

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Adoption of Numeric) DOCKET NO. 930559-EG
Conservation Goals and)
Consideration of National Energy)
Policy Act Standards (Section)
111) by the City of Tallahassee.)
_____)
In Re: Approval of Demand-Side) DOCKET NO. 950448-EG
Management Plan of the City of) ORDER NO. PSC-96-0716-FOF-EG
Tallahassee.) ISSUED: May 28, 1996
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING THE MODIFICATION OF THE CITY OF
TALLAHASSEE'S DEMAND-SIDE MANAGEMENT GOALS
AND DEMAND-SIDE MANAGEMENT PLAN

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

CASE BACKGROUND

The Florida Energy Efficiency and Conservation Act (FEECA), Chapter 366.82, Florida Statutes, requires the Commission to adopt goals to reduce and control the growth rates of electric consumption and weather-sensitive peak demand. In Docket No. 930559-EG (Order No. PSC-95-0461-FOF-EG, issued April 10, 1995), the Commission set numeric demand-side management (DSM) goals for the City of Tallahassee (Tallahassee) and the other municipal and electric cooperative utilities subject to FEECA. Rule 25-17.0021(4), Florida Administrative Code, states that within 90 days

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of a final order establishing goals, each utility shall submit a DSM plan designed to meet its goals.

Tallahassee filed two petitions for an extension of time to file its DSM Plan, which were granted. On March 1, 1996, Tallahassee filed its DSM Plan. On April 19, 1996 Tallahassee filed an amended joint stipulation with the Department of Community Affairs for the purpose of modifying Tallahassee's numeric DSM goals. Docket 930559-EG was re-opened on April 11, 1996 to address this amended stipulation, which we approve in this order.

In Order No. 22176, issued November 14, 1989 in Docket No. 890737-PU, the Commission stated that conservation programs will be judged by the following criteria:

1. Does each component program advance the policy objectives set forth in Rule 25-17.001 and the FEECA statute?
2. Is each component program directly monitorable and yield measurable results?
3. Is each component program cost-effective?

Criterion #3 does not apply as the Commission does not have rate setting authority over municipal and cooperative electric utilities. Hence, these utilities are free to implement non-cost-effective programs as was stated in Order 22176. This has been considered in staff's analysis of Tallahassee's DSM Plan.

DECISION

In August 1995, Tallahassee issued a request for proposals seeking bids for up to 250 megawatts of capacity in May 2000. The amount of achievable DSM changed as a result of Tallahassee's integrated resource planning pursuant to its capacity solicitation. Tallahassee's DSM plan projects a greater amount of residential savings, and less commercial/industrial savings. On balance, Tallahassee forecasts greater DSM savings than contemplated when its DSM goals were originally set. The modified goals reflect this change in achievable DSM savings. The City of Tallahassee and the Department of Community Affairs (DCA) entered into a Amended Joint Stipulation, whereby they modified the City of Tallahassee's Demand-Side Management Goals. The numeric goals contained in the Amended Joint Stipulation between Tallahassee and the DCA are reasonable and we approve the Amended Joint Stipulation.

Tallahassee's DSM plan consists of five residential programs and five commercial programs. Tallahassee's DSM strategy is to reduce electric demand, predominately winter peak demand, and consumption primarily through natural gas substitution programs. Low interest loans are offered to residential and commercial customers for the installation of more efficient electric equipment, and specifically natural gas fired equipment. Tallahassee also provides energy audits, energy information, and a residential low-income ceiling insulation program. One hundred percent of the cost of ceiling insulation improvements are provided to qualifying low-income customers. A summary of Tallahassee's programs is provided in Attachment.

The cost-effectiveness analyses of Tallahassee's programs shows that only the residential ceiling insulation portion of the residential secured loan program passes the Rate Impact Measure Test (RIM). Also, the non-RIM cost effective programs require non-participating customers to subsidize the participating customers without receiving the benefit of cost effective capacity deferral.

Because we do not have rate setting authority over municipal utilities such as Tallahassee, if Tallahassee wishes to engage in non-RIM cost effective DSM, we cannot deny plan approval because of the inclusion of non-RIM cost effective programs. In addition, the Tallahassee City Commission approved this plan in February 1996.

The City of Tallahassee operates an electric utility and a gas utility. The service territories for these utilities are not completely identical. We are concerned that savings from installations of natural gas equipment for a customer who is a Tallahassee gas utility customer, but not a Tallahassee electric customer, may be counted toward Tallahassee's electric DSM goals. Therefore, the savings from natural gas substitution program participants who are not Tallahassee electric customers, may not be counted toward Tallahassee's DSM goals. This should ensure proper accounting of Tallahassee's electric DSM achievements.

