

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
ORDER NO. PSC-14-0356-PHO-EU
ISSUED: July 11, 2014

Pursuant to Notice and in accordance with Rule 28-106.209, Florida Administrative Code (F.A.C.), a Prehearing Conference was held on June 26, 2014, in Tallahassee, Florida, before Commissioner Ronald A. Brisé, as Prehearing Officer.

APPEARANCES:

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On behalf of Wal-Mart Stores, East, LP and Sam's East, Inc. (WALMART).

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PREHEARING ORDER

I. CASE BACKGROUND

By Order No. PSC-13-0386-PCO-EU, issued August 19, 2013, Docket Nos. 130199-EI, 130200-EI, 130201-EI, 130202-EI, 130203-EM, 130204-EM and 130205-EI were consolidated for purposes of hearing and established controlling dates for the seven dockets. Order No. PSC-13-0645-PAA-EU, issued December 4, 2013, approved the use of a proxy methodology to establish numeric goals for the Orlando Utilities Commission and the Florida Public Utilities Company, and excused the companies from filing and participation requirements. The controlling dates were subsequently modified by Order No. PSC-14-0112-PCO-EU, issued February 26, 2014; Order No. PSC-14-0154-PCO-EU, issued April 7, 2014; and Order No. PSC-14-0189-PCO-EU, issued April 22, 2014. The matter has been scheduled for a formal hearing on July 21-23 and July 30-31, 2014.

II. CONDUCT OF PROCEEDINGS

Pursuant to Rule 28-106.211, F.A.C., this Prehearing Order is issued to prevent delay and to promote the just, speedy, and inexpensive determination of all aspects of this case.

III. JURISDICTION

This Commission is vested with jurisdiction over the subject matter by the provisions of Chapter 366 F.S. This hearing will be governed by said Chapter and Chapters 25-6, 25-17, 25-22, and 28-106, F.A.C., as well as any other applicable provisions of law.

IV. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

Information for which proprietary confidential business information status is requested pursuant to Section 366.093, F.S., and Rule 25-22.006, F.A.C., shall be treated by the Commission as confidential. The information shall be exempt from Section 119.07(1), F.S., pending a formal ruling on such request by the Commission or pending return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been made a part of the evidentiary record in this proceeding, it shall be returned to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of this proceeding, it shall be returned to the person providing the information within the time period set forth in Section 366.093 F.S. The Commission may determine that continued possession of the information is necessary for the Commission to conduct its business.

It is the policy of this Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, F.S., to protect proprietary confidential business information from disclosure outside the proceeding. Therefore, any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, F.S., at the hearing shall adhere to the following:

- (1) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the court reporter, in red envelopes clearly marked with the nature of the contents and with the confidential information highlighted. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- (2) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise confidentiality. Therefore, confidential information should be presented by written exhibit when reasonably possible.

At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the court reporter shall be retained in the Office of Commission Clerk's confidential files. If such material is admitted into the evidentiary record at hearing and is not otherwise subject to a request for confidential classification filed with the Commission, the source of the information must file a request for confidential

classification of the information within 21 days of the conclusion of the hearing, as set forth in Rule 25-22.006(8)(b), F.A.C., if continued confidentiality of the information is to be maintained.

V. PREFILED TESTIMONY AND EXHIBITS; WITNESSES

Testimony of all witnesses to be sponsored by the parties has been prefiled and will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to timely and appropriate objections. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Summaries of testimony shall be limited to five minutes.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer. After all parties and Staff have had the opportunity to cross-examine the witness, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

The Commission frequently administers the testimonial oath to more than one witness at a time. Therefore, when a witness takes the stand to testify, the attorney calling the witness is directed to ask the witness to affirm whether he or she has been sworn.

The parties shall avoid duplicative or repetitious cross-examination. Further, friendly cross-examination will not be allowed. Cross-examination shall be limited to witnesses whose testimony is adverse to the party desiring to cross-examine. Any party conducting what appears to be a friendly cross-examination of a witness should be prepared to indicate why that witness's direct testimony is adverse to its interests.

VI. ORDER OF WITNESSES

Each witness whose name is preceded by a plus sign (+) will present direct and rebuttal testimony together.

| <u>Witness</u> | <u>Proffered By</u> | <u>Issues #</u> |
|----------------|---------------------|-----------------|
| <u>Direct</u> | | |
| Name | Utility/Intervenor | |
| Terry Deason | FPL | 3, 6-11 |
| Tom Koch | FPL | 1, 4, 7-11 |

| <u>Witness</u> | <u>Proffered By</u> | <u>Issues #</u> |
|------------------------|---------------------|--------------------|
| Steven Sim | FPL | 2-11 |
| +Tim Duff ¹ | DEF | 1-11 |
| Howard T. Bryant | TECO | 1-11 |
| J.N. Floyd | GULF | 1-11 |
| Richard J. Vento | JEA | 1-11 |
| Donald P. Wucker | JEA | 1-11 |
| James Fine | EDF | 3, 4, 5, 11 |
| Natalie Mims | SACE | 1-10 |
| Karl Rábago | SACE | 2, 4, 5, 6, 10, 11 |
| Tim Woolf | SIERRA CLUB | 1-11 |

Rebuttal

| <u>Name</u> | <u>Utility/Staff</u> | |
|------------------|----------------------|-----------|
| Terry Deason | FPL | 3-4, 6-10 |
| Tom Koch | FPL | 1, 8-11 |
| Steven Sim | FPL | 3, 6-11 |
| Tim Duff | DEF | 1-11 |
| Benjamin Borsch | DEF | 2, 3, 5 |
| Howard T. Bryant | TECO | 1-11 |

¹On May 15, 2014, DEF filed its Notice of adoption of testimony, exhibits, and discovery affidavits of Helena Guthrie by Tim Duff, document number 02310-14. Mr. Duff will therefore sponsor Ms. Guthrie's pre-filed testimony and exhibits (which exhibits will retain their original designation of "HG-x").

| <u>Witness</u> | <u>Proffered By</u> | <u>Issues #</u> |
|-----------------|---------------------|-----------------|
| J.N. Floyd | GULF | 1-11 |
| P.G. "Bud" Para | JEA | 6, 8-10 |

VII. BASIC POSITIONS

FPL: Pursuant to the FEECA and Rules 25-17.001 and 25-17.0021, F.A.C., FPL has proposed numeric conservation goals for reasonably achievable demand savings (kW) and annual energy savings (kWh) for the next ten years. These goals are based upon FPL's most recent planning process, as required by Rule 25-17.0021(3), F.A.C.

FPL followed a rigorous, six-step analytical process similar to the process it has used in past DSM goal-setting proceedings to develop its DSM goals. This process utilizes current forecasts and assumptions and appropriately reflects FPL's specific resource needs and system costs. Several factors have significantly affected the cost-effectiveness of DSM measures, and ultimately, FPL's proposed level of DSM goals since the last DSM goals proceeding. For example, current forecasted fuel costs are lower, current projected carbon dioxide emission compliance costs are lower, and FPL's generating system is more fuel-efficient. Additionally, the amount of energy efficiency projected to be delivered by federal and state codes and standards over the 10-year goals period has increased. Each of these factors greatly benefits customers, but at the same time reduces the cost-effectiveness and availability of DSM options.

FPL's analyses demonstrate that FPL's proposed goal of 337 MW (Summer) for the 2015-2024 DSM Goals period is the right level of DSM for FPL's customers. The resource plan that includes the RIM-based 337 MW portfolio of DSM is projected to result in the lowest levelized system average electric rates of all the resource plans analyzed and the lowest annual electric rates of any of the DSM-based resource plans analyzed. Additionally, the proposed goals avoid cross-subsidization of DSM program participants by customers who do not participate.

Intervenors' DSM proposals are contrary to Florida Law and the Commission's rules, and they would be outrageously expensive for FPL's customers. Neither of the intervenors that proposed alternative DSM goals (Southern Alliance for Clean Energy and the Sierra Club) performed Florida-specific economic evaluations that meet the criteria of Section 366.82, F.S., and Rule 25-17.0021, F.A.C. Rather, each recommends an arbitrary gigawatt-hour savings target of 1% of sales that would significantly increase electric rates for FPL's customers. To illustrate this

point, FPL calculated the one-time additional cost that would be required in 2024 to bring the levelized system average electric rate of FPL's proposed RIM 337 goals up to the levelized system average electric rate of the intervenors' proposed goals: for SACE's proposed goals that cost would be \$18.7 billion, and for Sierra Club's proposed goals the cost would be \$14.7 billion.

With respect to the current DSM Solar Pilot Programs, cost-effectiveness analyses demonstrate that these programs remain uneconomic and should be allowed to expire at the end of their current terms. Additionally, these rebate-based Pilot Programs constitute a large and concentrated cross-subsidy of a small number of customers who receive rebates to install their own DSM PV systems, by the vast majority of customers who do not. A research & development-based PV effort that evaluates and gathers data on different types of PV applications in Florida would be more valuable to FPL's customers than an extension of the current Pilot Programs.

For all the reasons discussed above, and as explained in more detail in the direct and rebuttal testimony provided by its witnesses, FPL's proposed DSM goals should be approved. FPL's proposed goals comply with the requirements of Section 366.82, F.S., comply with Rule 25-17.0021, F.A.C., and will result in the lowest levelized average electric rates for the benefit of all of FPL's customers – DSM program participants and non-participants alike.

DEF:

DEF has been offering energy efficiency programs and measures to its customers for more than 30 years. In addition, changes in building codes and standards and economic conditions have increased the amount of efficiency that customers are undertaking on their own, without incentive from the utility. These factors reduce the number of programs and measures that DEF can cost-effectively offer its customers. Accordingly, the ten-year proposed conservation goals set forth in the testimony of DEF witness Tim Duff are based upon DEF's most recent planning process of the total, cost-effective, winter and summer peak demand (MW) and annual energy (GWH) savings reasonably achievable in the residential and commercial/industrial classes through demand side management. DEF's projections of summer and winter demand savings, annual energy savings, and participants reflect consideration of overlapping measures, rebound effects, free riders, effects of changes to building codes and appliance efficiency standards, and DEF's evaluation of conservation programs and measures.

The Company's proposed goals are based on a collection of measures and programs that pass both the Participant and Rate Impact Measure ("RIM") tests. Specifically, DEF is proposing a goal of 419 MW of winter peak demand reduction, 259 MW of summer peak demand reduction, and 195 GWh of energy reduction over the 2015-2024 time period. The proposed cost-effective DSM goals meet the requirements of Rule 25-17, F.A.C. DEF proposes that the Commission set DSM goals using the Participant and RIM tests, because these

tests are well-balanced and ensure that the perspectives of participants and all other ratepayers (including non-participants) are fairly considered.

In support of the proposed DSM goals, DEF utilized the agreed-upon methodology to establish the proposed reasonably achievable, cost-effective goals. DEF first updated the Technical Potential Study completed by Itron in the 2009 goal-setting proceeding. This update resulted in the removal, addition, and adjustment of several measures due to changes in building codes and standards, new available technologies, and marketplace changes. DEF then took the resulting measures from the Technical Potential Study and performed Economic Potential and Achievable Potential analyses. In the Economic Potential analysis, DEF accounted for free-ridership by screening out measures with a participant payback of less than two years without a utility incentive. In the Achievable Potential analysis, DEF considered administrative costs and participant incentives to evaluate the cost-effectiveness of the remaining measures. At this step DEF also applied a market penetration analysis to estimate the participation projections for each DSM measure.

The Commission should approve DEF's overall Residential MW and GWH goals and overall commercial/Industrial MW and GWH goals set forth in Mr. Duff's testimony. These goals reflect the reasonably achievable demand side management potential in DEF's service territory over the ten year period 2015-2024 developed in DEF's planning process.

TECO:

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.

GULF:

It is the basic position of Gulf Power Company that the seasonal peak demand and annual energy conservation goals proposed by Gulf Power Company for the period 2015-2024 are based on a full assessment of technical, economic and achievable potential for demand-side conservation and efficiency measures, including demand-side renewable energy systems. The proposed goals are appropriate and meet the requirements of Section 366.82, F.S. and Rule 25-17.0021, F.A.C.

JEA: The Commission should use both the Rate Impact Measure (RIM) test and the Participants test to set DSM goals. Use of the RIM test to ensure no impact to rates is particularly appropriate for municipal utilities over which the Commission does not have ratemaking authority. In this case, no residential DSM measures passed the RIM test and, although some commercial/industrial measures passed the RIM test, the potential energy savings are so small and spread over so many measures that it would be impractical from a design standpoint to develop a DSM plan to cost-effectively achieve such de minimus levels of potential. Accordingly, consistent with prior agency practice, the Commission should set goals of 0 MW (summer and winter) and 0 MWh (annual energy) for both residential and commercial/industrial classes. The Commission should not establish additional goals for efficiency improvements in generation, transmission, and distribution; separate goals for demand-side renewable energy systems; separate goals for residential and commercial/industrial customer participation in utility energy audit programs; or incentives to promote customer- and utility-owned energy efficiency and demand-side renewable energy systems.

EDF: EDF's basic recommendation is that the Commission should continue the distributed solar PV programs for the utilities. EDF recommends that the Commission hire an independent expert to perform a "value of solar" analysis to be used in evaluating the cost-effectiveness of the distributed solar PV programs. EDF also recommends that the utilities use a more realistic number for the cost of compliance with carbon dioxide emission rules. Finally, EDF makes several recommendations for the Commission to consider regarding how the distributed solar PV programs could be operated in a more cost-effective manner.

FIPUG: Conservation is an important aspect of every utility's portfolio. However, the importance of pursuing conservation programs must be balanced against their cost and the impact of that cost on ratepayers. The Commission must not overlook rate impact as it evaluates conservation goals and programs.

Cost effective load management programs, such as interruptible programs, play an important role in conservation and should be encouraged. Interruptible programs allow large customers to minimize demand when a utility needs resources to maintain service to its firm customers.

The Commission should also more strongly encourage cogeneration and remove barriers to its efficient use. Cogeneration produces no environmental emissions, consumes no fossil fuel and requires no additional water consumption. Such facilities also allow utilities to avoid consuming expensive fossil fuel and thus, also avoid the resultant emissions.

To encourage additional cogeneration and to more fully utilize existing cogeneration, the Commission should permit Multiple Load Management (MLM). MLM should be used to allow customers to more fully utilize existing

cogenerated capacity/energy. MLM would allow a customer to centrally manage power and energy usage at multiple locations (owned and controlled by the customer) throughout the utility's service area. It would also allow the use of surplus capacity/energy from cogeneration to displace utility capacity/energy purchases at other locations (*i.e.*, self-service wheeling). The use of MLM would allow cogenerated power to be economically developed and fully utilized and would encourage more widespread and more efficient use of cogeneration.

