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June 10, 2014

**VIA: ELECTRONIC FILING**

Ms. Carlotta S. Stauffer  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Commission review of numeric conservation goals  
(Tampa Electric Company); FPSC Docket No. 130201-EI


Dear Ms. Stauffer:

Attached for filing in the above docket is Tampa Electric Company's Prehearing Statement.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,



James D. Beasley

JDB/pp  
Attachment

cc: All Parties of Record (w/attachment)

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission review of numeric conservation goals (Florida Power & Light Company)	DOCKET NO. 130199-EI
In re: Commission review of numeric conservation goals (Duke Energy Florida, Inc.)	DOCKET NO. 130200-EI
In re: Commission review of numeric conservation goals (Tampa Electric Company)	DOCKET NO. 130201-EI
In re: Commission review of numeric conservation goals (Gulf Power Company)	DOCKET NO. 130202-EI
In re: Commission review of numeric conservation goals (JEA)	DOCKET NO. 130203-EM
In re: Commission review of numeric conservation goals (Orlando Utilities Commission)	DOCKET NO. 130204-EM
In re: Commission review of numeric conservation goals (Florida Public Utilities Company)	DOCKET NO. 130205-EI
	DATED: June 10, 2014

**TAMPA ELECTRIC COMPANY'S  
PREHEARING STATEMENT**

**A. APPEARANCES:**

JAMES D. BEASLEY  
J. JEFFRY WAHLEN  
ASHLEY M. DANIELS  
Ausley & McMullen  
Post Office Box 391  
Tallahassee, Florida 32302  
On behalf of Tampa Electric Company

**B. WITNESSES:**

<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
<u>(Direct)</u>		
1. Howard T. Bryant (TECO)	Presentation and support of Tampa Electric Company's Proposed DSM Goals for 2015-2024	1,2,3,4,5,6,7,8,9,10,11

(Rebuttal)

1. Howard T. Bryant	Rebuttal to Intervenor witnesses Fine, Mims, Rabago and Woolf
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**C. EXHIBITS**

<u>Exhibit</u>	<u>Witness</u>	<u>Description</u>
<u>(HTB-1)</u>	Bryant	Tampa Electric's 2015-2024 Proposed DSM Goals; Comprehensive DSM Measure List; Technical Potential Study Update Process; Avoided Unit Cost Data; 2015-2024 Achievable Potential for RIM and TRC; DSM Economic Potential Cost-Effectiveness Sensitivity Analyses; 2015-2024 Bill Impacts of Rim and TRC Portfolios

**D. STATEMENT OF BASIC POSITION**

**Tampa Electric Company's Statement of Basic Position:**

Based on the analysis performed by Tampa Electric for this current demand side management ("DSM") goals setting process, the company's reasonably achievable generator level RIM-based DSM goals for 2015-2024 period are 56.3 MW of summer demand savings, 78.3 MW of winter demand savings, and 144.3 GWH of annual energy savings. These amounts are detailed on an annual basis for both the residential and commercial/industrial sectors in Document No. 1 of Mr. Howard T. Bryant's Exhibit (HTB-1).

The conclusions reached by the Southern Alliance for Clean Energy ("SACE") and the Sierra Club in this proceeding do not give effect to Florida law and applicable rules of the Commission. Their recommended DSM goals are vastly overstated and, if adopted, would substantially increase the amounts to be paid by Tampa Electric's customers.

**E. STATEMENT OF ISSUES AND POSITIONS**

**ISSUE 1:** Are the Company's proposed goals based on an adequate assessment of the full technical potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems, pursuant to Section 366.82(3), F.S.?

**TECO:** Yes. Tampa Electric worked in concert with the other Florida Energy Efficiency and Conservation Act ("FEECA") utilities, utilizing an updated Technical Potential Study developed from the 2009 Study prepared by Itron, to achieve refreshed data with measure relationships maintained within sectors and any new measures appropriately added. These efforts enabled Tampa Electric to base its proposed goals on an adequate assessment of all available demand-side conservation and efficiency measures, including demand-side renewable energy systems, pursuant to Section 366.82(3), F.S. (Bryant)

**ISSUE 2:** Do the Company's proposed goals adequately reflect the costs and benefits to customers participating in the measure, pursuant to Section 366.82(3)(a), F.S.?

**TECO:** Yes. Tampa Electric utilized the Participants' test as delineated in Rule 25-17.008, F.A.C., to adequately reflect the costs and benefits to customers participating in a DSM measure thereby adhering to the requirement of Section 366.82(3)(a), F.S. (Bryant)

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

**TECO:** Yes. Tampa Electric utilized the cost-effectiveness methodologies as delineated in Rule 25-17.008, F.A.C., to adequately reflect the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions. (Bryant)

**ISSUE 4:** Do the Company's proposed goals adequately reflect the need for incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems, pursuant to Section 366.82, F.S.?

