

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

MEMORANDUM

October 5, 1989

TO: STEVE TRIBBLE, DIRECTOR
DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF ELECTRIC AND GAS (Walsh, McCormick)^{TW}
DIVISION OF LEGAL SERVICES (Palecki, Brownless, Summerlin)^{AW}
DIVISION OF RESEARCH (Huddleston)^{AW} JOJ

RE: DOCKET NO. 820517-EU, REVIEW OF CONSERVATION GOALS, RULE 25-17.002,
F.A.C.

DOCKET NO. 860185-GU, REVISION OF RULE 25-17.004, F.A.C., GOALS FOR
NATURAL GAS UTILITIES

DOCKET NO. 890737-PU, IMPLEMENTATION OF SECTION 366.80-.85, F.S.,
CONSERVATION ACTIVITIES OF ELECTRIC AND NATURAL GAS UTILITIES

AGENDA: OCTOBER 17, 1989 - CONTROVERSIAL - PARTIES MAY PARTICIPATE

PANEL: FULL COMMISSION

CRITICAL DATES: None

ISSUE AND RECOMMENDATION SUMMARY

ISSUE 1: Should Rule 25-17.002, Florida Administrative Code, Conservation Goals for Electric Utilities, be repealed?

RECOMMENDATION: Yes.

DOCUMENT NUMBER-DATE

09994 OCT-5 1989

FPSC-RECORDS/REPORTING

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ISSUE 2: Should Rule 25-17.004, Florida Administrative Code, Conservation Goals for Natural Gas Utilities, be repealed?

RECOMMENDATION: Yes.

ISSUE 3: May staff file these rule repeals with the Secretary of State for adoption without further Commission consideration in the event no hearing is requested or comments filed?

RECOMMENDATION: Yes, and Dockets Numbers 820517-EU and 860185-GU should be closed.

ISSUE 4: Should the Commission adopt the goals expressed in Rule 25-17.001, Florida Administrative Code, as the goals required by Section 366.82(2), Florida Statutes?

RECOMMENDATION: Yes.

ISSUE 5: Should the Commission require that the Florida utilities subject to the provisions of the FEECA statute submit new and/or revised plans and programs to meet these goals?

RECOMMENDATION: Yes.

ISSUE 6: Should the electric and gas utilities existing plans and programs remain in effect and cost recovery continue until new plans and programs are approved?

RECOMMENDATION: Yes.

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DISCUSSION OF ISSUES

NOTE: Staff has prepared a single recommendation for these three dockets since they are all interrelated.

ISSUE 1: Should Rule 25-17.002, Florida Administrative Code, Conservation Goals for Electric Utilities, be repealed?

RECOMMENDATION: Yes.

STAFF ANALYSIS: Rule 25-17.002, Florida Administrative Code, was originally promulgated in 1980 to implement the original Florida Energy Efficiency and Conservation Act (FEECA), Chapter 366.81-.85, Florida Statutes. The rule sets forth a methodology to determine statewide conservation goals in addition to providing a procedure for apportionment of these statewide goals among individual electric utilities. These goals are rebuttably applicable to each individual utility for the period 1981 to 1985. Goals for each utility are set by Commission order, as are any specific conservation program approvals or modifications. In addition, Rule 25-17.002 encourages oil use reduction and sets reduction goals of 25 percent by 1989, so that total electric utility consumption in Florida does not exceed 58,734,000 barrels in 1990.

The methodology prescribed in Rule 25-17.002 sets numerical targets for the 1980's only. As a result, future conservation goals for electric utilities cannot be determined under the rule as it now exists. Staff thus

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recommends that the existing rule be repealed, and, as is discussed in Issue 3 below, that the Commission adopt as goals those goals expressed in Rule 25-17.001, Florida Administrative Code.

An Economic Impact Statement addressing this rule repeal is attached.

ISSUE 2: Should Rule 25-17.004, Florida Administrative Code, Conservation Goals for Natural Gas Utilities, be repealed?

RECOMMENDATION: Yes.

