

# Hopping Green & Sams

Attorneys and Counselors  
Writer's Direct Dial No.  
(850) 425-2359

June 10, 2014

**BY HAND DELIVERY**

Carlotta S. Stauffer, Director  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

RECEIVED-FPSC  
14 JUN 10 PM 4:33  
COMMISSION  
CLERK

Re: *In re: Commission review of numeric conservation goals (JEA),*  
Docket No. 130203-EM

Dear Ms. Stauffer:

Enclosed for filing on behalf of JEA in the above docket are the original and fifteen copies of the Pre-filed Rebuttal Testimony of **P.G. "Bud" Para.**

By copy of this letter, the enclosed documents have been furnished to the parties on the attached certificate of service by electronic mail.

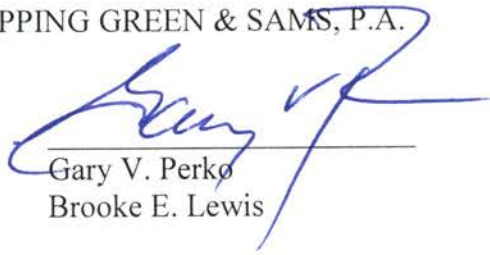
Please acknowledge receipt and filing of the above by stamping the enclosed extra copy of testimony and return it to me. If you have any questions concerning this filing, please contact me at 425-2359.

Thank you for your assistance in connection with this matter.

Very truly yours,

HOPPING GREEN & SAMS, P.A.

By:



Gary V. Perko  
Brooke E. Lewis

Attorneys for JEA

GVP/mee  
Enclosures

COM	<u>5</u>
AFD	<u>1</u>
APA	<u>    </u>
ECO	<u>1</u>
ENG	<u>4</u>
GCL	<u>2</u>
IDM	<u>1</u>
TEL	<u>    </u>
CLK	<u>1-Court Reporter</u>

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the Pre-Filed Rebuttal Testimony of P.G. "Bud" Para has been furnished by electronic delivery this 10th day of June, 2014, to the following:

### **Florida Public Service Commission**

Charles Murphy  
Lee Eng Tan  
Kelley F. Corbari  
2540 Shumard Oak Blvd  
Tallahassee, FL 32399-0850  
[cmurphy@psc.state.fl.us](mailto:cmurphy@psc.state.fl.us)  
[ltan@psc.state.fl.us](mailto:ltan@psc.state.fl.us)  
[kcorbari@psc.state.fl.us](mailto:kcorbari@psc.state.fl.us)

### **Florida Department of Agriculture and Consumer Services**

Steven L. Hall, Senior Attorney  
407 South Calhoun Street, Suite 520  
Tallahassee, FL 32399  
[Steven.Hall@FreshFromFlorida.com](mailto:Steven.Hall@FreshFromFlorida.com)

### **Florida Power & Light Company**

John Butler/Jessica Cano  
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)

### **Florida Power & Light Company**

Kevin Donaldson  
4200 West Flagler Street  
Miami, FL 33134  
[kevin.donaldson@fpl.com](mailto:kevin.donaldson@fpl.com)

### **Duke Energy Florida**

Dianne M. Triplett  
Matthew R. Bernier  
Post Office Box 14042  
St. Petersburg, Florida  
[dianne.triplett@duke-energy.com](mailto:dianne.triplett@duke-energy.com)  
[matthew.bernier@duke-energy.com](mailto:matthew.bernier@duke-energy.com)

### **Duke Energy Florida**

Mr. Paul Lewis, Jr.  
106 East College Avenue, Suite 800  
Tallahassee, FL 32301-7740  
[paul.lewisjr@duke-energy.com](mailto:paul.lewisjr@duke-energy.com)

### **Tampa Electric Company**

Paula K. Brown, Manager  
P.O. Box 111  
Tampa, FL 33602  
[pkbrown@tecoenergy.com](mailto:pkbrown@tecoenergy.com)