The Commission should conduct an investigation to consider MLM as described above and to audit or otherwise evaluate how the utilities calculate avoided costs in determining cost-effectiveness and in determining the real-time hourly payments for cogenerated energy. This would help to ensure that viable cogeneration projects are developed.

Finally, if the Commission decides to broaden energy efficiency measures, the utilities should specifically address industrial programs that will increase efficiency, such as the installation of premium efficiency motors. Such programs should be eligible for modest incentives. This would encourage the replacement of less efficient equipment with more efficient equipment thus resulting in demand reduction.

NAACP:

In general, the NAACP wants the Commission to approve a demand side management policy that not only meets Florida's social policy goals for a clean environment but also ensures affordable utility rates for Florida's economically disadvantaged consumers by avoiding regressive ratemaking outcomes that result in low-income ratepayers bearing a disproportionate amount of the costs to maintain Florida's public utility infrastructure.

The NAACP has an interest in seeing that the Commission ensures that as a result of the above proceedings that low income consumers receive the lowest rates possible. This goal can be achieved by implementing a demand side management program where the effectiveness and efficiency of the program is properly evaluated by considering the costs and the benefits incurred by participants and non-participants in a demand side management program. By applying these factors, the Commission can go a long way in ensuring that low-income consumers do not bear a disproportionate share of the costs associated with maintaining fixed infrastructure.

In addition, the NAACP wants the Commission to assess utility conservation goals based on the record before it and if the Commission were to take this approach, the Commission should find that it is not in the interest of non-participating consumers that the Commission increase utility-sponsored demand side management goals.

The economic interests of low-income consumers are furthered by effective renewable energy programs. Low-income consumers will benefit most from the savings seen in their utility bills and may also benefit from the entrepreneurial opportunities demand side management programs introduce. It would not be in the interest of low-income consumers to face higher costs due to regressive renewable energy policy.

PCS

PHOSPHATE: PCS Phosphate agrees with the fundamental underlying energy efficiency goal expressed in Florida Energy Efficiency and Conservation Act that “[r]eduction in, and control of, the growth rates of electric consumption and of weather-sensitive peak demand are of particular importance.”² Also, it is apparent from the changes in the generation fleet and load forecasts of Duke Energy Florida (“Duke”) that are reflected in that utility’s most recent Ten Year Site Plan, including the experience during the “polar vortex” last winter, that management of peak load growth associated with weather-sensitive usage should be an increasing concern. That objective is best addressed through improved price signals in rates, and particularly to weather-sensitive loads during peak and peak-like system conditions, rather than through expansion of utility-administered DSM measures using a broadened cost-effectiveness screen that will unacceptably increase all consumer rates. The notion that utility customers are concerned only about their overall bill and not the level of utility rates is utterly false with respect to large, energy-intensive manufacturing customers, and we expect that the same is true for a large segment of smaller customer groups as well. The numeric conservation goals proposed by Duke represent a reasonable balance of encouraging demand-side management while managing the cost and rate impacts on its customers.

SACE:

As recognized by the Florida legislature, reducing the rate of electricity consumption, increasing the overall efficiency and cost-effectiveness of electricity use, and encouraging further development of demand-side renewable energy systems are critical to Florida’s economic future and the health of its citizens. The conservation goal setting process laid out by the legislature in the Florida Energy Efficiency and Conservation Act (“FEECA”) provides a unique opportunity for the Florida Public Service Commission to play a critical role in meeting these objectives by setting goals that meaningfully integrate lower cost and lower risk demand-side energy efficiency and renewable resources into Florida’s energy resource portfolio. SACE has intervened to help the Commission set goals that maximize utility investment in cost-effective energy efficiency, the cleanest and cheapest resource to meet Floridians’ power needs, and support improved valuation and increased development of demand-side renewable energy systems.

² Section 366.81, F.S.

Florida Power & Light Co. (“FPL”), Duke Energy Florida (“DEF”), Gulf Power Company, and TECO (collectively, “the utilities”) propose unreasonably low savings goals. These inadequate goals are the direct result of deeply flawed analyses. Indeed, at every step of the goal-setting process, the utilities have used faulty assumptions, inappropriate and arbitrary screens, and erroneous methodologies that improperly narrowed the universe of achievable potential. Starting with the technical potential analysis, for example, the utilities ruled out entire end use sectors, as they did in 2009. The utilities compounded this problem by relying on the same flawed scope of the technical potential study used in the FEECA proceedings five years ago, and the problems identified by SACE in those proceedings were not remedied in the utilities’ update of the potential study.

Moving onto the economic and achievable potential, the utilities continue to rely on the Rate Impact Measure (RIM) cost effectiveness test in establishing their proposed goals. As Natalie Mims testifies, the RIM test should not be used to screen efficiency measures. Ratepayer impacts are important, however, the RIM test does not accurately calculate them. The Total Resource Cost test more accurately depicts the costs and benefits of energy efficiency for consumers in Florida.

The utilities justify their unreasonably low savings goals by asserting that they are avoiding cross subsidization. However, a concern about cross subsidies is not a sufficient reason to underinvest in cost effective energy efficiency that could benefit all customers. First, the system-wide benefits of energy efficiency, including lower overall system-wide cost, accrue to *all* customers, not just participating customers. Second, unlike with supply-side resources, cross-subsidies in the efficiency context can be mitigated by increasing participation rates, *i.e.* by turning non-participants into participants. This can be done by offering well-designed, comprehensive programs that target each customer sector, and a major focus can and should be on low income communities and hard to reach communities. Many of these communities are hardest hit by the illnesses caused by power plant pollution, especially emissions from coal-fired power plants, which can be mitigated by increased utility reliance on cost-effective energy efficiency and other demand-side resources. Finally, the utilities ignore the fact that cross-subsidization occurs on the supply-side of the energy picture. For example, customers who live near power plants do not benefit from lower electricity costs as compared to their counterparts who live further away from the plants, even though it costs the utility less to deliver electricity from the plants to their homes than to more distant homes.

In order to further suppress cost-effective measures, the utilities apply a two-year payback screen to account for “free ridership.” The utilities blindly apply this screen across all measures without any data or information to support that the measures are in fact being adopted by customers. As Natalie Mims testifies, the proper way for the utility to account for free ridership is to look at its evaluation,

measurement and verification process to determine how many customers would adopt specific energy efficiency measures on their own, without incentives from the utility.

Moreover, several of the most coal-heavy utilities fail to utilize a cost for avoiding carbon emission compliance as a benefit of energy efficiency measures, and all the utilities fail to consider the value of energy efficiency as a compliance mechanism for meeting EPA rules regulating state carbon emissions from existing power plants.

The technical and economic potential flaws that significantly constrain efficiency potential are carried forward to the achievable potential where the utilities further reduce energy efficiency potential by limiting incentive levels for measures to a 2 year payback and limiting future efficiency participation by basing it on the level of participation achieved by utilities in the past. Lastly, FPL proposes goals that are a fraction of its already-meager achievable potential claiming it as an “optimal” amount of energy. This claim is contrary to the intent of FEECA and best energy efficiency practices.

By systematically and artificially constraining the energy efficiency potential, the utilities would condemn Floridians to a future of ever continuing growth in electricity demand and, with it, the need for additional, more expensive supply-side resources to meet electricity demand. This scenario is a favorable one for utility shareholders, who benefit from a return on equity from additions to the rate base, but the same is not true for utility customers. As Natalie Mims testifies, performance incentives for meeting meaningful goals may be necessary to encourage the state’s biggest power companies to provide well-designed energy efficiency programs to meet such goals.

The Commission should set meaningful goals that require the FEECA utilities to aggressively and broadly invest in and deliver energy efficiency. Comprehensive, well-run programs will allow all customers to save energy, lower their electricity bills and allow utilities to lower their overall system cost and risk.

As for demand-side solar programs, the utilities have not proposed goals and attempt to shift the burden to other parties to suggest goals or programs to meet the statutory requirement for goals. As Karl Rábago testifies, the utilities should significantly modify and continue to offer their existing programs based on a value of solar analysis. The DSM cost-effectiveness tests are not suited to capture the benefits of solar PV. The utilities must conduct a comprehensive value of solar analysis, instead of using current cost-effectiveness tests, to capture the full benefits of distributed solar and to inform the utilities solar PV program design.

SIERRA
CLUB:

This proceeding is the Commission’s best chance to manage the growing costs and risks in Florida’s electric system for three key reasons: *First*, because saving

energy through energy efficiency is the fastest, cheapest, and safest way to meet Florida's electricity demand, and there is still great untapped energy savings potential in Florida. **Second**, because saving energy and advancing local solar power support the strategic imperatives to diversify Florida's power mix, protect against fuel price shocks, and stem the regulatory compliance costs and risks of conventional generation. **Third**, because the Commission can draw on Florida's past experience, and on instructive benchmarks and best practices from other states to set and enhance regulatory support for ambitious, achievable goals consistent with FEECA and customers' interest.

a. The Commission Should Set Much Higher Energy Savings Goals.

Much higher energy savings goals—at a *minimum* of one percent (1%) annual savings relative to retail sales—can be achieved rapidly and profitably in Florida with the appropriate regulatory support from the Commission. Notably, one and a half percent (1.5%) annual energy savings relative to sales by 2020 is the benchmark for every state, including Florida, in the US Environmental Protection Agency's recently proposed greenhouse gas regulations.³ The proposal is expected to reduce customers' electric bills by eight percent (8%) on average,⁴ and saving energy through efficiency is one of the most cost-effective compliance strategies for the proposed regulations.⁵

Witness Woolf's Direct Testimony offers a detailed explanation and empiric support for much higher energy savings goals. Four figures from the Testimony stand out in particular and are repeated here for emphasis: Figure 1 shows that energy efficiency is a great deal for customers, costing significantly less than alternative resources such as the proposed Turkey Point and Levy nuclear facilities, and the estimated costs of DEF's proposed combined-cycle gas facility. Note that Figure 1 does not account for the risk associated with new nuclear and new fossil-fired power plants —risks that could result in significantly higher costs to customers than what is presented below.

³ <http://www2.epa.gov/carbon-pollution-standards/what-epa-doing>; *see also* <http://www2.epa.gov/carbon-pollution-standards/clean-power-plan-proposed-rule-technical-documents-spreadsheets> (“EPA is using its authority under section 111 of the Clean Air Act to issue standards, regulations or guidelines, as appropriate that address carbon pollution from new and existing power plants, including modifications of those plants.”)

⁴ <http://yosemite.epa.gov/opa/admpress.nsf/8d49f7ad4bbcf4ef852573590040b7f6/c45baade030b640785257ceb003f3ac3!OpenDocument>.

⁵ *See* EPA Proposed Rule, Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units, at 232, *available at* <http://www2.epa.gov/sites/production/files/2014-05/documents/20140602proposal-cleanpowerplan.pdf> (“EPA Proposed 111(d) Rule”).

Figure 1. Levelized Cost of Energy Efficiency versus Conventional Generation

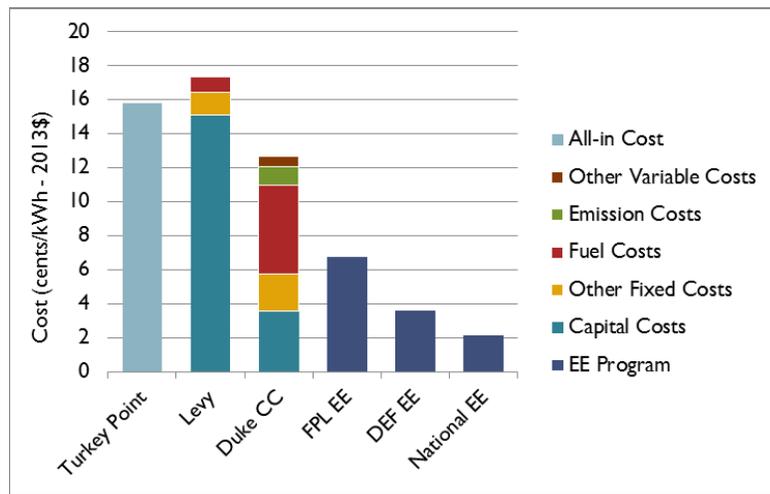


Figure 2 exemplifies the abundant energy efficiency potential within the Utilities' service territories, notwithstanding the Utilities' very conservative technical potential estimates and the successive screens they use to try to slash the amount of efficiency for which the Commission will hold them accountable.

Figure 2. FPL Efficiency Savings at Various Screening Levels (GWh)

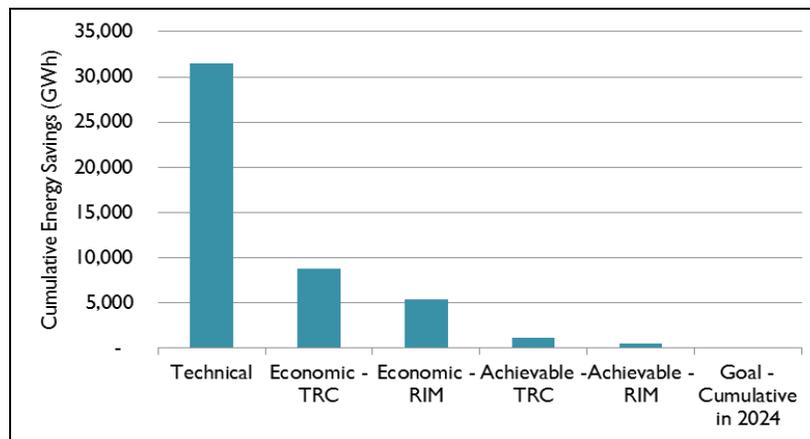
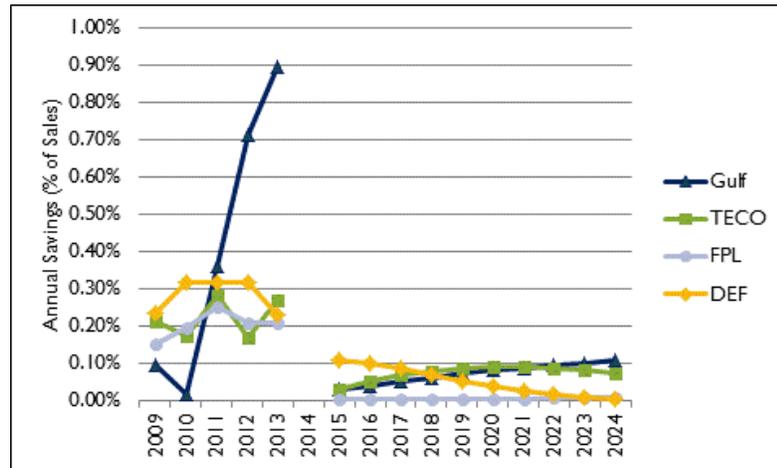


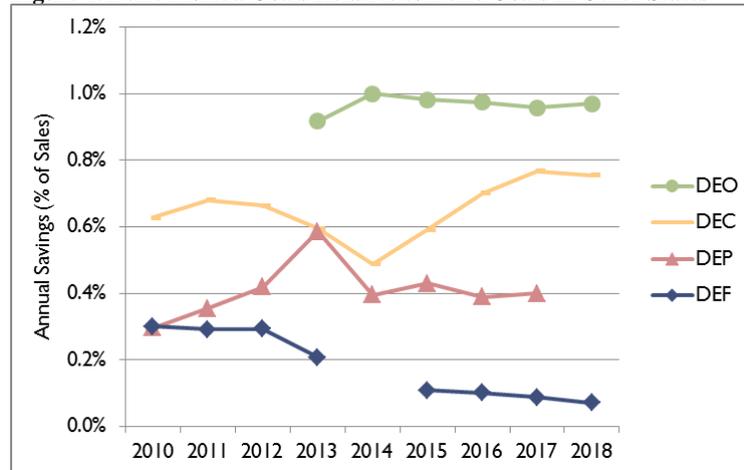
Figure 3 shows that the Utilities' historic savings are well below the industry standard of one percent annual savings relative to sales, and the Utilities' very low proposed goals would be a giant step in the wrong direction. For example, FPL's proposed energy savings goals for 2015 are *roughly 100 times lower* than FPL's actual savings in 2013. Yet Figure 3 also shows that the Utilities can rapidly reach annual energy savings rates of one percent relative to sales, as Gulf Power Company nearly has in 3 years, from 2010 to 2013.