STAFF ANALYSIS: Rule 25-17.004, Florida Administrative Code, was also promulgated in 1980 to implement the provisions of FEECA. Goals in the rule are designed to reduce oil dependency in the state, to decrease loss of natural gas by specific actions, to increase the efficiency of use of natural gas, to increase utilities' involvement in federal regulation, and to perform a specified number of energy audits. The goals in the rule set performance targets to be reached throughout the 1980's. Activism in federal regulation and leak prevention activities do not have target dates, but these are activities of a well-managed gas utility and need not be in rule form.

For these reasons, the rule should be repealed and goals adopted consistent with the goals outlined in Rule 25-17.001, Florida Administrative Code.

An Economic Impact Statement addressing this rule repeal is attached.

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ISSUE 3: May staff file these rule repeals with the Secretary of State for adoption without further Commission consideration in the event no hearing is requested or comments filed?

RECOMMENDATION: Yes, and Dockets Numbers 820517-EU and 860185-GU should be closed.

ISSUE 4: Should the Commission adopt the goals expressed in Rule 25-17.001, Florida Administrative Code, as the goals required by Section 366.82(2), Florida Statutes?

RECOMMENDATION: Yes.

STAFF ANALYSIS: During the 1989 session of the Florida legislature, Section 366.80-.85, Florida Statutes, was revised and extended. The Florida Public Service Commission is charged with the implementation of this chapter entitled the Florida Energy Efficiency and Conservation Act (FEECA).

Chapter 366.82 (2) requires the Commission to adopt goals for:

increasing the efficiency of energy consumption and increasing the development of cogeneration, specifically including goals designed to increase the conservation of expensive resources, such as petroleum fuels, and to reduce and control the growth rates of electric consumption, and to reduce the growth rates especially of weather-sensitive peak demand.

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The goals expressed in Rule 25-17.001 meet this charge. In order to comply with Section 366.80-.85 as currently written, Staff recommends that the Commission adopt the goals expressed in existing Rule 25-17.001.

ISSUE 5: Should the Commission require that the Florida utilities subject to the provisions of the FEECA statute submit new and/or revised plans and programs to meet these goals?

RECOMMENDATION: Yes.

STAFF ANALYSIS: The conservation efforts of Florida's electric and natural gas utilities over the past decade have produced significant savings of both dollars and natural resources for the citizens of our state. Staff believes that further savings can be realized if the state's electric utilities devise plans and programs which enhance the gains made in the residential sector; substantially increase conservation and efficiency efforts in the commercial and industrial sectors; aggressively seek out cogeneration and small power production facilities; and pursue research, development, and demonstration projects designed to promote energy efficiency and conservation. Staff, therefore, recommends that the Commission require that the Florida utilities subject to the provisions of the FEECA statute submit new and revised plans and programs to meet these goals.

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Pursuant to Section 366.82(2) the following utilities are subject to the provisions of FEECA and should be required to submit plans and programs consistent with the goals embodied in Rule 25-17.001 within ninety days of issuance of an order in Docket No. 890737-PU:

Florida Power & Light Company
Florida Power Corporation
Tampa Electric Company
Gulf Power Company
Jacksonville Electric Authority
Orlando Utilities Commission
Gainesville Regional Utilities
City of Tallahassee
Clay Electric Cooperative
Lee County Electric Cooperative
Withlacoochee River Electric Cooperative, Inc.
Sumter County Electric Cooperative
City of Lakeland
City of Ocala
City of Kissimmee
Peoples Gas System, Inc.

Staff recommends that each electric utility be required to submit programs detailed in Sections A, B, C and D below. Each gas utility should be required to submit programs in Sections A, B, and C. These programs should contain the following information.

A. DEMAND-SIDE PROGRAMS

For every demand-side offering each utility should furnish the data listed below.

I. PROGRAM DESCRIPTION:

A narrative of the objectives of the program should be provided identifying what the program does, who are the eligible customers,

and how the program contributes to meeting the goals identified in Chapter 366.82(2), F.S., and Rule 25-17.001, F.A.C.

II. PROGRAM PARTICIPATION STANDARDS:

Each utility should clearly describe the utility conservation service or product being provided to eligible customers and the eligibility standards. Any criteria for participation, such as usage levels, equipment standards, or other defining criteria, should be carefully reviewed to avoid undue discrimination. If incentives or rebates are provided, the maximum allowable amounts should be identified, and the specific internal auditing trail to be established should be specified.