**TECO:** Yes. For measures that remained cost-effective after taking into account administrative costs but with no incentives, and after the two-year payback

screen, Tampa Electric chose incentive levels that would maximize the achievable potential. The Company's pilot renewable energy programs were not included as they proved to be non-cost effective. Tampa Electric does not believe utility incentives are necessary under a RIM-based goals model. (Bryant)

**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.?

**TECO:** Yes. Currently there are no state or federal regulations on the emissions of greenhouse gases. Although the U. S. Environmental Protection Agency has recently proposed a regulation to address a reduction in CO<sub>2</sub> emissions, one can only speculate whether or when a final rule will be adopted, what any such rule may require or what the compliance costs may be. Therefore, the appropriate greenhouse gas emissions cost utilized by Tampa Electric in the determination of its proposed DSM goals is zero.

**ISSUE 6:** What cost-effectiveness test or tests should the Commission use to set goals, pursuant to Section 355.82, F.S.?

**TECO:** The Commission should use the RIM test in conjunction with the Participants' test to establish DSM goals. These tests allow the accomplishment of significant DSM development without placing undue upward pressure on rates or causing cross-subsidization among participants and non-participants. (Bryant)

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

**TECO:** Yes. Tampa Electric utilized a longstanding Commission practice, initially approved in the 1994 DSM goals proceeding, of screening out measures having a payback period of two years or less without any incentive. This two-year payback criterion is the appropriate means to apply to minimize free ridership as required by the Commission's rule. (Bryant)

**ISSUE 8:** What residential summer and winter megawatt (MW) and annual Gigawatt-hour (GWh) goals should be established for the period 2015-2024?

**TECO:**

PROPOSED RESIDENTIAL DSM GOALS (At the Generator)										
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Summer MW	1.1	1.6	2.2	2.7	3.1	3.3	3.3	3.0	2.9	2.5
Winter MW	2.6	4.1	5.2	6.5	7.6	7.6	8.0	7.4	6.8	6.1
Annual GWh	1.8	3.5	4.8	6.1	6.9	7.4	7.7	6.9	6.3	5.5

The cumulative effect of these goals through 2024 would be a summer MW reduction of 25.7 MW, a winter reduction of 61.9 MW and cumulative energy savings of 56.9 GWh. (Bryant)

**ISSUE 9:** What commercial/industrial summer and winter megawatt (MW) and annual Gigawatt hour (GWh) goals should be established for the period 2015-2024?

**TECO:**

PROPOSED COMMERCIAL/INDUSTRIAL DSM GOALS (At the Generator)										
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Summer MW	1.7	2.5	2.7	3.3	3.3	3.5	3.6	3.3	3.5	3.2
Winter MW	1.2	1.3	1.6	1.7	1.6	1.7	1.9	1.9	1.8	1.7
Annual GWh	3.9	6.0	8.0	9.2	9.9	10.3	10.4	10.2	9.9	9.6

The cumulative effect of these goals through 2024 would be a summer MW reduction of 30.6 MW, a winter reduction of 16.4 MW and cumulative energy savings of 87.4 GWh. (Bryant)

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

**TECO:** Goals should not be established for increasing the development of demand-side renewable energy systems as they continue to be non-cost effective. If any goals are set they should be set at zero, as these measures are not cost-effective. (Bryant)

**ISSUE 11:** Should the Company's existing Solar Pilot Program be extended and, if so, should any modifications be made to them?

**TECO:** No. The Solar Pilot Program has demonstrated that it is neither cost-effective nor viable. Any continuation of expenditures on this program would only cause unwarranted upward pressure on the ECCR Clause charges and continue the payment of subsidies by non-participants to those customers installing the solar technologies. (Bryant)

**F. STIPULATED ISSUES**

**TECO:** None at this time.

**G. MOTIONS**

**TECO:** None at this time

**H. PENDING REQUEST OR CLAIMS FOR CONFIDENTIALITY**

TECO: None at this time.

**I. OBJECTIONS TO A WITNESS'S QUALIFICATION AS AN EXPERT**

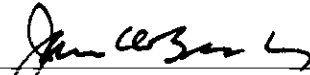
TECO: None at this time.

**J. STATEMENT OF COMPLIANCE WITH ORDER ESTABLISHING PROCEDURE**

TECO: There are no requirements of the Order Establishing Procedure with which TECO cannot comply.

DATED this 10<sup>th</sup> day of June 2014.

Respectfully submitted,



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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of Tampa Electric's Prehearing Statement was served by electronic delivery this 10 day of June 2014 to the following:

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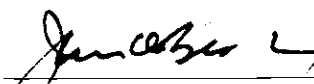
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