### **Tampa Electric Company**

c/o J. Beasley/J. Wahlen/A. Daniels  
Post Office Box 391  
Tallahassee, FL 32302  
[jbeasley@ausley.com](mailto:jbeasley@ausley.com)  
[adaniels@ausley.com](mailto:adaniels@ausley.com)

### **JEA**

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

### **Gulf Power Company**

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

### **Gulf Power Company**

c/o S. Griffin  
P.O. Box 12950  
Pensacola, FL 32591-2950  
[srg@beggslane.com](mailto:srg@beggslane.com)

### **Sierra Club**

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

### **Florida Industrial Power Users Group**

c/o Jon C. Moyle, Jr./Karen Putnal  
118 North Gadsden Street  
Tallahassee, FL 32301  
[jmoyle@moylelaw.com](mailto:jmoyle@moylelaw.com)

**Southern Alliance for Clean Energy**

Alisa Coe  
111 S. Martin Luther King Jr. Blvd.  
Tallahassee, Florida 32301  
[aco@earthjustice.org](mailto:aco@earthjustice.org)

**Southern Alliance for Clean Energy**

George Cavros  
120 E. Oakland Park Blvd., Suite 105  
Fort Lauderdale, FL 33334  
[george@cavros-law.com](mailto:george@cavros-law.com)

**Walmart**

Robert Scheffel Wright  
John T. LaVia, III  
1300 Thomaswood Drive  
Tallahassee, Florida 32308  
[schef@gbwlegal.com](mailto:schef@gbwlegal.com)  
[jlavia@gbwlegal.com](mailto:jlavia@gbwlegal.com)



Attorney

1                                   BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2                                                           REBUTTAL TESTIMONY OF

3                                                                           P. G. "BUD" PARA

4                                                                           ON BEHALF OF

5                                                                           JEA

6                                                                           DOCKET NO. 130203-EM

7                                                                           JUNE 10, 2014

8

9    **Q.    Please state your name and business address.**

10   A.    My name is P. G. "Bud" Para. My business address is 21 West Church Street,  
11           Jacksonville, Florida 32202.

12

13   **Q.    By whom are you employed and in what capacity?**

14   A.    I am employed by JEA as Chief Public Affairs Officer.

15

16   **Q.    Please describe your responsibilities in that position.**

17   A.    I am responsible for managing state and federal legislative and regulatory issues that  
18           may have an impact on JEA operations. My team is the primary contact between JEA  
19           and federal and state government bodies in the development of public policy affecting  
20           JEA interests.

21

22   **Q.    Please state your educational background and professional experience.**

23   A.    I graduated from Georgia Tech in 1972 with a Bachelors degree in Industrial  
24           Engineering and from the University of North Florida in 1985 with a Master of

1 Business Administration. I am a Registered Professional Engineer in the State of  
2 Florida.

3  
4 I have been with JEA since 1981, serving in load forecasting, as an engineer in  
5 generation, transmission and distribution planning, as manager of Electric System  
6 Planning, director of Fuels Management, director of Legislative Affairs and currently  
7 as JEA's Chief Public Affairs Officer. I also serve on the Florida Municipal Electric  
8 Association Board of Directors and represent JEA on the American Public Power  
9 Association and the Large Public Power Council.

10  
11 While manager of System Planning for JEA, I was responsible for generation,  
12 transmission and distribution planning and load and energy forecasting. In addition, I  
13 was responsible for planning DSM programs and working with the Commission in  
14 JEA's conservation goals docket. I have testified before the Commission on several  
15 occasions including in JEA's conservation goals docket.

