



William P. Cox
Senior Attorney
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 304-5662
(561) 691-7135 (Facsimile)
E-mail: Will.Cox@fpl.com

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-VIA ELECTRONIC FILING-

Adam Teitzman
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket No. 20200056-EG: Petition for Approval of Florida Power & Light Company's Demand-Side Management Plan

Dear Mr. Teitzman:

Please find enclosed for electronic filing Florida Power & Light Company's response to Staff's Second Data Request (Nos. 1-8).

If there are any questions regarding this filing, please contact me at (561) 304-5662.

Sincerely,

/s/ William P. Cox
William P. Cox
Fla. Bar No. 0093531

cc: Douglas Wright, Division of Engineering
Charles Murphy, Esq., Office of General Counsel
Stephanie U. Eaton, Spilman Thomas & Battle, PLLC
Derrick Price Williamson, Spilman Thomas & Battle, PLLC
Barry A. Naum, Spilman Thomas & Battle, PLLC

QUESTION:

Please refer to FPL's Response to Staff's First Data Request, Question No. 2, and the spreadsheet titled "20200056 - Staff's 1st DR No. 2 - Attachment No. 1" provided by FPL. More specifically, see the period totals for participation and administrative costs (CPVRR) under both the 2015 and 2020 DSM Plan projections. Please explain why there appears to be no correlation between the totals for participation and administrative costs between the 2015 and 2020 DSM Plan projections, even for programs with no listed changes. The following are some examples of the variations in each figure from the 2015 DSM Plan to the 2020 DSM Plan:

- a. Residential Load Management: Administrative costs decreased by 13 percent, despite a 50 percent decrease in participants.
- b. Residential New Construction: Administrative costs decreased by 38 percent, despite a 17 percent increase in participants.
- c. Residential Low Income: Administrative costs increased by 784 percent, despite a 213 percent increase in participants.
- d. CDR: Administrative costs increased by 160 percent, despite a 17 percent increase in participants.
- e. Business HVAC: Administrative costs decreased by 71 percent, despite a 15 percent increase in participants.

RESPONSE:

It is expected that there will not be a direct correlation between the percent changes for program administrative costs and participation. This is because FPL's administrative costs are predominantly fixed costs. Unlike variable costs which are largely driven by number of participants and therefore move in lockstep with participation, fixed costs are by nature unaffected by the number of participants. FPL administrative expenses are largely comprised of payroll for activities such as program management and Care Center support and employee-related costs such as travel – all of which are fixed costs not driven by the number of participants.

QUESTION:

Please refer to FPL's Response to Staff's First Data Request, Question No. 8, in which the Company stated that "capping will be implemented only if all three of the Goals for either the residential or business sector are achieved prior to the end of a given year."

- a. Is it correct that this proposal is new for FPL? Discuss in your response if the Company is seeking an affirmative approval of program caps in this proceeding.
- b. Since approval of its 2015 DSM Plan, has FPL used its advertising strategy to limit participation after meeting its goals for either the residential or business sector? Identify in your response all measures the Company has used for this purpose
- c. What alternatives, if any, were considered prior to the Company proposing to implement program caps to limit participation after meeting its goals for either the residential or business sector.

RESPONSE:

- a. Yes, this specific proposal is new for FPL's 2020 DSM Plan. However, a similar approach was ordered by the Commission in the 2009 DSM Goals docket. In that docket, the Commission established spending caps for mandated solar pilots which the Commission set at 10% of the average of each utility's five-year historic annual total ECCR cost. Yes, FPL is seeking affirmative approval for its capping proposal in this proceeding.
- b. No, with the exception of the solar pilots discussed in FPL's response to subpart (a), FPL has not sought to limit past participation in any of its DSM programs whether via its advertising or through any other means. Because all DSM programs are voluntary, FPL seeks to promote its programs sufficiently in order to achieve the sector-level Goals set by the Commission. As long as a program is open to participation, FPL accepts all qualifying participants. Therefore, FPL currently has no means to control excess participation nor the potential adverse effect on the costs borne by the general body of customers if the aggregate effect of the sector's programs' participation is exceeding the sector-level Goals.
- c. FPL is aware that budget caps are used as a mechanism in some other jurisdictions to ensure excessive costs for DSM programs are not incurred. Though FPL also briefly considered this approach, FPL believes its proposed approach is superior because it directly targets the Commission's objective of achieving sector-level MW and GWh Goals. If budget caps were used instead, there is a risk that costs could be higher than originally projected resulting in spending limits being reached before the Goals were achieved.

QUESTION:

Please refer to FPL's Response to Staff's First Data Request, Question No. 8, in which the Company stated the expectation that if capping were activated, "it would happen very late in the year."

- a. Please discuss how the Company would respond if that expectation was found to be incorrect (i.e., the trigger for implementing program caps is met well before the end of a given year).
- b. Please discuss how waiting lists and/or call backs will be addressed.

RESPONSE:

- a. Based on FPL's years' of experience operating these DSM programs, FPL views the possibility of achieving all three sector-level Goals at any point other than late in the year as remote and purely hypothetical. There is always at least one of the three Goals that is challenging to achieve each year, and it has typically taken essentially the full year to do so. However, if such a circumstance were to occur, then FPL would still follow the process discussed in its response to Staff's First Data Request No. 8.
- b. FPL does not intend to establish wait lists or perform call backs. Any installations or prior FPL-issued commitments for participant incentives already in progress, but not yet completed at that time when the three associated sector-level Goals are achieved, would still be paid once the installation is completed. Any capped programs would reopen for new participants January 1 of the following year, and customers would be free to participate at that time.