III. PROGRAM BENEFITS AND COSTS

Each program should identify and justify the anticipated demand and energy savings at both the individual customer level and the aggregate system level. Each program filing should provide the supporting documentation for these estimates including any engineering assumptions, model results, or field evaluations. The utility should identify how free-rider effects are included in the anticipated demand and energy savings. All such effects should be quantified. A summary table such as Attachment A-3 should be provided for each program.

Program-specific costs should be provided, identifying estimated cost per customer, with administrative costs separated from rebates and

incentives. Annual estimates of participating customers should be listed as shown on Attachment A-1 of this Order.

Each utility should identify the composite system impact of all demand-savings programs as measured by reductions in overall system summer and winter demand and gigawatthours. The deferral or avoidance of new supply-side resources that result from these programs should be identified. Attachment A-4 provides a format that should be used to report any system level savings.

IV. COST-EFFECTIVENESS METHODOLOGY

Each program should be analyzed and results submitted using the Commission-approved cost-effectiveness methodology described in Rule 25-17.008, Florida Administrative Code. To the extent that any utility uses another cost-effective methodology, the filing must contain information sufficient to enable Staff to evaluate the model's assumptions and results.

(The Commission has no jurisdiction over the recovery of conservation program costs for the municipal and cooperative utilities. However, Staff believes that such programs should be demonstrably cost-effective for these utilities, and recommend that the Commission also require these utilities to file information on each program's cost-effectiveness.)

V. PROGRAM MONITORING AND EVALUATION

Each utility should provide a methodology for monitoring its proposed

programs including the establishment of implementation and field result measures and internal audit trails. For those programs using estimated or modeled savings, the utility must submit a methodology to verify and make adjustment for the actual savings which result.

B. NATURAL GAS PROGRAMS

The direct use of natural gas in space conditioning and water heating should be encouraged by both electric and gas utilities where such use is a cost-effective method of slowing growth in electric demand. Thus, Staff recommends that cost-effective programs be designed to stimulate the market for gas-fired desiccant systems and gas fired absorption chillers which slow load growth in the periods of highest air conditioning loads.

C. RESIDENTIAL ENERGY AUDITS

Chapter 366.82(5), Florida Statutes, requires all affected utilities to offer residential energy audits to its customers.

D. COGENERATION PLANS

The Legislature included cogeneration as a generation resource which should be developed in the state. Each utility should submit a program for attracting qualifying facilities, including its yearly estimates of nontraditional generation over a ten-year planning horizon.

Staff recommends that programs developed in response to the Commission's decision in Docket 890737-PU be judged by the same criteria as that currently used for the approval of existing conservation programs:

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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? We realize the municipal and cooperative utilities are free to implement non-cost-effective programs if they so desire.

ISSUE 6: Should the electric and gas utilities existing plans and programs remain in effect and cost recovery continue until new plans and programs are approved?

RECOMMENDATION: Yes.

STAFF ANALYSIS: Staff recommends that until the new conservation offerings receive approval, the existing plans and programs should remain in effect and cost recovery continue uninterrupted.

1145E

MEMORANDUM

August 31, 1989

TO: DIVISION OF APPEALS (BROWNLESS)
FROM: DIVISION OF RESEARCH (HUDDLESTON) ~~HRH~~ NPC MMB
SUBJECT: ECONOMIC IMPACT STATEMENT FOR PROPOSED REPEAL OF RULE
25-17.002, FAC, GOALS FOR ELECTRIC UTILITIES; AND RULE
25-17.004, FAC, GOALS FOR NATURAL GAS UTILITIES

SUMMARY OF THE RULE

Rules 25-17.002 and 25-17.004, FAC, were intended to provide a framework by which the Commission could develop cost-effective conservation goals for the State of Florida and affected electric and natural gas utilities.

