

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for Approval of)	DOCKET NO. 900103-EG
Energy Conservation Plan by)	ORDER NO. 23556
Florida Power Corporation.)	ISSUED: 10-02-90
_____)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 FRANK S. MESSERSMITH

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING PORTIONS OF FLORIDA
POWER CORPORATION'S CONSERVATION PLAN

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.

CASE BACKGROUND

During the 1989 regular session, the Legislature of the State of Florida amended Section 366.82, Florida Statutes, requiring this Commission to adopt goals for increasing the efficiency of energy consumption and increasing the development of cogeneration. Section 366.82, Florida Statutes also directed the Commission to require affected electric and natural gas utilities to submit updated energy conservation programs. On November 14, 1989 this Commission issued Order No. 22186, adopting the goals stated in Rule 25-17.001, Florida Administrative Code, and required the affected utilities to submit new and revised plans and programs to meet the goals within 90 days of the issuance of the Order. Also in the Order, this Commission stated that the conservation programs will be judged by the following criteria:

DOCUMENT NUMBER-DATE

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PSC-RECORDS/REPORTING

ORDER NO. 23556
DOCKET NO. 900103-EG
PAGE 2

1. Does each component program advance the policy objectives set forth in Rule 25-17.001 and the FEECA statute?
2. Is each component program directly monitorable and yield measurable results?
3. Is each component program cost effective? (The Commission stated that municipal and cooperative utilities were free to implement non-cost effective programs if they so desired).

The utilities were directed to file programs in four areas: (1) demand side management programs; (2) natural gas programs where cost effective; (3) residential energy audits; and (4) a program for attracting qualifying facilities (cogeneration) into its service area.

Subsequently the Commission deleted that part of Order No. 22176 requiring the electric utilities promotion of gas programs.

Intervention in this docket was granted to the Florida Industrial Cogeneration Association.

Conservation Plan

We have reviewed FPC's filings which contain 21 programs, a qualifying facility program and research and development programs. We agree with our Staff recommendation that FPC's conservation programs listed below should be approved with the exception of the Demand Reduction Offset Program. We approve of Staff's suggestion that the program should be resubmitted for approval by April 1, 1991 with certain modifications. Apparently the program is designed to encourage participating commercial customers to implement energy and demand reduction programs. At this point, we agree with Staff the program is vague and lacking in insurance that it is cost effective.

It should be noted that this Order is being issued as proposed agency action and should it be protested and FPC elects to implement its new or modified programs, it does so at its own risk, should any part of the program be rejected in the final order.

ORDER NO. 23556
DOCKET NO. 900103-EG
PAGE 3

Audits: FPC is offering both residential and commercial Home Inspection Audits (walk through) and Business Energy Analysis (computer assisted) audits. The audits are the foundation for the customers participation in the following programs.

Blower Door Testing: Residential/Commercial; this program helps to identify and reduce energy loss by measuring the air leakage rate through the central duct system under controlled depressurization. After the inspection of the duct system, the leaks are then repaired by qualified contractors. FPC pays the contractor one-half the cost of the Blower Door Test (\$25 maximum) and one-half the cost of repairs that reduce energy consumption (\$100 maximum).

Air Conditioning Tuneup: Residential/Commercial; this program is targeted at preventative maintenance of air conditioning and heat pump units to restore performance capacity, improve comfort and reduce electric consumption. The customer will be given a coupon that offers a \$5 discount on the tuneup and a list of participating contractors.

Air Conditioning Allowance: Residential/Commercial; this program encourages the sale of heat pumps and air conditioning equipment with higher efficiency ratings than is presently being sold in FPC's service territory. An incentive in the form of a merchandise award certificate will be paid to the air conditioning dealer to increase the efficiency level of the equipment they are selling to FPC's customers, and for each heat recovery unit and heat pump water heater sold. It should be noted that FPC did not propose a solar domestic hot water heating program.

Home Energy Fixup Program: Residential/Commercial; this program provides minor energy repairs which were identified at the time of the audit, installed at a pre-determined cost subsidized by FPC. FPC pays for half the cost of the Fixup up to a maximum of \$75 for residential and \$100 for commercial.

Load Management: Residential/Industrial; this is an existing program which allows FPC to reduce peak demand and defer generation construction by interrupting service to selected electrical equipment with radio controlled switches installed

ORDER NO. 23556
DOCKET NO. 900103-EG
PAGE 4

on the customer's premises. Participants are eligible for a monthly credit on their electric bills up to \$17 in the winter and up to \$14 in the summer.

Insulation: Residential; this program is offered to all residential customers to encourage improving energy efficiency by installing ceiling insulation in single family and multi-family homes. Participating customers will be eligible for a discount certificate (\$75 maximum) deducted from the approved contractor's sales contract.

Trade Ally: Residential/Commercial; this program will help contractors to better understand the State Energy Code through the Company's building code seminars which will demonstrate how to build more energy efficient buildings and homes through the use of efficient equipment and better building techniques. FPC will assist contractors in qualifying their homes to meet the Department of Community Affairs (DCA) Energy Point Index (EPI). Staff recommends approval of this program contingent upon the Company's implementation in a fuel source neutral mode which encourages all fuels such as natural gas, solar, and electricity. ECCR expenditures should be limited to the estimated \$60 cost per home.