QUESTION:

If FPL's DSM Plan is approved without modification:

- a. Will specific information about program capping for non-cost-effective programs be addressed in the Program Standards phase (which follows DSM Plan approval)? Discuss why or why not.
- b. What are the impacts of program capping on projected savings levels in this review period?
- c. What are the impacts of program capping on projected participation levels in this review period?
- d. What are the impacts of program capping on projected costs and/or cost recovery factors in this review period?

RESPONSE:

- a. Yes. In order to inform customers and trade allies, such as participating independent contractors (PICs) involved in delivering certain programs to customers, FPL will include a statement in each of its Program Standards explaining the conditions that could lead to program capping and FPL's procedure.
- b. None at this time. FPL's 2020 DSM Plan is designed to achieve the residential and business sector Goals. The projected participation is based on aligning as closely as possible to the Summer MW, Winter MW and Annual GWh Goals for each sector. However, because DSM programs are voluntary, it is expected that actual participation in each program will vary from the initial projections. At this time, FPL does not expect and cannot quantify any impact on the savings level due to program capping. This mechanism is being proposed essentially as an "insurance policy" to protect the general body of customers in case of unexpected circumstances.
- c. Please see FPL's response to subpart (b).
- d. Please see FPL's response to subpart (b).

QUESTION:

Please refer to FPL's Response to Staff's First Data Request, Question No. 8, in which the Company described the process and procedure it would follow to implement program caps. If the Company's DSM Plan is approved, will information about capping be added to the program descriptions for each affected program? Discuss why or why not.

RESPONSE:

No. FPL will include a statement in each of its Program Standards explaining the conditions that could lead to program capping and FPL's procedure. This is the most appropriate place to include such information because these documents are used to inform customers and trade allies. FPL plans to supplement this with additional messaging through its normal communication channels if it appears that program capping will be exercised for either the residential or business sector.

QUESTION:

Please submit any drafts of website communications and/or Call Center scripts FPL plans to use should it implement program caps to limit participation after meeting either its residential or business sector goals.

RESPONSE:

At this time, FPL has not developed any drafts of website communications or Call Center scripts. After Commission approval is received, FPL will develop appropriate messaging and determine the best delivery channels for communicating this information to residential and business customers in the event that implementing participation capping is exercised.

QUESTION:

Please refer to the tab titled "Existing Program Projections" in the attached Microsoft Excel document titled "FPL Data Request #2 – Excel Tables," (Excel Tables Spreadsheet).

- a. Please complete the table, and provide a copy in Microsoft Excel format, in a manner similar to FPL's Response to Staff's First Data Request, Question No. 2, but for FPL's DSM programs as they exist today (i.e., without the program modifications proposed in FPL's 2020 DSM Plan) using the same market assumptions (e.g. economics, participation) used to calculate the cost-effectiveness and annual demand and energy savings projections for FPL's proposed 2020 DSM Plan. If any values cannot be provided, please explain why.
- b. Please also include in the table Rate Impact Measure (RIM), Total Resource Cost (TRC), and Participant (PCT) test results for each program (excluding audits), all residential programs combined, all business programs combined, and all programs combined. If any values cannot be provided, please explain why.

RESPONSE:

- a. Please see Attachment No. 1 to this response. Please see the notes provided with the table for additional information regarding certain data and calculations.
- b. Please see Attachment No. 1 to this response. As requested, FPL has provided the RIM, PCT and TRC results for the aggregate Residential and Business sectors, as well as the entire portfolio combined. However, FPL does not believe that such sector-level or total DSM portfolio-level calculations are appropriate metrics due to the inherent cross-subsidization. The cost-effectiveness of each program should be evaluated individually with each program passing or failing on its own merits. Otherwise, the effect of adding programs together is that the benefits of cost-effective programs are used to support otherwise non-cost-effective programs. Such a situation would result in a suboptimal portfolio to the detriment of the general body of customers.

Attachment No. 1 is the Microsoft Excel Spreadsheet "20200056 - Staff's 2nd DR No. 7 - Attachment No. 1," which has been provided to Commission Staff via email to Doug Wright at dwright@psc.state.fl.us.

QUESTION:

Please refer to FPL's Response to Staff's First Data Request, Question Nos. 2-3, FPL's Response to Staff's Second Data Request, Question No. 7, and the tab titled "ECCR Costs" in the Excel Tables Spreadsheet. Please complete the table, and provide a copy in Microsoft Excel format, by providing projections of the annual and period total ECCR costs and annual residential bill (1000 kWh/month) impacts per program for the period 2020-2024 for each of FPL's existing programs, those programs in FPL's 2020 DSM Plan, and those programs as modified in response to Staff's First Data Request, Question No. 3 (2020 RIM DSM Plan). For annual and period total ECCR costs and annual bill impacts, please report the portion of the total caused by servicing program participants from years prior to the reporting year (historical) and the portion caused by servicing program participants just in the reporting year (incremental), in addition to the total of these costs. An example is included in the Excel Tables Spreadsheet for clarity.

RESPONSE:

Please see Attachment No. 1 to this response. The "Historical" columns include costs for: on-going incentives related to the existing participants who signed up before 2020 in the demand response programs; annual capital revenue requirements for computer systems installed before 2020 and demand response equipment investments; and advertising. Also included are costs for programs not included in the previous tables because they do not contribute to 2020-2024 DSM Goals achievement: Commercial/Industrial Load Control (CILC), Business Photovoltaic for Schools, Conservation Research & Development (CRD), Cogeneration & Small Power Production, and common expenses.

Attachment No. 1 is the Microsoft Excel Spreadsheet "20200056 - Staff's 2nd DR No. 8 - Attachment No. 1," which has been provided to Commission Staff via email to Doug Wright at dwright@psc.state.fl.us.