

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Power
& Light Company to Terminate
Commercial/Industrial Efficient
Motors Program.

DOCKET NO. 970547-EG
ORDER NO. PSC-97-1350-FOF-EG
ISSUED: October 27, 1997

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING PETITION TO TERMINATE COMMERCIAL/
INDUSTRIAL EFFICIENT MOTORS PROGRAM

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.

We approved Florida Power and Light's (FPL or Company) Commercial/Industrial Efficient Motors Program (Efficient Motors Program or Program) pursuant to Order No. PSC-92-1118-FOF-EG, Docket No. 920578-EG, issued October 5, 1992. Modifications to the Program were included as part of FPL's demand side management (DSM) plan in Docket No. 941170-EG, Order Nos. PSC-95-1343-S-EG, issued November 1, 1995, and PSC-95-1343A-S-EG, issued November 27, 1995. The Efficient Motors Program is designed to reduce FPL's summer and winter coincident peak demand and energy attributable to three phase motors. The Program encourages small commercial and industrial customers, through the use of incentives, to select a three phase, premium efficiency motor over a standard efficiency motor. The Program is currently offered only to FPL's General Service (GS) rate class.

In Commission staff's first set of interrogatories to FPL in Docket No. 960002-EG, the Company was asked to evaluate each of its approved DSM programs using the its most recent planning

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assumptions. The results showed that the Efficient Motors Program along with several other DSM programs failed the Rate Impact Measure (RIM) test. FPL stated that the requested analyses were not sufficient to assess whether the programs should continue to be offered. FPL agreed to reevaluate each of the programs that failed the RIM test to determine whether program modifications would be appropriate.

On May 6, 1997, FPL filed a petition to terminate its Efficient Motors Program and remove the Program from its DSM plan. FPL now believes that the Program is no longer cost-effective and cannot be modified in a manner that will render it cost-effective and responsive to the needs of FPL's customers.

We approve Florida Power and Light's Petition to Terminate the Commercial/Industrial Efficient Motors Program. When DSM program evaluations were performed in FPL's 1996 planning process, the benefit-to-cost ratio for the Programs' RIM test was calculated to be 0.91. This analysis included an incentive of \$229 for each kilowatt reduction. FPL's analysis demonstrated that lowering the incentives and administrative costs to a level that satisfies the RIM test renders Program administration ineffective. As a result, FPL has determined that the Program is not cost-effective.

The primary factor that contributed to reducing the benefit-to-cost ratio for the Program was the participation levels. FPL projected 8,254 participants in 1996 and only 13 customers actually participated. Because most of the Program's administration costs are fixed, the Program cost per participant increased exponentially with the low participation levels.

FPL proposes to end the Efficient Motors Program by discontinuing to process any rebate certificates or rebate reimbursement forms which are related to purchases of efficient motors twenty (20) days after the date the Commission order discontinuing the Program becomes final. In addition, FPL will notify known motor outlets of the termination of the Efficient Motors Program in writing within five (5) days of the final order terminating the Program. For a period of eighty (80) days following the date the of the order becomes final, FPL will process all properly documented rebate certificates or rebate reimbursement forms for purchases of efficient motors which predate the twentieth day following the date the order becomes final. After that eighty-day period following the termination of the Program, FPL will not process any rebate certificates or rebate reimbursement forms.

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As stated above, the reduction in the number of participants FPL used in the RIM analysis has reduced the benefits and increased the costs associated with the Commercial/Industrial Efficient Motors Program. Therefore, we find that the Program is no longer beneficial to FPL's general body of ratepayers. Therefore, we approve FPL's request to terminate its Commercial/Industrial Efficient Motors Program and the removal of the Program from FPL's DSM Plan. In addition, we approve FPL's request to continue energy conservation cost recovery of Program costs related to the termination of the Program as set forth herein.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power and Light's Petition to Terminate its Commercial/Industrial Efficient Motors Program under the terms and conditions set forth herein is hereby granted. 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.

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By ORDER of the Florida Public Service Commission this 27th
day of October, 1997.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

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.

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 November 17, 1997.

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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.