Goals for Electric Utilities. Currently Rule 25-17.002 specifies the first five-year goal for the electric utility industry in the State of Florida. This rule mandates implementation of conservation programs, in a manner described within the rule, as of January 1, 1981. The programs restrict growth rates of end-use weather-sensitive peak kilowatt (KW) demand and of kilowatt-hour (KWH) consumption. Reductions are targeted to averages of 72.25 percent and 75 percent, respectively, of the three-year moving average growth rate in average number of residential customers for the 1981 through 1989 period. Determined targets are to be updated annually based on latest data on customer growth rates and projections.

Currently, a methodology is specified in the rule to determine

statewide conservation goals in addition to providing a procedure for apportionment of these statewide goals among individual electric utilities. The goals obtained through implementation of the provided methodology are presumed rebuttably applicable to each individual utility for the period 1981 to 1985. The current rule also provides provisions under which an individual electric utility may adjust its goals. Goals for each utility are set by Commission order, as are any specific program approvals or modifications.

Finally, current Rule 25-17.002 encourages oil use reductions and sets reduction goals of 25 percent by 1989, so that total electric utility consumption in Florida does not exceed 58,734,000 barrels in 1990. Included in this section is the indication that construction of generating capacity to meet oil use reduction goals may supersede that deemed appropriate in achieving the goals for KW demand and KWH energy consumption.

Goals for Natural Gas Utilities. Existing Rule 25-17.004 requires natural gas and electric utilities to promote cost-effective substitution of natural gas for oil and oil-derived energy in Florida. In addition, the rule requires natural gas utilities to increase leak detection, cathodic protection, and similar maintenance programs to ensure that unaccounted for gas does not exceed 1.5 percent of gross system volume. Section (4) of Rule 25-17.004 establishes the procedure to be used by natural gas utilities to determine annual energy audit quotas. The other primary requirement of the existing rule, cost-effective reduction of natural gas usage for residential space and water heating to 75 percent of 1980 levels by 1985, has expired.

Proposed Revision. Electric and Gas Division (EAG) staff has proposed repeal of Rules 25-17.002 and 25-17.004, since the goals set forth in these rules have expired or otherwise served their purpose. However, staff does not propose abandonment of conservation goals for electric and gas utilities. The existing Conservation Cost Recovery Hearings would continue to be held semiannually, and EAG staff would continue to monitor utility programs for cost-effectiveness. Although, EAG staff indicates that at the present time conservation programs of natural gas utilities are not put to a cost-effectiveness test. Staff also anticipates the use of one of several alternative processes for determining individual utility and statewide goals. As one option, biennial hearings might be held akin to the current Annual Planning Hearing (APH) process pursuant to Section 120.57, Florida Statutes (1987). These biennial hearings would be held to determine goals methodology or to set and approve utility conservation programs.

Another possible option would be to initially solicit individual utility conservation plans and programs to be reviewed and approved by the Commission pursuant to current Rule 25-17.001, FAC, General Information, and Chapter 89-292, Laws of Florida (1989). EAG and Legal Division staff believe that such a process would eventually lead to the resetting of statewide conservation goals and codification of such goals in Commission rules.

According to EAG staff, this proposed period of case-by-case program review and approval would provide a "learning" period and would allow utilities and staff to set appropriate statewide goals based on experience gained. EAG staff believes that repeal of Rules 25-17.002 and

25-17.004 and the subsequent case-by-case review, in conjunction with the existing Commission monitoring process and Conservation Cost Recovery Hearings, would make the goals framework more flexible and generic, giving the Commission the ability to adopt new conservation goals methodology or selectively change provisions within the current methodology without a rulemaking proceeding. Repeal of the existing rules would also give the Commission the option to determine that no goals need to be established or reviewed.

DIRECT COSTS TO THE AGENCY

Given that following the proposed repeal of Rules 25-17.002 and 25-17.004, staff expects an unspecified length of time without an explicit conservation goals methodology, it is impossible to estimate the net effect of the proposed rule repeals on Commission staff. EAG and Legal Divisions' staff workloads could increase slightly if the rule repeals engender more frequent review of the established goals and utility programs than is currently the practice. Although this is likely, Commission labor costs would only increase in the event that increases in workload would require additional staff or compensatory time for existing staff. The degree to which this may occur is uncertain as workload increases would be dependent on the frequency and timing of necessary reviews of and revisions to the selected methodology, its provisions, or individual utility program modifications. However, EAG staff anticipates that workload increases are likely to be accommodated within existing resources.

