

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to modify ) DOCKET NO. 940844-EG  
Heating and Cooling Program by ) ORDER NO. PSC-94-1526-FOF-EG  
TAMPA ELECTRIC COMPANY. ) ISSUED: December 12, 1994  
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The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
SUSAN F. CLARK  
JOE GARCIA  
JULIA L. JOHNSON  
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION ORDER

GRANTING PETITION TO MODIFY HEATING AND COOLING 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 substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On August 15, 1994, Tampa Electric Company (TECO) filed a Petition to Modify its Heating and Cooling Program to discontinue offering the Program rebate to customers in multi-family and mobile home market segments. TECO proposes that its Heating and Cooling Program continue to apply to existing single family homes.

TECO has offered a Heating and Cooling Program since the inception of its conservation program in 1981. Currently, the program offers residential customers a \$350 rebate and dealers a \$75 rebate for installing high efficiency heating and cooling systems. Replacement systems eligible for the rebate can either be packaged or split. Packaged systems are those in which all the equipment is housed in one enclosure outside the home. Such units are typical for mobile homes. A split system has an enclosure inside the home for the evaporator coil and air handler and a separate enclosure outside the home for the condenser and compressor.

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To qualify for a rebate, split systems must have a minimum seasonal energy efficiency ratio (SEER) of 11.0 or better and packaged systems must have a minimum SEER of 10.0 or better. These minimum qualifying efficiencies were set to exceed the National Appliance Energy Conservation Act (NAECA) standards of 10.0 SEER for split systems and 9.7 SEER for packaged systems which became effective January 1, 1993.

TECO analyzed its' existing Heating and Cooling program using Synergic Resources Corporation (SRC) computer models of residential housing types, which were part of a study commissioned by the Florida Energy Office. The data obtained from the SRC study revealed that each segment of the housing market (single family, multi-family and mobile homes) had different demands for heating and cooling. While there would be some winter and summer demand savings and total annual energy savings for multi-family and mobile homes which upgraded to higher SEER equipment, the savings would be low relative to the high equipment costs.

Since the modelled demand and energy savings are lower for multi-family and mobile homes than for single family homes, the SRC program assigned lower rebates amounts to these segments for the cost-effectiveness analysis. The results of the analysis indicated that the mobile home market segment failed all three Commission-approved tests: the participant test; the total resource (TRC) test; and the rate impact (RIM) test. The multi-family segment failed the participant test and TRC test, and it just marginally passed the RIM test.

However, while the SRC test results used hypothetical rebate amounts, as stated earlier, TECO's Heating and Cooling Program has an existing Commission-approved rebate amount of \$350 for all residential customers and a \$75 dealer rebate. TECO's actual program also has higher utility non-recurring costs, than the SRC study, primarily as a result of the dealer rebate. Upon request, TECO reproduced the market segment analysis using the rebate amount of \$350 and the program's actual non-recurring utility costs. This time the multi-family and mobile homes market segments passed the participant's test; however, they more dramatically failed the RIM tests.

While TECO's Heating and Cooling Program has failing market segments, overall the program continues to pass RIM due to the high impact of the relatively large number of single family residences. Unfortunately, the multi-family and mobile homes segments do not pass the RIM test. This means that TECO's ratepayers would not recover all the costs of providing rebates to participants in these market segments. To continue to offer nonrecoverable rebates would

be a direct subsidy to these market segments absent any apparent mitigating circumstances, such as the need to jump-start a technology. Multi-family and mobile homes appear not to have enough heating and cooling demand to warrant expensive upgrades in equipment SEER.

TECO has concluded it is inappropriate to continue offering the program to these market segments since the ratepayers would not be able to recover the program rebate costs from the participants' energy savings. We agree. TECO should file its revised program standards within 14 days of the date of this Order for administrative approval and the effective date of the revised program shall be when this Order becomes final.

Currently, TECO is analyzing some new data provided by the mobile home industry. In its petition for program approval (Docket No. 941173-EG), TECO must provide the data and analysis which supports its estimates of demand and energy savings for each of its' programs. At that time, if TECO believes that the new data would support inclusion of multi-family and mobile homes market segments in its Heating and Cooling Program, it can include a revised program, with supporting data, for consideration by the Commission. It is expected that TECO would incorporate all relevant information into its analysis of the Heating and Cooling Program in Docket No. 941173-EG.

We encourage TECO to continue to explore other conservation measures for these particular market segments which can benefit both the participants and the general body of ratepayers who would pay for the measures.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that Tampa Electric Company's Petition to Modify Its Heating and Cooling Program is approved as discussed in the body of this Order. It is further

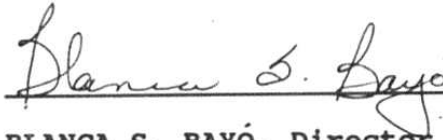
ORDERED that the company file its revised program standards within 14 days for administrative approval and that the revised program will become effective when this Order becomes final. It is further

ORDERED that this Order shall become final and this docket shall be closed unless an appropriate petition for formal proceedings is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the

ORDER NO. PSC-94-1526-FOF-EG  
DOCKET NO. 940844-EG  
PAGE 4

close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission, this 12th day of December, 1994.



BLANCA S. BAYO, 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.

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, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on January 3, 1995.

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.

ORDER NO. PSC-94-1526-FOF-EG  
DOCKET NO. 940844-EG  
PAGE 5

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 substantially 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 wastewater 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.