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Cc: Katherine Fleming; Vento, Richard J. - Director, Corporate Data Integration; Kushner, Bradley; Brooke Lewis; Gary Perko
Subject: Docket No. 080413-EG
Attachments: Docket 080413 JEA's Prehearing Statement.DOC

Electronic Filing

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b. Docket No. 080413-EG

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

c. Document being filed on behalf of JEA

d. There are a total of 8 pages.

e. The document attached for electronic filing is JEA's Prehearing Statement.

Thank you for your cooperation.

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission review of numeric conservation goals (JEA). DOCKET NO. 080413-EG

DATE: July 27, 2009

JEA'S PREHEARING STATEMENT

JEA, pursuant to Order Nos. PSC-08-0816-PCO-EG and PSC-09-0152-PCO-EG, issued December 18, 2008 and March 12, 2009, respectively, hereby files its Prehearing Statement in the above-referenced docket, and states:

I. JEA WITNESSES

Witness	Subject Matter
Richard J. Vento Director of Corporate Data Integration JEA	Provides a discussion of JEA's unique customer base and demographics; discusses JEA's historical and ongoing commitment to conservation and demand-side management (DSM); describes the overall process used to develop DSM goals; explains JEA's approach to conservation and DSM; explains JEA's proposed DSM goals; and addresses areas where the Public Service Commission Staff has expressed an interest in investigating through this docket.
Bradley E. Kushner Manager Black & Veatch Corporation	Discusses the methodology used to develop the avoided capacity costs that were provided to Itron for use in their analyses of DSM measures for JEA; discusses the fuel forecasts used by JEA in their production cost modeling that was used as the basis for the avoided energy costs provided to Itron for use in their analyses of DSM measures for JEA.
Mike Rufo Managing Director Consulting and Analysis Group Itron, Inc.	Presents and summarizes the methodology, input data, and findings contained in the studies of technical potential, economic and achievable potential for cost-effective energy efficiency and load management for the seven utilities subject to the requirements of the Florida Energy Efficiency and Conservation Act (FEECA).

Because this Prehearing Statement is being submitted before JEA's deadline for submission of rebuttal testimony, JEA reserves the right to present the testimony of any additional witnesses necessary for rebuttal.

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II. EXHIBITS

Exhibit #	Description	Sponsoring Witness
RJV-1	Resume of Richard Vento	Richard J. Vento
RJV-2	JEA's Current DSM, Conservation, and Renewable Energy Activities	Richard J. Vento
RJV-3	Estimated Cumulative Annual Bill for 2010 through 2019, Residential Customers—DSM Measures Passing Both TRC and Participant Tests	Richard J. Vento
BEK-1	Resume of Bradley E. Kushner	Bradley E. Kushner
BEK-2	CO ₂ Emissions Allowance Price (per EIA's Analysis of S.2191)	Bradley E. Kushner
MR-1	Recent Potential Studies Conducted by Itron	Mike Rufo
MR-2	Studies Within the Scope of Itron's Work	Mike Rufo
MR-3	FEECA Utilities Total—Program Net Achievable Savings Potential in 2019	Mike Rufo
MR-8	JEA—Program Net Achievable Savings Potential in 2019	Mike Rufo
MR-11	Achievable Potential Method	Mike Rufo

Because this Prehearing Statement is being submitted before JEA's deadline for submission of rebuttal testimony, JEA reserves the right to introduce any additional exhibits necessary for rebuttal. In addition, JEA reserves the right to utilize any exhibit introduced by any other party. JEA also reserves the right to introduce any additional exhibit necessary for cross-examination or impeachment at the final hearing.

III. STATEMENT OF BASIC POSITION:

JEA: Itron's analysis indicated that there is no achievable potential for residential and commercial/industrial energy efficiency for JEA based on the Ratepayer Impact Measure (RIM) test. Consistent with the Commission's Order No. PSC-04-0768-PAA-EG setting JEA's goals at zero for the period of 2005-2014, the DSM goals for JEA should remain at zero through the current evaluation period ending in 2019. The Commission should use both the RIM test and the Participants test to set DSM goals. Use of the RIM test to ensure no impact to rates is particularly appropriate for municipal utilities over which the Commission does not have

ratemaking authority. The Commission should not establish additional goals for efficiency improvements in generation, transmission, and distribution; separate goals for demand-side renewable energy systems; separate goals for residential and commercial/industrial customer participation in utility energy audit programs; or incentives to promote customer- and utility-owned energy efficiency and demand-side renewable energy systems.

IV. ISSUES AND POSITIONS

ISSUE 1: Did the Company provide an adequate assessment of the full technical potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems, pursuant to Section 366.82(3), F.S.?

