

# AUSLEY & McMULLEN

ATTORNEYS AND COUNSELORS AT LAW

123 SOUTH CALHOUN STREET  
P.O. BOX 391 (ZIP 32302)  
TALLAHASSEE, FLORIDA 32301  
(850) 224-9115 FAX (850) 222-7560

June 10, 2014

**VIA: ELECTRONIC FILING**

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

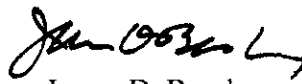
Re: Commission review of numeric conservation goals  
(Tampa Electric Company); FPSC Docket No. 130201-EI

Dear Ms. Stauffer:

Attached for filing in the above docket, on behalf of Tampa Electric Company, is the Rebuttal Testimony of Howard T. Bryant.

Thank you for your assistance in connection with this matter.

Sincerely,

  
James D. Beasley

JDB/pp  
Attachment

cc: All Parties of Record (w/attachment)

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Rebuttal Testimony filed on behalf of Tampa Electric Company, has been furnished electronically this 10<sup>th</sup> day of June 2014 to the following:

Ms. Shalonda Hopkins  
Mr. Charles Murphy  
Ms. Theresa Tan  
Office of the General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850  
[shopkins@psc.state.fl.us](mailto:shopkins@psc.state.fl.us)  
[cmurphy@psc.state.fl.us](mailto:cmurphy@psc.state.fl.us)  
[ltan@psc.state.fl.us](mailto:ltan@psc.state.fl.us)

Mr. John Butler  
Ms. Jessica Cano  
Florida Power & Light Company  
700 Universe Blvd.  
Juno Beach, FL 33408  
[John.Butler@FPL.com](mailto:John.Butler@FPL.com)  
[Jessica.Cano@fpl.com](mailto:Jessica.Cano@fpl.com)

Mr. Kevin Donaldson  
Principal Attorney  
Florida Power & Light Company  
4200 West Flagler Street  
Miami, FL 33134  
[Kevin.Donaldson@fpl.com](mailto:Kevin.Donaldson@fpl.com)

Mr. Ken Hoffman  
Florida Power & Light Company  
215 south Monroe street, Suite 810  
Tallahassee, FL 32301-1858  
[Ken.Hoffman@fpl.com](mailto:Ken.Hoffman@fpl.com)

Mr. Matthew R. Bernier  
Ms. Dianne Triplett  
Duke Energy Florida, Inc.  
106 East College Avenue, Suite 800  
Tallahassee, FL 32301-7740  
[matthew.bernier@duke-energy.com](mailto:matthew.bernier@duke-energy.com)  
[dianne.triplett@duke-energy.com](mailto:dianne.triplett@duke-energy.com)

Mr. Robert L. McGee, Jr.  
Gulf Power Company  
One Energy Place  
Pensacola, FL 32520-0780  
[rlmcgee@southernco.com](mailto:rlmcgee@southernco.com)

Mr. Jeffrey A. Stone  
Mr. Russell A. Badders  
Mr. Steven R. Griffin  
Beggs & Lane  
Post Office Box 12950  
Pensacola, FL 32591-2950  
[jas@beggslane.com](mailto:jas@beggslane.com)  
[rab@beggslane.com](mailto:rab@beggslane.com)  
[srg@beggslane.com](mailto:srg@beggslane.com)

Mr. Steven L. Hall  
Senior Attorney  
Florida Department of Agriculture and  
Consumer Services  
Office of General Counsel  
407 South Calhoun Street, Suite 520  
Tallahassee, FL 32399  
[Steven.Hall@FreshFromFlorida.com](mailto:Steven.Hall@FreshFromFlorida.com)

Ms. Paula K. Brown, Manager  
Regulatory Coordination  
Regulatory Affairs  
Tampa Electric Company  
P. O. Box 111  
Tampa, FL 33601  
[Regdept@tecoenergy.com](mailto:Regdept@tecoenergy.com)

Ms. Alisa Coe  
Mr. David G. Guest  
Attorneys for SACE  
Earthjustice  
111 S. Martin Luther King Jr. Blvd.  
Tallahassee, FL 32302  
[acoe@earthjustice.org](mailto:acoe@earthjustice.org)  
[dguest@earthjustice.org](mailto:dguest@earthjustice.org)

Mr. P. G. Para  
JEA  
21 West Church Street, Tower 16  
Jacksonville FL 32202-3158  
[parapg@jea.com](mailto:parapg@jea.com)

Mr. George Carvos  
Southern Alliance for Clean Energy  
120 E. Oakland Park Blvd., #105  
Fort Lauderdale, FL 33334  
[george@cavros-law.com](mailto:george@cavros-law.com)

