

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval of) DOCKET NO. 921108-EG
proposed new Conservation) ORDER NO. PSC-93-0361-FOF-EG
Demonstration and Development) ISSUED: 03/09/93
Program as an addition to)
approved energy conservation)
plan by Gulf Power Company.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
THOMAS M. BEARD
SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING PETITION

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.

As part of the package of conservation programs approved by this Commission in Order No. 23461 (October 2, 1990), Gulf Power Company (Gulf) committed to exploring the development of a program designed to pursue research, development, and demonstration projects to promote energy efficiency and conservation. By petition filed October 28, 1992, Gulf has requested permission to implement the proposed Conservation Demonstration and Development program (CDD) as an approved conservation program. The petition limits annual recovery to a maximum of \$250,000 through the Energy Conservation Cost Recovery (ECCR) docket.

In Order No. 22176 (November 14, 1989), the Commission stated, "We believe that further [conservation] savings can be realized if the state's electric utilities . . . pursue research, development, and demonstration projects designed to promote energy efficiency and conservation." As a result of that directive, Gulf has proposed the CDD research and development program which is intended to serve as an umbrella program for the identification, development, demonstration, and evaluation of new or emerging end-use technologies.

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Energy applications investigated under this program will cover a wide array of activities and will be subject to screening criteria which identify the potential for energy and demand reduction, high technology maturity, and customer acceptability. Anticipated activities include short term, low cost literature searches, engineering and financial analyses of promising technologies or field testing and metering to verify operation and energy performance. Field testing projects will be limited to demonstration of emerging end-use technologies.

Gulf's petition identified the following types of programs or technologies as potential activities for the CDD program:

- * Residential Advanced Water Heating
- * Residential Thermal Energy Storage
- * Residential Advanced Space Conditioning
- * Commercial/Industrial Advanced Water Heating
- * Commercial/Industrial Efficient Motors
- * Emerging Demand Side Management Technologies
- * Renewable Energy Sources
- * Commercial/Industrial Beneficial Electrification

We are concerned with the potential for conflict of certain CDD programs with this Commission's policy on Fuel Source Neutrality, Order Nos. 9974 and 12179. Many of these programs, and in particular the Commercial/Industrial Beneficial Electrification program have the potential to promote additional energy usage and may encourage customers to switch fuels from natural gas to electricity for end-uses. Utility activities encouraging expanded use of electricity are more appropriately funded by Gulf's stockholders who stand to profit from these activities. For this reason we will not allow recovery of any expenditures for the Commercial/Industrial Beneficial Electrification program.

In response to Staff's concerns regarding the proposed list of research programs, the Company filed additional information. The Company now proposes three R&D programs for ECCR funding; Residential Thermal Energy Storage, Residential Advanced Water Heating and Demand Side Management Advanced Lighting Program. The Company will file project description summaries in the ECCR filing identifying all CDD projects selected for evaluation.

Additionally, we establish a \$25,000 reporting threshold for all R&D programs. By this action we are not imposing an "up front" expenditure limit on any individual R&D project. The company

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shall file a status report on any R&D project reaching \$25,000 in expenditures as part of the Company's Conservation Cost Recovery filing. In addition to the project description summary and ECCR filings, the status report will include a project cost summary tracking the expense categories and accomplishments of the program. This will ensure that the Commission is alerted to the progress of these R&D projects on an on-going basis and the potential of these projects to become an approved conservation program.

No cost effectiveness tests were performed for this program. Because of the research nature of the program, no direct demand or energy reductions are quantifiable. The potential rate impact to Gulf's ratepayers is approximately 85 cents per customer per year based on \$250,000 of annual expenditures. We find this program should be approved, with cost recovery to coincide with the ECCR periods, October through March, and April through September.

Gulf shall file program participation standards within 30 days of the Commission's Order. These standards shall clearly state Gulf's requirements for the program and include the ECCR project description summary, status report and project cost summary forms. We grant Commission staff authority to administratively approve these standards.

Based on the foregoing, it is

ORDERED that the Petition of Gulf Power Company for authority to implement the company's Conservation Demonstration and Development program as an approved conservation program is approved as modified herein. It is further

ORDERED that Gulf Power Company shall file program participation standards within 30 days of this Order. These standards shall clearly state Gulf's requirements for the program and include the ECCR project description summary, status report and project cost summary forms. We grant staff's request for authority to administratively approve these standards. It is further

ORDERED that this Order shall become final and this docket shall be closed after administrative approval of the program standards as discussed above unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East 14 Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

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By ORDER of the Florida Public Service Commission this 9th day
of March, 1993.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)
RVE:bmi

by: Kay Flynn
Chief, Bureau of Records

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 Street, Tallahassee, Florida 32399-0870, by the close of business on March 30, 1993.

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.

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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.