

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for Approval of)	DOCKET NO. 900090-EG
Energy Conservation Plan by)	ORDER NO. 23561
Gulf Power Company.)	ISSUED: 10-02-90
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The following Commissioners participated in the disposition of this matter:

- MICHAEL McK. WILSON, Chairman
- THOMAS M. BEARD
- BETTY EASLEY
- FRANK S. MESSERSMITH

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING PORTIONS OF GULF
POWER COMPANY'S CONSERVATION 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 adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

CASE BACKGROUND

During the 1989 regular session, the Legislature of the State of Florida amended Section 366.82, Florida Statutes, requiring this Commission to adopt goals for increasing the efficiency of energy consumption and increasing the development of cogeneration. Section 366.82, Florida Statutes also directed the Commission to require affected electric and natural gas utilities to submit updated energy conservation programs. On November 14, 1989 this Commission issued Order No. 22186, adopting the goals stated in Rule 25-17.001, Florida Administrative Code, and required the affected utilities to submit new and revised plans and programs to meet the goals within 90 days of the issuance of the Order. Also in the Order, this Commission stated that the conservation programs will be judged by the following criteria:

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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? (The Commission stated that municipal and cooperative utilities were free to implement non-cost effective if they so desired).

The utilities were directed to file programs in four areas: (1) demand side management programs; (2) natural gas programs where cost effective; (3) residential energy audits; and (4) a program for attracting qualifying facilities (cogeneration) into its service area.

Subsequently the Commission deleted that part of Order No. 22176 requiring the electric utilities promotion of gas programs.

Intervention in this docket was granted to Florida Industrial Cogeneration Association.

Conservation Plan

We have reviewed Gulf's conservation plan which consists of 11 programs. They are listed in Appendix A to this Order. We agree with Staff's recommendation that the programs be approved. We also agree with Staff that Gulf's pilot programs expenses should be capped at \$900,000 for the Transtext Program and \$300,000 for the Commercial Heat Pipe Program. A final report on each of the pilot programs shall be filed with the Commission within 90 days of completion of the program. It should be noted that this Order is being issued as proposed agency action and should it be protested and Gulf elects to implement its new or modified programs, it does so at its own risk, should any part of the program be rejected in the final order.

Program Participation Standards

We also concur with Staff's recommendation that Gulf should file program participation standards within 30 days of the issuance of the final order in this docket. Those

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standards should clearly state the utility's requirements for program participation, eligibility requirements for the utility customer, details on how rebates or incentives will be processed, technical specifications on equipment eligibility, and necessary reporting requirements.

Internal Controls and Independent Audit

We concur in our Staff's suggestion that in order to establish adequate auditing information, we should require a system of internal accounting controls for each conservation program to be adequate to provide Gulf and the Commission with a reasonable assurance that the conservation program assets are safeguarded against loss from unauthorized use or disposition; and that transactions are executed in accordance with Commission authorization and are recorded properly to prevent the preparation of financial conservation cost recovery exhibits in accordance with generally accepted accounting principles. To ensure compliance, Staff recommends that Gulf should obtain an independent audit every two years. We agree an audit would be appropriate but at this time we will only require the audit to be conducted two years after the date this Order, and we will review the necessity of additional independent audits then.

Cogeneration Plan

While Staff recommends approving Gulf's cogeneration program, we will neither approve or disapprove the program at this time. We believe it is appropriate to revisit this program after implementation or the new cogeneration rules.

Therefore, based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Gulf Power Company's conservation plan is approved subject to the conditions and exceptions discussed in the body of this Order. It is further

ORDERED that Gulf Power Company submit its detailed program participation standards as described in the body of this order to the Electric and Gas Division for its administrative approval. It is further

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ORDERED that Gulf Power Company shall provide, on a one-time basis, an opinion from an outside audit firm that its internal accounting controls for conservation expenditures are appropriate. Any need for further outside audit opinions will be addressed at a later date if necessary. It is further

ORDERED that rate base treatment of incentives be deferred for consideration in the pending cost-effectiveness docket (Docket No. 891324-EU) or in a separate docket established for that purpose. It is further

ORDERED that the position urged by Staff in the issue regarding the treatment of lost revenues in the cost-effectiveness calculation for conservation programs is denied. The role of lost revenues in the cost-effectiveness calculation will be considered in Docket No. 891324-EU. It is further

ORDERED that Gulf Power Company's research and development programs may be conducted with the related expenditures restricted to \$1,200,000 as described in the body of this Order. It is further

ORDERED that if a protest is filed within 20 days of the date of this Order it will be resolved by the appropriate Commission panel pursuant to Rule 25-22.006(3)(d), Florida Administrative Code.

By ORDER of the Florida Public Service Commission,
this 2nd day of OCTOBER, 1990.



STEVE TRIBBLE, 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 120.59(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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on October 23, 1990.

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, and as reflected in a subsequent order.

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 adversely 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 sewer 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.

SUMMARY OF GULF POWER CONSERVATION PROGRAMS

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I. RESIDENTIAL PROGRAMS

- A. ENERGY AUDITS-----> This program is required by Statute and is a vehicle for informing the customer about other conservation programs such as low interest loans.
- B. TRANSTEXT-----> Sophisticated time of use rate application. Pilot program for two years.
- C. THERMAL ENERGY STORAGE-----> Further study of the applicability of residential cool storage technology.
- D. HVAC DUCT & INFILTRATION-----> Pilot program slated for late 1990. Blower door test used to detect duct leaks and other infiltrations.
- E. HVAC TUNE-UP PROGRAM-----> Potential pilot program that would offer incentives to have central HVAC units serviced and inspected. Not yet being proposed.
- F. RES. WATER HEATING-----> Potential pilot program to validate options in water heating such as tank size and element size reduction. Not yet being proposed.
- G. EFFICIENT LIGHTING-----> Potential pilot program to promote efficient lighting such as compact fluorescent bulbs. Not yet being proposed.

II. COMMERCIAL PROGRAMS

- H. GOOD CENTS BUILDING-----> Incorporates whole building approach to conservation. Thermal performance and equipment requirements are beyond building code requirements. Already an existing program.
- I. ENERGY AUDITS/TECH ASSISTANCE AUDITS-----> Audits for commercial and industrial customers. Cogeneration assistance may be a follow up option.
- J. HEAT PIPE PROGRAM-----> Two year pilot program to gain field data on the performance and installation of heat pipes. Program will include one customer from each of Gulf's three divisions.
- K. THERMAL ENERGY STORAGE-----> Off peak energy used to make ice for use in cooling during peak periods. Gulf is considering this program as a pilot program in the future. Not yet being proposed.

III. COGENERATION

This program will provide information and assistance to potential cogenerators. This program can also be an outgrowth of Gulf's commercial/industrial audit program.

IV. NATURAL GAS

As part of the Good Cents programs, Gulf can recommend the use of gas if it appears to be in the best interest of the individual customer.