Potentially offsetting increases in staff workload associated

with the rule repeals would be subsequently reduced rulemaking workload because goals could be modified without having to revise Commission rules.

COSTS AND BENEFITS TO THOSE PARTIES DIRECTLY AFFECTED BY THE RULE

Costs. Conservation is intended to: (1) lower investment costs associated with postponed or cancelled capacity expansion obviated by conservation, (2) lower fuel expense associated with lower weather-sensitive peak demand, and (3) lower dependence on oil as a generating fuel. Over the 1982 to 1988 time period, electric utility conservation efforts have resulted in statewide average savings of 2,294 gigawatt-hours (see Table 1) and 1,500 winter peak demand megawatts. In addition, statewide oil use has fallen from 73,194,100 barrels in 1980 to 40,349,700 barrels in 1988.

Repeal of Rules 25-17.002 and 25-17.004 without a clear set of replacement conservation goals may induce reduced conservation effort on the part of affected utilities. However, to the extent that it benefits all to promote cost-effective conservation, utilities would likely continue promoting such cost-effective programs as are in place. Moreover, utilities with previously approved conservation programs would continue to be eligible for cost recovery pursuant to the Commission's Conservation Cost Recovery Hearing process.

In addition, following the proposed repeal of the conservation goals rules, EAG staff anticipates the use of one of several alternative processes for reviewing and approving individual utility conservation programs and resetting statewide conservation goals. As noted above, as one option, biennial hearings akin to the current Annual Planning Hearing

(APH) process might be held to determine goals methodology or to set and approve utility conservation programs. The existing Conservation Cost Recovery Hearings would continue to be held semiannually, and EAG staff would continue to monitor utility programs for cost-effectiveness. To the extent that such a hearing process would result in more frequent changes in Commission-set conservation goals than is currently the case, additional utility costs associated with development of new or modified conservation programs could arise. However, the magnitude of these costs cannot be calculated given uncertainty surrounding the number and timing of utility requests for program modifications pursuant to the anticipated hearing process.

Another option being considered by staff is the solicitation of individual utility programs pursuant to Commission order authorized by Chapter 89-292, Laws of Florida. To the extent that utilities would be required, pursuant to this process, to file new conservation plans and programs, additional short-term costs associated with program development would arise due to repeal of Rules 25-17.002 and 25-17.004. In the long run this option would generate additional costs only to the extent that more frequent program or goal modification than is currently the case would result following repeal of the rules.

Costs could potentially arise by virtue of the legislative bifurcation of natural gas utilities within the Florida Energy Efficiency and Conservation Act (FEECA) in conjunction with the subsequent loss of specific methodology for natural gas utilities due to repeal of Rule 25-17.004. Section 366.82, Florida Statutes (1987), excludes natural gas utilities having sales volume of less than 100 million therms per year

from FEECA coverage. Pursuant to Commission rules, excluded utilities may voluntarily comply with Commission conservation rules and participate in the Cost Recovery Hearings. It is not clear what effect repeal of Rule 25-17.004 would have on such "smaller" utilities. However, EAG staff does not anticipate a reduction in conservation effort by such small utilities following repeal of Rule 25-17.004. This is likely to be the case since these utilities have voluntarily submitted and maintained conservation programs in the past. In fact, in recent months many small natural gas utilities have filed plans for increased conservation efforts. This has occurred regardless of the fact that small natural gas utilities are not required to submit and maintain conservation programs pursuant to existing Rule 25-17.004 or FEECA statutes. Therefore, it is reasonable to assume that lack of a rule which does not apply to such utilities in any case should not cause reduced conservation effort on their part.

As noted above, as a result of conservation efforts on the part of both electric and gas utilities, oil use has decreased by over 30 million barrels since 1980. To the extent cost-effective oil backout remains a Commission goal, Commission policy would remain consistent with continued natural gas utility conservation effort even if such policy would not be codified in Commission rule. If this is in fact the case, electric utility ratepayers would continue to reap the benefits of natural gas usage promotion which accrue primarily in the form of reduced reliance on oil and oil-derived energy and deferral of additional electric generation.

