

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Commission Review of Numeric) DOCKET NO. 20190020-EG
 Conservation Goals)
 JEA) Dated: July 22, 2019
 _____)

JEA'S PREHEARING STATEMENT

JEA, pursuant to the Order Consolidating Dockets and Establishing Procedure (Order No. PSC-2019-0062-PCO-EG), hereby files its Prehearing Statement in the above-referenced proceeding, and states:

I. JEA WITNESSES

Witness	Subject Matter	Issues
Direct		
Donald P. Wucker DSM Portfolio Management JEA	Provides a discussion of how JEA is governed; discusses recent trends in JEA's system load growth; discusses JEA's proposed DSM goals; describes JEA's existing conservation and DSM programs; describes how the base load forecast was developed; describes how supply-side efficiencies are incorporated into JEA's planning process; and addresses how JEA's proposed goals encourage demand-side renewable energy systems.	1-10
Bradley E. Kushner nFront Consulting LLC	Provides a discussion of the methodology used to develop the avoided capacity costs and describes JEA's fuel forecasts used in the production cost modeling forming the basis for the avoided energy costs.	1-4
Jim Herndon Nexant, Inc.	Discusses and summarizes the methodology and findings of the Market Potential Study conducted for JEA.	1-3, 7-10
Rebuttal		
Donald P. Wucker DSM Portfolio Management JEA	Rebuttal to SACE witnesses Jim Grevatt and Forest Bradley-Wright regarding their discussion of the use of RIM test for assessing cost-effectiveness of DSM programs, particularly for municipal utilities, SACE's proposed DSM goals, and JEA's low-income programs	1-3, 6

Jim Herndon Nexant, Inc.	Rebuttal to SACE witnesses Jim Grevatt and Forest Bradley-Wright regarding their criticisms of Nexant's analyses and related issues.	1-3, 7-9
Terry Deason Radey Law Firm	Rebuttal to SACE witnesses Jim Grevatt and Forest Bradley-Wright regarding their discussion of cost-effectiveness determinations under FEECA, cross-subsidization, the two-year payback criterion, and SACE's proposed DSM goals.	3, 4, 6, 7

II. EXHIBITS

Witness	Proffered By	Exhibit #	Description	Issues #
Donald Wucker	JEA	DPW-1	Resume of Donald Wucker	1-10
Donald Wucker	JEA	DPW-2	JEA PSC-Approved DSM Goals	8-9
Donald Wucker	JEA	DPW-3	Current JEA DSM Programs	1-10
Donald Wucker	JEA	DPW-4	Historic Participation in JEA DSM Programs	1-10
Donald Wucker	JEA	DPW-5	JEA Economic & Achievable Potential	8-10
Donald Wucker	JEA	DPW-6	Summary of JEA Marketing and Educational Activities	1-10
Donald Wucker	JEA	DPW-7	JEA Bill Impacts Analysis	3, 8
Bradley Kushner	JEA	BEK-1	Resume of Bradley Kushner	1-4
Bradley Kushner	JEA	BEK-2	JEA Avoided Costs	1-4
Bradley Kushner	JEA	BEK-3	JEA Fuel Price Projections	1-4
Jim Herndon	JEA	JH-1	Resume of Jim Herndon	1-3, 7-10
Jim Herndon	JEA	JH-8	Market Potential Study of DSM in JEA's Service Territory	1-3, 7-10
Jim Herndon	JEA	JH-9	2019 Measure Lists	1-3, 7-10
Jim Herndon	JEA	JH-10	Comparison of 2014 Measure List to 2019 Measure List	1-3, 7-10
Terry Deason	JEA	JTD-1	Resume of Terry Deason	3, 4, 6, 7

In addition, JEA reserves the right to utilize any exhibit introduced by any other party.

JEA also reserves the right to introduce any additional exhibit necessary for cross-examination or impeachment at the final hearing.

III. STATEMENT OF BASIC POSITION:

JEA: The Commission should use the Rate Impact Measure (RIM) test and Participants test to set DSM goals. Use of the RIM test to ensure no impact to rates is particularly appropriate for municipal utilities, like JEA, over which the Commission does not have ratemaking authority. In this case, no residential or commercial/industrial measures passed the RIM test. 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 increasing the development of demand-side renewable energy systems.

IV. 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.?**

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 conservation and efficiency measures, including demand-side renewable energy systems, pursuant to Section 366.82(3), F.S. Consistent with the other FEECA utilities, JEA engaged Nexant to evaluate DSM measures in JEA's service territory. Nexant analyzed the technical potential for energy efficiency, demand response, and demand side renewable energy across residential, commercial, and industrial customer classes for the 2020-2029 time period. For JEA, Nexant also conducted the economic screening for the economic and achievable scenarios and analyzed economic potential and achievable potential based on the passing measures. (Wucker; Kushner, Herndon)

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.?**

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. (Wucker, Kushner, Herndon)

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.?**

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. (Wucker, Kushner, Herndon, Deason)

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.?**

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. (Wucker, Kushner)

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.?**

JEA: Yes. There currently are no costs imposed by State and Federal regulations on the emissions of greenhouse gases (GHG). While there is much speculation on the potential for GHG regulations, 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 GHG emissions. (Wucker)

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

JEA: Section 366.82, Florida Statutes, 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. (Wucker, Deason)

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

JEA: Yes. The screening criteria were based on simple payback to the customer (2 years or less) and 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 offering 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. (Wucker, Herndon, Deason)

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

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. (Wucker, Herndon)

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

JEA: No commercial/industrial 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 commercial/industrial class. (Wucker, Herndon)

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.?

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. (Wucker, Herndon)

ISSUE 11: Should these dockets be closed?

JEA: Yes.

Note: JEA does not agree with SACE's proposed revision to Issue 10. As written, the issue is adequately and appropriately addressed in a manner consistent with prior Commission practice. JEA likewise disagrees with the addition of SACE proposed Issue 11. The addition of this issue would be contrary to the direction given in Section 366.82, Florida Statutes. Further, the proposed Issue is subsumed in Issues 8 and 9.

V. STIPULATED ISSUES

None at this time.

VI. PENDING MOTIONS

JEA has no motions pending at this time.

VII. PENDING REQUESTS FOR CONFIDENTIAL CLASSIFICATION

JEA has no requests for confidential classification pending at this time.

VIII. OBJECTIONS TO WITNESSES' QUALIFICATIONS

None.

IX. SEQUESTRATION OF WITNESSES

JEA is not requesting sequestration of witnesses.

X. REQUIREMENTS OF THE PREHEARING ORDER THAT CANNOT BE MET

None.

Respectfully submitted this 22nd day of July, 2019.



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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic delivery, this 22nd day of July, 2019, to the following:

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