Figure 3. Historic Energy Savings and Proposed Goals



Finally, Figure 4 shows that DEF’s sister subsidiaries in other states already achieve much higher energy savings rates, and are subject to much higher goals for future energy savings. Nothing prevents DEF, or the other Utilities, from achieving similar, much higher savings in Florida. The Commission should require—and provide appropriate enhanced regulatory support for—the Utilities to do so consistent with FEECA and customers’ interest, as discussed in Witness Woolf’s testimony.

Figure 4. Duke Florida Goals Relative to Duke Goals in Other States



b. The Commission Should Improve and Expand Distributed Solar Programs.

Distributed solar power offers a variety of well-established benefits: (a) avoided energy, (b) avoided generation, transmission and distribution capacity, (c) avoided grid support services (e.g., reactive supply and voltage control), (d) financial risk

hedge (e.g., fuel price hedge and market price response), (e) security risk reduction, (f) environmental benefits (e.g., reduction in CO₂ and criteria pollutants and water), and (g) economic development (e.g., jobs and tax revenues). These benefits match the strategic imperatives to diversify Florida's power mix, protect against fuel price shocks, and stem the regulatory compliance costs and risks of conventional generation. Also, like energy efficiency, distributed solar power is a cost-effective compliance strategy for proposed federal greenhouse gas regulations.⁶

The Commission should secure the compelling benefits of distributed solar power for customers, consistent with FEECA's requirements and long-standing Florida policy to advance renewable and low-carbon emitting electric power, and to serve customers with the lowest cost possible resources. *See, e.g.*, Sections 186.801 (Ten-Year Site Plans); 187.201(11)(a) (State Comprehensive Plan); 366.81 (FEECA Legislative Findings and Intent); and 377.601, F.S (Energy Resources Legislative Intent); *see also* Phase 1 Report: Florida's Energy and Climate Change Action Plan Pursuant to Executive Order 07-128 (Nov. 1, 2007), *available at* http://www.broward.org/NaturalResources/ClimateChange/Documents/20071101_final_report.pdf.⁷ As Witness Woolf's Direct Testimony explains, when the full benefits of distributed solar power are properly taken into account, it proves to be a cost-effective resource. To be sure, other states are advancing their distributed solar power capacity far more rapidly than the Sunshine State, as demonstrated in Figure 5, below.

⁶ *See* EPA Proposed 111(d) Rule, at 207.

⁷ *See, e.g.*, http://www.broward.org/NaturalResources/ClimateChange/Documents/20071101_final_report.Pdf.

Figure 5. 2012 Solar PV Capacity Installed – State Rankings⁸

| Ranking | State | Solar PV Capacity Installed in 2012 as % of Summer Generation Capacity | Ranking | State | Solar PV Capacity Installed in 2012 as % of Summer Generation Capacity |
|---------|----------------|--|-----------|----------------|--|
| 1 | Hawaii | 4.19% | 16 | Tennessee | 0.11% |
| 2 | Arizona | 2.57% | 17 | Connecticut | 0.08% |
| 3 | Nevada | 2.15% | 18 | Missouri | 0.08% |
| 4 | New Jersey | 2.06% | 19 | Utah | 0.07% |
| 5 | California | 1.38% | 20 | Pennsylvania | 0.07% |
| 6 | Vermont | 1.32% | 21 | Illinois | 0.06% |
| 7 | Massachusetts | 0.86% | 22 | New Hampshire | 0.05% |
| 8 | Colorado | 0.69% | 23 | Texas | 0.05% |
| 9 | Maryland | 0.65% | 24 | Louisiana | 0.05% |
| 10 | Delaware | 0.59% | 25 | Wisconsin | 0.05% |
| 11 | New Mexico | 0.45% | 26 | Minnesota | 0.04% |
| 12 | North Carolina | 0.40% | 27 | Rhode Island | 0.04% |
| 13 | Ohio | 0.15% | 28 | Maine | 0.04% |
| 14 | New York | 0.14% | 29 | Florida | 0.04% |
| 15 | Oregon | 0.13% | | | |

To correct course, the Commission should open a separate docket, require the Utilities to produce a full accounting of the benefits of distributed solar power, and then investigate appropriate goals as required by FEECA. In that docket, the Commission should also address related issues such as the effectiveness of the design, marketing, and administration of solar rebate programs and the role of utility-owned solar photovoltaic (PV) and solar water heating systems.

c. The Commission Should Enhance Its Regulatory Support for Saving Energy and Advancing Distributed Solar Power.

As discussed in Witness Woolf’s Direct Testimony, the Commission should open a generic docket to investigate opportunities to establish a revenue decoupling mechanism to help remove the Utilities’ financial disincentive to advance energy savings. That docket should also investigate opportunities to establish shareholder performance incentives to help provide positive financial incentives for the Utilities to implement successful energy savings programs.

For future energy savings planning and goal-setting purposes, the Commission should: (a) clarify that the RIM test should not be used for screening energy savings or distributed solar programs; (b) clarify that a proper application of the

⁸Interstate Renewable Energy Council, “U.S. Solar Market Trends 2012” (July 2013); US Energy Information Administration, “Electricity Power Monthly,” Table 6.2A, January 2014.

TRC test should include the customer incentive provided by a utility, and participant non-energy benefits; (c) require reasonable estimates of GHG compliance costs be used in the base case analysis; and (d) present the results of the Utility Cost test for consideration by the Commission.

Also, for future resource planning, the Commission should require the Utilities to provide meaningful information for the purpose of setting energy savings and distributed solar power goals. In particular, the resource planning process should: (a) comport with standard industry resource planning practices; (b) be transparent with regard to decision-making processes, the results and interpretation of the results; (c) use the present value of revenue requirements as the primary criterion for selecting among different resource plans; (d) analyze numerous plans to optimize the combination of demand-side and supply-side resources; and (e) use reasonable estimates of free-rider impacts from measurement and verification studies, and not the overly simplistic payback criterion.

WALMART: The Commission should set goals for the utilities that will achieve the legislative intent of the Florida Energy Efficiency and Conservation Act (FEECA), which is to utilize the most efficient and cost-effective demand-side renewable energy systems and conservation systems in order to protect the health, prosperity, and general welfare of the state and its citizens, while reducing and controlling the growth rates of electric consumption and of weather-sensitive peak demand, as well as to increase conservation of expensive resources, to reduce and control the growth rates of electric consumption, to reduce the growth rates of weather-sensitive peak demand, to increase the efficiency and cost-effectiveness of electricity production and use, and to encourage development of demand-side renewable energy resources. Fla. Stat. § 366.81 (2013); Fla. Stat. § 366.82(2) (2013).

Walmart believes that the goals proposed by the utilities can be improved upon to achieve the Legislature's intent of encouraging development of demand-side renewable energy resources for the benefit of the State and its citizens. In particular, the utilities are generally proposing to scale back or discontinue their solar pilot programs; we encourage the utilities to continue the use of their solar pilot programs to develop meaningful alternatives to encourage the development of demand-side renewable resources, as required by FEECA. We urge the Florida utilities to effectively continue their solar pilot programs and move Florida above other states in the development of solar power, to support the Legislature's intent, and to act in the best interest of the State and its citizens.

While Walmart is, of course, most sensitive to the issue of program cost-effectiveness, Walmart believes that the Commission should set at least modest goals for the development and implementation of renewable energy measures at the customer level.

FDACS: Pursuant to Section 366.81, F.S., the Legislature finds and declares that it is critical to utilize the most efficient and cost-effective demand-side renewable energy systems and conservation systems in order to protect the health, prosperity, and general welfare of the state and its citizens. Reduction in, and control of, the growth rates of electric consumption and weather-sensitive peak demand are of particular importance. The goal of Florida's energy policy should be to secure a stable, reliable and diverse supply of energy in order to meet the demands of Florida's growing population. An all-of-the-above approach must be employed in order to meet this objective and that includes energy efficiency and conservation measures.

In its establishment and approval of goals to meet these mandates, the Commission should consider various policy options to achieve a least-cost strategy, employ market-based technologies, and yield greater efficiencies of electric consumption. The effects of non-utility programs that are targeted at reducing and controlling the per capita use of electricity in the state should be considered, as well as the impact of state and local building codes and appliance efficiency standards. These factors may increase energy efficiency and reduce or control the per capita use of electricity in the state and thus reduce the level of appropriate goals and need for utility-sponsored programs. The Commission should balance the importance of pursuing energy efficiency and conservation programs against the cost of the programs and their impact to ratepayers.

OPC: The Commission should determine whether the goals proposed by the Companies and Intervenors achieves the legislative intent of the Florida Energy Efficiency and Conservation Act (FEECA) which is to utilize the most efficient and cost-effective demand-side renewable energy systems and conservation systems in order to protect the health, prosperity, and general welfare of the state and its citizens, meanwhile achieving a reduction in, and control of, the growth rates of electric consumption and of weather-sensitive peak demand, and Section 366.82(2), F.S., to increase conservation of expensive resources, to reduce and control the growth rates of electric consumption, to reduce the growth rates of weather-sensitive peak demand, and to encourage development of demand-side renewable energy resources.

OPC takes no position at this time whether the goals proposed by the Companies and Intervenors achieve the intent of FEECA.

STAFF: Staff's positions are preliminary and based on materials filed by the parties and on discovery. The preliminary positions are offered to assist the parties in preparing for the hearing. Staff's final positions will be based upon all the evidence in the record and may differ from the preliminary positions.

VIII. 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.?

POSITIONS

FPL: Yes. The 2014 Technical Potential Study reflects an update to the 2009 Technical Potential Study that was approved by the Commission in the last DSM goals-setting docket. The FEECA Utilities worked jointly to develop the update methodology. It required extensive iterative analytical work and continuous collaboration to ensure that it was comprehensive and resulted in a thorough and wide-ranging reassessment of conservation and efficiency measures. (Koch)

DEF: Yes. DEF provided an adequate assessment of the full technical potential pursuant to Section 366.82(3), F.S. (Duff)

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)

GULF: Yes. Through its update to the 2009 Itron Technical Potential Study, Gulf has performed an adequate assessment of the full technical potential of all available demand-side conservation and efficiency measures, including demand-side renewable energy systems. This assessment included the evaluation of 285 individual end-use energy efficiency, demand response and solar photovoltaic measures. Gulf has not conducted an assessment of supply-side efficiencies in the same manner as its assessment of demand-side measures. Consistent with Rule 25-17.001(5), F.A.C., Gulf routinely considers energy efficiency in selecting supply-side projects across generation, transmission and distribution functions. Supply-side efficiencies are considered in utility Ten Year Site Plans and in connection with need determinations for new generation resources. In light of the foregoing, and because there are no guidelines in place in this docket which would provide a methodological approach to identifying, quantifying and proposing goals for supply-side efficiencies, Gulf does not believe that consideration of supply-side efficiencies is appropriate in this proceeding. (Floyd)

JEA: Yes JEA's proposed goals are based on an adequate assessment of the full technical potential of all available demand-side and supply-side conservative and efficiency measures, including demand-side renewable energy systems, pursuant to Section 366.82(3), F.S. Consistent with the other FEECA utilities, JEA updated the Commission approved Technical Potential from the 2009 Goals, using the following three step process to update the Technical Potential.

Step 1: Adjust existing measures by removing from the 2009 TPS those baseline measures rendered obsolete by changes to codes and standards, establishing new baseline measures to replace those that became obsolete, and reducing the demand and energy of all dependent measures related to the new baseline measure.

Step 2: Add new measures that are commercially-viable competing and complimentary measures that were not included in the 2009 TPS, and calculate the respective demand and energy impacts of those new measures relative to the appropriate baseline measure.

Step 3: Adjust for marketplace changes by incorporating the effect of overall service area growth for 2007 (the last year of actual data reflected in the 2009 TPS) through 2012, and reducing overall demand and energy potential to reflect the impact of JEA's DSM programs from 2007 through 2012.

With regard to supply-side measures JEA continually monitors the operation of its generating units and utilizes standard industry methods to utilize the system in the most efficient manner. Moreover, the Commission has found that supply-side efficiency measures are better evaluated separately from demand-side measures. (Vento, Wucker)

EDF: No position.

FIPUG: FIPUG adopts the position of OPC.

NAACP: No. The record before the Commission provides persuasive testimony that Florida's current demand side management program and the conservation and energy efficiency goals associated with them result in non-participants bearing a disproportionate amount of the fixed costs of Florida's public utility grid.

Florida's low-income and minority communities are particularly disadvantaged by current demand side management programs since utility costs make up a greater portion of their household budgets, thus making affordability of utility services a significant concern.

The current demand side management scheme does not account for revenues not recovered as a result of incentive payments made to program participants. Utilities will be left with no choice but to recover revenues for the low hanging fruit; from

consumers that are wedded to the grid because they do not have the resources to pursue other energy options.

As we stated in our Statement of Basic Position, public policy emanating from these proceedings should maintain the social policy of affordable utility rates, avoid regressive pricing, and mitigate the negative impact of shifting the burden of a utility's fixed infrastructure costs onto Florida's most vulnerable and disadvantaged consumers.

PCS

PHOSPHATE: No position.

SACE:

No. As SACE witness Natalie Mims explains, the utilities' assessments are improperly conservative and do not capture full technical potential of all demand side measures. In assessing the technical potential, the utilities erroneously excluded a significant amount of technically potential measures and sectors, resulting in a substantial underestimation of the technical potential.

