

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Conservation Cost Recovery ) DOCKET NO. 900002-EG  
 Clause. ) ORDER NO. 22812  
 ) ISSUED: 4-12-90

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD  
 BETTY EASLEY  
 JOHN T. HERNDON

ORDER APPROVING CERTAIN ENERGY  
CONSERVATION COST RECOVERY

BY THE COMMISSION:

As part of this Commission's continuing fuel cost recovery, oil backout cost recovery, conservation cost recovery, and purchased gas cost recovery proceedings, hearings are held in February and August of each year in this docket and in two related dockets. Pursuant to Notice, a hearing was held in this docket and in Dockets No. 900001-EI and 900003-GU on February 21st and 22nd, 1990.

PROCEDURAL MATTERS

Florida Power Corporation (FPC), Florida Power & Light Company (FPL), Florida Public Utilities Company (FPUC), Gulf Power Company (Gulf), Tampa Electric Company (TECO), Central Florida Gas Company (CFGC), City Gas Company (CGC), Gainesville Gas Company (GGC), Peoples Gas System, Inc. (PGS), Plant City Natural Gas Company (PCNG), St. Joe Natural Gas Company (SJNG), West Florida Natural Gas Company (WFNG), and Southern Gas Company (SGC) submitted testimony and/or exhibits in support of their proposed net true-up amounts, projected end-of-period net true-up amounts and their conservation cost recovery factors. Staff, the Office of Public Counsel (OPC), and the utility agreed upon the correct figures for all utilities except Gulf.

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FPSC-RECORDS/REPORTING

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OPC raised an issue contesting all or part of Gulf's advertising expenses of \$86,762 for the true-up period April 1989 through September 1989. At the hearing, OPC contended that Gulf's conservation advertising expenses should be limited for the periods of April 1989 through September 1989 and October 1989 through March 1990, and cited Gulf's October, 1989 guilty plea [Ex. 20] which involved, among other things, "padded" invoices by advertising agencies. The Commission decided to allow recovery of the disputed advertising expense, but instructed Staff to evaluate, by the next hearing in this docket, whether conservation advertisements were competitively priced, and to permit the issue of the contested advertising expenses to be raised in August, 1990. The conservation recovery figures approved herein for Gulf are therefore subject to future revision with respect to the time periods in question.

#### ENERGY CONSERVATION COST RECOVERY

With the exception of Gulf, the parties agreed upon the appropriate energy conservation cost recovery amounts for the various time periods at issue. We find the appropriate conservation cost recovery adjusted net true-up amounts for the period April, 1989 through September, 1989 to be as follows:

<u>FPC:</u>	\$28,330	overrecovery.
<u>FPL:</u>	\$3,645,408	overrecovery.
<u>FPUC:</u>	\$10,576	overrecovery (Marianna).
	\$7,097	overrecovery (Fernandina Beach).
<u>GULF:</u>	\$365,118	overrecovery.
<u>TECO:</u>	\$133,072	overrecovery.
<u>CFGC:</u>	\$5,921	overrecovery.
<u>CGC:</u>	\$57,927	overrecovery.
<u>GGC:</u>	\$1,310	underrecovery.
<u>PGS:</u>	\$552,335	underrecovery.
<u>PCNG:</u>	\$0	
<u>SGC:</u>	\$19,800	overrecovery.
<u>SJNG:</u>	\$5,759	overrecovery.
<u>WFNG:</u>	\$159,040	overrecovery.

