

State of Florida

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Public Service Commission

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COMMISSION
CLERK

-M-E-M-O-R-A-N-D-U-M-

DATE: September 1, 2010

TO: Office of Commission Clerk (Cole)

FROM: Division of Regulatory Analysis (Garl, Brown, Gilbert, Lewis) *SPB Lee TS RIT*
Office of the General Counsel (Fleming, Saylor) *KEP, ELS JSC WPK*

RE: Docket No. 100157-EG -- Petition of approval of demand-side management plan of JEA.

AGENDA: 09/14/10 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\RAD\WP\100157.RCM.REVISED.DOC

Case Background

The Commission, as required by the Florida Energy Efficiency and Conservation Act (FEECA), Sections 366.80 through 366.85 and 403.519, Florida Statutes (F.S.), adopted annual goals for seasonal peak demand and annual energy consumption for the FEECA Utilities. These include Florida Power & Light Company (FPL), Progress Energy Florida, Inc. (PEF), Tampa Electric Company (TECO), Gulf Power Company (Gulf), Florida Public Utilities Company (FPUC), JEA, and Orlando Utilities Commission (OUC).

Pursuant to Rule 25-17.008, Florida Administrative Code (F.A.C.), in any conservation goal setting proceeding, the Commission requires each FEECA utility to submit cost-effectiveness information based on, at a minimum, three tests: (1) the Participants Test; (2) the

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Rate Impact Measure (RIM) Test, and (3) the Total Resource Cost (TRC) Test. The Participants Test measures program cost-effectiveness to the participating customer. The RIM Test measures program cost-effectiveness to the utility's overall rate payers, taking into consideration the cost of incentives paid to participating customers and lost revenues due to reduced energy sales that may result in the need for a future rate case. The TRC Test measures total net savings on a utility system-wide basis. In past goal setting proceedings, the Commission established conservation goals based on measures that pass both the Participants Test and the RIM Test.

The 2008 Legislative Session resulted in several changes to the FEECA Statute, and the Commission's goal-setting proceeding was the first implementation of these modifications. By Order No. PSC-09-0855-FOF-EG,¹ the Commission established annual goals for the FEECA Utilities for the period 2010 through 2019. The resulting Commission approved DSM goals for JEA are the average savings achieved from existing DSM programs over the past four years. Specifically, page 16 of the order states, "OUC and JEA proposed goals of zero, yet committed to continue their current DSM program offerings. We are setting goals for OUC and JEA based on their current programs so as not to unduly increase rates." As such, JEA's goals were not based on any cost-effectiveness tests (RIM, E-RIM, TRC, or E-TRC) but rather a continuation of existing programs. These goals are divided into residential and commercial/industrial, with each of these further subdivided into three categories: summer peak demand, winter peak demand, and annual energy.

On December 11, 2009, JEA filed a Motion for Limited Reopening of the Record and Reconsideration of the Commission's decision in Docket No. 080413-EG. Order No. PSC-10-0198-FOF-EG² granted JEA's motion which revised JEA's numeric goals to correct a discovery response error. On March 30, 2010, JEA filed a petition requesting approval of its Demand-Side Management (DSM) Plan pursuant to Rule 25-17.0021, F.A.C.

The Southern Alliance for Clean Energy (SACE) was granted leave to intervene on August 9, 2010.³ Wal-Mart Stores East, LP, and Sam's East, Inc. (Walmart) was granted leave to intervene on August 18, 2010.⁴

On July 14, 2010, the SACE filed comments on the FEECA Utilities' DSM Plans. These comments were amended on August 3, 2010, to include comments regarding FPUC. No other intervenors filed comments. On July 28, and August 12, 2010, PEF and Gulf, respectively, filed responses to SACE's comments. SACE's comments focused on the IOUs and do not materially affect JEA's DSM plan.

¹ See Order No. PSC-09-0855-FOF-EG, issued December 30, 2009, in Docket No. 080413-EG, In re: Commission review of numeric conservation goals (JEA).

² See Order No. PSC-10-0198-FOF-EG, issued March 31, 2010, in Docket No. 080413-EG, In re: Commission review of numeric conservation goals (JEA).

³ See Order No. PSC-10-0495-PCO-EG, issued August 9, 2010, in Docket No. 100157-EG, In re: Petition of approval of demand-side management plan of JEA. (SACE)

⁴ See Order No. PSC-10-0526-PCO-EG, issued August 18, 2010, in Docket No. 100157-EG, In re: Petition of approval of demand-side management plan of JEA. (Walmart)

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On September 1, 2010, staff filed a revised recommendation for Issue 1 in this docket.
The Commission has jurisdiction over this matter pursuant to Sections 366.80 through 366.85
and 403.519, F.S.