16  
17 **Q. Have you reviewed the pre-filed testimony of Tim Woolf that was filed on May**  
18 **19, 2014?**

19 A. Yes, I have.

20  
21 **Q. What is the purpose of your testimony?**

22 A. While Mr. Woolf's testimony does not address JEA specifically, it paints all the  
23 Florida Energy Efficiency and Conservation Act (FEECA) utilities with the same  
24 brush. The purpose of my testimony is to rebut a few of Mr. Woolf's assertions that

1 have the greatest impact on the conservation goals and specifically those assertions  
2 that are inappropriate for JEA as a municipal utility. Specifically I will rebut the  
3 following assertions made by Mr. Wolfe:

- 4 • The RIM test should not be used for screening DSM programs; and
- 5 • DSM goals should be set such that each of the FEECA utilities will achieve  
6 annual efficiency savings equal to one percent of annual retail sales by 2019.

7  
8 **RIM Test**

9 **Q. Are you familiar with the Commission's practice in assessing how JEA and other  
10 electric utilities evaluate DSM cost-effectiveness?**

11 A. Yes. From 1993 through 1995, I was involved in the consolidated proceedings in  
12 which the Commission approved DSM goals for municipal and cooperative electric  
13 utilities that are subject to FEECA, Sections 366.80-366.85 and 403.519, Florida  
14 Statutes. At the conclusion of those proceedings, in Order No. PSC-95-0461-FOF-EG, at  
15 page 2 (Apr. 10, 1995), the Commission determined that the Rate Impact (RIM) test is  
16 appropriate for evaluating the cost-effectiveness of DSM measures. This conclusion was  
17 consistent with the Commission's earlier finding in Order No. PSC-94-1313-FOF-EG, at  
18 page 22 (Oct. 25, 1994), that the RIM test was appropriate for use in evaluating the cost-  
19 effectiveness of DSM measures for investor-owned utilities because the RIM test results  
20 in no upward pressure on rates and ensures that customers who participate in a utility  
21 DSM measure are not subsidized by customers who do not participate.

22

1           When JEA’s DSM plan was approved in 2004, the Commission specifically found that  
2           “JEA appropriately evaluated the cost-effectiveness of measures using the RIM test.”  
3           Order No. PSC-04-0768-PAA-EG, at p.2 (Aug. 9, 2004).

4  
5   **Q.    How did the Commission set goals for JEA in the 2009 goal docket?**

6   A.    In Order No. PSC-09-0855-FOF-EG, the Commission set goals for the municipal  
7           utilities, JEA and Orlando Utilities Commission (OUC) based on JEA and OUC’s  
8           existing programs. At page 16 of its 2009 Order, the Commission again recognized  
9           the importance of not impacting rates for municipal utilities when it explained: “We  
10          are setting goals for OUC and JEA based on their current programs so as not to unduly  
11          increase rates.”

12  
13   **Q.    Why is RIM important for evaluating DSM measures for municipal utilities?**

14   A.    Because the RIM test ensures no DSM related upward pressure on customers’ rates, it  
15          is particularly appropriate in establishing DSM goals for municipal utilities, such as  
16          JEA. Local governing is a fundamental aspect of public power. It provides the  
17          necessary latitude to make local decisions regarding the community’s investment in  
18          energy efficiency that best suit our local needs and values. Accordingly, as the  
19          Commission has recognized in prior proceedings, it is appropriate to set goals based  
20          on RIM, but to defer to the municipal utilities’ governing bodies to determine the level  
21          of investment in any non-RIM based measures. *See, In re: Adoption of Numeric*  
22          *Conservation Goals and Consideration of National Energy Policy Act Standards*  
23          *(Section 111)*, Order No. PSC-95-0461-FOF-EG (April 10, 1995).

1 **Q. Does this RIM test consider lost revenues?**

2 A. Yes. The RIM test is the only test that considers lost revenues.

3

4 **Q. What does Mr. Woolf say in his testimony about lost revenues?**

5 A. Mr. Woolf states:

6 “The recovery of lost revenues does not result in “additional  
7 costs to the utility or to customers. Lost revenues are recovered  
8 to help the utility pay for existing fixed costs.”