Mr. Jon C. Moyle, Jr.  
Ms. Karen Putnal  
Moyle Law Firm, P.A.  
118 North Gadsden Street  
Tallahassee, FL 32301  
[jmoyle@moylelaw.com](mailto:jmoyle@moylelaw.com)  
[kputnal@moylelaw.com](mailto:kputnal@moylelaw.com)

Mr. James W. Brew  
Mr. F. Alvin Taylor  
Brickfield, Burchette, Ritts & Stone, P.C.  
1025 Thomas Jefferson Street, NW  
Eighth Floor, West Tower  
Washington, D.C. 20007-5201  
[jbrew@bbrslaw.com](mailto:jbrew@bbrslaw.com)  
[ataylor@bbrslaw.com](mailto:ataylor@bbrslaw.com)

Ms. Beth Keating  
Gunster, Yoakley & Stewart, P.A.  
215 South Monroe St., Suite 601  
Tallahassee, FL 32301  
[bkeating@gunster.co](mailto:bkeating@gunster.co)

Ms. Cheryl M. Martin  
Florida Public Utilities Company  
1641 Worthington Road, Suite 220  
West Palm Beach, FL 33409-6703  
[cmmartin@fpuc.com](mailto:cmmartin@fpuc.com)

Mr. W. Christopher Browder  
Orlando Utilities Commission  
P. O. Box 3193  
Orlando, FL 32802-3193  
[cbrowder@ouc.com](mailto:cbrowder@ouc.com)

Ms. Diana Csank  
Associate Attorney  
Sierra Club  
50 F St. NW, 8th Floor  
Washington, DC 20001  
[Diana.Csank@sierraclub.org](mailto:Diana.Csank@sierraclub.org)

Mr. Gary V. Perko  
Ms. Brooke E. Lewis  
Hopping Green & Sams, P.A.  
Post Office Box 6526  
Tallahassee, FL 32314  
[gperko@hgslaw.com](mailto:gperko@hgslaw.com)  
[blewis@hgslaw.com](mailto:blewis@hgslaw.com)

Mr. Robert Scheffel Wright  
Mr. John T. LaVia, III  
Gardner, Bist, Wiener, Wadsworth,  
Bowden, Bush, Dee, LaVia & Wright, P.A.  
1300 Thomaswood Drive  
Tallahassee, FL 32308  
[Schef@gbwlegal.com](mailto:Schef@gbwlegal.com)  
[jlavia@gbwlegal.com](mailto:jlavia@gbwlegal.com)

Mr. J. R. Kelly  
Mr. Erik L. Sayler  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, FL 32399-1400  
[kelly.jr@leg.state.fl.us](mailto:kelly.jr@leg.state.fl.us)  
[sayler.erik@leg.state.fl.us](mailto:sayler.erik@leg.state.fl.us)

Mr. John Finnigan  
Clean Energy Program  
Environmental Defense Fund  
128 Winding Brook Lane  
Cincinnati, Ohio 45174  
[jfinnigan@edf.org](mailto:jfinnigan@edf.org)

  
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ATTORNEY



BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 130201-EI  
IN RE: COMMISSION REVIEW OF  
NUMERIC CONSERVATION GOALS  
TAMPA ELECTRIC COMPANY

REBUTTAL TESTIMONY  
OF  
HOWARD T. BRYANT



1 testimony of the intervenor witnesses?  
2

3 **A.** Yes. The testimony of each of the above witnesses is  
4 highly critical of the process utilized by the Commission  
5 and the FEECA utilities in setting DSM goals. However,  
6 that criticism principally relies on conclusions drawn by  
7 the intervenor witnesses from reams of conclusory reports  
8 and other documentation from around the country, much of  
9 it hearsay, and none of which is specific to the task at  
10 hand, which is setting DSM goals for the FEECA utilities  
11 for the 2015-2024 time period. Despite their across-the-  
12 board criticism of the manner in which DSM goals has been  
13 set in Florida, when it comes time to provide input as to  
14 what those goals should be, the intervenor witnesses pull  
15 arbitrary percentages out of the air, as they are forced  
16 to do given their lack of any Florida-specific studies or  
17 rigorous analyses, as required by Rule 25-17.0021,  
18 F.A.C., or fail to recommend any goals at all, which adds  
19 nothing of substance. (Mims - 0.75 percent of retail  
20 sales ramping up to one percent in "another year" (page  
21 62); Rábago - no recommended goals at all; Woolf - one  
22 percent of annual retail sales by 2019 (page 82); Dr.  
23 Fine - no recommended goals but instead, generalized  
24 support for non-cost-effective solar applications). Of  
25 those witnesses advocating an arbitrary percent of