SIERRA

CLUB:

No, the Utilities' technical potential estimates do not meet FEECA's requirement to assess the full technical potential of all available demand-side and supply-side conservation and efficiency measures, including demand-side renewable energy systems. FEECA requires this comprehensive re-evaluation at least every five years for good reason: rapid changes in the energy sector effectively re-make the energy landscape on intervals even shorter than five years, and this proceeding presents the only meaningful opportunity for the Commission to evaluate:

- 1) How much energy savings programs Utilities can offer their customers;
- 2) What the costs and benefits of such energy savings programs are;
- 3) How much distributed solar programs Utilities can offer their customers; and
- 4) What the costs and benefits of such distributed generation services are.

Failing to complete this comprehensive re-evaluation is not only unlawful, it is unwise because of the well-established benefits to growing an innovative, energy-efficient economy in Florida.

The Utilities' categorical omission of supply-side conservation and efficiency measures contravenes FEECA. Further, as Section 4 of Witness Woolf's Direct Testimony explains, the 2014 Utilities' technical potential updates ignore several efficiency technologies that likely comprise a substantial amount of potential, and apply an overly-stringent free-rider screen.

The key omitted demand-side energy efficiency measures include: building commissioning and retro-commissioning, new types of LED lighting fixtures,

various efficiency measures in data centers, efficiency measures for water and wastewater treatment plants and the agricultural sector, and ultra-low energy buildings such as net zero energy buildings and “Passive Houses.”

Because the Utilities carry such omissions forward throughout their analyses, the Commission should reject the results of those analyses, including the very low energy savings goals and zero distributed solar goals proposed by the Utilities.

WALMART: No position.

FDACS: The Companies’ proposed goals appear to be an adequate assessment of the full technical potential of all available demand-side and supply-side conservation and efficiency measures. However, further examination of this issue is necessary.

OPC: The Commission should determine whether the technical potential study performed by the utilities achieves the legislative intent of the Florida Energy Efficiency and Conservation Act (FEECA) which is to utilize the most efficient and cost-effective demand-side renewable energy systems and conservation systems in order to protect the health, prosperity, and general welfare of the state and its citizens, meanwhile achieving a reduction in, and control of, the growth rates of electric consumption and of weather-sensitive peak demand, and Section 366.82(2), F.S., to increase conservation, to reduce and control the growth rates of electric consumption, to reduce the growth rates of weather-sensitive peak demand, and to encourage development of demand-side renewable energy resources (hereinafter “FEECA and Section 366.82(2), F.S.”).

STAFF: No position.

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.?

POSITIONS

FPL: Yes. In developing its proposed DSM goals, FPL used the Participant screening test to analyze the potential cost-effectiveness of DSM measures. The Participant screening test fully accounts for all potential benefits and costs that are received and/or incurred by a potential participant in a DSM measure. Only those measures which pass the Participant screening test have been included in FPL’s proposed goals. (Sim)

DEF: Yes. DEF 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. (Duff, Borsch)

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)

GULF: Yes. The measures included in the development of Gulf's goals adequately reflect the costs and benefits to participating customers. This is accomplished by performing the Participant's Test and requiring that all measures included in the goals pass this test. (Floyd)

JEA: Yes. JEA's proposed goals adequately reflect the costs and benefits to customers participating in the measure, pursuant to Section 366.82(3)(a). JEA's proposed goals are based on forecasts of achievable potential that are driven primarily by measure-level assessments of cost-effectiveness to customers. Specifically, customer cost-effectiveness is assessed using the Participant Test, where benefits are calculated based on customer bill savings and costs are based on participant costs of acquiring and installing the energy efficiency measure (net of utility program incentives). Both the participant benefits and participant costs are assessed on present value basis over the life of the measure. (Vento, Wucker)

EDF: No position.

FIPUG: In answering this question, the Commission must balance the goal of conservation with the impact of the cost of conservation programs on rates. The Commission must not overlook rate impact when conservation goals and programs are evaluated.

NAACP: No position.

PCS

PHOSPHATE: No position.

SACE: No. As SACE witness Natalie Mims testifies, the utilities inflated their cost estimates across all cost tests and failed to consider non-energy benefits, resulting in inaccurate cost test scores and evaluation of customer costs and benefits. Furthermore, as SACE witness Karl Rábago testifies, the utilities do not properly evaluate the costs and benefits to customers for participating in solar programs.

SIERRA

CLUB:

No, it is standard industry practice to use the Participant test for estimating the costs and benefits to customers participating in an efficiency measure. Witness Woolf's Direct Testimony explains how to properly account for costs and benefits to participants, consistent with FEECA and standard industry practices. In contrast, the Utilities calculate costs and benefits using the Participants test, but essentially ignore the results of this test by over-relying on the RIM test to set their goals. In setting their goals the Utilities do not consider the results of their own analysis of the Participant test, and therefore do not account for the costs and benefits to participating customers. This is not only unlawful but unwise because it obscures the fact that *energy efficiency resources cost one-half to one-third as much as supply-side alternatives.*

The Utilities also use incorrect assumptions in applying the RIM test, overstating the rate impacts by a factor of two or more. Further, the Utilities do not provide any meaningful information on rate impacts, such as percent increases in rates or bills, nor do they provide any meaningful information on bill impacts, which must be considered alongside rate impacts in order to strike a reasonable balance between increased rates and reduced bills.

Therefore, the Commission should reject the very low energy savings goals and zero distributed solar goals proposed by the Utilities.

WALMART: Walmart asks for assurance that the utilities' evaluations of solar, and potentially other renewable measures, are based on an extensive and thorough evaluation of all system benefits of such measures.

FDACS:

The Companies' proposed goals appear to adequately reflect the costs and benefits to customers participating in the measures. However, further examination of this issue is necessary. The Commission should consider policy options that can be implemented to achieve least-cost strategies that take into account the cost and benefits of the programs and their impact on all ratepayers.

OPC:

The Commission should determine whether the Company's proposed goals adequately safeguard the interests of the general body of ratepayers against undue rate impacts while achieving the intent of FEECA and Section 366.82(2), F.S. OPC takes no position on whether the Company's proposed goals adequately reflect the costs and benefits to customers participating in the measure.

STAFF:

No position.

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.?

POSITIONS

FPL: Yes. FPL's proposed DSM goals reflect measures that passed the RIM screening test. The RIM screening test accounts for all of the benefits and costs that are received and/or incurred by all of a utility's customers, both participants and non-participants alike, that result from a specific DSM measure.

The TRC screening test, on the other hand, does not account for all of the relevant DSM-related cost impacts that will be incurred by the utility's customers. The TRC test omits incentive payments made to DSM program participants, which are costs that are recovered from all of the utility's customers. The TRC test also omits the impact of unrecovered revenue requirements on the utility's electric rates. Thus, the TRC screening test does not appropriately assess the cost impacts of DSM measures on the general body of customers as a whole. Use of the RIM test, in conjunction with the Participant test, appropriately satisfies the criteria in Section 366.82(3)(b) at the measure screening stage.

Importantly, the costs and benefits to the general body of customers is also assessed by FPL in the subsequent system analysis stage of its Integrated Resource Planning work and reflected in FPL's proposed goals. In that stage, various DSM portfolios and a supply-only portfolio were analyzed to determine which would be the best portfolio for FPL's customers. FPL's proposed goals reflect the RIM 337 MW portfolio, which results in the lowest levelized average electric system rate for all customers. (Sim, Deason)

DEF: Yes. To establish DEF's proposed DSM goals, the company utilized the RIM test 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. The RIM test manages the inclusion of utility incentives as well as other utility costs in such a manner so as to create a benefit for all ratepayers while protecting all ratepayers, both participants and non-participants, from rates that would otherwise be higher in the absence of the DSM program. In addition to the RIM test, the company utilized the Participants' test to adequately reflect participant contributions. Given that DEF utilized these tests in its measure analysis, DEF is confident that the numeric goal it has proposed will ensure that all stakeholders' interests are balanced. (Duff, Borsch)

TECO: Yes. Tampa Electric utilized the cost-effectiveness methodologies as delineated in Rule 25-17.008, F.A.C., specifically the RIM test in conjunction with the Participant test, to adequately reflect the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions. The RIM test minimizes rate impacts, assures benefits to all customers and alleviates cross-subsidies between non-participants and participants. (Bryant)

GULF: Yes. By passing the RIM test, Gulf's proposed goals reflect the costs (including incentives) and benefits that minimize overall rate impacts for the general body of customers, whether or not they participate in one of the resulting conservation programs. In addition, by only including measures that also pass the Participant's Test, these proposed goals adequately consider participant contributions as a component of overall customer impact. (Floyd)

JEA: Yes. JEA's proposed goals are based on achievable potential that included consideration of the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions, through use of the RIM and Participant tests. (Vento, Wucker)

EDF: EDF contends that the values the utilities used for carbon dioxide compliance costs in their modeling may be too low, such that the Companies' proposed goals for their demand-side management programs may not fully reflect the costs ratepayers incur for traditional generation. Also, EDF contends that using a two-year payback period for the Solar Pilot Programs does not adequately reflect the benefits to the general body of ratepayers as a whole. Finally, EDF contends that the state of Florida will be able to use the energy savings from the distributed solar PV program as a compliance tool for section 111(d) of the Clean Air Act, and that the Companies' goals for the Solar Pilot Program fail to reflect this benefit.

FIPUG: In answering this question, the Commission must balance the goal of conservation with the impact of the cost of conservation programs on rates. The Commission must not overlook rate impact when conservation goals and programs are evaluated.

NAACP: No position.

PCS

PHOSPHATE: Yes. PCS Phosphate agrees with Duke.

SACE: No. Despite this Commission's prior orders and the clear mandate of the FEECA statute, the utilities continue to use the Rate Impact Measure ("RIM") cost effectiveness test to establish their proposed goals, and in the case of FPL, establishing its goals on an even smaller subset of RIM-based achievable potential. The use of the RIM test is contrary to Section 366.82(3)(b), F.S., because the RIM test does not reflect "costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions." As SACE witness Natalie Mims testifies, RIM focuses exclusively on rates. RIM excludes both the participants' contributions and the participants' benefits, which come in the form of reduced energy expenditures and lower energy bills. The test that satisfies the legislative mandate is the Total Resource Cost ("TRC") cost effectiveness test.

SIERRA
CLUB:

No, the Utilities' attempt to define cost-effectiveness using the Rate Impact Measure (RIM) test does not take into consideration "the costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions," as required by Section 366.82(3)(b), F.S. The RIM test examines only whether a certain measure will put upward pressure on rates. Also, the RIM test does not include participant contributions, as required by FEECA.

Section 366.82(3)(b), F.S. requires the use of the Total Resource Cost (TRC) test. This test includes all the costs and benefits to the utility system, including the costs and benefits to the participating customers. In this way, the TRC test accounts for the "general body of ratepayers as a whole," including participant contributions, consistent with Section 366.82(3)(b), F.S.

Moreover, FEECA requires the TRC test and emphasizes costs over rates for good reason: *customers on average will be better off with reduced costs and reduced bills*. Notably, Section 366.82(7), F.S. also emphasizes costs over rates, providing the Commission with the authority to "modify or deny plans that would have an undue impact on the costs passed on to customers." Even if the Commission were to interpret Section 366.82(7) to concern an undue impact on rates, and not costs, it is critical for the Commission to determine what it considers to be an "undue" impact. The Utilities' analyses do not provide meaningful information to even determine what the rate impact would be. Witness Woolf's Direct Testimony, on the other hand provides direct evidence that the rate impacts of the Utilities' efficiency goals would be so low as to be unnoticeable.

Sections 4, 5 and 7 of Witness Woolf's Direct Testimony explain the fallout from the Utilities not properly accounting for the cost of complying with greenhouse gas (GHG) regulations, as required by Section 366.82(3)(d), F.S., or for non-energy benefits: Their analyses significantly understate the benefits of saving energy and advancing local solar power, both to participants and non-participants. Further, the Commission is left with hardly any meaningful information from the Utilities to address its primary challenge here: striking the proper balance between reduced costs and the potential for increased rates.

Finally, Witness Woolf's Direct Testimony shows that much higher energy savings goals are entirely appropriate and necessary to comply with FEECA. At a minimum, the Commission should require each Utility to achieve annual energy savings by 2019 equal to one percent of retail sales. Indeed, the evidence in this proceeding will support setting even higher energy savings goals. Witness Woolf also recommends that the Commission open a new docket to collect the

information required from the Utilities to set distributed solar power goals pursuant to Section 366.82(3), F.S.

WALMART: Walmart asks for assurance that the utilities' evaluations of solar, and potentially other renewable measures, are based on an extensive and thorough evaluation of all system benefits of such measures.

FDACS: The Companies' proposed goals appear to adequately reflect the costs and benefits to the general body of rate payers as a whole, including utility incentives and participant contributions. However, further examination of this issue is necessary. The Commission should consider policy options that can be implemented to achieve least-cost strategies that take into account the cost and benefits of the programs and their impact on all ratepayers.

OPC: The Commission should determine whether the Company's proposed goals adequately safeguard the interests of the general body of ratepayers against undue rate impacts while achieving the intent of FEECA and Section 366.82(2), F.S. OPC takes no position on whether 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.

STAFF: No position.

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.?

POSITIONS

FPL: Yes. Incentives for participating customers are reflected in FPL's proposed goals because they are included and considered in the Participant and RIM screening tests. There is no need to establish incentives for utilities in this proceeding. (Koch, Sim)

DEF: Yes. The Company evaluated both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems, pursuant to Section 366.82, F.S. under the RIM and Participant tests to determine its cost-effective goals proposal. DEF believes the participant test addresses the need for customer incentives to invest in either energy efficiency or renewable systems and the RIM test balances the interest of all stakeholders. With respect to utility incentives, if DEF's proposed RIM-based goals are approved, then DEF does not believe utility incentives are needed. (Duff)

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. These incentives were established through the utilization of the RIM test which alleviates unnecessary upward pressure on rates and prevents cross-subsidies between non-participants and participants. 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)

GULF: Yes. Gulf's proposed goals were developed utilizing the RIM and Participant's tests. In practice, these tests provide incentives to participating customers through the payment of rebates, to the general body of customers by preventing cross-subsidization between DSM program participants and non-participants, and to the utility by ensuring that incorporation of DSM in the resource planning process results in net benefits that put downward pressure on rates. Gulf Power does not believe that additional utility incentives are necessary under a RIM-based goal proposal. (Floyd)

JEA: Yes. JEA has comprehensively analyzed customer-owned energy efficiency measures and none were found to be cost-effective. JEA's load forecast reflects the impacts of net metering associated with customer-owned rooftop solar photovoltaic (PV) systems, and this load forecast was used as the basis for the cost-effectiveness analysis performed for this Docket. As such, incentives to promote customer-owned demand-side renewable energy systems are adequately reflected in JEA's proposed goals. Utility-owned energy efficiency and renewable energy systems are supply-side issues. (Vento, Wucker)

EDF: The Companies' proposed to end the Solar Pilot Programs. EDF contends that the Companies have failed to adequately reflect the need for incentives for these programs. However, the incentives could be restructured to offer a lower customer incentive and thereby improve cost-effectiveness.

