER: And I believe that's May 7th?
No, 9th. Thank you.
MS. LEWIS: May 9th, okay. Thanks, Larry.
So if you can have your comments to us by
May 9th, that would be good. We are working on the data
requests that will be going out. We obviously want to
see your comments while we are doing that.
MR. BALLINGER: And if the investor-owned
utilities want to submit joint comments, that's fine, or
individuals, we are fine with that, too. Either way is
okay.
MS. LEWIS: Larry had something to add, too,
about --
MR. HARRIS: You all heard me say this before.
I'm the Howard of the contact here at the Commission,
meaning I didn't step back quickly enough. We have a
website, and it has a section for these staff workshops.
And most of you all were here when I was talking about
it for the solar workshop. But if you're not, I will
run over it again. If you go to our home page, there is
a tab called -- I think it is agendas and meetings, and
you click that, and you scroll down. There's another
little tab at the bottom that says, I think, staff
workshops, or notices of staff workshops. If you click

that, what we have is the ability to sort of create
little groupings of all of these workshops and things
like that.
And since this is not that a docketed matter,
there is no docket file to put stuff in. So what we had
done for the solar workshop, and it seemed to work well,
is sort of made me the contact person. And then I go
ahead and get stuff put on that website so everybody can
see everything. And right now I believe we have the FAW
notice, the agency notice, and the agenda.

My belief will be once the transcript is done,
we will get it posted on to that section, that tab. When
your comments come in, I would suggest, unless Kathy or
Tom feel differently, that you all get them to me.
E-mail them or file them to my attention, or whatever. I
will go ahead and get those put onto the website, so it
will all be grouped together under that one tab. It's an
easy way for people to look.

This has been recorded today. We have a new
audiovisual system, and I believe that it will be
probably available either this afternoon or tomorrow, the
audio. And on the homepage, again, there is a section
for sort of schedules of meetings. And it has literally
everything that the Commission does almost now is being
audio/video and you can go and click there, and there is

usually an audio and/or video thing and you can listen to
it. And that will be fairly quickly.

That will probably not be linked into this tab
on the website, because they are sort of separate
systems. But I just wanted to point out that on the
website there will be all of this stuff hopefully
gathered into one place. And as I said with the solar,
if you all e-mail your comments, your post-workshop comments, it's nice if you can copy other people you know who are here today and are interested. And as I have done in the past, I'll try to send those out to other people who I know are interested, as they come in, and then there will be one central place on-line where all the comments will be.

Of course, my name is Larry Harris. I have a line here at the Commission, (850)413-6856 is my office number, and LHarris@psc.state.fl.us is my e-mail address. If you all have any questions or need anymore information, I'm probably the best person to contact. And if I don't know the answer, I can get with Tom or Kathy and get one back to you quickly.

And I see there's a question from the back.

MS. BROWNLESS: Larry, could you just scan in the attendance sheet and put that up on the website as well, so we'll have the names of people that came and their information, so that when we get our comments we can e-mail them.

MR. HARRIS: The question was would it be possible to scan in the attendance sheets so that all of you all could look under that tab and see who was here and what their e-mail addresses and things. And the answer is I don't know, but I don't why we wouldn't be able to. But I would have to check because that is not within my particular skill set. I would think that is the type of thing we could do, but I often think of
things that we can do, and we can't. So, yes, that is
something I will look at, Suzanne. Thank you.

MS. LEWIS: Anything else? Go ahead.
MS. TIBBITS: Could the PowerPoint
presentation also be put on there?
MS. LEWIS: It's on there now.
MS. TIBBITS: Thanks.
MR. HARRIS: It is?
MS. LEWIS: Uh-huh.
MR. HARRIS: On our website?
MS. LEWIS: Yes.
MR. HARRIS: Perfect. See, I often don't know
the things that we can do, so there it is. The question
I think is, yes, it is on there, and if it is not, it
will be.

FLORIDA PUBLIC SERVICE COMMISSION

MS. LEWIS: All right. Thank you, everyone,
for your attendance. And we'll be adjourned.
(The workshop concluded at 11:09 a.m.)
STATE OF FLORIDA )

: CERTIFICATE OF REPORTERS

COUNTY OF LEON )

WE, JANE FAUROT, RPR, and LINDA BOLES, RPR, CRR, Official Commission Reporters, do hereby certify that the foregoing proceeding was heard at the time and place herein stated.

IT IS FURTHER CERTIFIED that we stenographically reported the said proceedings; that the same has been transcribed under our direct supervision; and that this transcript constitutes a true transcription of our notes of said proceedings.

WE FURTHER CERTIFY that we are not a relative, employee, attorney or counsel of any of the parties, nor are we a relative or employee of any of the parties' attorneys or counsel connected with the action, nor are we financially interested in the action.

DATED THIS 3rd DAY OF MAY, 2011.

Page 63
FLORIDA PUBLIC SERVICE COMMISSION