1 revenues approach (Mims and Woolf), neither attempts to  
2 examine what impact those arbitrary goals would have on  
3 utility customers in Florida. This renders those goals  
4 not only arbitrary, but irresponsible and indefensible.  
5

6 The general approach of these witnesses is to ignore the  
7 nearly 35 years of successful delivery of conservation  
8 and energy efficiency programs by Tampa Electric to its  
9 customers. In 1981, the Florida Energy Efficiency and  
10 Conservation Act ("FEECA") was adopted requiring  
11 utilities to offer efficiency programs to customers to  
12 help utilities reduce the demand for energy. Tampa  
13 Electric was the first utility to receive Commission  
14 approval of its plans to meet the requirements of FEECA.  
15 The company has been a consistent contributor to the  
16 overall success of Florida's conservation efforts.  
17

18 The Commission has consistently required aggressive goals  
19 and at the same time has strived to be mindful of the  
20 rate impact that conservation programs have on customers.  
21 With one exception, discussed later, the Commission has  
22 accomplished this through the use of a Rate Impact  
23 Measure ("RIM") test and Participant test to screen  
24 potential DSM measures to avoid undue high utility rate  
25 impacts and cross-subsidization of program participants

1 by non-participants. As I later describe, SACE, Sierra  
2 Club and EDF would have the Commission jettison its  
3 balanced and effective approach to DSM goals setting and  
4 adopt in its place a radical pursuit of per capita  
5 reduction in energy consumption without any regard  
6 whatsoever for the rate impact on consumers of electric  
7 power in Florida. Their approach is wrong and should be  
8 rejected.

9  
10 Contrary to these intervenor witnesses' suggestions, this  
11 Commission and the FEECA utilities have not gotten it all  
12 wrong. To the contrary, the FEECA utilities  
13 collectively, and Tampa Electric standing alone, have  
14 made and continue to make significant achievements in the  
15 area of DSM.

16  
17 **Rebuttal to Natalie Mims Testimony**

18 **Q.** Please address Ms. Mims assertion that FEECA mandates the  
19 use of the Total Resource Cost ("TRC") cost-effectiveness  
20 test and that the Commission has mandated the use of TRC?

21  
22 **A.** I disagree with her conclusion regarding the FEECA  
23 mandate. Moreover, with one exception, the Commission  
24 has relied on the RIM test and the Participant test in  
25 setting DSM goals for the FEECA utilities. The



1 Commission only receded from the RIM test one time in  
2 setting DSM goals, in 2009. The Commission subsequently  
3 determined that programs designed to meet those goals  
4 would be so costly as to warrant reverting back to RIM  
5 based DSM programs for two affected utilities, namely,  
6 Florida Power and Light and Duke Energy Florida (Progress  
7 Energy at the time of the decision).

8  
9 **Q.** Did the Commission utilize the RIM and Participant tests  
10 prior to 2009?

11  
12 **A.** Yes. In 1994 the Commission set conservation goals for  
13 the FEECA utilities based on measures that passed both  
14 the Participant and RIM tests. In so doing, the  
15 Commission stated:

16  
17 . . . We find that goals based on measures  
18 that pass TRC but not RIM would result in  
19 increased rates and would cause customers  
20 who do not participate in a utility DSM  
21 measure to subsidize customers who do  
22 participate. . . .<sup>1</sup>

23  
24 Again, in 2004, the Commission set DSM goals for Tampa  
25 Electric and in so doing stated:

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<sup>1</sup> Order No. PSC-94-1313-FOF-EG issues in Docket Nos. 930548-EG, 030549-EG, 930550-EG and 930551-EG.

1           TECO appropriately used the RIM and  
2           Participant tests to determine the cost-  
3           effective level of achievable DSM goals.  
4           Therefore, TECO's proposed conservation  
5           goals are hereby approved.<sup>2</sup>

6  
7           Ms. Mims is simply wrong in her assertion that FEECA  
8           requires use of the TRC cost-effectiveness test. Clearly  
9           the RIM and Participant tests produce goals that do not  
10          unduly increase rates and at the same time protect  
11          customers who cannot or do not participate in a utility  
12          DSM measure from having to subsidize those customers who  
13          do participate. I would urge the Commission to reaffirm  
14          the RIM test and Participant test as the most appropriate  
15          cost-effectiveness tests to set DSM goals at levels that  
16          comport with the Commission's overall ratemaking  
17          responsibility and which are fair to all customers.

18  
19       **Q.** Beginning on page 28, Ms. Mims alleges that the FEECA  
20       utilities' costs are too high. How do you respond to  
21       that assertion?

