

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida Power
& Light Company for modification
of Off-Peak Battery Charging
Program.

DOCKET NO. 970546-EG
ORDER NO. PSC-97-1476-FOF-EG
ISSUED: November 24, 1997

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING MODIFICATION OF FLORIDA
POWER & LIGHT COMPANY'S OFF-PEAK BATTERY CHARGING 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.

CASE BACKGROUND

In November 1995, we approved Florida Power & Light's (FPL or Company) Commercial/Industrial (C/I) Off-Peak Battery Charging Program as part of FPL's demand side management (DSM) plan in Order Numbers PSC-95-1343-S-EG, and PSC-95-1343A-S-EG. The C/I Off-Peak Battery Charging Program provides incentives for the installation of a control system that restricts battery charging to off-peak periods. The goal of the Program is the reduction of peak demand and the future growth of peak demand.

In staff's first set of interrogatories in Docket No. 960002-EG, FPL was asked to evaluate each of its approved DSM programs using the Company's most recent planning assumptions. The results

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FROM: AGENCY REPORTING

showed that the C/I Off-Peak Battery Charging Program remained cost-effective. However, several other DSM programs failed the Rate Impact Measure (RIM) test. FPL agreed at that time to reevaluate each of the programs that failed the RIM test to determine potential program modifications that may be desirable. As a result of this analysis, FPL filed for modification of seven DSM programs and termination of two DSM programs in May 1997.

On May 6, 1997, FPL filed a petition to increase Off-Peak Battery Program incentive levels from \$57 to no more than \$75 per on-peak summer kilowatt reduction. FPL requests Commission approval of the increase in incentives for the C/I Off-Peak Battery Charging Program, including recovery of reasonable and prudent expenditures through the Energy Conservation Cost Recovery (ECCR) clause. FPL also requests that the savings resulting from the modified Off-Peak Battery Charging Program continue to count toward FPL's approved conservation goals.

DECISION

We approve Florida Power & Light Company's petition for modification of the Commercial/Industrial (C/I) Off-Peak Battery Charging Program, including approval for energy conservation cost recovery (ECCR). The C/I Off-Peak Battery Charging program, as modified, is cost-effective. Increasing the program's incentive is expected to encourage Program participation. This will assist FPL in meeting its approved Demand Side Management (DSM) goals. Reasonable and prudent expenditures for the Program, as modified, are approved for cost recovery, and the resulting demand savings will continue to count toward FPL's DSM goals.

FPL has proposed an increase in incentive levels for the C/I Off-Peak Battery Charging program from \$57 to no more than \$75 per summer kilowatt reduction. FPL has already offered the Program to most of the eligible participants and believes that an incentive increase is necessary to encourage additional Program participation. While the Program provides a relatively small percentage of FPL's DSM savings, increased participation will assist FPL in meeting its Commission approved DSM goals. This is particularly important in light of FPL's proposed modification of six other DSM programs and cancellation of two programs.

FPL has determined the cost-effectiveness ratios of the revised C/I Off-Peak Battery Charging Program as follows:

Rate Impact Measure Test:	1.63
Participant Cost Test:	2.32
Total Resource Cost Test:	2.88

With a RIM value of 1.63, the modified Program is significantly cost-effective. This implies that there is room for error in the avoided cost and peak demand savings assumptions used to determine cost-effectiveness. This increases the assurance that the Program will provide benefits to the general body of ratepayers. The program also has a relatively short payback period of nine years, according to the RIM test results.

The modified C/I Off-Peak Battery Charging Program is expected to result in a reduction in summer peak demand of 302 kilowatts and a winter peak demand reduction of 28 kilowatts for the period 1998 through 2000. There is no change in the expected per participant demand savings (.86 kilowatts) as a result of the modification. The modified Program is not expected to reduce energy consumption.

The modified C/I Off-Peak Battery Charging Program appears to be monitorable and FPL's evaluation efforts should produce measurable results. A focused evaluation of the Program's demand savings was performed in 1996, which included post impact surveys, site surveys and end-use monitoring. FPL's DSM evaluation plans for 1997 through 1999 show that FPL intends to focus additional monitoring efforts on C/I DSM programs in the future.

Florida Power & Light Company is required to file detailed program participation standards within 30 days of the issuance date of this order. The program standards should clearly state the Company's requirements for participation in the programs, customer eligibility requirements, details on how rebates or incentives will be processed, technical specifications on equipment eligibility, and necessary reporting requirements. The program standards will be administratively reviewed for consistency with the description of the programs contained in the utility's DSM plan.

In sum, we approve the modified C/I Off-Peak Battery Charging Program because the Program remains cost-effective. The increase in Program incentives is expected to encourage program participation which will assist FPL in meeting its Commission approved DSM goals. The modified Program appears to be directly monitorable. Reasonable

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and prudent expenditures for the Program, as modified, are approved for cost recovery, and the resulting demand savings will continue to count toward FPL's DSM goals.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the modifications to Florida Power & Light Company's Off-Peak Battery Charging Program are hereby approved. It is further

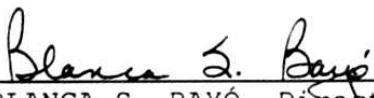
ORDERED that Florida Power & Light Company may recover reasonable and prudent expenses for the modified Off-Peak Battery Charging Program through the energy conservation cost recovery clause. It is further

ORDERED that Florida Power & Light Company shall file detailed program participation standards as set forth herein within 30 days of the issuance date of this order.

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission this 24th day of November, 1997.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

LJP

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 15, 1997.

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.

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,

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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.