The appropriate projected end-of-period total net true-up amounts for the period October, 1989 through March, 1990 are as follows:

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<u>FPC:</u>	\$421,145	underrecovery.	
<u>FPL:</u>	\$5,209,340	overrecovery.	
<u>FPUC:</u>	\$13,913	overrecovery.	(Marianna)
	\$11,610	overrecovery.	(Fernandina Beach)
<u>GULF:</u>	\$358,671	overrecovery.	
<u>TECO:</u>	\$188,590	overrecovery.	
<u>CFGC:</u>	\$62,125	overrecovery.	
<u>CGC:</u>	\$208,500	underrecovery.	
<u>GGC:</u>	\$6,464	underrecovery.	
<u>PGS:</u>	\$440,547	underrecovery.	
<u>PCNG:</u>	\$13,955	underrecovery.	
<u>SGC:</u>	\$60,144	overrecovery.	
<u>SJNG:</u>	\$7,301	overrecovery.	
<u>WFNG:</u>	\$170,872	overrecovery.	

Finally, the appropriate conservation cost recovery factors for the period April, 1990 through September, 1990 are as follows:

<u>FPC:</u>	0.192 ¢/kwh.
<u>FPL:</u>	0.044 ¢/kwh.
<u>FPUC:</u>	0.003 ¢/kwh. (Marianna)
	0.008 ¢/kwh. (Fernandina Beach)
<u>GULF:</u>	0.007 ¢/kwh.
<u>TECO:</u>	0.111 ¢/kwh.
<u>CFGC:</u>	0.096 ¢/therm and 0.095 ¢/therm Public Authority Factor.
<u>CGC:</u>	2.709 ¢/therm.
<u>GGC:</u>	2.056 ¢/therm.
<u>PGS:</u>	1.005 ¢/therm and 0.988 ¢/therm Public Authority Factor.
<u>PCNG:</u>	0.571 ¢/therm.
<u>SGC:</u>	0.088 ¢/therm.
<u>SJNG:</u>	0.218 ¢/therm.
<u>WFNG:</u>	0.420 ¢/therm.

Florida Power & Light Company

The parties stipulated FPL's appropriate return on average net investment for capital investments associated with conservation programs to be 12.8% on a prospective basis, beginning on January 1, 1990. Public Counsel raised an issue

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with regard to the utility's advertising expenses for the period April, 1989 through September, 1989. This issue will be taken up at the August, 1990 hearing in this docket.

Tampa Electric Company

On March 1, 1989 this Commission issued Order No. 20825 in Docket No. 881416-EG, which approved a one year exclusion of TECO's Energy Conservation Cost Recovery (ECCR) factor for its interruptible customers. On December 21, 1989, TECO filed a petition in this docket requesting extension of the exclusion. Although filed in this docket, the petition was assigned to Docket No. 881416-EG by the Commission's Division of Records and Reporting. Upon Staff request, the Division of Records and Reporting reassigned the petition in this docket. In compliance with the Order on Prehearing Procedure issued in this docket, TECO and Commission Staff also, independently of the petition, raised issues with regard to the extension of the exclusion.

Public Counsel filed a Motion to Dismiss TECO's petition, which motion was denied at hearing. However, we decline to address the petition directly and note that Public Counsel complained of confusion resulting from the filing and reassignment of the petition. However, regardless of the docket number assigned to the petition, it is clear that TECO filed the testimony of Gerard J. Kordecki in this docket on December 21, 1989, which clearly stated that the "nature of Tampa Electric's request in this docket" was "to exclude the application of the Energy Conservation Cost Recovery (ECCR) factor for Customers receiving interruptible service for the period April 1, 1990 through March 31, 1990." [T. 128] Public Counsel did not file responsive testimony. The utility timely raised the extension issue in compliance with the Order on Prehearing Procedure issued in this docket, and has otherwise complied with applicable Commission rules. We find that the issue is properly and timely raised in this docket independently of the petition, such that Public Counsel was placed on notice of the issue and had the opportunity to respond to it. We therefore proceeded to decide the issue as raised by Commission Staff and TECO.