FIPUG: In answering this question, the Commission must balance the goal of conservation with the impact of the cost of conservation programs on rates. The Commission must not overlook rate impact when conservation goals and programs are evaluated. Improved price signals pertaining to peak and peak-like system conditions are needed to support cost-justified utility administered DSM measures and should be developed.

NAACP: No position.

PCS

PHOSPHATE: No. Improved price signals pertaining to peak and peak-like system conditions are needed to support cost-justified utility administered DSM measures.

SACE: No. As detailed by SACE witness Natalie Mims, the utilities' analyses to arrive at their proposed goals are deeply flawed and arbitrarily stop at a two-year payback, even though a lower payback timeframe might be necessary to appropriately incentivize consumer adoption of energy efficiency measures.

The Commission should establish performance-based incentives to encourage the utilities to capture all cost effective energy savings. There is a regulatory disincentive for an investor-owned utility to pursue all cost effective savings now because energy efficiency defers or eliminates the need for power plants – the very asset upon which utility shareholders earn a rate of return. But such incentives should only be established if the Commission sets meaningful savings goals, consistent with those advocated for by SACE. If the Commission were to adopt more meaningful goals, it would be appropriate, in a future proceeding, to establish an incentive that will allow utilities to share in the benefits that cost-effective efficiency programs provide customers while concurrently encouraging the utilities to deliver well-designed programs that reduce customer energy use and lower bills.

**SIERRA
CLUB:**

Partly yes, the Utilities' proposed very low goals reflect the need for better utility incentives—i.e., regulatory support—to save more energy and advance distributed solar power. Therefore, Sierra Club recommends that the Commission open a new generic docket to investigate revenue decoupling and shareholder incentives, as described in Section 8 of Witness Woolf's Direct Testimony.

WALMART: While Walmart does not propose specific goals or incentives for the encouragement of demand-side renewable energy systems, Walmart is concerned that the utilities' proposed goals may not result in meaningful deployment of solar and other demand-side renewable energy systems and measures.

FDACS: In determining whether the proposed goals reflect the need for incentives to promote both customer-owned and utility-owned energy efficiency and demand-side renewable energy systems, the impact of state and local building codes and appliance efficiency standards on the need for utility-sponsored measures and programs should be considered. The Commission should consider policy options that can be implemented to achieve least-cost strategies that take into account the cost and benefits of the programs and their impact on all ratepayers.

OPC: The Commission should determine whether the Company's proposed goals adequately safeguard the interests of the general body of ratepayers against undue rate impacts while achieving the intent of FEECA and Section 366.82(2), F.S. OPC takes no position on whether 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.

STAFF: No position.

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.?

POSITIONS

FPL: Yes. FPL accounted for forecasted CO₂ compliance costs in a sensitivity screening analysis. The forecast is a "composite" CO₂ cost forecast based on separate forecasts from FPL and Duke Energy Florida, which allowed both utilities to utilize a single CO₂ compliance cost forecast in their analyses.

Forecasted CO₂ compliance costs currently are much lower than they were in 2009. FPL's sensitivity screening analysis demonstrated that the number of measures passing changed only slightly when CO₂ compliance costs were included. Accordingly, FPL's proposed goals adequately reflect these forecasted costs. (Sim)

DEF: Yes. (Duff, Borsch)

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 CO₂ 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.

GULF: Yes. Gulf is not incurring costs associated with state or federal regulations on the emission of greenhouse gasses. Therefore, Gulf has appropriately not included assumptions for costs of greenhouse gas emissions in the development of its proposed goals. Gulf's DSM evaluations are consistent with the statute's directive and with the assumptions used in determining the next generating unit identified in the Company's 2013 Ten Year Site Plan. (Floyd)

JEA: Yes. There currently are no costs imposed by State and Federal regulations on the emissions of greenhouse gases (GHG). Although the US Environmental Protection Agency (EPA) recently proposed GHG emissions guidelines for existing power plants, there is no clear indication of what those guidelines may ultimately require or associated costs. EPA has proposed GHG new source

performance standards for new units, but JEA does not forecast any new units until well beyond the 2015 through 2024 goal setting period. It would be inappropriate to establish DSM goals that would increase customer rates based on speculation related to yet-to-be defined potential regulations of emissions of greenhouse gases. (Vento, Wucker)

EDF: EDF contends that the Companies' proposed goals do not 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., based on, among other things, Attachment JF-1 to EDF witness Jamie Fine's pre-filed testimony and based on the new proposed regulations issued recently by the U.S. EPA for regulating emissions from existing fossil fuel plants.

FIPUG: The cost of greenhouse gas regulation should be based on regulations currently in effect, not regulations that may or may not be implemented at some point in the future.

NAACP: No position.

PCS

PHOSPHATE: Yes. Duke's goals should be based upon rules and regulations actually in effect rather than proposed regulations that are not final and effective.

SACE: No. The goals of TECO and Gulf Power do not reflect a compliance cost for the emission of greenhouse gases. As a matter of law, this is contrary to the requirements of the statute, especially in light of the recent announcement of new EPA regulation on carbon emissions from existing power plants. None of the utilities analyzed the benefits of greater levels of energy efficiency as a compliance mechanism for the EPA regulation of carbon emissions from existing power plants. Contrary to the utilities' assertions, carbon regulation is not a mere, diminishing, theoretical possibility. SACE witnesses Natalie Mims and Karl Rábago testify on this issue.

SIERRA

CLUB: No, the Utilities do not properly account for the cost of complying with greenhouse gas (GHG) regulations, as required by Section 366.82(3)(d). While the Utilities claim to account for these costs by conducting sensitivity analyses, these analyses are useless for this purpose because they are only applied after the Utilities have applied their over-narrow screening assumptions, leaving little to no additional efficiency options available for reducing the costs of federal regulations on the emission of greenhouse gases.

The Commission should require the Utilities to use reasonable estimates of GHG compliance costs, including the costs of recent federal proposed regulations, in the base case analysis. Energy efficiency resources are the most widely available

and the lowest-cost option to reduce greenhouse gas pollution and other air pollution. It is important that these low-cost resources be fully utilized to comply with current and future environmental regulations. Otherwise, the costs of complying with such regulations will be greater, and electricity customers will end up paying higher costs than necessary.

Notably, saving energy through energy efficiency is a GHG pollution reduction strategy that results in lower bills for customers, by reducing customer electricity consumption levels. Other GHG pollution reduction options typically result in higher bills for customers.

For all these reasons, the Commission should require the Utilities to properly account for environmental compliance costs when screening energy savings and distributed solar programs to minimize future costs to electricity customers.

WALMART: No position.

FDACS: The Companies' proposed goals appear to adequately reflect the costs imposed by state and federal regulations on the emission of greenhouse gases over the past five years.

OPC: The Commission should determine whether the Company's proposed goals adequately safeguard the interests of the general body of ratepayers against undue rate impacts while achieving the intent of FEECA and Section 366.82(2), F.S. Currently there are no costs imposed by state or federal regulations on the emission of greenhouse gases, so OPC takes no position on whether the Company's proposed goals adequately reflect the costs.

STAFF: No position.

ISSUE 6: What cost-effectiveness test or tests should the Commission use to set goals, pursuant to Section 366.82, F.S.?

POSITIONS

FPL: The Commission should use the RIM preliminary economic screening test in setting DSM goals pursuant to Section 366.82, F.S., consistent with its historic policy decisions and rationale for doing so. The RIM test accounts both for the cost of incentives paid to program participants, which are paid for by the general body of customers through the ECCR, and unrecovered revenue requirements, which puts upward pressure on rates for the general body of customers. Both of these extremely important considerations are ignored by the TRC test. Relying on the TRC test results in cross subsidies between customers.

FPL's proposed DSM goals minimize rate impacts to its customers and avoid cross subsidies between non-participants and participants because they are based on measures that passed the RIM economic screening test and because they reflect FPL's resource planning process. FPL's proposed goals are projected to result in the lowest levelized system average electric rates of all the resource plans analyzed, including a plan that includes all the RIM-based achievable potential. (Sim, Deason)

DEF: The RIM test is the threshold measure that should be used in Florida as it reasonably balances the interests of all stakeholders. (Duff)

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)

GULF: The Commission should use the combination of RIM and Participant's tests to set goals for Gulf Power. This combination of tests is consistent with the language contained within section 366.82(3)(b), F.S. These tests provide an appropriate balance between participating and non-participating customer benefits and ensure downward pressure on overall electric rates while still supporting significant conservation activities. (Floyd)

JEA: Section 366.82, F.S., requires the Commission to consider, among other things, the costs and benefits to the participating ratepayers as well as the general body of ratepayers as a whole, including utility incentives and participant contributions. However, Section 366.82 does not dictate which cost-effectiveness test must be used to establish DSM goals. JEA believes the Commission should use both the RIM and Participant test in setting DSM goals. When used in conjunction with each other, these tests fulfill the Commission's statutory obligations. Specifically, the Participant test includes all of the relevant benefits and costs that a customer who is considering participating in a DSM measure would consider; whereas the RIM test includes all of the relevant benefits and costs that all of the utility's customers as a whole would incur if the utility implements a particular measure.

Because the RIM test ensures no impact to customers' rates, it is particularly appropriate in establishing DSM goals for municipal utilities, such as JEA. Local governing is a fundamental aspect of public power. It provides the necessary latitude to make local decisions regarding the community's investment in energy efficiency that best suit our local needs and values. Accordingly, as the Commission has recognized in prior proceedings, it is appropriate to set goals based on RIM, but to defer to the municipal utilities' governing bodies to determine the level of investment in any non-RIM based measures. (Vento, Wucker, Para)

EDF: No position.

FIPUG: The Commission should give significant weight to the RIM test to determine cost-effectiveness. Regardless of which cost-effectiveness test the Commission approves, what is most important is that the Commission encourage conservation programs that strike a reasonable balance between the advantages of the programs to program participants and other rate payers and that these conservation programs are fairly evaluated. Further, in the use of the RIM test, the Commission should be sure that all utilities are conducting the test in the same way and that “lost revenue” for clause “losses” is not included. The Commission should also consider whether a two year or three year “payback” screen should be utilized in making a cost effectiveness determination.

NAACP: The Commission should use a cost-effectiveness test that accounts for the costs and benefits incurred and that consistently results in the lowest rates and costs for participants and non-participants.

PCS

PHOSPHATE: PCS Phosphate agrees with Duke.

SACE: The Commission must adhere to its own precedent and the legislative mandate to use the TRC test and the Participant test to set goals. Section 366.82(3)(b) mandates that the Commission consider “[t]he costs and benefits to the general body of ratepayers as a whole, including utility incentives and participant contributions.” TRC is the cost effectiveness test that focuses on the “general body of ratepayers as a whole.” It does this by considering the total cost of implementing the efficiency program, and comparing that to the benefit the measure provides to the participant and all the utility’s customers including avoided generation, transmission, distribution, and environmental costs. In addition, TRC, in contrast to the RIM test, includes both utility incentives and participant contributions. It does this by considering the total cost of the measure regardless of how that cost may be divided between the utility and participants. The TRC test evaluates efficiency from the perspective of all customers and includes the total costs (including both program and incremental measure costs) and benefits to customers. SACE witness Natalie Mims testifies to this issue. Furthermore, SACE witness Karl Rábago has testified to the need to use a Value of Solar test to evaluate the cost-effectiveness of PV solar systems.

SIERRA

CLUB: Because cost-effectiveness tests are such a critical tool for informing the Commission’s goal-setting, Witness Woolf devotes a large portion of his Direct Testimony to showing that the TRC test and Utility Cost test best comport with FEECA and standard industry practices. Further, he shows that the RIM test and the “two-year payback” test are flawed, misleading and should never be used to

set goals because these tests fail to identify which energy efficiency programs are in customers' interest.

To be sure, in the preponderance of states that use the TRC test, as well as those that use the Utility Cost test, energy efficiency programs are rapidly growing, year after year, reducing bills and pollution while boosting local economic growth. To secure the full benefits of saving energy and advancing distributed solar power for Floridians, the Commission should establish once and for all that it will use the TRC and Utility Cost tests to establish goals pursuant to FEECA.

WALMART: In addition to the cost-effectiveness tests required by the Commission's Cost-Effectiveness Manual for Demand-Side Management Programs and Self-Service Wheeling Proposals, Walmart believes that there is merit in the proposal that the Commission should initiate proceedings – e.g., workshops or other proceedings – to explore the possible development of alternate methodologies for evaluating the cost-effectiveness of solar and other renewable energy programs and measures

FDACS: The Commission's current practice of setting goals based on measures that take into consideration various tests should continue. Using multiple tests allows for a better perspective of the cost effectiveness of the energy efficiency and conservation programs. The Commission should balance the goal of energy efficiency and conservation with the impact of the cost and benefits of these programs on rates and overall customer bills.

OPC: The Commission should utilize the cost-effectiveness test or tests to set goals which adequately safeguard the interests of the general body of ratepayers against undue rate impacts while achieving the intent of FEECA and Section 366.82(2), F.S. OPC takes no position on which test or tests achieves that aim.

STAFF: No position.

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

POSITIONS

FPL: Yes. FPL's proposed goals reflect consideration of free riders, as required by Rule 25-17.0021(3), F.A.C. For each DSM measure that survived the prior economic screening steps, a calculation was made to see if a participant's incremental out-of-pocket costs will be fully recovered from bill savings and, if applicable, tax savings, in two years or less without any incentive payment from the utility. DSM measures for which the participant's costs are not fully recovered in two years without an incentive payment pass this final step in the screening process. This process, applied to each individual measure at this screening step, helps protect

FPL's general body of customers from paying incentives to program participants that would already be economically motivated to participate in the program without incentives (i.e., "free riders"). (Koch, Sim, Deason)

DEF: Yes. By using a two-year payback period to screen certain measures, DEF's proposed goals appropriately reflect consideration of free riders. The use of a two-year payback period to account for free riders has been employed by DEF and the Commission since 1991. It is reasonable to assume that customers will act in an economically rational fashion and implement measures with a 2 year or less payback. Such a payback period is also supported by published customer adoption curves and ensures that the Company is not paying customers for measures they would do anyway. (Duff)

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)

GULF: Yes. As required by Rule 25-17.0021, F.A.C., the goals established in this proceeding must account for the effects of free ridership. Consistent with past DSM goals proceedings, Gulf utilized a two-year payback criterion to account for free ridership. Measures having a customer payback of less than two years without any utility incentive were considered to present customers with a reasonable economic proposition and were screened from Gulf's achievable potential. The two-year payback criterion is an objective, reasonable and efficient method of addressing free ridership during the goal-setting process as required by Commission rule. (Floyd)

JEA: Yes. The screening criteria based on simple payback to the customer (2 years or less) were designed to remove measures from the achievable potential forecasts that exhibit the key characteristic most associated with high levels of free-ridership in utility rebate programs, i.e. measures with naturally high levels of cost-effectiveness to the customer. The sensitivity of total achievable potential to this particular screening criterion was tested using alternative simple payback screening values (1 year and 3 years). In addition to this screening step, the naturally occurring analysis performed in estimating achievable potential represents an estimate of the amount of "free riders" that are reasonably expected to participate in the particular program offerings simulated. In this sense, the payback-based screening criteria were implemented to develop portfolios with necessarily low free-ridership levels, and within the achievable potential forecasts for those portfolios, the forecasting methodology produces explicit estimates of the expected level of free-ridership within those programs. (Vento, Wucker)

EDF: No position.