Benefits. The goal-setting approaches anticipated by EAG staff

following repeal of Rules 25-17.002 and 25-17.004 would allow more flexibility and would expedite timely review and response by the Commission to changing conditions in the energy arena. Therefore, repeal of the rules could lead to benefits accruing to the citizens of the State of Florida due to better implementation of welfare-maximizing and cost-effective levels of conservation. Specifically, Florida electric ratepayers should experience lower long-run rates to the extent that cost-effective conservation efforts are intensified.

Summary and Net Effect of the Rule Repeals. In summary, benefits would accrue to the extent that repeal of the conservation goals rules results in more timely implementation of cost-effective conservation efforts by Florida utilities. As discussed, costs would likely arise only to the extent that repeal of the rules would engender additional monitoring, program filing, or hearing costs not incurred under the current rule; through forgone opportunities for deferral of additional electric generating capacity; or through loss of opportunities to reduce dependence on oil and oil-derived energy. Both benefits and costs are impossible to quantify with any reasonable accuracy in the absence of a specific conservation goals methodology or a procedure for individual utility program review and implementation following repeal of the rules. It appears likely, however, that Florida natural gas and electric utilities and their ratepayers would incur no long-run "net" cost increases since cost-effectiveness of conservation efforts has been, and remains, a primary concern of the Commission.

IMPACT ON SMALL BUSINESSES

None of the electric utility companies affected by the proposed

rule qualifies as a small business according to the criteria of Section 120.54, Florida Statutes (1987). Four affected natural gas utilities qualify as small businesses pursuant to Florida statutes: St. Joe Natural Gas Company, Inc.; South Florida Natural Gas Company; Plant City Natural Gas Company; and Indiantown Gas Company, Inc.

As noted above, since EAG staff anticipates that repeal of Rule 25-17.004 would have little or no effect on small natural gas utilities, no additional costs or savings would accrue to their ratepayers following rule repeal.

IMPACT ON COMPETITION

Following repeal of Rules 25-17.002 and 25-17.004, some utilities may be better able to accommodate possible increases in costs due to Commission monitoring, hearing preparation, or program filing or may realize smaller net benefits from the fine-tuning of goals than others. Thus, there may be differential cost effects due to increased uncertainty. However, these effects are not likely to affect the competitive positions or long-run viability of affected electric utilities since the magnitude of these costs is not likely to be large relative to overall utility cost structures.

In addition, since EAG staff does not foresee changes in natural gas company conservation programs following repeal of the rules, affected natural gas and electric utilities and their ratepayers would be unaffected due to repeal of those portions of the rules pertaining to natural gas usage promotion. Therefore, little or no effect on the competitive positions of natural gas or electric utilities should be felt following the rule repeals.

IMPACT ON EMPLOYMENT

To the extent that repeal of Rules 25-17.002 and 25-17.004 engenders additional conservation and net long-run savings accrue to affected utilities, ratepayers of these affected utilities could experience lower rates over time. Subsequently, household expenditures for other goods and services may increase as a result of lower household expenditures necessary for utility services. Since household expenditures are generally made on products produced by more labor-intensive industries than the more capital-intensive utility expenditures, there would likely be a shifting of resources among these industries due to the rule repeals. Thus, statewide employment may be increased due to the proposed repeal of the rules. The magnitude of this effect is not quantifiable with accuracy and no attempt has been made to estimate such effect. However, in general the effect on employment depends on the magnitude of the change in conservation effort induced by the new methodology.

METHODOLOGY

Sources of potential utility costs and savings associated with repeal of Rules 25-17.002 and 25-17.004 were based on information obtained from discussions with members of Commission staff, and through review of in-house documents. In addition, a data survey for a prior economic impact statement regarding Rule 25-17.004 provided information with respect to effects of the rule repeals on natural gas utilities.

The effects of the proposed rule repeals on employment and competition were derived from a general equilibrium assessment of

resultant changes in household and utility expenditures.