22  
23       **A.** I disagree with her statement. Tampa Electric's  
24       assumptions regarding costs are based on Florida specific  
25       and Tampa Electric specific analyses. Moreover, the

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<sup>2</sup> Order No. PSC-04-0765-PAA-EG issued August 9, 2004, Docket No. 040033-EG.

1 company's program costs have been closely audited by the  
2 Commission and are the subject of extensive discovery and  
3 analysis in the conservation cost recovery proceedings.  
4 I believe Tampa Electric's assumptions are reasonably  
5 based on Florida specific costs. Ms. Mims problem is  
6 that she has not performed a Florida specific analysis.  
7

8 **Q.** How do you respond to Ms. Mims' suggestion, beginning at  
9 the bottom of page 17 of her testimony, that the  
10 utilities' concern with cross-subsidization is unfounded?  
11

12 **A.** I believe it inappropriately disregards basic fairness  
13 for customers who, for one reason or another, are not  
14 able to participate in DSM programs. That unfairness is  
15 avoided by use of the RIM and Participant cost-  
16 effectiveness tests. Ms. Mims suggestion that cross-  
17 subsidization should be overlooked because not all  
18 customers that pay for energy infrastructure will  
19 necessarily receive a comparable benefit ignores the  
20 distinction between unavoidable and avoidable cross-  
21 subsidization. Cross-subsidization in the design of DSM  
22 goals is avoidable and use of the RIM and Participant  
23 tests is what enables the avoidance to occur. Just  
24 because some cross-subsidization is unavoidable does not  
25 warrant not taking steps to avoid cross-subsidization

1           that can be avoided.

2

3   **Q.**   How do you respond to Ms. Mims criticism of the use of a  
4           two-year payback to address free ridership in the setting  
5           of DSM goals?

6

7   **A.**   I believe her position is unfounded.    The two-year  
8           payback screen has been utilized by the Commission since  
9           1994 as a reasonable means to avoid paying incentives to  
10          a customer in circumstances where there is a strong  
11          likelihood that the customer will adopt a measure without  
12          receiving an incentive.   The evaluation, measurement and  
13          verification alternative proposed by Ms. Mims would be  
14          complicated, difficult to administer and costly, and I  
15          believe unlikely to produce a more accurate assessment of  
16          free ridership than the use of the two-year payback  
17          criterion.

18

19   **Q.**   What is your view of Ms. Mims recommended energy  
20          efficiency goals of 0.75 percent of retail sales, ramping  
21          up to one percent "in another year"?

22

23   **A.**   As I stated in my general comments, this is a completely  
24          arbitrary and unsupported recommendation that signifies  
25          no regard whatsoever for the impact that recommendation

1 would have on utility customers in Florida. That  
2 recommendation should be summarily rejected as being  
3 arbitrary and baseless.  
4

5 **Rebuttal to Karl R. Rábago**

6 **Q.** Please describe your overall assessment of the testimony  
7 of Karl R. Rábago on behalf of SACE?  
8

9 **A.** Mr. Rábago's testimony does not address the issue to be  
10 resolved in this proceeding, which is what levels of DSM  
11 goals should be set for the FEECA utilities for 2015-  
12 2024. Instead, Mr. Rábago urges the Commission to ignore  
13 the results of the solar pilot programs the Commission  
14 instituted in 2009 and, instead, to adopt a new "value of  
15 solar" cost-effectiveness analysis which appears designed  
16 to make non-cost-effective solar applications appear cost  
17 effective through the use of subjective externality  
18 costs. His testimony is accompanied by voluminous non-  
19 Florida specific publications, much of which is hearsay,  
20 and none of which has any bearing on the issue of what  
21 numeric DSM goals should be set in this proceeding.  
22

23 Mr. Rábago's testimony does not detract from the  
24 reasonableness of the DSM goals sponsored in my direct  
25 testimony or the fact that the solar pilot programs

1 implemented by Tampa Electric pursuant to the  
2 Commission's 2009 order have clearly proven to be non-  
3 cost effective under the RIM and TRC tests and that  
4 participants in these programs have been non-cost-  
5 effectively subsidized by all other customers.

6  
7 **Q.** What is your assessment of Mr. Rábago's "value of solar"  
8 proposal?