9 Mr. Woolf goes on to state:

10 “the Utilities’ methodology for estimating rate impacts is inconsistent  
11 with the way that rates are set in Florida. Base rates are only increased  
12 at the time of a rate case. Between rate cases, *DSM will not increase rates*  
13 because the Utilities’ rates will not be adjusted to collect lost revenues of  
14 any kind. Eventually with the next rate case, rates will be adjusted based  
15 on the most recent sales levels, including savings from DSM up to that  
16 point in time. However, the lost revenues that may occur between rate  
17 cases are not recovered by the utility even at the next rate case.”

18

19 **Q. With respect to municipal utilities, do you agree with Mr. Woolf?**

20 A. No. JEA is a not-for-profit, community-owned utility, which means it does not earn  
21 profits for or obtain funding from third party equity investors. Because we do not  
22 have stockholders all costs including existing fixed costs and new expenditures must  
23 be recovered from the customer. The recovery of these existing fixed costs from  
24 fewer energy sales increases rates for municipal utilities. The use of the RIM test



1 assures that rates for municipal utilities do not increase due to mandated conservation  
2 programs. If rates go up, the non-participant bills go up as well, including low-income  
3 customers who are most affected by higher bills. As a municipal utility, JEA is  
4 especially sensitive to the needs of all our customer classes and sectors.

5  
6 **Q. Has JEA every had conservation programs that included measures that did not**  
7 **pass the RIM test?**

8 A. Yes.

9  
10 **Q. Isn't that inconsistent with your position on the RIM test stated above?**

11 A. No. JEA's overriding concern is for all sectors of customers in the community. In  
12 prior years, when JEA offered measures that did not pass RIM, they were carefully  
13 managed in order to balance rate impacts with benefits to customers. There is a  
14 significant benefit in being allowed the flexibility to use and manage non-RIM  
15 measures to create conservation programs for the good of the community based on  
16 local needs and values. This benefit can easily be lost if goals are set that require the  
17 use of non-RIM measures.

18

19 **Sierra Club's Proposed "1 Percent" Goals**

20 **Q. Mr. Woolf recommends that the Commission set DSM goals for each of the**  
21 **FEECA utilities which will achieve annual efficiency savings equal to one percent**  
22 **of annual retail sales by 2019. Do you agree?**

1 A. No. A one percent goal is completely arbitrary. Some utilities may be able to cost  
2 effectively achieve one percent and some may not. Some may be able to cost  
3 effectively achieve more. It depends upon the specific utility.

4  
5 **Q. If the Commission grants JEA's zero goals proposal, will JEA cease its**  
6 **conservation efforts?**

7 A. No. JEA will continue to offer conservation programs that are in the best interest of  
8 the community. JEA will carefully balance rate impacts and the needs of all of its  
9 customers. By establishing JEA's FEECA goals based on RIM rather than some  
10 arbitrary sales percentage, the Commission would enable JEA, as a municipal utility,  
11 the flexibility to determine the level of investment in energy efficiency that best suit  
12 our community's needs and values.

13  
14 **Q. Has the Commission granted zero goals in previous dockets?**

15 A. Yes, several times for municipal utilities. In the 1995 goals in Order No. PSC-95-  
16 0461-FOF-EG, the Commission granted zero goals to Kissimmee Utility Authority,  
17 Ocala, and Vero Beach. In the 1999 goals, the Commission granted zero goals to JEA  
18 in Order No. PSC-00-0588-FOF-EG and OUC in Order No. PSC-00-0587-FOF-EG.  
19 In the 2004 goals, the Commission granted zero goals to JEA in Order No. PSC-04-  
20 0768-PAA-EG and OUC in Order No. PSC-04-0767-PAA-EG. In each case, the zero  
21 goals were based on the evaluation of the RIM test. In the 2004 goals, JEA had two  
22 measures that passed the RIM test, but the Commission deemed it inappropriate to  
23 develop conservation programs for them.

24

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

2 **A. Yes.**

3