FIPUG: The Commission should also consider whether a two year or three year “payback” screen should be utilized in making a cost effectiveness determination.

NAACP: No position.

PCS

PHOSPHATE: No position.

SACE: No. As SACE witness Natalie Mims testifies, the utilities blindly apply a two-year payback screen for free riders to every efficiency measure. Natalie Mims testifies on the appropriate methodology to address free-ridership, and best practices in this area by peer utilities in other states.

SIERRA

CLUB:

No, the Utilities incorrectly screen out any measure from their economic potential estimates if participant payback for that measure is less than two years without incentives. This is a blunt and overly-constrictive way to screen for free riders who would participate in programs without any incentives. More specifically, a two-year simple payback threshold is a flawed method to estimate economic potential for several reasons, including (1) inconsistencies between the Utilities’ load forecast and the two-year payback method; and (2) the inaccurate assumption that all customers implement efficiency measures with a short payback whether or not the customers know the payback is short. Further, the Utilities’ two-year payback screening relies on the incorrect assumption that all customers have ready access to sufficient capital, information, and opportunity to take advantage of even highly cost effective efficiency resources on their own.

Therefore, the Commission should reject the two-year payback test and the very low energy savings goals and zero distributed solar goals proposed by the Utilities.

WALMART: No position.

FDACS: In considering whether the companies’ proposed goals appropriately reflect free riders, the Commission should consider policy options that take into account the payback period of the proposed program measures.

OPC: OPC takes no position on whether goals proposed by the Companies appropriately reflect consideration of free riders or whether two year payback is the appropriate screen. The Commission should require the Companies to increase educational outreach efforts to ensure customers are aware of all the low cost energy efficiency measures with paybacks of two years or less which the Companies expect the ratepayers to implement without any incentives.

STAFF: No position.

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

POSITIONS

FPL: The Commission should approve the following residential goals for the period 2015-2024:

| FPL Proposed Goals – Residential | | | | | | |
|---|------------------|-------------------|------------------|-------------------|-------------------|-------------------|
| Year | Summer MW | | Winter MW | | Annual GWh | |
| | Annual | Cumulative | Annual | Cumulative | Annual | Cumulative |
| 2015 | 15.7 | 15.7 | 12.3 | 12.3 | 1.8 | 1.8 |
| 2016 | 15.9 | 31.6 | 12.3 | 24.6 | 2.2 | 3.9 |
| 2017 | 16.2 | 47.8 | 12.3 | 36.9 | 2.7 | 6.6 |
| 2018 | 16.5 | 64.3 | 12.3 | 49.1 | 3.3 | 9.9 |
| 2019 | 16.9 | 81.2 | 12.3 | 61.4 | 4.1 | 14.0 |
| 2020 | 17.4 | 98.6 | 12.3 | 73.7 | 5.0 | 19.0 |
| 2021 | 18.0 | 116.6 | 12.3 | 86.0 | 6.2 | 25.2 |
| 2022 | 18.7 | 135.4 | 12.3 | 98.3 | 7.7 | 32.8 |
| 2023 | 19.7 | 155.0 | 12.3 | 110.6 | 9.5 | 42.3 |
| 2024 | 20.8 | 175.8 | 12.3 | 122.8 | 11.7 | 54.0 |

(Koch, Sim, Deason)

DEF: DEF’s goals are listed in the table below. (Duff)

| 2015 - 2024 Proposed Residential DSM Goals At Generator | | | | | | |
|--|---------------------------|-------------------|---------------------------|-------------------|----------------------------|-------------------|
| Year | Summer Demand (MW) | | Winter Demand (MW) | | Annual Energy (GWH) | |
| | Incremental | Cumulative | Incremental | Cumulative | Incremental | Cumulative |
| 2015 | 26.43 | 26.43 | 58.38 | 58.38 | 25.45 | 25.45 |
| 2016 | 23.97 | 50.39 | 53.09 | 111.47 | 23.78 | 49.22 |
| 2017 | 22.21 | 72.61 | 48.74 | 160.20 | 20.77 | 69.99 |
| 2018 | 20.02 | 92.62 | 43.23 | 203.44 | 16.98 | 86.97 |
| 2019 | 17.71 | 110.34 | 37.46 | 240.89 | 13.01 | 99.98 |
| 2020 | 15.53 | 125.86 | 32.15 | 273.05 | 9.29 | 109.27 |
| 2021 | 13.65 | 139.51 | 27.79 | 300.84 | 6.16 | 115.43 |

| | | | | | | |
|------|-------|--------|-------|--------|------|--------|
| 2022 | 12.23 | 151.74 | 24.53 | 325.36 | 3.79 | 119.23 |
| 2023 | 11.27 | 163.00 | 22.29 | 347.66 | 2.19 | 121.42 |
| 2024 | 10.66 | 173.67 | 20.89 | 368.55 | 1.18 | 122.60 |

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)

GULF:

| Proposed Numeric Conservation Goals – Savings at the Generator | | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|-------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Total |
| Residential | | | | | | | | | | | |
| Annual Energy (GWh) | 2.3 | 3.2 | 4.2 | 5.1 | 6.0 | 6.8 | 7.6 | 8.3 | 8.9 | 9.5 | 62.1 |
| Summer Peak Demand (MW) | 2.3 | 3.2 | 4.1 | 5.0 | 5.9 | 6.7 | 7.5 | 8.1 | 8.8 | 9.3 | 60.9 |
| Winter Peak Demand (MW) | 1.3 | 1.8 | 2.3 | 2.9 | 3.4 | 3.8 | 4.3 | 4.6 | 5.0 | 5.3 | 34.8 |

JEA: No residential DSM measures passed the RIM test. Accordingly, the Commission should establish goals of 0 MW (summer and winter) and 0 MWh (annual energy) for the residential class. (Vento, Wucker, Para)

EDF: No position.

FIPUG: The Commission should set goals that balance the importance of pursuing conservation programs against their cost and the impact of that cost on rates.

PCS

PHOSPHATE: The Commission should set goals that balance the importance of pursuing conservation programs against their cost and the impact of that cost on rates.

NAACP: No position.

SACE: SACE recommends that the Commission set savings goals of 0.75% of retail sales for the utilities in 2015, ramping up to at least 1.0% per year through 2017. Based on EPA’s proposed carbon rules, in order to meet Florida’s required carbon emission reductions, EPA suggests that Florida utilities ramp up to achieve 1.5%

savings per year by 2024. Therefore, we recommend that the Commission adopt these goals for 2018 in order to prepare the utilities for the demands of the proposed federal rules. Furthermore, as SACE witness Natalie Mims testifies, there were many fatal flaws, including in the technical potential, economic potential, and achievable potential analyses employed by the utilities, and in the screens used by the utilities, to arrive at their proposed goals.

SIERRA

CLUB:

As set out in the tables below, *at a minimum* each Utility should be required to achieve annual efficiency savings (GWh) by 2019 equal to one percent of retail sales for each customer class—residential, commercial, and industrial. Further, at a minimum, each utility should be required to achieve capacity savings (MW) such that the ratio of capacity-to-energy savings is consistent with the ratios that were achieved by the Companies in recent years. This will maintain the current balance between energy and capacity savings of the energy savings programs. This recommendation is not meant to suggest that the current balance between capacity and energy savings is ideal. It is merely meant to prevent the balance from becoming any worse.

Sierra Club's Recommended Minimum Energy Savings Goals (GWh)

| | History | | | Recommended Savings Goals | | | | |
|------|---------|------|------|---------------------------|------|------|------|-------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| FPL | 211 | 214 | n/a | 516 | 673 | 830 | 990 | 1,152 |
| DEF | 115 | 84 | n/a | 180 | 231 | 283 | 337 | 394 |
| TECO | 32 | 50 | n/a | 95 | 118 | 143 | 168 | 193 |
| Gulf | 76 | 95 | n/a | 103 | 106 | 109 | 112 | 114 |

Sierra Club's Recommended Minimum Peak Reduction Goals (MW)⁹

| | History | | | Recommended Savings Goals | | | | |
|------|---------|------|------|---------------------------|------|------|------|------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| FPL | 140 | 127 | n/a | 306 | 399 | 492 | 587 | 683 |
| DEF | 94 | 69 | n/a | 148 | 190 | 232 | 277 | 323 |
| TECO | 16 | 22 | n/a | 42 | 52 | 63 | 74 | 86 |
| Gulf | 27 | 30 | n/a | 33 | 34 | 35 | 35 | 36 |

⁹ All of Sierra Club's proposed minimum peak reduction goals, except the goals for DEF, represent summer peak savings. Sierra Club presents winter peak reduction goals for DEF because historically DEF's winter peak reduction is higher summer peak reduction.

Sierra Club's Recommended Minimum Energy Savings Goals (% of Forecasted Sales)

| | History | | | Recommended Savings Goals | | | | |
|------|---------|-------|------|---------------------------|-------|-------|-------|-------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| FPL | 0.21% | 0.21% | n/a | 0.47% | 0.60% | 0.74% | 0.87% | 1.00% |
| DEF | 0.32% | 0.23% | n/a | 0.49% | 0.61% | 0.74% | 0.87% | 1.00% |
| TECO | 0.17% | 0.27% | n/a | 0.51% | 0.63% | 0.76% | 0.88% | 1.00% |
| Gulf | 0.72% | 0.90% | n/a | 0.93% | 0.95% | 0.97% | 0.98% | 1.00% |

WALMART: No position.

FDACS: No position.

OPC: The Commission should establish goals which adequately safeguard the interests of the general body of ratepayers against undue rate impacts while achieving the intent of FEECA and Section 366.82(2), F.S. When approving programs to achieve the residential goals, the Commission should ensure that the approved programs benefit all residential ratepayers, including low income and rental ratepayers who historically do not or cannot implement DSM measures or participate in DSM programs. OPC takes no position as to the appropriate residential goals to be established.

STAFF: No position.

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

POSITIONS

FPL: The Commission should approve the following commercial/industrial goals for the period 2015-2024:

| FPL Proposed Goals – Commercial/Industrial | | | | | | |
|---|------------------|-------------------|------------------|-------------------|-------------------|-------------------|
| Year | Summer MW | | Winter MW | | Annual GWh | |
| | Annual | Cumulative | Annual | Cumulative | Annual | Cumulative |
| 2015 | 10.5 | 10.5 | 4.1 | 4.1 | 0.6 | 0.6 |
| 2016 | 13.8 | 24.3 | 5.9 | 10.0 | 0.6 | 1.2 |
| 2017 | 15.0 | 39.3 | 6.4 | 16.4 | 0.5 | 1.7 |
| 2018 | 16.0 | 55.3 | 6.7 | 23.1 | 0.4 | 2.1 |
| 2019 | 17.5 | 72.8 | 7.1 | 30.2 | 0.1 | 2.2 |
| 2020 | 17.5 | 90.3 | 7.1 | 37.4 | 0.3 | 2.5 |
| 2021 | 17.6 | 107.9 | 7.2 | 44.6 | 0.5 | 2.9 |
| 2022 | 17.6 | 125.5 | 7.2 | 51.8 | 0.7 | 3.6 |
| 2023 | 17.7 | 143.2 | 7.2 | 59.0 | 0.8 | 4.4 |
| 2024 | 17.7 | 160.9 | 7.2 | 66.2 | 0.8 | 5.2 |

(Koch, Sim, Deason)

DEF: DEF’s goals are listed in the table below. (Duff)

| 2015 - 2024 Proposed Commercial/Industrial DSM Goals At Generator | | | | | | |
|--|--------------------|------------|--------------------|------------|---------------------|------------|
| | Summer Demand (MW) | | Winter Demand (MW) | | Annual Energy (GWH) | |
| Year | Incremental | Cumulative | Incremental | Cumulative | Incremental | Cumulative |
| 2015 | 11.97 | 11.97 | 5.42 | 5.42 | 14.47 | 14.47 |
| 2016 | 11.58 | 23.55 | 5.36 | 10.78 | 13.60 | 28.07 |
| 2017 | 11.03 | 34.58 | 5.56 | 16.34 | 11.99 | 40.06 |
| 2018 | 9.99 | 44.57 | 5.14 | 21.48 | 10.04 | 50.09 |
| 2019 | 9.09 | 53.67 | 5.01 | 26.49 | 7.98 | 58.07 |
| 2020 | 8.23 | 61.89 | 5.18 | 31.67 | 5.88 | 63.95 |
| 2021 | 6.89 | 68.78 | 4.78 | 36.45 | 3.92 | 67.87 |
| 2022 | 5.97 | 74.75 | 4.71 | 41.16 | 2.40 | 70.27 |
| 2023 | 5.59 | 80.35 | 4.95 | 46.11 | 1.40 | 71.67 |
| 2024 | 5.02 | 85.37 | 4.62 | 50.73 | 0.76 | 72.43 |

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)

GULE:

| Proposed Numeric Conservation Goals – Savings at the Generator | | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|-------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Total |
| Commercial/Industrial | | | | | | | | | | | |
| Annual Energy (GWh) | 0.8 | 1.2 | 1.5 | 1.8 | 2.2 | 2.5 | 2.7 | 3.0 | 3.2 | 3.4 | 22.2 |
| Summer Peak Demand (MW) | 0.3 | 0.4 | 0.5 | 0.6 | 0.7 | 0.8 | 0.9 | 0.9 | 1.0 | 1.1 | 7.1 |
| Winter Peak Demand (MW) | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 1.9 |

JEA: Although some commercial/industrial measures passed the RIM test, the potential energy savings are so small (0.1 MW and 1.2 GWh) and spread over so many measures (49) that it would be impractical from a design standpoint to develop a DSM plan to cost-effectively achieve such de minimus levels of potential. Accordingly, the Commission should establish goals of 0 MW (summer and

winter) and 0 MWh (annual energy) for commercial/industrial class. (Vento, Wucker, Para)

EDF: No position.