9  
10 **A.** Mr. Rábago's "value of solar" analysis is a complex and  
11 subjective concept that appears designed to create  
12 numerous "savings" in an effort to make non-cost-  
13 effective solar applications appear cost-effective. In  
14 stark contrast, the results of the solar pilot programs  
15 ordered by the Commission in 2009 serve as concrete  
16 objective evidence that the total benefits from these  
17 pilot programs are far too small compared to the costs  
18 associated with delivering these programs. Consequently,  
19 as I stated in my direct testimony, any continuation of  
20 expenditures on this renewable initiative will only  
21 exacerbate two existing conditions: (1) the continued  
22 upward pressure on the ECCR clause for programs that do  
23 not pass RIM or TRC cost-effectiveness tests, and (2) the  
24 continued payment of subsidies by non-participants to  
25 those customers installing these technologies. It is

1 simply not a responsible use of ratepayer dollars to  
2 promote these programs under any cost-effectiveness test.  
3 I believe it would be a complex, time consuming and  
4 costly exercise to pursue a "value of solar" initiative  
5 in an effort to "prop up" the perceived value of solar  
6 programs that clearly have been shown to be non-cost-  
7 effective. This non-cost-effective determination of  
8 these pilot solar programs is a result of the  
9 Commission's directive in the last DSM goals proceeding  
10 to conduct the programs in an effort to explore whether  
11 or not the infusion of incentive dollars into the  
12 marketplace would change the previously recognized non-  
13 cost-effective DSM nature of these renewable  
14 technologies. These pilot solar programs have now  
15 clearly demonstrated and confirmed through actual field  
16 installations and data collection that they are not cost-  
17 effective from a DSM measure perspective.

18  
19 Based on the non-cost-effective results of the renewable  
20 measures contained in the pilot solar programs, it is now  
21 appropriate to set renewable goals for Tampa Electric at  
22 zero. This is consistent with four previous Commission  
23 decisions setting goals at zero when no DSM measures have  
24 proven to be cost-effective. This first occurred for  
25 Jacksonville Electric Authority ("JEA") in Docket No.

1 990720-EG, Order No. PSC-00-0588-FOF-EG, and again in  
2 Docket No. 040030-EG, Order No. PSC-04-0768-PAA-EG. In  
3 both orders, the Commission stated that JEA's goals were  
4 set at zero because none of the measures evaluated passed  
5 both the RIM and Participant tests. The same decision  
6 was made for Orlando Utilities Commission ("OUC") in  
7 Docket No. 990722-EG, Order No. PSC-00-0587-FOF-EG, and  
8 again in Docket No. 040035-EG, Order No. PSC-04-0767-PAA-  
9 EG. In both orders, the Commission stated that OUC's  
10 goals were set at zero because none of the measures  
11 evaluated passed both the RIM and Participant tests. The  
12 same rationale calls for setting Tampa Electric's  
13 renewable goal at zero in this proceeding.

14  
15 **Rebuttal to Mr. Woolf's Testimony**

16 **Q.** Please describe your overall impression of Mr. Woolf's  
17 testimony?

18  
19 **A.** Like the other intervenor witnesses, Mr. Woolf apparently  
20 begins with the assumption that everything that has been  
21 done in Florida in the way of DSM is fundamentally wrong,  
22 and that the Commission should abandon its rules and  
23 precedent and, instead, adopt sweeping changes imported  
24 from other jurisdictions. Mr. Woolf starts out with the  
25 blanket conclusion that the proposed goals are too low.



1 He disregards the reasons why they are low, compared to  
2 previous periods. In so doing, he totally disregards the  
3 factors outlined in my direct testimony explaining why  
4 Tampa Electric's current proposed goals are lower than  
5 those proposed five years ago.  
6

7 **Q.** How do you respond to Mr. Woolf's criticism of the RIM  
8 test?  
9

10 **A.** His criticisms of the RIM test are flawed for the same  
11 reasons discussed earlier relative to Ms. Mims comments  
12 on the RIM test. Mr. Woolf, like Ms. Mims, is urging the  
13 Commission to jettison a cost-effectiveness test which  
14 keeps a reasonable eye on rates and a reasonable guard  
15 against cross-subsidization on the theory that those  
16 concerns should take a back seat to maximizing DSM,  
17 whatever the cost.  
18

19 **Q.** On page 23 Mr. Woolf states that cross-subsidies are  
20 endemic to regulated electric utilities, and provides  
21 several examples. How do you respond to his suggestion  
22 that cross-subsidies are not that important?  
23

24 **A.** Like Ms. Mims, Mr. Woolf ignores the distinction between  
25 avoidable and unavoidable cross-subsidies. He prefaces

1 his examples with the phrase "while it is important to  
2 avoid cross-subsidies where possible", which is telling.  
3 The examples he provides are the unavoidable cross-  
4 subsidies. The cross-subsidization which the use of the  
5 RIM test and the Participant test prevent is avoidable  
6 cross-subsidization, which is possible to prevent and,  
7 therefore, should be pursued, based on Mr. Woolf's own  
8 admission.

