

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Florida) DOCKET NO. 921100-EG
Power and Light Company for) ORDER NO. PSC-93-0472-FOF-EG
approval commercial/industrial) ISSUED: 03/31/93
business custom incentives)
program.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
THOMAS M. BEARD
SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING FLORIDA POWER AND LIGHT COMPANY'S
COMMERCIAL/INDUSTRIAL BUSINESS CUSTOM INCENTIVES 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 adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

During the 1989 session of the Florida Legislature, Sections 366.80-.85, Florida Statutes, were revised and extended, and this Commission was charged with implementation of the chapter entitled the Florida Energy Efficiency and Conservation Act (FEECA). The Act specifically required the Commission to adopt appropriate goals for increasing the efficiency of energy consumption and to direct affected utilities to develop plans and programs to meet those goals within their service areas. Accordingly, the Commission issued Order No. 22176 on November 14, 1989, which adopted the goals stated in Rule 25-17.001 of the Florida Administrative Code, as the most appropriate for the FEECA statute and listed the three criteria by which the programs would be judged. In Order No. 22176, the Commission stated that conservation programs will be judged by the following criteria: (1) whether the program advances the policy objectives set forth in Rule 25-17.001, Florida Administrative Code, and the FEECA statute; (2) whether the program is directly monitorable and yields measurable results; and (3) whether the program is cost-effective.

DOCUMENT NO.
03507-93
3-31-93

On October 26, 1992, Florida Power and Light (FPL) filed its petition for approval of commercial/industrial business custom incentives program. On January 11, 1993, FPL filed an amended petition. The Commercial/Industrial Business Custom Incentives Program will reduce, or shift to off-peak, electric demand of at least 25 kw for each of FPL's commercial and industrial customers who decide to participate, which should reduce or shift electric demand from summer peak. This program will only apply to commercial/industrial customers who purchase, install and successfully operate cost-effective energy efficiency measures not covered by other FPL programs.

The objective of the Commercial/Industrial Business Custom Incentives Program is to provide a cost-effective methodology for FPL's commercial and industrial customers to achieve electric demand savings. This program is designed to provide incentives for cost-effective energy efficiency measures not covered by other FPL programs that would reduce electric demand or shift electric demand from the summer peak, which falls between the hours of 3:00 p.m. to 6:00 p.m., to off-peak periods.

Prior to receiving any incentive under this program, the customer must have participated in FPL's Commercial/Industrial Walk Through Energy Survey. Following this survey, the customer must submit a proposal for reducing or shifting load by installing one or more energy efficiency measures. This proposal must contain an engineering analysis, which should be signed by a registered engineer, that would include all pertinent data concerning the project plus a plan for monitoring the proposed energy savings. Upon receipt by FPL, the proposal will be reviewed to ensure that it passes with at least a 1.01 minimum benefit-cost ratio under the Rate Impact Test (RIM), that it would not adversely impact FPL's system reliability and safety, and that the monitoring plan is acceptable.

The incentive will be negotiated with the customer on the basis that it will not exceed the lesser of \$250 per kw or the maximum calculated by FPL necessary to achieve a 1.01 under the RIM. If FPL prepays the incentive, the customer will be required to obtain a performance bond for any incentive over \$2,000 and if the customer fails to achieve its projected savings, the incentive will be adjusted to the level that achieves a 1.01 RIM.

Monitoring of each project will be required with the cost for equipment, installation and maintenance to be negotiated between FPL and the customer. If FPL assumes any of the costs of the monitoring, then such costs will be incorporated in the analysis of the cost-effectiveness of the customers proposal.

FPL shall file program participation standards within 60 days of the date this Order becomes final and effective. These standards shall clearly state FPL's requirements for the program in a manner which precludes program bias and assures program integrity and shall include, at a minimum, specific details on the following criteria:

- (1) requirements for customer eligibility;
- (2) requirements for project eligibility;
- (3) provisions for performance assurance and investment protection;
- (4) known conditions automatically precluding eligibility;
- (5) incentive credit determination and administration;
- (6) program monitoring and measurement;
- (7) reporting requirements; and
- (8) a sample format for how project costs will be reported with clear separation of incentive dollars from other program costs.

Continuation of the program will be contingent upon staff's approval of these detailed program standards.

Since this is a new program, Florida Power and Light Company shall be required to file an annual detailed progress report for the next three years, in addition to the normal FEECA report filings, after the Commercial/Industrial Business Custom Incentives Program has been in effect for a period of one year. The annual detailed progress report shall contain the following information:

- (1) A market analysis showing the expected number and types of potential measures;
- (2) Estimates of winter and summer peak savings and annual energy savings by year over the next ten years with detailed explanations of how these savings were calculated; and

(3) Revised estimates of start-up and annual program costs with detailed explanations of how these costs were calculated.

Also, FPL shall file each project subscribed to under the Commercial/Industrial Business Custom Incentives Program separately for ECCR review of prudence. Because of the uniqueness of projects under this proposal and because of potentially large outlays of capital, ECCR recovery of customer incentives and other program costs will be monitored closely for prudence by the Commission in its on-going periodic conservation cost recovery hearings. The FPSC cost-effectiveness test and supporting data shall be filed for each project along with the normal filings for recovery of costs for conservation programs.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power and Light Company's Commercial/Industrial Business Custom Incentives Program is approved as an energy conservation program under FEECA, allowing Florida Power and Light Company to recover reasonable and prudent expenditures through the Energy Conservation Cost Recovery Clause. It is further

ORDERED that Florida Power and Light Company file detailed program participation standards for the Commercial/Industrial Business Custom Incentives Program for administrative approval by staff as discussed within the body of this Order. It is further

ORDERED that Florida Power and Light Company file an annual detailed progress report for the next three years, in addition to the normal FEECA report filings, after the Commercial/Industrial Business Custom Incentives Program has been in effect for a period of one year as discussed within the body of this Order. It is further

ORDERED that Florida Power and Light Company file each project subscribed to under the Commercial/Industrial Business Custom Incentives Program separately for ECCR review of prudence. It is further

ORDER NO. PSC-93-0472-FOF-EG
DOCKET NO. 921100-EG
PAGE 5

ORDERED that this Order shall become final and effective and this docket shall be closed unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission this 31st day of March, 1993.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)
DLC:bmi

by: Kay Flynn
Chief, Bureau of Records

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 April 21, 1993.

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 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 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.