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Estimated Conservation Energy Savings
for Florida Utilities

(a) Year	(b) Number of I.O.U. Customers (1) (000's)	(c) Total Customers (2) (000's)	(e) Ratio (c)/(b)	(f) I.O.U. Cost (3) (000's)	(g) Total Cost (e)*(f) (000's)	(h) Estimated GWH Saved (4)	(i) Actual Net GWH for Load (5)	(j) % Saved of Actual (h)/(i)x100
1982	3,740	4,745	1.2685	\$35,574	\$45,128	212	101,082	0.21%
1983	3,866	4,907	1.2692	\$56,340	\$71,508	470	106,438	0.44%
1984	4,026	5,115	1.2703	\$75,997	\$96,542	860	110,747	0.78%
1985	4,194	5,333	1.2716	\$90,010	\$114,453	1,239	119,885	1.03%
1986	4,364	5,551	1.2721	\$95,564	\$121,564	1,528	124,300	1.23%
1987	4,545	5,788	1.2733	\$91,523	\$116,536	1,946	132,322	1.47%
1988	4,726	6,016	1.2729	\$89,230	\$113,584	2,294	137,222	1.67%
				Cumulative Totals:	\$534,238	2,294	137,222	1.67%

NOTES: (1) From individual 1989 Expansion Planning Documents, Form 5.2.

(2) From FCG 1989 APH Forecast Document, Table G-1; and Gulf Power's Individual 1989 Expansion Planning Document, Form 5.2.

(3) From ECCR Filings. All Dollars are Nominal.

(4) Based on FCG 1989 APH Forecast Document, Table H-3; and Gulf Power's 1988 Annual FEECA Report.

(5) From FCG 1989 APH Generation Expansion Planning Document, Form 1.1; and Gulf Power's Individual 1989 Expansion Planning Document, Form 1.1.

1 25-17.002 Goals for Electric Utilities.

2 (1) -- The first five-year goal for the electric utility sector
3 of the State of Florida is to develop and begin to implement programs
4 on a utility system by utility system basis by January 1, 1987, which
5 will reduce the growth rates of end-use weather-sensitive peak
6 kilowatt (KW) demand and of kilowatt-hour (KWH) consumption to an
7 average of 72.25% and 75% respectively, of the 2-year moving average
8 growth rate in the average number of residential customers for the
9 1987 through 1989 period modified by the phase-in procedure mentioned
10 in (1)(d) and (1)(e). The goals for the state as a whole shall be
11 calculated as described in this subsection and implementation targets
12 calculated as described in subsection (2), corrected as described in
13 subsections (2) and (4). Each utility shall then determine the goals
14 rebuttably presumed applicable to its system by applying the same
15 calculation methods to the data for its system.

16 The growth rate goals for end-use KW demand and KWH consumption
17 shall be calculated from three-year rolling averages as follows:

18 (a) -- List the annual average number of residential customers for
19 1977 through 1989.

20 (b) -- Calculate the percentage increase over the prior year for
21 residential customers for 1978 through 1989.

22 (c) -- Calculate a three-year moving average of growth rates in
23 residential customers for 1987 through 1989. For example, the 1987
24 value is the numerical average of the percentage increases over the
25 prior years calculated in paragraph (b) for 1978, 1979, and 1980.

1 (d) -- Calculate the end-use KW demand target growth rates for
2 1981 through 1989 by substituting in the equation:
3 $P(1-0.555y/0)$ = target growth rate, where P = the three-year
4 rolling average for the year of interest and y = the last digit of that
5 year.

6 (e) -- Calculate the end-use KWH consumption target growth rates
7 for 1981 through 1989 by substituting in the equation:
8 $P(1-0.5y/9)$ = target growth rate, where P = the three-year rolling
9 average for the year of interest and y = the last digit of that year.

10 (2) - Calculate the target levels of 1981 through 1989 summer and
11 1980-81 to 1988-89 winter end-use KW demand and 1981 through 1989 end
12 use KWH consumption by applying the target growth rates calculated in
13 paragraphs (1)(a) through (1)(e) to the actual 1979-80 winter peak and
14 1980 actual summer peak and KWH consumption. The targets shall be
15 recalculated annually using the latest residential customer growth
16 rates and projections.