9  
10 **Q.** Please address Mr. Woolf's suggestion on pages 28-29 that  
11 the focus should be on reducing bills as opposed to  
12 focusing on rates?

13  
14 **Q.** For residential customers the bottom line on the bill is  
15 a function of rates and usage. Utility customers focus  
16 on the rate because it determines not only the cost of  
17 the product consumed, but also the amount of electricity  
18 the customer can plan on using during a budgeting period.  
19 Despite his focus on the bottom line amount shown on the  
20 bill, I am sure that Mr. Woolf, like most people, has a  
21 keen interest in the rate being charged. Anyone driving  
22 down the road with little gasoline left in the tank would  
23 start looking at the prices posted at different gas  
24 stations when deciding where to fill up, especially when  
25 two stations are next to each other, easily accessible

1 and one is posting a rate per gallon that is less than  
2 the other. This same focus on price per unit applies to  
3 all commodities purchased by the average person. It also  
4 accounts for the fact that the Commission requires a  
5 period of 30 days between the approval of a rate increase  
6 and the implementation of that rate increase, so that  
7 utility customers can plan accordingly in their electric  
8 consumption, particularly in the commercial and  
9 industrial sectors.

10  
11 **Q.** Please address Mr. Woolf's criticism, beginning on page  
12 32, that the utilities have not accounted for cost of  
13 greenhouse gas ("GHG") regulations?

14  
15 **A.** Mr. Woolf has criticized the utilities for not  
16 speculating about what, if any, GHG regulations may be  
17 promulgated in the future. Rather than spending Tampa  
18 Electric's customers' dollars based on speculation, the  
19 company believes the prudent course of action is to await  
20 the adoption of any such regulations and then to react  
21 accordingly. Tampa Electric has taken the potential for  
22 greenhouse gas regulations into account and has  
23 determined that it would rather not gamble with its  
24 customers' money at this juncture.

25

1   **Q.**   Have you taken into account the Environmental Protection  
2           Agency's recently announced proposed regulation that  
3           would require carbon emission reductions by 30 percent  
4           from 2005 levels by 2030?

5  
6   **A.**   Yes, and the fact that such a regulation has been  
7           proposed does not necessarily mean it will be adopted.  
8           Significant opposition to the proposed regulation has  
9           been highlighted in the press and legal challenges are  
10          reportedly being prepared. Tampa Electric does not  
11          believe it would be prudent to speculate about carbon  
12          costs associated with this proposed regulation that may  
13          or may not come into being. Carbon costs were factored  
14          into the goal setting process five years ago and the  
15          company finds itself, five years later, not knowing  
16          whether or when carbon reduction related requirements  
17          will become final, or what the content of any final  
18          requirements may be.

19  
20   **Q.**   How do you respond to Mr. Woolf's contention, beginning  
21          at page 35, that the utilities ignore non-energy benefits  
22          of energy efficiency?

23  
24   **A.**   Mr. Woolf attempts to call upon largely non-quantifiable  
25          externalities as benefits when he, himself, has not even

1 attempted to quantify the "value" of those externalities.  
2 This is just another unsupported argument in favor of  
3 higher DSM goals that will cause unknown but increased  
4 impacts to customer rates.

5  
6 **Q.** Please respond to Mr. Woolf's contention, beginning at  
7 page 44, that the technical potential estimates  
8 understate DSM potential?

9  
10 **A.** Mr. Woolf's contention that the technical potential was  
11 understated is focused in part on behavioral measures  
12 where savings are predicated on sustained customer  
13 behavior over the life of the measure, measures already  
14 captured in the technical potential such as HVAC systems,  
15 and DSM programs where multiple measures are involved in  
16 providing the total program savings. Tampa Electric  
17 adhered to the Commission's Order Establishing Procedure  
18 which stated the conclusion drawn from the June 17, 2013  
19 Staff meeting with the parties. That conclusion was  
20 stated as follows, "The parties agreed that the Technical  
21 Potential Study used in the previous numeric goals  
22 proceeding, Docket Nos. 0804070-EG - 080412-EG, should be  
23 updated by each utility, on or about September 30, 2013."  
24 The Staff correctly understood any incremental value to  
25 performing a full technical potential study on the heels

1 of a recent, robust study was far less in value than the  
2 cost necessary to undertake such an endeavor.  
3 Furthermore, the groundwork for any interested party to  
4 provide any new measures for inclusion in the technical  
5 potential update evaluation process was clearly outlined  
6 at the June 17 meeting. The utilities simply asked for  
7 Florida specific data on any new measure's performance  
8 and the measure would then be included. This was the  
9 same criteria each utility was also required to provide.