Because we approved the Amended Joint Stipulation, it appears Tallahassee's DSM plan will meet the modified goals. Based on the foregoing, we approve Tallahassee's DSM plan.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Amended Joint Stipulation between the City of Tallahassee and the Department of Community Affairs, as discussed above, is hereby approved. It is further

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ORDERED that the demand-side management plans for the City of Tallahassee is approved as discussed in the body of this Order. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission, this 28th day of May, 1996.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Flynn
Chief, Bureau of Records

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, 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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule

25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 18, 1996.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

ATTACHMENT

Residential Programs

Secured Loans: This low interest loan program includes the following program groups:

1. HVAC - Provides for the installation of more efficient electric heating ventilation and air conditioning (HVAC) equipment, or a natural gas-fired furnace with central A/C. In order to qualify, the customer must combine the HVAC changeout with: 1) "minor measures" such as the installation of a gas stove or gas dryer; and 2) building envelope improvements such as improved level of ceiling insulation and duct repair.
2. Gas Water Heater - Provides for the replacement of an electric water heater with a gas water heater.
3. Ceiling Insulation - Provides for the improvement of the R-value of ceiling insulation up to a maximum of R-30.

All customers must have an energy audit in order to qualify for this program. Tallahassee states that these loans will be made at a five percent interest rate, however, this rate is subject to change. Loans will be paid through the customer's bill over a five year term. A maximum of \$5,000 may be loaned and the customer is not required to make a down payment. Loans will be secured with a property lien.

Homebuilder Rebates: A \$400 rebate is paid to builders who install natural gas space-heating systems, a gas water heater, and one other gas appliance in new residential construction. Installation of gas equipment may be made in apartments, single-family attached, or single-family detached homes. Tallahassee expects the \$400 rebate to cover most of the additional cost of the gas appliances and plumbing over the same electric equipment.

Unsecured Payment Plan Loans: This program provides low interest loans to customers who wish to install only one measure. Included are ceiling insulation, wall insulation, water heaters, refrigerators, windows, and duct improvement. All customers must have an energy audit in order to qualify for this program. A five percent interest rate will be offered with zero down. A maximum of \$700 will be loaned with no lien placed on the customer's property.

Information: This program encompasses several activities designed to increase the knowledge and awareness of energy efficiency including:

1. Energy Information - The City offers presentations, and provides materials designed to educate consumers on energy efficiency.
2. Energy Audits and High Bill Investigations - Free audits are offered which provide information on City programs, and energy efficiency recommendations.
3. HVAC Tune-up Training - The City will provide training for HVAC service technicians to improve service procedures for maintaining HVAC efficiency.
4. Energy-Efficient Construction Information - The City will promote the use of the Building Energy Rating System (BERS), provided by the Department of Community Affairs, to building contractors.

Low Income Ceiling Insulation 100% Rebate: A 100 percent rebate will be provided for the improvement in ceiling insulation levels for qualified low-income customers. The City will work with local social service agencies to ascertain customer eligibility. Participating customers must have an energy audit.

Commercial Programs

Custom Loans: This program offers low interest loans to demand-metered customers for measures including:

1. HVAC Changeouts - Loans are offered for the replacement of chillers. This program will particularly target those customers replacing electric chillers with natural gas chillers.
2. Lighting Changeouts - Loans are offered for the installation of higher efficiency lighting. The City will rely on local contractors to promote the availability of the program.

Tallahassee states that these loans will be made at a five percent interest rate, however, this rate is subject to change. Loans will be paid through the customer's bill over a five year term. No down payment is required, and loans will be secured with a property lien.

Secured Loans: This program offers low interest loans to non-demand-metered customers for measures including:

1. Lighting Changeouts - Loans are offered for the installation of higher efficiency lighting.

2. Fuel Switching - Loans are offered for the conversion of heating and cooling systems to natural gas fired equipment.

3. Building Envelope - Loans are offered to customers who wish to add window treatments, ceiling insulation, and other building envelope measures.

Tallahassee states that these loans will be made at a five percent interest rate, however, this rate is subject to change. Loans will be paid through the customer's bill over a five year term. A maximum of \$10,000 may be loaned. No down payment is required, and loans will be secured with a property lien.

Unsecured Payment Plan Loans: This program offers low interest loans to non-demand-metered customers for various energy efficiency measures. The majority of measures is expected to be lighting changeouts. Tallahassee states that these loans will be made at a five percent interest rate, however, this rate is subject to change. Loans will be paid through the customer's bill. A maximum of \$1,000 may be loaned, with no down payment required. No property lien is required for this program.

Demonstrations: Through this program, the City will select specific projects to demonstrate the benefits of energy conservation, advanced technology, or customer-control of energy use. The City currently has planned the following projects:

1. City Facilities - Improvements will be made to City facilities in the form of improved lighting, energy management systems, variable-speed motor drives, and building envelope measures.

2. Thermal Energy Storage (TES) - A loan will be provided to cover all, or a portion, of the incremental cost of a TES system for the Florida League of Cities building.

Information: This program encompasses several activities designed to increase the knowledge and awareness of energy efficiency for commercial customers including:

1. Energy Audits and High Bill Investigations - Audits are offered which provide information on City programs, and energy efficiency recommendations.

2. Key Accounts Technical Workshops and Seminars - Training to educate "key account" customers about energy efficiency, and building operations.

3. Vendor Training - Energy efficiency training will be offered to local vendors.