FIPUG: The Commission should set goals that balance the importance of pursuing conservation programs against their cost and the impact of that cost on rates.

NAACP: No position.

PCS

PHOSPHATE: The Commission should set goals that balance the importance of pursuing conservation programs against their cost and the impact of that cost on rates.

SACE: SACE has the same position as for Issue 8.

SIERRA

CLUB: Sierra Club takes the same position on Issue 9 as on Issue 8, above.

WALMART: No position.

FDACS: No position.

OPC: The Commission should establish goals which adequately safeguard the interests of the general body of ratepayers against undue rate impacts while achieving the intent of FEECA and Section 366.82(2), F.S. When approving programs to achieve the commercial/industrial goals, the Commission should ensure that the approved programs benefit all commercial/industrial ratepayers. OPC takes no position as to the appropriate commercial/industrial goals to be established.

STAFF: No position.

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.?

POSITIONS

FPL: Goals of zero should be established for demand-side renewable energy systems because such systems are not cost-effective for FPL's customers in that they fail both the RIM and the TRC economic screening tests. Setting goals at zero for demand-side renewable energy systems would be consistent with past Commission practice of setting DSM goals at zero for FEECA utilities when no DSM measures are cost-effective. For example, as part of the 1999 and 2004 goals setting proceedings, the Commission set DSM goals at zero for both JEA

and the Orlando Utilities Commission. A goal level of zero would best protect the general body of customers and minimize cross-subsidies between participants and non-participants. (Koch, Sim, Deason)

DEF: DEF does not believe that the Commission should set goals or continue to require the solar set aside pilots, since the demand-side renewable energy market appears to have matured significantly over the last five years and the programs continue to fail the cost-effectiveness screens. However, should the Commission determine that it is still appropriate to establish goals designed to increase the development of demand-side renewable energy systems, DEF believes that the goals should be no larger than those currently in place. (Duff)

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)

GULF: All demand-side renewable energy systems were evaluated using the same cost-effectiveness standards as other energy efficiency measures. No renewable measures are cost-effective under either the RIM or TRC cost-effectiveness tests and, therefore, none are reflected in Gulf's achievable potential results. In past FEECA proceedings, the Commission determined that it was appropriate to set goals equal to zero in cases where no DSM measures were found to be cost-effective. Given that no renewable measures passed the Commission's approved cost-effectiveness criteria, setting renewable goals at a level above zero in this proceeding would not be appropriate. (Floyd)

JEA: The cost-effectiveness analysis of demand-side renewable energy systems shows that they are not cost-effective. Therefore, no goals should be established for demand-side renewable systems. (Vento, Wucker, Para)

EDF: No position.

FIPUG: The Commission should establish appropriate goals for the development and deployment of demand-side renewable energy systems as required by FEECA.

NAACP: No position.

PCS

PHOSPHATE: No position.

SACE: Goals should be set for increasing the development of demand-side renewable energy systems. Karl Rábago testifies that utilities should be directed to develop, in conjunction with Commission staff and stakeholders, a Value of Solar methodology and utilize such Value of Solar analysis in lieu of current cost-

effectiveness tests to inform solar PV program design. Utilities should also be directed to establish distributed solar PV programs that are focused not simply on minimal compliance, but on supporting the emergence of a self-sustaining competitive market for distributed solar PV. Staff and other stakeholders should have an explicit and formal role in this program development process.

SIERRA

CLUB:

The Commission should require the Utilities to substantially revise and expand their solar PV and solar water heating programs, as outlined in Witness Woolf's Direct Testimony.

Further, Sierra Club urges the Commission to open a separate docket, require the Utilities to produce a full accounting of the benefits of distributed solar power (including solar PV and solar water heating systems), and then investigate appropriate goals for distributed solar power. In that docket, the Commission should also address related issues such as the effectiveness of the design, marketing, and administration of solar rebate programs and the role of utility-owned solar photovoltaic (PV) and solar water heating systems.

WALMART: The Commission should establish appropriate goals for increasing the development and deployment of demand-side renewable energy systems as required by FEECA. As stated in Walmart's position on Issue 6, Walmart believes that the Commission should initiate proceedings, e.g., workshops, to explore the development of additional cost-effectiveness evaluation methodologies that will fully evaluate all costs and benefits of solar, and other renewable measures and programs.

FDACS: The Legislature has declared that it is critical to utilize the most efficient and cost-effective demand-side renewable energy systems. The Commission should consider policy options that can be implemented to achieve least-cost strategies that take into account the cost and benefits of the programs and their impact on all ratepayers.

OPC: The Commission should establish goals necessary to achieve the intent of FEECA and Section 366.82(2), F.S. to adopt goals and approve plans related to the promotion of demand-side renewable energy systems while adequately safeguarding the interests of the general body of ratepayers against undue rate impacts. OPC takes no position on what goals, if any, should be established for increasing the development of demand-side renewable energy systems.

STAFF: No position.

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

POSITIONS

FPL: No, FPL's existing Solar Pilot Programs should be allowed to expire at the end of 2014 consistent with their program terms. The cost-effectiveness of FPL's programs was reviewed, and they continue to fail the RIM and TRC tests. In addition to being demonstrably cost-ineffective, they result in significant, concentrated cross subsidies for the relatively few customers who install solar systems by all of FPL's 4.7 million customers. FPL believes that its customers can be better served by pursuing PV through other applications. FPL presents a proposal for a solar R&D program that would help gather information useful to determining the system impacts of different PV applications. (Koch, Sim, Deason)

DEF: No, DEF's existing Solar Pilot Programs should not be extended. The existing pilot programs are not cost-effective, and customer-owned solar installations have continued to become more viable and less expensive on their own over time. Therefore, DEF believes that there is no longer a need for the 2009 solar set aside dollars in the 2015 through 2024 goals setting. However, if the Commission wishes to continue the solar set aside dollars, DEF believes that it should consider DEF's conceptual pilot program, which eventually may lead to the development of a community solar offering. This conceptual pilot program is designed in a manner to better utilize the solar set-aside funds to promote increased PV development in a fair and equitable manner for all customers. This is achieved by designing utility owned community- sited solar, grid tied solar PV facilities and passing on the benefit of reduced fuel expense to all customers (i.e. all customers share in the cost and benefit of solar). (Duff)

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)

GULF: No. Based on the results of the pilot, Gulf recommends not continuing the pilot programs past 2014. Neither the PV nor the solar thermal water heating technologies are cost-effective under the RIM or TRC test and therefore cause a cross-subsidy to occur. The solar pilots ultimately cost Gulf's general body of customers more than the benefits realized by these systems. This is not to say that PV systems cannot be cost-effective to the participating customer. In fact, the decreases in system costs have improved the cost-effectiveness of PV systems to the point that additional customer-subsidized funding is not appropriate. (Floyd)

JEA: JEA was not required under the 2009 FEECA goals to offer Solar Pilot Programs. As such, there are no existing Solar Programs to extend. (Vento, Wucker)

EDF: EDF contends that the Commission should extend the existing Solar Pilot Programs with some modifications. The Companies' testimony established that the cost for these programs declined dramatically during the short time period the programs were in effect. This alone warrants further study to determine whether the Companies can continue to improve the cost-effectiveness of these programs. EDF will advocate for continuing these programs because it would give the state of Florida more flexibility in complying with the EPA's new proposed regulations for greenhouse gas emissions from fossil fuel plants, and perhaps may be less costly than other compliance options. EDF will also advocate that continuing these programs is also consistent with Florida's energy policies. EDF also contends that the cost-effectiveness of the distributed solar PV program could be improved by implementing competitive bidding; experimenting with lower customer incentives; using a longer payback period to measure cost-effectiveness; implementing a utility on-bill repayment program to reduce up-front financing costs and thereby offset lower customer incentive payments; and using a valuation method which truly reflects the costs and benefits of distributed PV solar.

Finally, EDF will advocate for the Commission to hire an independent expert to perform a "value of solar" analysis to determine the scope of distributed solar PV's full costs and benefits. EDF believes that this would allow owners of distributed energy resources to receive revenues for all of the benefits these resources provide. This would also allow demand-side management programs to more fully reflect the costs and benefits of the distributed solar PV installations.

FIPUG: The existing Solar Pilot Programs do not appear cost effective and should not be merely extended in their present form without rigorous review and appropriate modifications.

NAACP: No position.

**PCS
PHOSPHATE:** No position.

SACE: Yes, the programs should be extended, but SACE witness Karl Rábago testifies on how to prospectively improve program design by developing a Value of Solar methodology, and using such methodology in lieu of current DSM cost-effectiveness tests. He also testifies on how to design the program to support the emergence of a self-sustaining competitive market for distributed solar PV.

**SIERRA
CLUB:** Yes, the Companies' existing Solar Pilot Programs should be extended with some modifications outlined in Witness Woolf's Testimony. The Commission should

also open a separate docket to investigate appropriate goals for customer-sited renewables, and to address related issues, as stated in Sierra Club’s position on Issue 10.

WALMART: Yes, the Utilities’ existing Solar Pilot Programs should be extended, or replacement programs for the Solar Pilots should be developed.

FDACS: The Companies have documented that, while popular, the solar rebate programs resulted in wealth transfer from the general body of ratepayers to wealthy customers that can afford to invest in solar photovoltaic systems. If the pilot program is extended or modified, the Commission should consider policy options that can be implemented to achieve least-cost strategies that take into account the cost and benefits of the programs and their impact on all ratepayers.

OPC: OPC takes no position on whether the Solar Pilot Programs should be extended; however, if the Company’s existing Solar Pilot Programs are extended, the Commission should ensure the programs achieve the intent of FEECA and Section 366.82(2), F.S., while adequately safeguarding the interests of the general body of ratepayers against undue rate impacts.

STAFF: No position.

IX. EXHIBIT LIST

| <u>Witness</u> | <u>Proffered By</u> | <u>Description</u> |
|----------------------|---------------------|--|
| <u>Direct</u> | | |
| Steven R. Sim | FPL | SRS-1 FPL’s Resource Planning Process as Applied to DSM Goal-Setting |
| Steven R. Sim | FPL | SRS-2 Excerpt from FPL’s 2014 Site Plan Addressing FPL’s Need for a 10% Generation-Only Reserve Margin (GRM) Reliability Criterion |
| Steven R. Sim | FPL | SRS-3 Economic Elements Accounted for in DSM Preliminary Screening Tests: Benefits Only |

| <u>Witness</u> | <u>Proffered By</u> | | <u>Description</u> |
|----------------|---------------------|--------|--|
| Steven R. Sim | FPL | SRS-4 | Economic Elements Accounted for in DSM Preliminary Screening Tests: Benefits & Cost |
| Steven R. Sim | FPL | SRS-5 | Summary Results of the Preliminary Economic Screening of Individual DSM Measures (w/o and w/ CO2 Costs) |
| Steven R. Sim | FPL | SRS-6 | Summary Results of Preliminary Economic Screening of Individual DSM Measures: Sensitivity Cases |
| Steven R. Sim | FPL | SRS-7 | Forecasted Fuel and Environmental Compliance Costs |
| Steven R. Sim | FPL | SRS-8 | Projection of FPL's Resource Needs for 2015-2025 with No Incremental DSM Signups after 2014 |
| Steven R. Sim | FPL | SRS-9 | Comparison of DSM Achievable Potential Summer MW Values with FPL's Projected Summer Resource Needs (Assuming the Resource Needs are Met Solely by DSM) |
| Steven R. Sim | FPL | SRS-10 | Overview of the Supply Only and With DSM Resource Plans |
| Steven R. Sim | FPL | SRS-11 | Comparison of the Five Resource Plans: Economic Analyses Results and Consequences |

| <u>Witness</u> | <u>Proffered By</u> | | <u>Description</u> |
|----------------|---------------------|--------|---|
| Steven R. Sim | FPL | SRS-12 | Example of Levelized System Average Electric Rate Calculation for One Resource Plan: RIM 337 MW |
| Steven R. Sim | FPL | SRS-13 | Additional Cost Needed to be Added to RIM 337 MW Plan to Increase its Levelized System Average Electric Rate to That of TRC 337 MW Plan |
| Steven R. Sim | FPL | SRS-14 | Comparison of the Five Resource Plans: Projection of System Average Electric Rates and Customer Bills (Assuming 1,200 kWh Usage) |
| Steven R. Sim | FPL | SRS-15 | Comparison of the Five Resource Plans: Projection of System Emissions |
| Steven R. Sim | FPL | SRS-16 | Comparison of the Five Resource Plans: Projection of System Oil and Natural Gas Usage |
| Thomas R. Koch | FPL | TRK-1 | FPL' s DSM National Performance Rankings |
| Thomas R. Koch | FPL | TRK-2 | 2014 Technical Potential Energy Efficiency Measures |
| Thomas R. Koch | FPL | TRK-3 | 2014 Technical Potential Update Methodology |
| Thomas R. Koch | FPL | TRK-4 | 2014 Technical Potential Results Summary |
| Thomas R. Koch | FPL | TRK-5 | Technical Potential for Economic Screening Sensitivities |
| Thomas R. Koch | FPL | TRK-6 | 2015-2024 Achievable Potential - RIM & TRC |
| Thomas R. Koch | FPL | TRK-7 | Proposed 2015-2024 DSM Goals |

| <u>Witness</u> | <u>Proffered By</u> | | <u>Description</u> |
|----------------|---------------------|-------|--|
| Thomas R. Koch | FPL | TRK-8 | Solar Pilots Results |
| Terry Deason | FPL | JTD-1 | Biographical Information for Terry Deason |
| Terry Deason | FPL | JTD-2 | Economics of 2-Year Payback |
| Tim Duff | DEF | HG-1 | DEF's Proposed Goal Scenario Ten-Year Projections of DSM Savings |
| Tim Duff | DEF | HG-2 | DEF's estimated residential customer bill impact with 1,200 kWh reflecting projected achievable goal scenario of DSM savings using RIM and Participant tests |
| Tim Duff | DEF | HG-3 | DEF's estimated residential customer bill impact with 1,200 kWh reflecting projected achievable goal scenario of DSM savings using TRC and Participant tests |
| Tim Duff | DEF | HG-4 | DEF's Technical Potential Calculation Methodology |
| Tim Duff | DEF | HG-5 | DEF's projected total Technical potential amount of DSM |
| Tim Duff | DEF | HG-6 | DEF's avoided generation assumptions |
| Tim Duff | DEF | HG-7 | DEF's projected economic potential using RIM |
| Tim Duff | DEF | HG-8 | DEF's projected economic potential using TRC |
| Tim Duff | DEF | HG-9 | DEF's measure list used for analysis |

