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July 16, 2010

Ms. Ann Cole, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

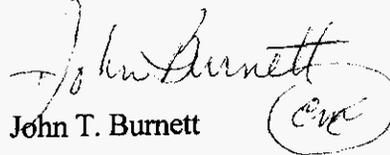
Re: Docket 100160-EG
PEF's Response to Staff's 4th Data Request

Dear Ms. Cole:

Enclosed for filing are is the original and 5 copies of PEF's Response to Staff's 4th Data Request in the above-referenced docket.

Thank you for your assistance in this matter and please let me know if you have any questions.

Sincerely,


John T. Burnett

JTB/at
Attachments

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PEF'S RESPONSE TO STAFF'S 4th DATA REQUEST

1. Please refer to Table II-1, page 8 of the proposed demand-side management plan PEF filed on March 30, 2010. Based on Table II-1, please explain why it appears that PEF will not meet the Commission-approved annual goals for demand and energy savings until approximately 2016 for residential customers.

RESPONSE:

The Company's proposed demand-side management plan, filed on March 30, 2010, provides the Company's reasonable attempt to meet the Commission's aggressive goals while trying to somewhat mitigate the near term substantial price impact on customers. This plan allows the Company to attempt to meet the Commission's cumulative goals in a very aggressive but reliable manner before the end of the 10-year period while, to the extent possible, lessening somewhat the negative impacts to customers, particularly to non-participating customers, in the first several years.

The proposed Plan recognizes the uncertainties and risk largely created by the gap between the approved goal and achievable potential (identified within the market potential study). The proposed Plan shifts the majority of the uncertainties and risks associated with this gap towards the latter years, thus, providing a schedule in the earlier years that is representative of the achievable potential of all residential and commercial measures under E-TRC as identified by ITRON. Nonetheless, it remains doubtful that even under the Company's aggressive approach the Company will ultimately be able to meet the aggressive stretch goals mandated by the Commission.

The implementation schedule proposed by PEF results in a 300% increase in the total GWH savings by year 2 of the plan as compared to the Company's 2006 Program Plan Filing. In contrast, the Commission mandated goals represents a nearly 600% unachievable increase. Historical perspective and experience has shown that there is a "ramp-up" time needed when new programs are introduced to overcome market barriers and gain customer acceptance. Additionally, the plan also recognizes that PEF will need time to establish marketing channels, back office, and other infrastructure to enable the addition of new and emerging technologies needed to enhance its program complement in order to meet its DSM goals. As the market for a product matures and early adopters have been exhausted, customer adoption of measures is expected to become more difficult and costly to achieve through standard marketing practices; making it even more difficult to meet the established goals over the 10-year schedule. PEF anticipates that customer incentives will prove to be a key market driver that will impact the adoption of its program offerings; therefore PEF expects to analyze and make adjustments to its program incentives and participation estimates as needed.

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PEF's proposed plan also attempts to at least somewhat mitigate the near-term negative price impacts to customers. For example, based on the Commission approved goals, a residential customer using 1,200 kWh per month would incur bill increases of \$14 to \$15 per month during the first two years, approximately 300 percent higher than the current cost of \$3.24. Under PEF's proposed plan, monthly bill increases in the first two years are projected to range between \$6 and \$7 per month, or a 100% increase over current rates.

2. Please refer to the table on page 34 of the proposed demand-side management plan PEF filed on March 30, 2010. The table shows the annual participation estimates for the Home Energy Improvement program and lists the "Total Number of Measure Eligible Customers" for 2010 as 1,457,415. According to PEF's Response to Staff's Second Data Request, No. 1, the "Total Number of Measure Eligible Customers" for this program in 2009 was 357,880. Please explain the reason for the large increase in the number of eligible customers for this program from 2009 to 2010.

RESPONSE:

Previous programs were focused on those technologies that supported the largest electric end use, replacement at end of life, and measures with greater than 2 year payback periods. The eligible customer pool was thus limited by expected component turnover such as windows, heating and cooling equipment, etc. Per the Commission's directive to utilize E-TRC and address less than 2 year payback, PEF will attempt to include all customers in our service territory. Bringing measures to 2 year payback, in theory, may move even those customers that were not changing or replacing equipment to do so.

3. Please refer to the table on page 57 of the proposed demand-side management plan PEF filed on March 30, 2010. The table shows the annual participation estimates for the Neighborhood Energy Saver program and lists the "Total Number of Measure Eligible Customers" for 2010 as 44,822. According to PEF's Response to Staff's Second Data Request, No. 1, the "Total Number of Measure Eligible Customers" for this program in 2009 was 6,000. Consequently, a 75% participation level was achieved in 2009, yet only a 6% participation level is forecasted for 2010. Please explain the reason for the large increase in the number of eligible customers for this program from 2009 to 2010.

RESPONSE:

To increase participation in the Neighborhood Energy Saver program we have increased the basis and are expanding the number of communities each year that we

select. Participation criteria, such as income based on census block data, has been expanded in the 2010-19 plan. The 6000 participants were cumulative of 2007-2009, and represented the Company's targeted homes for installation, not the total number of eligible customers. The original program has proved successful and participation has been expanded in this filing. The current filing does represent the total number of eligible customers.

4. Please refer to the table on page 128 of the proposed demand-side management plan PEF filed on March 30, 2010. The table shows the annual participation estimates for the C/I New Construction program and lists the "Total Number of Measure Eligible Customers" for 2010 as 2,093. According to PEF's Response to Staff's Second Data Request, No. 1, the "Total Number of Measure Eligible Customers" for this program in 2009 was 18,075. Consequently, a 3% participation level was achieved in 2009 yet a 9% participation level is forecasted for 2010. Please explain the reason for the sharp decrease in the number of eligible customers for this program from 2009 to 2010.

RESPONSE:

The 18,075 represents the cumulative "Total Number of Measure Eligible Customers" estimated for 2005 through 2009. The estimated "Total Number of Measure Eligible Customers for just 2009 would be 3,687 (18,075-14,388). The estimated "Total Number of Measure Eligible Customers" in the proposed plan for 2010 is 2,093. The lower estimate takes into account the recessionary pressure on economic growth and new construction projects.

5. On page 19 of the proposed demand-side management plan PEF filed on March 30, 2010, PEF makes reference to the "Rate Impact Measure (RIM), Total Resource Cost (TRC), and Participant Tests." Please clarify whether the cost-effectiveness tests performed for each of PEF's proposed programs and the results provided in Table III-1 are from the E-TRC and E-RIM tests.

RESPONSE:

Yes, carbon benefits were included in the tests and are reflected in Table III-1 as well as the detailed results for each program.