Discussion of Issues

Issue 1: Does JEA's proposed Demand-Side Management Plan satisfy the Company's numeric conservation goals set by the Commission in Order No. PSC-09-0855-FOF-EG and subsequently revised in Order No. PSC-10-0198-FOF-EG?

Recommendation: ~~Yes. JEA has proposed a DSM Plan that projects peak demand and energy savings that exceed the Commission-approved residential and commercial/industrial goals. No.~~ However, JEA has proposed to continue its existing DSM programs consistent with Order Nos. PSC-09-0855-FOF-EG and PSC-10-0198-FOF-EG. The JEA Plan, therefore, should be approved. (Garl)

Staff Analysis: By Order No. PSC-09-0855-FOF-EG, the Commission established annual goals for the FEECA Utilities for the period 2010 through 2019. Order No. PSC-10-0198-FOF-EG revised JEA's numeric goals to correct a discovery response error. The resulting Commission approved DSM goals for JEA are the average savings achieved from existing DSM programs over the past four years. These goals are divided into residential and commercial/industrial, with each of these further subdivided into three categories: summer peak demand, winter peak demand, and annual energy. Staff believes the DSM Plans submitted by JEA fulfill this requirement, as discussed below.

JEA has proposed a DSM Plan for the ten-year period 2010 to 2019 that projects peak demand and energy savings based on a continuation of existing DSM programs consistent with Order No. PSC-09-0855-FOF-EG and Order No. PSC-10-0198-FOF-EG. Tables 1 and 2 below depict the Commission-approved goals and JEA's projection of DSM program savings for each of the ten years.

Table 1 – Comparison of Residential Goals and Projected Savings

Year	Summer (MW)		Winter (MW)		Annual (GWh)	
	Commission Approved Goal	JEA Projected Savings	Commission Approved Goal	JEA Projected Savings	Commission Approved Goal	JEA Projected Savings
2010	1.2	2.1	1.0	2.4	5.4	14.8
2011	1.2	1.8	1.0	2.4	5.4	11.8
2012	1.2	1.8	1.0	2.1	5.4	11.8
2013	1.2	1.8	1.0	2.1	5.4	11.2
2014	1.2	1.8	1.0	1.9	5.4	11.2
2015	1.2	1.7	1.0	1.9	5.4	9.7
2016	1.2	1.7	1.0	1.9	5.4	9.7
2017	1.2	1.7	1.0	1.9	5.4	9.7
2018	1.2	1.7	1.0	1.9	5.4	9.7
2019	1.2	1.7	1.0	1.9	5.4	9.7
Total	12.0	17.6	10.0	20.6	54.0	109.3

Table 2 – Comparison of Commercial/Industrial Goals and Projected Savings

Year	Summer (MW)		Winter (MW)		Annual (GWh)	
	Commission Approved Goal	JEA Projected Savings	Commission Approved Goal	JEA Projected Savings	Commission Approved Goal	JEA Projected Savings
2010	0.6	1.3	0.4	1.7	10.1	14.9
2011	0.6	1.0	0.4	1.6	10.1	11.1
2012	0.6	1.2	0.4	1.3	10.1	11.9
2013	0.6	0.9	0.4	1.1	10.1	10.3
2014	0.6	0.9	0.4	1.1	10.1	10.3
2015	0.6	0.8	0.4	0.9	10.1	8.5
2016	0.6	0.8	0.4	0.9	10.1	8.5
2017	0.6	0.8	0.4	0.9	10.1	8.5
2018	0.6	0.8	0.4	0.9	10.1	8.5
2019	0.6	0.8	0.4	0.9	10.1	8.5
Total	6.0	9.1	4.0	11.6	101.0	101.1

In developing its projected customer enrollment and program savings estimates, the company used assistance from the collaborative formed by the Florida utilities subject to FEECA, led by their consultant, ITRON, as well as from third-party providers. Staff notes that JEA’s projected energy savings for the Commercial/Industrial sector fall short of the annual goals from 2015 through 2019. The shortfall appears to be due to customer participation levels reaching saturation. For example, the District Chilled Water Program projects only one new participant in 2012. Staff believes the Commission intended JEA to continue existing DSM programs. Staff further believes there may be tension between the mandate to continue JEA’s current programs and avoid increased rates versus the numeric goals set for JEA. However, staff is recommending that the Commission approve JEA’s Plan although the annual goals were not met for five years in one category. JEA still exceeded the Commission-approved goals in the first five years and the total for the ten-year period. Since JEA’s DSM goals were set based on a continuation of existing programs, JEA has satisfied the requirements of Order No. PSC-09-0855-FOF-EG and Order No. PSC-10-0198-FOF-EG.

