



Public Service Commission
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DATE: SEPTEMBER 6, 2001
TO: DIRECTOR, DIVISION OF THE COMMISSION ADMINISTRATIVE SERVICES (BAYÓ)
FROM: DIVISION OF SAFETY & ELECTRIC RELIABILITY (COLSON) DIVISION OF LEGAL SERVICES (KEATING)
RE: DOCKET NO. 010888-EG - PETITION FOR APPROVAL OF MODIFICATION TO RESIDENTIAL DUCT REPAIR PROGRAM BY TAMPA ELECTRIC COMPANY.
AGENDA: SEPTEMBER 18, 2001 - REGULAR AGENDA - PROPOSED AGENCY ACTION INTERESTED PERSONS MAY PARTICIPATE.
CRITICAL DATES: NONE
SPECIAL INSTRUCTIONS: NONE
FILE NAME AND LOCATION: S:\PSC\SER\WP\010888.RCM

CASE BACKGROUND

On September 1, 1992, Tampa Electric Company (TECO) added a duct repair program to its list of conservation programs. This program was approved by the Commission in Docket No. 930551-EG, Order No. PSC-94-1313-FOF-EG. The duct repair program included an incentive to encourage the repair of the central air distribution system in a residence. The program was modified to its current form in TECO's 2000-2009 Ten Year Demand Side Management (DSM) Plan in Docket No. 991791-EG, Order No. PSC-00-0754-PAA-EG, issued April 17, 2000. According to the program standards, a TECO appointed HVAC contractor will locate and identify air distribution system leaks using a blower door test. Upon completion, the customer will receive information on any problems found and, when applicable, an estimate for repairs will be given. Currently the customer pays for the fixed portion of the blower door test performed at his/her home (\$25.00) and the balance of the repair cost not covered by TECO's \$200.00 incentive. TECO pays the balance of the customer's

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blower door test charge (\$35.00 to \$40.00) and 75% of the total repair cost up to a maximum of \$200.00 for each repair. On June 25, 2001, TECO filed its petition for approval of a modification to the residential duct repair program. If approved, TECO believes that the proposed modification will provide the impetus for greater levels of participation while reducing costs to the customer and simplifying the overall process.

The Commission has jurisdiction over this matter pursuant to Chapter 366, Florida Statutes, including section 366.82, Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Tampa Electric Company's petition for approval of a modification to the Residential Duct Repair Program?

RECOMMENDATION: Yes. The proposed modification is intended to lower the overall cost of implementing the duct repair program and increase customer participation. (COLSON)

STAFF ANALYSIS: According to TECO's petition, the modification to its existing residential duct repair program will increase customer participation, reduce program costs, simplify processes, and enhance customer value. TECO stated that although the activity in this program has remained steady, the annual number of participating customers has been less than expected. Since the program was implemented in 1992, there has been a total of 25,264 participants out of 401,253 total eligible customers. TECO had projected that the program's cumulative participation would be 39,650. This was based on the conservation goals set in Docket No. 930551-EG, Order No. PSC-94-1313-FOF-EG, and Docket No. 971007-EG, Order No. PSC-99-1942-FOF-EG. According to TECO's 2000 energy conservation cost recovery filings, the duct repair program costs were \$820,540. This included \$381,918 for outside services and incentives. The program's current Rate Impact Measure (RIM) test is 1.25. A positive RIM value means that the savings associated with implementing a conservation program are greater than all the costs associated with implementing that program. Therefore, a RIM value of 1.25 means that the savings are 1.25 times greater than

the costs. TECO proposes to modify this program by eliminating the blower door test and estimate of repairs performed by the contractor at the onset of program participation and simply offer a complete sealing of the air distribution system (ADS) at a consistent, contracted, lower price than currently available. According to data collected by TECO, 80% of all residential ADS have leaks. The modification will simplify the process for the customer by eliminating one of the two contractor visits to the residence. TECO anticipates that this will reduce overall customer cost from \$132.00 to \$74.00 or 44%. In addition, TECO plans to improve the program by simplifying the marketing effort and message of the program, the invoicing of payment for repairs and the approval process for payment by providing the contractor with the ability to request payment via the computer. Through these enhancements, TECO anticipates a reduction in cost per participant from \$508.00 to \$356.00 or 30%. TECO calculated that the new RIM test will be 1.39 after the program modification. Therefore, by reducing the cost of the duct repair program, TECO has made the program more cost effective (1.39 RIM vs 1.25 RIM).

Staff believes that TECO's proposed modification to its residential duct repair program will result in savings to its customers and will reduce the overall program costs. Therefore, staff recommends that the Commission approve the petition by TECO to modify its residential duct repair program. Also, staff recommends approval of prudently incurred costs of this program through the energy cost recovery clause.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, if no protest is filed within 21 days of the issuance of the order. (KEATING)

STAFF ANALYSIS: If no protest is filed, this docket should be closed upon the issuance of a Consummating Order.