The record reflects that because service to interruptible customers can be interrupted during peak conditions, the

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utility does not build capacity for these customers. Interruptible customers thus receive no capacity deferral benefits. [T. 129, 139] Further, the utility's Exhibit 27 showed that marginal fuel cost is not expected to surpass average fuel cost until 1991. In fact, Mr. Kordecki testified that "conservation load management activities of Tampa Electric Company will actually raise the fuel adjustment per unit cost very slightly." [T. 140] TECO burns spot coal on the margin, the cost of which is presently less than average cost. Thus, at this time, TECO's interruptible customers do not receive a reduction in fuel cost, which is the other benefit generated by conservation efforts. On cross-examination, Mr. Kordecki agreed that if interruptible customers were to receive fuel savings due to conservation, they should pay their fair share of ECCR costs. [T. 170] He also indicated that interruptible customers would have a slight fuel savings in 1991 due to conservation, but that it would not occur until July or August, [T. 169] which is well after the expiration of the proposed extension.

Public Counsel argued that interruptible customers receive capacity deferral benefits in that "conservation by noninterruptible customers makes capacity available on Tampa Electric Company's system and reduces the likelihood that those interruptible customers would not [sic] be interrupted." [T. 259] Although Public Counsel is correct, we find that this is not a quantifiable benefit which could be used to allocate conservation costs to interruptible customers. Public Counsel pointed out that although TECO's interruptible customers do not presently receive a reduction in fuel cost, neither do firm customers. [T. 157, 158] However, we find that such benefits are expected to flow to both groups of customers beginning in late 1991. [T. 129]

Upon consideration of the record evidence, we find that TECO should be allowed to continue to exclude the application of the ECCR factor for customers receiving interruptible service for the period April 1, 1990 through March 31, 1991.

We also considered the appropriate return on average net investment for capital investments associated with conservation programs for the period April 1, 1990, on a prospective basis, and find it to be 13.5%.

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Central Florida Gas Company  
Plant City Natural Gas Company

Central Florida Gas Company and Plant City Natural Gas Company filed a joint appearance herein as The Florida Division of Chesapeake Utilities Corporation and wished to collect conservation cost recovery under one combined recovery factor. There is a request pending in Docket No. 891179-GU to combine Central Florida Gas Company and Plant City Natural Gas Company into one operating division of Chesapeake Utilities Corporation, but at this time the two utilities have separate rate structures. At this time, collection of a combined (averaged) recovery factor might cause customers of one utility to overpay and customers of the other utility to underpay their share of conservation costs. We therefore will not allow combination of the recovery factors for Central Florida Gas Company and Plant City Natural Gas Company until such time as the Commission combines the two utilities for rate purposes.

Southern Gas Company

The parties stipulated that unsupported incentive payments made by Southern Gas Company in connection with its Electric Resistance Appliance Replacement Program in the amounts of \$3,811.66 for the period April, 1989 through September, 1989 and \$2,011.83 for the period October, 1989 through March, 1990 should be disallowed. We approve the stipulation.

In consideration of the above, it is

ORDERED that the findings and stipulations set forth in the body of this Order are hereby approved. It is further

ORDERED that the utilities named herein are authorized to collect the conservation cost recovery amounts and factors approved herein. It is further

ORDERED that Florida Power & Light Company's appropriate return on average net investment for capital investments associated with conservation programs to be 12.8% on a prospective basis, beginning on January 1, 1990. It is further

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ORDERED that Tampa Electric Company may continue exclusion of the application of the Energy Conservation Cost Recovery factor for customers receiving interruptible service for the period April 1, 1990 through March 31, 1991. It is further

ORDERED that Tampa Electric Company's appropriate return on average net investment for capital investments associated with conservation programs to be 13.5% on a prospective basis, beginning on April 1, 1990. It is further

ORDERED that Central Florida Gas Company and Plant City Natural Gas Company shall submit and collect separate Energy Conservation Cost Recovery factors until such time as the Commission combines the two utilities for rate purposes. it is further

ORDERED that unsupported incentive payments made by Southern Gas Company in connection with its Electric Resistance Appliance Replacement Program be disallowed as discussed herein.

By ORDER of the Florida Public Service Commission,  
this 12th day of April, 1990

  
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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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or 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 after the issuance 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.