Conclusion

Staff believes JEA’s estimates and projections to be reasonable at this time. The proposed annual energy and seasonal peak demand savings contained in JEA’s 2010 DSM Plan satisfy the Commission’s direction in Order No. PSC-09-0855-FOF-EG and Order No. PSC-10-0198-FOF-EG, to continue JEA’s existing programs. JEA’s Plan should be approved.

Issue 2: Do any of the programs in JEA's proposed DSM Plan have an undue impact on the costs passed on to customers?

Recommendation: No. Since JEA is continuing existing programs, its customers should see no change in monthly bills due to additional DSM programs. (Garl)

Staff Analysis: JEA's proposed DSM Plan for the period 2010-2019 contains six existing residential programs and four existing commercial programs. Table 3 below summarizes JEA's DSM programs by segment (residential, commercial/industrial, and renewable).

Table 3 – Summary of JEA's DSM Programs

	Residential	Comm. /Ind.	Renewable
Existing	4	3	3
New	0	0	0
Total	4	3	3

Note: A summary of each program is contained in Attachment A.

During the goal setting proceeding, JEA proposed DSM goals of zero since no measures were found to be cost-effective pursuant to the RIM test. However, JEA did propose to continue its existing DSM programs. By Order No. PSC-09-0855-FOF-EG, the Commission approved new DSM goals based on JEA continuing its existing programs. Specifically, page 16 of the order states, "OUC and JEA proposed goals of zero, yet committed to continue their current DSM program offerings. We are setting goals for OUC and JEA based on their current programs so as not to unduly increase rates."

Staff did request JEA to provide cost-effectiveness results for its existing programs which are shown in Table 4 below. Unlike the IOUs, JEA does not include an estimated cost for greenhouse gas emissions. Therefore, the results shown are for traditional RIM and TRC tests:

Table 4 – Summary of Cost-Effectiveness Test Results

Program	TRC	RIM	Participant
Residential			
1. Residential Energy Audits	1.08	0.36	>99.99
2. Residential Energy Efficient Products	1.08	0.44	1.73
3. Green Built Homes of Florida	1.74	0.45	1.89
4. Residential Solar Water Heating	0.50	0.37	0.63
5. Residential Solar Net Metering	0.14	0.52	0.11
6. Neighborhood Efficiency Program	2.28	0.44	>99.99
Commercial			
1. Business Energy Audits	1.38	0.63	>99.99
2. Commercial Energy Efficient Products	1.27	0.86	1.17
3. District Chilled Water	1.87	0.73	>99.99
4. Commercial Solar Net Metering	0.13	0.98	0.06

Since JEA proposes to continue existing DSM programs, its customers should not see an increase to rates due to additional DSM programs. However, JEA’s existing programs do increase a typical residential bill by approximately \$1.03 per month. Individual program impacts range from less than \$0.01 to \$0.40, as shown in the following chart:

Table 5 – JEA Rate Impact Ranking

Program Name	2009 Residential Rate Impact \$/Mo.
Residential Energy Efficient Products	\$0.3990
Commercial Energy Efficient Products	\$0.2543
Neighborhood Efficiency Program	\$0.1273
Green Built Homes of Florida	\$0.0735
Residential Energy Audits	\$0.0646
Residential Solar Water Heating	\$0.0603
Residential Solar Net Metering	\$0.0259
Commercial Energy Audits	\$0.0142
District Chilled Water	\$0.0058
Commercial Solar Net Metering	\$0.0051
Total	\$1.03

Conclusion

JEA's DSM Plan continues existing programs, as directed by the Commission. Customer rates, therefore, should not be unduly affected due to additional DSM programs.

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Issue 3: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. (Fleming, Saylor)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.

JEA

2010 Demand-Side Management Plan Programs

Residential Programs:

- **Residential Energy Audit Program**

JEA offers a home energy survey for all residential customers at no charge. A JEA representative inspects the home and offers cost-effective ideas designed to help lower energy costs. Areas of the customer's home that are inspected include: attic insulation, windows and caulking, weather stripping, water heaters, water temperature, air conditioning and heating system visual inspections, supply air & return air temperature readings, and refrigerator/freezer inspection. JEA representatives also use a wide variety of tools and literature for customer education during the inspection. No cost measures such as air conditioning & heating thermostat temperature settings, proper use of ceiling fans, water heater settings, refrigeration temperature settings, management of plug (vampire) loads, management of computer, monitor and printer loads, management of lighting systems and cleaning surfaces of heat exchangers are encouraged.

