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**Florida
Power**
CORPORATION

James P. Fama
CORPORATE COUNSEL

July 3, 1989

Mr. Steven C. Tribble
Director of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0872

Re: Docket Nos. 890737-PU - Implementation of
Section 366.80-.85, Florida Statutes,
Conservation Activities of Electric and Gas Utilities

Dear Mr. Tribble,

The purpose of this letter is to offer Florida Power Corporation's comments on the proposed rule distributed by Commission Staff at the June 7 workshop in this docket.

Florida Power supports the Staff's desire to maintain flexibility in administering the Florida Energy Efficiency and Conservation Act (FEECA). Fla. Stat. §§ 366.80-366.85. FEECA calls for such flexibility by requiring the Commission to set general, "overall goals" rather than specific goals. § 366.81. The Commission further is instructed to construe the statute "liberally" in order to adapt to the "complex problems" of conservation. § 386.81. In addition, the overall statutory scheme of Commission goal-setting, followed by utility-specific development of plans and implementation of programs, is designed to foster administrative flexibility.

While the statute directs the Commission to establish conservation goals, the Commission is not required to do so by a rule, which by definition is of general applicability. Fla. Stat. 120.52(16). The Commission may establish individual goals in individual hearings. Given such discretion, the Commission could conduct one wide-ranging proceeding to establish statewide goals. Such an approach may be administratively efficient, in that all jurisdictional utilities are considered at the same time. However, such a proceeding may become unwieldy.

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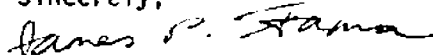
Of more concern, statewide goal-setting may fail to adequately account for each utility's differing generation and load characteristics. The above-described administrative flexibility built into FEECA is aimed at just this sort of individualized treatment. Moreover, part of the legislative intent of FEECA is to avoid discrimination among customer classes. § 366.81. Likewise, discrimination among utilities should be avoided. While dissimilar treatment of similarly situated utilities constitutes discrimination, the same treatment of utilities not in similar circumstances is also discriminatory. Not only may a state-wide approach without sufficient mechanisms to differentiate among utilities lead to discriminatory treatment, it may not adequately protect the ratepayers of certain utilities.

For these reasons, Florida Power recommends that the proposed rule establish a general framework to define the scope of hearings in such a way that individual utilities receive individual consideration. We recommend that the rule require hearings at a minimum to address the following issues:

1. The generation and load characteristics of the utility, its interrelationship with other Florida utilities, and other distinguishing features.
2. Development of utility-specific numeric goals.
3. Development of a methodology to determine if such goals are met.
4. A cost-effectiveness methodology to assess the cost-effectiveness of individual utility programs.
5. The utility's planned energy audit program.

Florida Power has one further recommendation. Commission Staff has focused on just two of the eleven rules in Part I of Chapter 25-17. Other rules need revisitation, in light of the change in FEECA, experience under the old rules, and in light of changes in the utility industry.

Sincerely,



James P. Fama

cc. All parties of record

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Implementation of Section)
366.80-.85, Florida Statutes,)
Conservation Activities of Electric)
and Gas Utilities.)

DOCKET NO. 890737-PU

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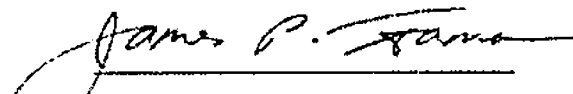
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