| <u>Witness</u> | <u>Proffered By</u> | | <u>Description</u> |
|------------------|---------------------|-------|---|
| Tim Duff | DEF | HG-10 | DEF's measures with less than a two-year payback passing RIM and Participant tests |
| Tim Duff | DEF | HG-11 | DEF's measures with less than a two-year payback passing TRC and Participant tests |
| Tim Duff | DEF | HG-12 | DEF's projected achievable amount of DSM savings using RIM and Participant tests |
| Tim Duff | DEF | HG-13 | DEF's projected achievable amount of DSM savings using TRC and Participant tests |
| Tim Duff | DEF | HG-14 | DEF's sensitivity analysis – RIM and TRC DSM economic potential with regard to high fuel, low fuel, free ridership and future CO2 costs |
| Tim Duff | DEF | HG-15 | DEF's Solar Pilot Program summaries of achievements and expenditures |
| Tim Duff | DEF | HG-16 | Average residential and non-residential installed price of solar by state |
| Tim Duff | DEF | HG-17 | Average installed price of solar by market segment |
| Howard T. Bryant | TECO | HTB-1 | 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 |

| <u>Witness</u> | <u>Proffered By</u> | | <u>Description</u> |
|------------------|---------------------|-------|---|
| J.N. Floyd | GULF | JNF-1 | Proposed Numeric Conservation Goals; Existing/Proposed Goal Comparison; Achieved kW and kWh reductions; Technical Potential Update Process; Technical Potential Measure List; Summary of Technical Potential Results; Technical Potential Results Comparison to 2009 Technical Potential; Summary of Economic Potential Results; Economic Potential Measures List; Summary of Achievable Potential Results; Achievable Potential Measure List; Annual Bill Impact for 1,200 kWh/month Residential Customer; Summary of Fuel Sensitivity Results; Summary of Free-Ridership Sensitivity Results; Solar Pilot Participation History; Solar Pilot Expense History; Solar PV Historical Customer Equipment Cost; Solar PV & STWH Cost Effectiveness Results |
| Richard J. Vento | JEA | RJV-1 | Resume of Richard Vento |
| Donald P. Wucker | JEA | DPW-1 | Donald P. Wucker |
| Richard J. Vento | JEA | JEA-1 | JEA PSC-Approved DSM Goals |
| Richard J. Vento | JEA | JEA-2 | Current JEA FEECA Programs |
| Richard J. Vento | JEA | JEA-3 | JEA Fuel Price Projections |

| <u>Witness</u> | <u>Proffered By</u> | | <u>Description</u> |
|------------------|---------------------|--------|---|
| Richard J. Vento | JEA | JEA-4R | JEA Economic & Achievable Potential |
| Richard J. Vento | JEA | JEA-5 | JEA Bill Impacts Analysis |
| Richard J. Vento | JEA | JEA-6R | Economic Potential Sensitivities |
| Donald P. Wucker | JEA | JEA-1 | JEA PSC-Approved DSM Goals |
| Donald P. Wucker | JEA | JEA-2 | Current JEA FEECA Programs |
| Donald P. Wucker | JEA | JEA-3 | JEA Fuel Price Projections |
| Donald P. Wucker | JEA | JEA-4R | JEA Economic & Achievable Potential |
| Donald P. Wucker | JEA | JEA-5 | JEA Bill Impacts Analysis |
| Donald P. Wucker | JEA | JEA-6R | Economic Potential Sensitivities |
| James Fine | EDF | JF-1 | <i>Analysis of the Impact of The President's Climate Action Plan on the Cost of Electricity in Florida</i> (September 25, 2013) presented to the National Association of Regulatory Utility Commissioners (referenced at page 12 of his pre-filed testimony). |
| James Fine | EDF | JF-2 | Elizabeth Stanton & Frank Ackerman, <i>Florida and Climate Change: The Costs of Inaction</i> (November 2007) (referenced at page 12 of his pre-filed testimony). |

| <u>Witness</u> | <u>Proffered By</u> | | <u>Description</u> |
|----------------|---------------------|------------|---|
| James Fine | EDF | JF-3 | <i>A Review of Solar PV Benefit and Cost Studies</i> , Electricity Innovation Lab, Rocky Mountain Institute (April 2013). (referenced at page 24 of his pre-filed testimony). |
| James Fine | EDF | JF-4 | <i>Minnesota Value of Solar: Methodology</i> , Minnesota Department of Commerce, Division of Energy Resources (April 1, 2014) (referenced at page 24 of his pre-filed testimony). |
| James Fine | EDF | JF-5 | Testimony of Duke Energy Carolinas witness Owen Smith in North Carolina Docket No. E-7, Sub 856 (referenced at page 26 of his pre-filed testimony). |
| Natalie Mims | SACE | SACE-NAM-1 | Resume of Natalie Mims |
| Natalie Mims | SACE | SACE-NAM-2 | Excerpt of Initial Comments of Sierra Club and Southern Alliance for Clean Energy in NCUC Docket E-100 Sub 137 |
| Natalie Mims | SACE | SACE-NAM-3 | Excerpt of Direct Testimony of John D. Wilson on Behalf of Southern Alliance for Clean Energy in GPSC Docket 36498 |
| Natalie Mims | SACE | SACE-NAM-4 | Excerpt of Direct Testimony of Natalie A. Mims on Behalf of Southern Alliance for Clean Energy in GPSC Docket 36498 and 36499 |

| <u>Witness</u> | <u>Proffered By</u> | | <u>Description</u> |
|----------------|---------------------|------------|---|
| Natalie Mims | SACE | SACE-NAM-5 | National Action Plan for Energy Efficiency table of benefits and costs for each of the five benefit-cost tests |
| Natalie Mims | SACE | SACE-NAM-6 | Excerpt of Direct Testimony of Natalie A. Mims on Behalf of Southern Alliance for Clean Energy and South Carolina Coastal Conservation League in SC PSC Docket 2013-208-E |
| Natalie Mims | SACE | SACE-NAM-7 | Excerpt of Direct Testimony of Jamie Barber, Richard F. Spellman, and John L. Kaduk on Behalf of the Georgia Public Service Commission in Docket 36498 |
| Natalie Mims | SACE | SACE-NAM-8 | SACE comment letter to Commission staff on technical potential update |
| Natalie Mims | SACE | SACE-NAM-9 | Utilities technical, economic, achievable and proposed goals |
| Karl Rábago | SACE | KRR-1 | Resume of Karl Rábago |
| Karl Rábago | SACE | KRR-2 | A Review of Solar PV Benefit & Cost Studies |
| Karl Rábago | SACE | KRR-3 | The Value of Distributed Solar Electric Generation to New Jersey and Pennsylvania |

| <u>Witness</u> | <u>Proffered By</u> | | <u>Description</u> |
|----------------|---------------------|-------|--|
| Karl Rábago | SACE | KRR-4 | Minnesota Value of Solar: Methodology |
| Karl Rábago | SACE | KRR-5 | A REGULATOR'S GUIDEBOOK: Calculating the Benefits and Costs of Distributed Solar Generation |
| Karl Rábago | SACE | KRR-6 | Model Rules for Shared Renewable Energy Programs |
| Tim Woolf | SIERRA CLUB | TW-1 | Tim Woolf Resume |
| Tim Woolf | SIERRA CLUB | TW-2 | National Efficiency Screening Project, The Resource Value Framework: Reforming Energy Efficiency Cost-Effectiveness Screening, Mar. 2014. |
| Tim Woolf | SIERRA CLUB | TW-3 | Synapse Energy Economics, Best Practices in Electric Utility Integrate Resource Planning, prepared for the Regulatory Assistance Project, 2013. |
| Tim Woolf | SIERRA CLUB | TW-4 | <i>Ceres, Practicing Risk-Aware Electricity Regulation: What Every State Regulator Needs to Know</i> , prepared by Ron Binz, Rich Sedano, Denise Furey, Dan Mullen, Apr. 2012. |
| Tim Woolf | SIERRA CLUB | TW-5 | Synapse Energy Economics, <i>2013 Carbon Dioxide Price Forecast</i> , Nov. 2013. |

| <u>Witness</u> | <u>Proffered By</u> | | <u>Description</u> |
|----------------|---------------------|-------|--|
| Tim Woolf | SIERRA CLUB | TW-6 | Synapse Energy Economics, <i>Energy Efficiency Cost-Effectiveness Screening: How to Properly Account for Other Program Impacts and Environmental Compliance Costs</i> , prepared for Regulatory Assistance Project, Nov. 2012. |
| Tim Woolf | SIERRA CLUB | TW-7 | Synapse Energy Economics, <i>Best Practices in Energy Efficiency Program Screening: How to Ensure that the Value of Energy Efficiency is Properly Accounted For</i> , prepared for the National Home Performance Council, July 2012. |
| Tim Woolf | SIERRA CLUB | TW-8 | Florida Solar Energy Center (FSEC), ZEH: Lakeland, Florida. 1998. |
| Tim Woolf | SIERRA CLUB | TW-9 | Kristen Funk, <i>Small Business Energy Efficiency: Roadmap to Program Design</i> , Proceedings of the 2012 ACEEE Summer Study on Energy Efficiency in Buildings, August 2012. |
| Tim Woolf | SIERRA CLUB | TW-10 | Synapse Energy Economics, <i>Big Risks, Better Alternatives - An Examination of Two Nuclear Energy Projects in the U.S.</i> October 6, 2011. |

| <u>Witness</u> | <u>Proffered By</u> | | <u>Description</u> |
|----------------|---------------------|-------|---|
| Tim Woolf | SIERRA CLUB | TW-11 | NREL, Residential, Commercial, and Utility-Scale Photovoltaic (PV) System Prices in the United States: Current Drivers and Cost-Reduction Opportunities, February 2012. |
| Tim Woolf | SIERRA CLUB | TW-12 | US DOE, SunShot Vision Study, February 2012. |
| Tim Woolf | SIERRA CLUB | TW-13 | Interstate Renewable Energy Council, U.S. Solar Market Trends 2012, July 2013. |

Rebuttal

| Name | Utility/Staff | ABC-1 | |
|---------------|---------------|--------|--|
| Steven R. Sim | FPL | SRS-17 | Benefits (Only) Calculation Comparison: Minnesota VOS vs. Florida Screening Tests |
| Steven R. Sim | FPL | SRS-18 | Incorrect and/or Misleading Statements Made in the Testimonies of Witnesses Woolf and Mims |
| Steven R. Sim | FPL | SRS-19 | A Look at a Typical Screening Curve Analysis: A Generation Option |
| Steven R. Sim | FPL | SRS-20 | A Look at a Typical Screening Curve Analysis: A DSM Option |
| Steven R. Sim | FPL | SRS-21 | ACEEE's LCOE Formula |

| <u>Witness</u> | <u>Proffered By</u> | | <u>Description</u> |
|----------------|---------------------|--------|---|
| Steven R. Sim | FPL | SRS-22 | Table from NREL's Economic Evaluation Document |
| Steven R. Sim | FPL | SRS-23 | SACE 1% GWh Goal Analysis: A Look at Resulting Electric Rates and Customer Bills |
| Steven R. Sim | FPL | SRS-24 | Sierra Club 1% GWh Goal Analysis: A Look at Resulting Electric Rates and Customer Bills |
| Terry Deason | FPL | JTD-3 | Residential Retail Rate Comparison |

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

X. PROPOSED STIPULATIONS

DEF: DEF agrees to the following stipulations: "Duke Energy Florida, Inc. provides electrical service to FIPUG members; this proceeding affects the substantial interests of FIPUG members who receive electrical service from Duke Energy Florida, Inc.; FIPUG has standing in this matter for trial and appellate purposes."

"Duke Energy Florida, Inc. provides electrical service to SACE members; this proceeding affects the substantial interests of SACE members who receive electrical service from Duke Energy Florida, Inc.; SACE has standing in this matter for trial and appellate purposes."

GULF: Yet to be determined. Gulf is willing to stipulate that the testimony of all witnesses whom no one wishes to cross examine be inserted into the record as though read, cross examination be waived, and the witness's attendance at the hearing be excused.

FIPUG: Duke Energy Florida, Inc. provides electrical service to FIPUG members; this proceeding affects the substantial interests of FIPUG members who receive

electrical service from Duke Energy Florida, Inc.; FIPUG has standing in this matter for trial and appellate purposes.

FPL provides electrical service to FIPUG members; this proceeding affects the substantial interests of FIPUG members who receive electrical service from FPL; FIPUG has standing in this matter for trial and appellate purposes.

Gulf Power Company provides electrical service to FIPUG members; this proceeding affects the substantial interests of FIPUG members who receive electrical service from Gulf Power Company; FIPUG has standing in this matter for trial and appellate purposes. This stipulation is based on information currently available to Gulf Power Company and is made solely for purposes of this proceeding.

(Note: FIPUG may seek a similar stipulation with other parties in this regard.)

SACE: Duke Energy Florida, Inc. provides electrical service to SACE members; this proceeding affects the substantial interests of SACE members who receive electrical service from Duke Energy Florida, Inc.; SACE has standing in this matter for trial and appellate purposes.

XI. PENDING MOTIONS

There are no pending motions.

XII. PENDING CONFIDENTIALITY MATTERS

There are several pending confidentiality matters.

XIII. POST-HEARING PROCEDURES

If no bench decision is made, each party shall file a post-hearing statement of issues and positions. A summary of each position of no more than 100 words, set off with asterisks, shall be included in that statement. If a party's position has not changed since the issuance of this Prehearing Order, the post-hearing statement may simply restate the prehearing position; however, if the prehearing position is longer than 100 words, it must be reduced to no more than 100 words. If a party fails to file a post-hearing statement, that party shall have waived all issues and may be dismissed from the proceeding.

Pursuant to Rule 28-106.215, F.A.C., a party's proposed findings of fact and conclusions of law, if any, statement of issues and positions, and brief, shall together total no more than 50 pages and shall be filed at the same time.

XIV. RULINGS

Opening statements, if any, shall not exceed seven and a half minutes per party.

The Florida State Conference of the National Association for the Advancement of Colored People (“NAACP”) has met the standard for Associational Standing and its Petition to Intervene is hereby granted. The NAACP takes the case as they find it.

All parties to this proceeding shall furnish copies of all testimony, exhibits, pleadings and other documents which may hereinafter be filed in this proceeding, to:

Alton E. Drew
Florida State Conference of the NAACP
667 Peoples Street, SW
#4
Atlanta, Georgia 30310
410.463.0582
altondrew@altondrew.com

The NAACP’s Motion to Accept Late Filing of Prehearing Statement is hereby granted.

It is therefore,

ORDERED by Commissioner Ronald A. Brisé, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Ronald A. Brisé, as Prehearing Officer, this 11th day of
July, 2014.



RONALD A. BRISÉ
Commissioner and Prehearing Officer
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

TLT

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), F.S., to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, F.S., as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, F.A.C.; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, F.A.C. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.