- **Residential Energy Efficient Products**

In partnership with retail stores within the JEA service territory and manufacturers of ENERGY STAR Compact Fluorescent Light bulbs (CFL) and certain ENERGY STAR appliances, JEA offers in-store coupons and markdown prices for over 30 varieties of ENERGY STAR CFLs, energy efficient light fixtures, room air conditioning units, refrigerators, dish washers and clothes washers for JEA customers. The program is conducted by an implementation contractor. In response to customer concerns, the program has been expanded to include a used-CFL disposal program with over 40 retailers acting as Green Partner disposal sites for customers. Through locally based field representatives, JEA rebate coupons and discount price markers are displayed at participating stores and store managers provide prominent shelf displays for the products. The local field representatives also provide in-store events to promote the CFL and ENERGY STAR appliances while responding directly to customer questions and concerns and distributing JEA fact sheets on energy savings.

- **Green Built Homes of Florida**

Green Built Homes of Florida is an incentive-based program offered by JEA and the Northeast Florida Builders Association which promotes the use of green building practices in new single family homes constructed in JEA's electric and water service area. The program promotes resource-efficient home construction by serving as an umbrella for six of the state's leading building standards. There is a maximum rebate of \$1,500 per home.

- **Residential Solar Water Heating**

This program pays a financial incentive to customers to encourage the use of solar water heating technology. There is an \$800 incentive per installed solar water heating system.

- **Residential Solar Net Metering**

The Residential Solar Net Metering Program promotes the use of solar photovoltaic systems by purchasing excess power from residential customers implementing these systems. JEA will allow customer-owned renewable generation up to 100 kW under this net metering policy. The JEA net metering policy is primarily intended to facilitate generation from renewable energy sources to offset part or all of the customer's energy requirements.

- **Neighborhood Efficiency Program**

In partnership with the City of Jacksonville, JEA offers a three-phase program for low income customers. Phase 1 provides installation of 10-12 electric and water conservation products as well as an energy education package of printed information material and consultation with an energy auditor for those customers already participating in the City of Jacksonville's Rehab program for low to moderate income eligible households. Completed units equal from 60 to 200 households per year depending on City Rehab funding availability. Beginning in 2010, approximately 60 homes will also receive up to a \$500 subsidy towards attic insulation.

Phase 2 provides installation of 15 electric and water conservation products as well as the energy education package of printed material and consultation with an energy audit on a door-to-door basis in targeted neighborhoods identified by the City as having more than 50% of the neighborhood population at 150% of the Federal Poverty Guidelines, and further identified by JEA as having high winter peak consumption. Approximately 800 homes are completed per year.

Phase 3 provides an Energy Efficient Home Maintenance kit of 12 electric and water conservation products for participants in a Housing Counseling workshop required for first time home buyers involved in the City's loan assistance programs for low to moderate income residents. Approximately 600 kits are provided annually.

Commercial Programs:

- **Commercial Energy Audit Program**

JEA offers a business energy audit for all commercial customers located in the JEA service territory. This service is offered at no charge to JEA customers and is available for all rate classifications. As a part of this service a JEA representative will perform a rate evaluation, discuss demand strategies if relevant, and inspect the customer's business and offer cost-

effective ideas designed to help lower energy costs. Areas of the customer's business that are inspected include: insulation, windows, tinting, caulking, weather stripping, water heating systems and water temperature, HVAC visual inspections, equipment and their controls, and refrigeration. JEA representatives also use a wide variety of tools and literature for customer education during the inspection. No cost measures such as air conditioning & heating thermostat temperature settings, water heater settings, refrigeration temperature settings, management of plug (vampire) loads, management of computer, monitor & printer loads, management of lighting systems and cleaning surfaces of heat exchangers are encouraged. In addition to the energy audit, JEA also offers free water management evaluations.

- **Commercial Energy Efficient Products**

In partnership with local vendors within the JEA service territory and manufacturers of energy efficient lighting products and appliances, JEA offers coupons and markdown prices for over 30 varieties of efficient products for its customers. In response to customer concerns, the program has also been expanded to include a used-CFL disposal program with over 40 retailers acting as Green Partner disposal sites for customer. Through locally based field representatives, JEA rebate coupons and discount price markers are displayed at participating stores and store managers provide prominent displays for the products. The local field representatives also provide in-store events to promote the CFL and ENERGY STAR appliances while responding directly to customer questions and concerns and distributing JEA fact sheets on energy savings.

- **District Chilled Water Program**

This program utilizes a centralized chiller plant circulating cold water via an underground network to meet the air conditioning needs of multiple buildings. For participating buildings, there is a savings by eliminating redundant installations of on-site chillers and associated operating costs.

- **Commercial Solar Net Metering**

JEA will allow customer-owned renewable generation up to 100 kW under this Net Metering Policy. The JEA net metering policy is primarily intended to facilitate generation from renewable energy sources to offset part or all of the customer's energy requirements. Net metering customers will be charged for the metered kWh received from JEA during each month and credited for the metered kWh sent to JEA each month. The monetary credit to the customer will be calculated using the customer's retail energy rate, demand, fuel, environmental and conservation charges ("Retail Rate") per kWh.