17 (2) -- Each utility may adjust the results obtained in subsections
18 (1) and (2) by removing portions of the KWH and system coincident KW
19 demands provided:

20 (a) -- The utility can demonstrate that enhanced economic activity
21 or increases in the energy consumed for environmental protection will
22 result in the utility not being able to achieve its goals;

23 (b) -- The utility individually reports each customer's 5-year
24 historical KW demand and KWH consumption and an annual update of the
25 KW demand and KWH consumption so removed; and

1 (e) -- The utility certifies that each customer, whose kW and kWh
2 are so removed, has been individually advised by a professional
3 engineer on how to reduce its system coincident kW demand.

4 (f) -- If the population supplied by a generating utility changes
5 significantly because of changes in purchasing patterns by purchasing
6 utilities, appropriate adjustments may be made by the Commission.

7 (g) -- The figures obtained as provided in subsections (1) through
8 (4) for each utility are rebuttably presumed to be the goals and
9 implementation targets for each utility for the period 1981 through
10 1985. The burden is on each utility to rebut the presumptive goals
11 calculated for that system. The burden is also on each utility to
12 demonstrate unusual customer mixes or other unusual or unique
13 circumstances.

14 (h) -- The use of oil as generating fuel shall be reduced to the
15 greatest practicable and cost-effective extent. The overall goal for
16 the 1980 through 1985 period is to develop or implement programs to
17 reduce the use of oil by 25% by 1989, so that consumption in 1990 does
18 not exceed 68,734,000 barrels. In order to meet this goal, generation
19 capacity in excess of that indicated by the kW demand and kW
20 consumption goals may be constructed to the extent cost-effective.

21 (i) -- The Commission shall set goals and approve programs and
22 program modifications for each utility by order on the general basis
23 of Rules 25-17,001 through 25-17,006, taking the particular facts and
24 circumstances applicable to each utility into account.

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1 25-17.004-Goals-for-Natural-Gas-Utilities

2 (1)--Natural-gas-and-electric-utility-systems-shall-promote
3 the-use-of-natural-gas-as-a-substitute-for-oil-or-oil-derived
4 energy-where-to-do-so-is-cost-effective-within-Florida---The
5 annual-increase-in-the-number-of-high-priority-and-users-should
6 be-at-least-2%--by-January-1,-1983-and-3%--by-December-31,-1985,
7 By-1989,-natural-gas-utilities-should-have-enough-high-priority
8 end-users-to-absorb-any-gas-which-becomes-available-as-a-result
9 of-the-Fuel-Use-Act,-as-amended.

10 (2)--Natural-gas-utilities-shall-pursue-aggressively-these
11 steps-at-the-federal-level-that-will-result-in-more-gas-becoming
12 deliverable-to-Florida-customers-of-all-classes-in-order-to
13 displace-oil.

14 (3)---Natural--gas--utilities--shall--increase--their--leak
15 detection,-cathodic-protection--and--similar--maintenance--programs
16 to-such-an-extent-that-unaccounted-for-gas-does-not-exceed-1-1/2%.

17 (4)--The-residential-conservation-service-audit-and-other
18 consumer--programs--shall--have--the--goal--of--reducing--average
19 residential-customer-usage-of-natural-gas-for-space-and-water
20 heating-by-25%--from-1980-usage-levels-by-1985--for-those-customers
21 implementing-cost-effective-conservation-measures.

22 (5)--Customer-response-to-audits-shall-be-7,988-by-January
23 1,-1982-and-13,328-by-January-1,-1984-with-goals-computed-using
24 the--same--methodology--as--required--for--electric--utilities--by
25 25-17.002(1),-for-customers-whose-usage-exceeds-400-therms-in-the-

1 ~~base-years.---The-audit-prog~~ ~~s-shall-concentrate-on-the-largest~~
2 ~~usage-customers-as-first-priority.]~~
3 Specific Authority: 366.05(1), 366.82(1)-(4), F.S.
4 Law Implemented: 366.82(1)-(4), F.S.
5 History: New 12/2/80, Amended 12/30/82, formerly 25-17.04
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