

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Tampa Electric)	DOCKET NO. 880989-EG
Company to Modify its Heating and)	ORDER NO. 20220
Cooling Program.)	ISSUED: 10-26-88
)	

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD
 GERALD L. GUNTER
 JOHN T. HERNDON
 MICHAEL McK. WILSON

NOTICE OF PROPOSED AGENCY ACTIONORDER APPROVING MODIFICATION OF TAMPA ELECTRIC COMPANY'S
HEATING AND COOLING ENERGY CONSERVATION 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.

On July 25, 1988, Tampa Electric Company (TECO) filed a petition requesting the following modifications to its heating and cooling conservation program:

- A. Discontinue the customer rebate;
- B. Modify the dealer incentive;
- C. Maintain the advertising and inspection functions; and
- D. Modify the equipment efficiencies.

Discontinuance of Customer Rebate

TECO states that the most significant costs of its heating and cooling program are associated with direct rebates to their customers who purchase high energy efficiency equipment. TECO contends that a compelling issue with these type of rebates deals with how many of its customers would have purchased this high energy efficiency equipment in the absence of the rebate. TECO believes that it has reached a market position where the direct rebates and their effectiveness need to be tested by discontinuing the rebate. This proposed discontinuance, TECO contends, will enable the utility and the Commission to determine the effectiveness of the rebate component of the utility's conservation program.

Our Staff is in agreement with TECO's position as it pertains to the discontinuance of rebates.

We find TECO's request to discontinue the direct rebates to its customers who purchase high energy efficiency equipment

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to be reasonable and approve it. However, TECO is directed to continue to monitor the program during the next two years through the dealer/salesman reporting forms and submit to the Commission an analysis of its customers' response to the discontinuance of this program through its semi-annual cost recovery reports.

Modification of the Dealer Incentive

TECO believes that there should be a differentiation between the amounts paid to a dealer/salesman as incentives according to the efficiency level of the equipment sold. TECO proposes to pay the dealer/salesman \$70 for a regular level unit, and \$90 for a super level unit which is sold and qualified under the program. The utility contends that the dealer/salesman incentives serve as a direct incentive for the sale or promotion of qualifying equipment, as well as an incentive for the dealer/salesman to complete and return the verification of sale documents. Thus, according to TECO, the dealer/salesman incentives further the success of its energy conservation program, and also assist the utility in more effectively monitoring the program.

The following table compares the existing dealer/salesman incentives with those proposed by TECO:

Unit Size	REBATES TO DEALER/SALESMAN			
	Existing Regular	Existing Super	Proposed Regular	Proposed Super
2 ton	\$60	\$60	\$70	\$90
2-1/2 ton	75	75	70	90
3 ton	90	90	70	90
3-1/2 ton	105	105	70	90
4 ton	120	120	70	90
4-1/2 ton	135	135	70	90

Our Staff agrees with the above proposal of TECO. Staff also believes that the dealer/salesman is the most knowledgeable individual to influence the customer to purchase high efficiency equipment, therefore dealer/salesman incentives are a good marketing tool for this type equipment.

We find the above proposed dealer/salesman incentives to be reasonable and approve them.

Maintenance of Advertising and Inspection Functions

TECO contends that advertising and inspection functions are necessary to continue the information and clarification functions to the customers who are in the market to purchase high efficiency heating and cooling equipment.

TECO plans to continue using the standards for sizing and design as a part of its program. However, the utility does not propose to deny dealer incentives due to the dealer's inability to fully inspect a customer's premises.

Our Staff agrees with TECO in this regard.

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We find TECO's request to maintain advertising and inspection functions to be reasonable and approve it.

Modification of Equipment Efficiency Requirements

TECO proposed certain changes in its high efficiency standards for heating and cooling equipment which our Staff disagreed with. Ultimately TECO and our Staff reached agreement on the following standards to be used in awarding dealer/salesman incentives for the sale of high efficiency equipment:

	EXISTING SEER/COP		PROPOSED SEER/COP	
	Regular	Super	Regular	Super
<u>Split Systems</u>				
Heat Pumps	8.5/2.7	10.0/3.0	9.0/2.8 (2.9)	10.5/3.0
Air Conditioners	9.5	11.0	10	11.0
<u>Package Systems</u>				
Heat Pumps	8.2/2.6	9.2/3.0	9.0/2.8	10.0/3.0
Air Conditioners	9.2	10.5	9.5	10.5

The above enhanced standards are the result of the development and availability in sufficient numbers of high efficiency heating and cooling equipment in a highly competitive market.

We find that the above proposed modification of equipment efficiency requirements is reasonable and is approved. The above standards shall become effective 90 days after the effective date of this Order to permit equipment dealers to adjust their inventories.

In consideration of the above, it is

ORDERED by the Florida Public Service Commission that the petition of Tampa Electric Company to modify its heating and cooling program is approved as delineated in the body of this Order.

By ORDER of the Florida Public Service Commission,
this 26th day of OCTOBER, 1988.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

JRF

by: Kay Flynn
Chief, Bureau of Records

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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 November 16, 1988. In the absence of such a petition, this Order shall become effective November 17, 1988, 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 November 17, 1988, 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.