10  
11 **Q.** Please respond to Mr. Woolf's argument against the two-  
12 year payback screening to account for free ridership?

13  
14 **A.** Mr. Woolf's criticism of the two-year payback screen for  
15 free ridership ignores the intuitive reasonableness of  
16 this measure and demonstrates his unfamiliarity with the  
17 Commission's rule concerning conservation goals and  
18 related matters. Rule 25-17.0021, F.A.C., implements  
19 conservation goals for electric utilities. Subsection  
20 (3) of that rule requires that each utility's projection  
21 in a proceeding to establish or modify DSM goals shall  
22 reflect consideration of a number of factors including  
23 "free riders" during the goals setting process - not  
24 postponing the evaluation to the program development  
25 stage as Mr. Woolf argues. Free ridership occurs when a

1 customer is provided an economic incentive to take an  
2 action that the customer likely would take on its own,  
3 even without receiving the incentive. As a simple  
4 example, the average person would not need to receive a  
5 \$2 incentive to bend down and pick up a stray \$5 bill the  
6 person happened to spot on the sidewalk. Paying the \$2  
7 incentive would be a waste of resources because the  
8 average person would pick up the stray \$5 bill anyway.

9  
10 It is reasonable to assume that most, if not all, DSM  
11 measures that pay for themselves within two years or less  
12 are sufficiently attractive from an economic perspective  
13 that the average homeowner or business manager will take  
14 advantage of the measure on their own without receiving  
15 an incentive from the utility. The two-year payback  
16 screen is a reasonable means of considering and avoiding  
17 free ridership.

18  
19 The Commission has a long history of using the two-year  
20 payback criterion in goals setting and program  
21 participation standards. Tampa Electric first introduced  
22 the screen in 1991 as a key part of a program standard.  
23 The program standard restricted incentive payments to any  
24 measure that had less than a two-year customer payback.  
25 The Commission approved the two-year payback standard in

1 1991 and has subsequently approved it in every program  
2 filing since then. In 1994, Florida Power and Light  
3 introduced the two-year payback screen in their goals  
4 docket as a means of minimizing free riders and the  
5 Commission approved FPL's goals that were based on this  
6 standard. The Commission Staff has acknowledged the use  
7 of the Participant test and the two-year payback  
8 criterion to control free ridership in recent workshops.  
9 John Laitner with the American Council for an Energy-  
10 Efficient Economy ("ACEEE") published an article  
11 identifying the two-year back as a reasonable threshold  
12 for a customer to not require any utility incentive.  
13 Similarly, the Environmental Protection Agency Energy  
14 Star program indicates that consumers desire rapid  
15 payback when incremental up-front investment is required  
16 and that period is in the range of two to three years.  
17 Based on this overwhelming support and continued  
18 utilization of the two-year payback criterion, Tampa  
19 Electric believes it remains the most appropriate tool  
20 for minimizing free ridership.

21  
22 In addition, the use of the two-year payback screen to  
23 minimize free riders was decided upon early in the  
24 collaborative process in the goals setting proceedings  
25 five years ago. Mr. Wilson of SACE/NRDC participated in



1 the discussion and agreed to the decision.

2  
3 **Q.** Please respond to Mr. Woolf's recommended DSM goals to  
4 achieve annual efficiency savings equal to one percent of  
5 annual retail sales by 2019?  
6

7 **A.** Just like Ms. Mims' recommendation of 0.75 percent of  
8 retail sales, ramping up to one percent in "another  
9 year", Mr. Woolf's one percent recommendation is totally  
10 arbitrary and unsupported and should be rejected. Like  
11 Ms. Mims, Mr. Woolf rolls out his arbitrary percentage of  
12 retail sales goal without any consideration whatsoever  
13 for the rate impact on utility customers in Florida. He  
14 simply and summarily concludes, at page 87, that the rate  
15 impacts of the Sierra Club goals will not be much higher  
16 than those of the utilities' goals. But in fact, the  
17 rate impact of an arbitrarily selected one percent goal  
18 will be significantly higher. Using Tampa Electric's  
19 proposed RIM-based DSM goals and associated costs to  
20 determine an order of magnitude of the rate impact on  
21 customers under the burden of a one percent DSM energy  
22 goal, the increased cost of DSM through the ECCR clause  
23 will be almost six fold, from an average of \$47 million  
24 annually to an average of \$260 million annually. A  
25 commensurate bill impact for 1,200 kWh will also occur,

1           namely, the customer's monthly ECCR cost will increase  
2           from an average of \$3.22 per month to an average of  
3           \$17.85 per month.

