

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of numeric
conservation goals by JEA.

DOCKET NO. 040030-EG
ORDER NO. PSC-04-0768-PAA-EG
ISSUED: August 9, 2004

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING NUMERIC CONSERVATION GOALS FOR JEA AND
ACKNOWLEDGING JEA'S 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

Section 366.82, Florida Statutes, part of the Florida Energy Efficiency and Conservation Act (FEECA), requires us to adopt goals to increase the efficiency of energy consumption, increase the development of cogeneration, and reduce and control the growth rates of electric consumption and weather-sensitive peak demand. Pursuant to Section 366.82(2), Florida Statutes, we must review a utility's conservation goals not less than every five years. These statutes are implemented by Rules 25-17.001 and 25-17.0021, Florida Administrative Code.

We first established numeric goals for JEA in Order No. PSC-95-0461-FOF-EG, issued April 10, 1995, in Docket No. 930554-EG, In Re: Adoption of Numeric Conservation Goals and Consideration of National Energy Policy Act Standards (Section 111) by Jacksonville Electric Authority. These goals were based on measures that were cost-effective under the participant and rate impact measure (RIM) tests.

DOCUMENT NUMBER-DATE

08617 AUG-9 3

FPSC-COMMISSION CLERK

We set numeric goals for JEA a second time in Order No. PSC-00-0588-FOF-EG, issued March 23, 2000, in Docket No. 990720-EG, In Re: Adoption of Numeric Conservation Goals and Consideration of National Energy Policy Act Standards (Section 111) by Jacksonville Electric Authority. JEA's numeric goals were set at zero because none of the measures evaluated by JEA passed both the participant and RIM tests.

The instant docket, opened on January 13, 2004, represents the third time that we will set numeric conservation goals for JEA. On June 1, 2004, JEA timely filed its new numeric goals.

Rule 25-17.0021(4), Florida Administrative Code, requires that within 90 days of a final order establishing goals, a utility shall submit a demand-side management (DSM) plan which contains conservation and DSM programs designed to meet its numeric goals. As part of its numeric goals filing, JEA filed its DSM Plan which contains JEA's existing conservation programs. JEA also filed testimony and exhibits in support of its proposed numeric goals and DSM Plan. As we stated in Order No. PSC-00-0588-FOF-EG, Rule 25-17.0021(4), Florida Administrative Code, which requires a utility to file a DSM Plan, does not apply if the approved goals are set at zero.

This Order addresses JEA's petition for approval of its numeric conservation goals and approval of its DSM Plan. We have jurisdiction over this matter pursuant to Sections 366.81 and 366.82, Florida Statutes.

Numeric Conservation Goals

In developing its numeric conservation goals, JEA evaluated its existing conservation programs as well as the same measures identified when we last set JEA's goals in 2000. JEA's evaluation considered the issues and end-use categories specified in Rule 25-17.0021(3), Florida Administrative Code. All potential measures were evaluated against JEA's next identified generating unit, a 2010 combustion turbine unit, for cost-effectiveness using the RIM, Total Resource Cost (TRC), and participant tests. Only two measures, off-peak battery charging and an educational program to construct energy efficient homes, were cost-effective under the RIM test. JEA expects that neither of these two measures would be capable of attracting sufficient participation to warrant the creation of a separate DSM program. Therefore, JEA has proposed that its DSM goals for the residential, commercial, and industrial sectors be set at zero for 2005 through 2014.

We find that the evaluation process used by JEA to evaluate DSM measures is reasonable and complies with Rule 25-17.0021, Florida Administrative Code. JEA appropriately evaluated the cost-effectiveness of measures using the RIM test. We agree with JEA's justification for not setting positive numeric conservation goals based on two DSM measures with questionable potential as DSM programs. Therefore, we approve JEA's proposed numeric conservation goals of zero, for both the residential and commercial/industrial classes, for the 2005-2014 period.

Demand-Side Management Plan

Rule 25-17.0021(4), Florida Administrative Code, requires that within 90 days of a final order establishing goals, a utility shall submit a DSM plan which contains conservation and DSM programs designed to meet its numeric goals. However, as stated above, we have set JEA's numeric conservation goals at zero. As a result, Rule 25-17.0021(4), Florida Administrative Code, which requires utilities to file a DSM Plan, does not apply in this instance. Nevertheless, JEA did file a DSM Plan in which JEA proposed to continue its existing DSM programs. These programs are summarized in Attachment A to this Order.

We find that it is reasonable to allow JEA to determine whether or not it should continue to offer existing DSM programs as JEA is in the best position to determine its customers' needs. Further, JEA does not recover the costs of such programs through the Energy Conservation Cost Recovery Clause. Since JEA filed a DSM Plan although technically not required to, we acknowledge JEA's DSM Plan for informational purposes only. JEA shall not be required to file program participation standards. Program participation standards establish customer eligibility for DSM programs and provide procedures for payment of incentives. These standards provide documentation for us for future audits. Because such audits are not necessary for municipal utilities, JEA shall not be required to file program standards.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that JEA's proposed annual numeric residential winter demand, summer demand, and annual energy conservation goals shall be set at zero for the period 2005 through 2014. It is further

ORDERED that JEA's proposed annual numeric commercial/industrial winter demand, summer demand, and annual energy conservation goals shall be set at zero for the period 2005 through 2014. It is further

ORDERED that JEA's demand-side management plan is hereby acknowledged for informational purposes only. JEA is not required to file program participation standards. It is further

ORDERED that Attachment A to this Order is hereby incorporated by reference. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDER NO. PSC-04-0768-PAA-EG
DOCKET NO. 040030-EG
PAGE 4

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission this 9th day of August, 2004.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Marcia Sharma
Marcia Sharma, Assistant Director
Division of the Commission Clerk
and Administrative Services

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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 that is available under Section 120.57, 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 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.

ORDER NO. PSC-04-0768-PAA-EG
DOCKET NO. 040030-EG
PAGE 5

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 30, 2004.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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

ATTACHMENT A

JEA / DEMAND-SIDE MANAGEMENT PLAN

Green Power Program: Encourages the widespread application of renewable energy technology in its service territory. Sets minimum levels of renewable capacity for 2007 and 2015. Provides incentives for solar photovoltaic (PV) and solar thermal systems, allows net metering for customer-generated electricity from PV systems, and encourages combustion of landfill gas at generating sites.

District Chilled Water Service: Program utilizing underground chilled water system to serve a group of adjacent buildings. The chilled water is used in place of central air conditioning systems and on-site chillers. Reduces capital costs as well as operating costs.

Performance Contracting: Provides financing for customer-specific capital improvements, on a case-by-case basis, where the resulting demand and energy savings offset project costs. Systems targeted for improvements include lighting, heating and air-conditioning, controls and automation, process systems, and building envelope.

Lighting Solutions: Promotes energy-efficient lighting by offering lighting energy audits, energy management programs, lighting design and retrofits, and maintenance.

Residential and Commercial Audit: Energy audit program. Company auditor examines home or business and makes recommendations on low-cost or no-cost energy-saving practices and measures. Offers walk-through, customer-completed (online), and video-assisted audits.

Low-Income Residential Audit: Similar to traditional energy audit. In addition, JEA, in partnership with local housing agencies, funds energy-saving practices and measures. Also provides customer education presentations.