JEA: Yes. The technical potential study performed by Itron, as described in the testimony of Mike Rufo, provided an adequate assessment of the full technical potential of available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems. The scope of the study, the measures to be analyzed, and the assessment techniques were fully vetted through the Collaborative process which included input from all of the FEECA-regulated utilities and other interested parties including SACE and NRDC. Drawing upon their recognized expertise, Itron utilized its models to comprehensively analyze the full technical potential of energy efficiency, demand response, and demand-side renewable energy technologies. (Rufo, Vento)

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

JEA: Yes. The achievable potential study performed by Itron, as described in the testimony of Mike Rufo, provided an adequate assessment of the achievable potential of available demand-side conservation and efficiency measures, including demand-side renewable energy systems. Drawing upon their recognized expertise, Itron utilized its models to comprehensively analyze the achievable potential of energy efficiency, demand response, and demand-side renewable energy technologies. (Rufo, Vento)

ISSUE 3: Do the Company's proposed goals adequately reflect the costs and benefits to customers participating in the measure, pursuant to Section 366.82(3)(a), F.S.?

JEA: Yes. JEA's proposed goals are based on achievable potential developed based on Itron's cost-effectiveness evaluation, which included consideration of the costs and benefits to customers participating in the measures through use of the Participant test. (Rufo, Vento)

ISSUE 4: Do the Company's proposed goals adequately reflect the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions, pursuant to Section 366.82(3)(b), F.S.?

JEA: Yes. JEA's proposed goals are based on achievable potential developed based on Itron's cost-effectiveness evaluation, which included consideration of the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions, through use of the Ratepayer Impact Measure (RIM) and Participant tests. (Rufo, Vento)

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.?**

JEA: Greenhouse gases are not currently regulated at either the State or Federal level, and there currently are no costs imposed on the emissions of greenhouse gases. While there is much speculation on the potential for greenhouse gas emissions regulation, JEA does not believe it is appropriate to establish DSM goals that would increase customer rates based on speculation related to yet-to-be defined potential regulations of emissions of greenhouse gases. However, for informational purposes, Itron performed additional analyses related to several different combinations of fuel and carbon dioxide (CO₂) emissions allowance prices. Using three different CO₂ emissions allowance price projections of approximately \$16/ton, \$36/ton, and \$94/ton, on a levelized basis, no DSM measures were shown to pass the RIM cost-effectiveness test. (Rufo, Vento)

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

JEA: No. Incentives to utilities involving rate of return are not relevant to municipal utilities. As part of this Docket, we have comprehensively analyzed customer-owned energy efficiency and demand-side measures and none were found to be cost-effective. Utility-owned energy efficiency and renewable energy systems are supply-side issues. (Vento)

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

JEA: The Commission should use both the RIM test and Participants test to set goals. When used in conjunction with each other, these tests fulfill the Commission's obligation to consider the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions. The Commission's use of the RIM test to ensure no impact to customers' rates is particularly appropriate for municipal utilities, such as JEA, over which the Commission does not have ratemaking authority. (Vento)

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

JEA:

PROPOSED RESIDENTIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW	0	0	0	0	0	0	0	0	0	0
Winter MW	0	0	0	0	0	0	0	0	0	0
Annual GWh	0	0	0	0	0	0	0	0	0	0

(Vento)

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

JEA:

PROPOSED COMMERCIAL CONSERVATION GOALS										
Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Summer MW	0	0	0	0	0	0	0	0	0	0
Winter MW	0	0	0	0	0	0	0	0	0	0
Annual GWh	0	0	0	0	0	0	0	0	0	0

(Vento)

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

JEA: No. The Commission should not establish separate goals for demand-side renewable energy systems. All goals should be established to promote cost-effective DSM without bias toward any particular technology. Furthermore, if demand-side renewable energy systems are cost-effective, utilities should have the flexibility to include such systems either as part of their renewable portfolio or as part of their DSM goals. (Vento)

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

JEA: No. JEA believes that efficiency improvements in generation, transmission, and distribution are supply-side issues. (Vento)

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

JEA: No. The Commission should not establish separate goals for residential and commercial/industrial customer participation in utility energy audit programs. Utility energy audits are performed as a result of customer interest in such audits, and the utility cannot dictate that customers have interest in receiving energy audits. Utilities should be allowed the flexibility to integrate energy audits into conservation programs as appropriate. (Vento)

ISSUE 13: Should this docket be closed?

JEA: Yes.

Additional Issues

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

JEA: No position.

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

JEA: The Commission should use consideration of the impact on rates as its primary determinant in setting goals. For municipal utilities over which the Commission has no ratemaking authority, the Commission should reject DSM measures that fail the RIM test. (Vento)

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

JEA: No. For municipal utilities over which the Commission has no ratemaking authority, the Commission should reject DSM measures that put upward pressure on rates. (Vento)

V. STIPULATED ISSUES

There are no stipulated issues at this time.

VI. PENDING MOTIONS

JEA has no motions pending at this time.

VII. PENDING REQUESTS FOR CONFIDENTIAL CLASSIFICATION

JEA has no requests for confidential classification pending at this time.

VIII. OBJECTIONS TO WITNESSES' QUALIFICATIONS

At this time, JEA has no objections to any witness qualifications.

IX. REQUIREMENTS OF THE PREHEARING ORDER THAT CANNOT BE MET

At this time, JEA is not aware of any requirements in the Order Establishing Procedure with which it cannot comply.

Respectfully submitted this 27th day of July, 2009.

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CERTIFICATE OF SERVICE

Docket No. 080413

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished electronically (*) or by United States mail this 27th day of July, 2009, to the following:

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