4  
5   **Q.**   Do you have an opinion regarding Mr. Woolf's suggestion  
6           that decoupling be considered as a method to treat the  
7           lost revenue issue?

8  
9   **A.**   Decoupling is, as Mr. Woolf concedes, a concept that has  
10          been considered and rejected by this Commission. It is  
11          beyond the scope of this proceeding and should not be  
12          considered.

13  
14   **Rebuttal to Dr. Fine's Testimony**

15   **Q.**   Do you have any overall comments regarding Dr. Fine's  
16          testimony?

17  
18   **A.**   Yes. These are goals setting dockets to implement FEECA  
19          - not an all-consuming omnibus proceeding to address the  
20          universe of environmental objectives envisioned by Dr.  
21          Fine.

22  
23   **Q.**   Please respond to Dr. Fine's suggestion that FEECA  
24          utilities should take steps to factor in GHG regulations  
25          as a cost in the equation to determine the cost-

1 effectiveness of DSM measures?

2  
3 **A.** The bulk of the first 13 pages of Dr. Fine's testimony  
4 suggests that the FEECA utilities should engage in  
5 speculation as to what GHG regulations may be enacted and  
6 what they may cost. As stated earlier with respect to  
7 witness Woolf's testimony, Tampa Electric would rather  
8 not speculate when the impact of any wrong guesses shows  
9 up in customers' bills. The company believes the future  
10 of GHG regulation is anything but settled and that  
11 factoring in any costs of GHG regulation at this time is  
12 unwarranted.

13  
14 **Q.** Beginning on page 14 Dr. Fine suggests a continuation of  
15 the solar programs the Commission required the utilities  
16 to undertake as pilot programs in 2009. How do you  
17 respond?

18  
19 **A.** As I have previously indicated, these programs are not  
20 cost-effective and the rebates associated with these  
21 programs should not be continued. At such time as solar  
22 applications can be demonstrated to be cost-effective,  
23 Tampa Electric will consider them as it would any other  
24 DSM measure. However, unless and until that occurs, the  
25 company does not believe the solar pilot programs should

1 be continued.

2

3 As previously stated in response to Mr. Rábago's  
4 testimony, the past Commission decision to set goals at  
5 zero when no measures are cost-effective is appropriate  
6 for Tampa Electric's renewable goal.

7

8 **Q.** On pages 19 through 22 Dr. Fine recommends various  
9 changes for distributed solar PV programs. How do you  
10 respond?

11

12 **A.** These various tweaks to distributed solar PV programs do  
13 not detract from the fact that solar PV has been  
14 demonstrated, on a pilot program basis, to be non-cost-  
15 effective in the company's service area. Until such time  
16 as that changes, none of the changes suggested by Dr.  
17 Fine have any value.

18

19 **Q.** Do you have any concluding remarks regarding the  
20 testimonies by SACE, Sierra Club and EDF?

21

22 **A.** Yes, I do. I want to stress the solid efforts that have  
23 been put forth by the FEECA utilities and the  
24 Commission's Staff over nearly a year-long process to  
25 develop aggressive, yet reasonable, DSM goals consistent

1 with the Commission's goal setting rule and the  
2 provisions of FEECA that it implements. All participants  
3 in this effort should be proud of the results and  
4 confident that they meet all relevant legislative  
5 objectives. The counter proposals of SACE and Sierra  
6 Club, on the other hand, appear to be arbitrarily  
7 crafted, "made up" goals designed to pursue an  
8 overarching environmental agenda that has no concern  
9 whatsoever for electric customers in Florida or the  
10 economy of this state.

11  
12 The "goals" proposed by SACE and Sierra Club are nine to  
13 thirteen times higher on a winter/summer peak demand  
14 basis, and approximately thirteen times higher on an  
15 energy basis than the utility-sponsored goals derived  
16 from a nearly year long effort with valuable Staff input.  
17 Furthermore, these "goals" would increase Tampa  
18 Electric's cost of DSM through the ECCR clause almost six  
19 fold, from an average of \$47 million annually to an  
20 average of \$260 million annually. Additionally, the  
21 customer's monthly ECCR cost for a 1,200 kWh bill will  
22 increase from an average of \$3.22 per month to an average  
23 of \$17.85 per month. These stark differences alone make  
24 the SACE and Sierra Club proposed goals inherently  
25 suspect. Those differences, together with the

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deficiencies in the testimonies of the SACE, Sierra Club and EDF witnesses I have described, form a solid basis for rejecting the proposals put forth by these intervenors.

**Q.** Does this conclude your testimony?

**A.** Yes it does.