Load Management Thermal Storage Program: Residential; this program will utilize a winter thermal storage system in addition to the existing Load Management System. A large hot water storage tank is charged during off peak hours and used for domestic space heating of the home during winter months. A one time incentive of \$50 will be paid to the customer. FPC is proposing and Staff recommends ECCR recovery of the estimated \$1450 in equipment and installation costs. The initial test program was sub-metered during the 1989-90 winter season and indicated an approximate 7.4 kW winter demand reduction for primary strip space heating and an approximate 1.0 kw winter demand reduction for domestic hot water heating.

Motor Efficiency Program: Commercial; this program will encourage customers to replace inefficient motors with high efficiency motors. FPC will provide an incentive to the customers installing high efficiency motors. The incentive is \$6 per nominal horsepower not to exceed one-half the cost of the motor.

ORDER NO. 23556
DOCKET NO. 900103-EG
PAGE 5

Heat Pipe Development Program: Commercial; this program will afford FPC's customers the opportunity to reduce energy and demand usage with the installation of heat pipes which reduce the reheat energy requirements of an air conditioning system under the right conditions. The customer is paid a \$160 incentive per kW reduced for the replacement of electric reheat systems.

New Program Development: FPC will undertake certain development and demonstration projects which have promise to become cost effective conservation programs. Examples of potential projects include amorphous core transmission and distribution transformers, indoor air quality measures, thermal energy storage technologies, and innovative metering techniques. FPC is requesting, and Staff recommends approval of maximum expenditures recoverable under conservation cost recovery be limited to \$25,000 per project and \$400,000 annually for all projects. Staff recommends that FPC provide a final report on each demonstration project or file and offer a permanent conservation program for each program investigated.

Indoor Lighting Program: Commercial/Industrial; FPC will provide rebates up to a maximum of \$100 per kW saved for the installation of pre-approved lighting products designed to reduce energy consumption and demand. These incentives will be offered to customers for implementing lighting measures that will increase the efficiency of existing fixtures or for permanent delamping measures.

Qualifying Facility Program: FPC will expand its present QF program to include direct investment by the Company in selected QFs within its service territory. Florida Power, together with unregulated corporate partners, will form a joint venture corporation to develop, own, and operate the QF. FPC's equity investment will be 50% or less to maintain the QF status as required by PURPA. Staff anticipates that the Commission will review these contracts on a case by case basis.

Residential Loan Program: FPC in conjunction with participating financial institutions make low interest loans available to encourage the participants to install major energy efficiency improvements in their homes. This program is a continuation of the Commission's existing Energy Conservation Loan Test Program and sets minimum efficiency standards for the mechanical equipment and building envelope.

ORDER NO. 23556
DOCKET NO. 900103-EG
PAGE 6

Program Participation Standards

We also concur with Staff's recommendation that FPC should file program participation standards within 30 days of the issuance of the final order in this docket. Those standards should clearly state the utility's requirements for program participation, eligibility requirements for the utility customer, details on how rebates or incentives will be processed, technical specifications on equipment eligibility, and necessary reporting requirements.

Internal Controls and Independent Audit

We concur in our Staff's suggestion that in order to establish adequate auditing information, we should require FPC's system of internal accounting controls for each conservation program to be adequate to provide FPC and the Commission with a reasonable assurance that the conservation program assets are safeguarded against loss from unauthorized use or disposition; and that transactions are executed in accordance with Commission authorization and are recorded properly to prevent the preparation of financial conservation cost recovery exhibits in accordance with generally accepted accounting principles. To ensure compliance, Staff recommends that FPC should obtain an independent audit every two years. We agree an audit would be appropriate but at this time we will only require the audit to be conducted within one year from the date this Order, and we will review the necessity of additional independent audits then.

Therefore, based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power Corporation's conservation plan is approved subject to the conditions and exceptions discussed in the body of this Order. It is further

ORDERED that Florida Power Corporation submit its detailed program participation standards as described in the body of this Order to the Electric and Gas Division for its administrative approval. It is further

ORDERED that Florida Power Corporation shall provide, on a one-time basis within one year from the date of this Order, an opinion from an outside audit firm that its internal accounting controls for conservation expenditures are

ORDER NO. 23556
 DOCKET NO. 900103-EG
 PAGE 7

appropriate. Any need for further outside audit opinions will be addressed at a later date if necessary. It is further

ORDERED that rate base treatment of incentives be deferred for consideration in the pending cost-effectiveness docket (Docket No. 891324-EU) or in a separate docket established for that purpose. It is further

ORDERED that the position urged by Staff in the issue regarding the treatment of lost revenues in the cost-effectiveness calculation for conservation programs is denied. The role of lost revenues in the cost-effectiveness calculation will be considered in Docket No. 891324-EU. It is further

ORDERED that Florida Power Corporation's research and development programs may be conducted with the related expenditures restricted to \$400,000 per twelve month Energy Conservation Cost Recovery period. It is further

ORDERED that if a protest is filed within 20 days of the date of this Order it will be resolved by the appropriate Commission panel pursuant to Rule 25-22.006(3)(d), Florida Administrative Code.

By ORDER of the Florida Public Service Commission,
 this 2nd day of OCTOBER, 1990.


 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

ORDER NO. 23556
DOCKET NO. 900103-EG
PAGE 8

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 October 23, 1990.

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, 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 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 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.