

FLORIDA PUBLIC SERVICE COMMISSION  
Capital Circle Office Center • 2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

M E M O R A N D U M

DECEMBER 5, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC & GAS (COLSON) *V. L. L. W.*  
DIVISION OF LEGAL SERVICES (WAGNER) *RVE, LW JBJ*

RE: DOCKET NO. **961302-EG** - PETITION TO FURTHER EXTEND  
BUILDSMART PILOT PROGRAM, BY FLORIDA POWER AND LIGHT  
COMPANY.

AGENDA: DECEMBER 17, 1996 - REGULAR AGENDA - PROPOSED AGENCY  
ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\EAG\WP\961302.RCM

CASE BACKGROUND

In March 1994, Florida Power and Light Company (FPL) introduced its BuildSmart pilot program. This program educates builders and customers about energy-efficient building practices and their benefits. FPL inspects qualifying new single family detached (SFD) homes to verify installations of conservation measures and rates these new homes for energy-efficiency. FPL then awards Bronze, Silver or Gold Certificates to qualifying homes that exceed Florida's Energy Efficiency Code requirements by more than 10, 20 or 30 percent respectively. To qualify for BuildSmart certification, the new home must have a whole-house electric air-conditioning unit. Also, each participating builder must sign a BuildSmart Program Contract or an Agreement with FPL, and comply with all national, state, and local codes and ordinances. FPL currently offers this program in Charlotte, Lee, Glades, Hendry, and Collier counties.

When the Commission approved the pilot program, FPL intended to have its evaluation completed during the first quarter of 1995. Because FPL did not complete its analysis of the BuildSmart program, FPL filed a petition to extend its BuildSmart offerings through December 31, 1995 which the Commission approved in Order No. PSC-95-0611-FOF-EG.

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FPL filed a second petition on December 7, 1995, to extend its BuildSmart pilot program to March 30, 1996, which the Commission granted in Order No. PSC-96-0116-FOF-EG.

At the same time that FPL filed its second petition for extension of the BuildSmart pilot program, it also filed a petition seeking approval of a permanent BuildSmart program. The petition regarding the permanent BuildSmart program was assigned Docket No. 951536-EG. FPL wants to add this program to its approved DSM plans, and make it available to all residential customers that constructed a SFD home in FPL's service territory. On April 18, 1996, Staff recommended that the Commission not to approve the permanent BuildSmart program as originally filed, because the program was not cost-effective. This was true for both the Rate Impact Measure Test (RIM) and the Total Resource Cost Test (TRC). Before the Commission considered staff's recommendation, FPL requested that the Commission delay its decision until FPL modified the BuildSmart program to make it cost-effective under its current planning assumptions.

On February 22, 1996, Lee County, Florida (Lee County), filed a Petition for Leave to Intervene in this Docket. Lee County is concerned that FPL's cost-effectiveness analysis supporting the BuildSmart program is not based on FPL's current avoided cost data. Lee County contends that FPL's current avoided cost projections are 24 to 55 percent lower than those in its 1993 forecast. On March 21, 1996, the Commission approved Lee County's petition to intervene.

On February 28, 1996, FPL filed a third request for an extension of the BuildSmart pilot program, since staff revised the schedule for the permanent BuildSmart program beyond March 30, 1996, to conduct a more thorough investigation. The Commission issued Order No. PSC-96-0404-FOF-EG, granting FPL's third request to extend the BuildSmart pilot program to December 31, 1996.

On July 17, 1996, FPL filed a Motion for Leave to Amend its December 7, 1995, Petition in Docket No. 951536-EG regarding FPL's permanent BuildSmart program. On September 11, 1996, the Prehearing Officer issued Order No. PSC-96-1145-PCO-EG, granting FPL's Motion for Leave to Amend Petition. FPL believes that it is unlikely that its petition for a permanent BuildSmart program will be considered by the Commission by December 31, 1996. Therefore, FPL filed a petition requesting an additional extension of its BuildSmart pilot program.

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DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Florida Power and Light Company's (FPL) petition to extend its BuildSmart pilot program, including recovery of reasonable and prudent expenditures for this program through the Energy Conservation Cost Recovery Clause (ECCR)?

STAFF RECOMMENDATION: Yes. Staff recommends that the Commission grant FPL's request to extend its BuildSmart pilot program until the Commission issues an Order on FPL's petition for a permanent BuildSmart program (Docket No. 951536-EG) or no later than December 31, 1997. In addition, staff recommends that the Commission allow FPL to recover reasonable and prudent expenditures for the BuildSmart pilot program through the ECCR.

STAFF ANALYSIS: Staff needed additional time to investigate whether FPL's request for a permanent BuildSmart program (Docket No. 951536-EG) should be approved. Staff's recommendation regarding FPL's request for a permanent BuildSmart program is currently scheduled to be filed December 26, 1996.

Previously, the Commission issued Order No. PSC-96-0404-FOF-EG approving a spending cap of \$6,750,000 for the New Home Construction R&D Project and allowing the BuildSmart pilot program's prudent and reasonable expenses to be recovered under ECCR through December 31, 1996. As of the third quarter of 1996, FPL has spent \$6.26 million on the New Home Construction R&D Project. In order to avoid a lapse in cost-recovery, FPL requests that the Commission allow the BuildSmart pilot program to continue and approve recovery of reasonable and prudent expenses through ECCR for approximately \$80,000 from January 1, 1997 through December 31, 1997.

Staff recommends continuation of the funding of the BuildSmart pilot program until the Commission issues an Order regarding FPL's petition for a permanent BuildSmart program (Docket No. 951536-EG) or no later than December 31, 1997. Additionally, Staff recommends that FPL continue to submit quarterly reports.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no person whose substantial interests are affected by the Commission's proposed agency action, timely files a protest within twenty-one days, this docket should be closed.

STAFF ANALYSIS: If no person whose substantial interests are affected, files a timely request for a Section 120.57, Florida Statutes, hearing within twenty-one days, no further action will be required and this docket should be closed.