

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to modify
Standby Generator Program by
Tampa Electric Company.

DOCKET NO. 980725-EG
ORDER NO. PSC-98-1253-FOF-EG
ISSUED: September 21, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING MODIFICATIONS TO STANDBY GENERATOR 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.

In November 1995, this Commission approved Tampa Electric Company's (TECO) Standby Generator Program as part of its demand side management (DSM) plan in Order Nos. PSC-95-1343-S-EG and PSC-95-1343A-S-EG. The Standby Generator Program is designed to utilize the emergency generation capacity of certain Commercial and Industrial customers in order to reduce TECO's summer and winter coincident peak demands. TECO provides the participating customers a one hour notice that their generation will be required. This allows the customers time to start their generators and arrange for an orderly transfer of the load. As an incentive for the customer to participate, TECO issues a monthly credit of \$3.00 per KW per month for average measured demand of load subject to be transferred to a standby generator. Under no circumstances do the generators deliver power to TECO's grid.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

To participate in this program, a Commercial or Industrial customer must be on TECO's firm rate schedule, have an on-site emergency generator, and have a normal building load (standby) that is served or can be served by the generator. The generator must meet the following conditions:

- (1) a minimum capacity of 50 kW;
- (2) minimum of 50% annual load factor during TECO's peak hours; and
- (3) installation and operation that complies with all applicable regulations.

In order to increase the effectiveness of this program, TECO seeks approval to modify the program in four areas. First, the proposed modifications lower the qualifying threshold for participation from 50 KW to 25 KW. By lowering the qualifying threshold, TECO expects to gain additional customers that have transferable loads in the 25 - 50 kW ranges but currently are ineligible to participate in the program. We find that this modification will increase TECO's demand and energy savings and improve TECO's ability to achieve the conservation goals set by this Commission.

Second, the proposed modifications decrease the customer's response time to transfer the load to their generator(s) from one hour to 30 minutes. TECO believes that the customer's response time for load transfer is critical for meeting system loads during times of need. According to TECO, program participants have been notified and have agreed that the proposed change would not be a burden. In comparison, Florida Power Corporation employs a 15 minute response time for a similar program. Accordingly, we find this modification to be reasonable.

Third, under the proposed modifications, TECO would calculate the customer's incentive based on the average transferable load. Currently, the customer's average demand is calculated by dividing the monthly peak kWh usage by the number of hours in the peak period. Under the proposed modifications, the average transferable demand for an existing customer will be determined by using the historical incentive performance for the twelve previous months. For a new customer, the average transferable demand will be measured by TECO in the field at the customer's site by transferring the customer's normal load to the standby generator(s). We find that this modification will provide a more accurate measure of the load reduction to TECO's system and thus

more appropriately compensate participating customers. TECO will continue to issue a monthly credit of \$3.00 per kW per month for average transferable demand of a customer's load to a standby generator(s).

Fourth, the proposed modifications define customer termination guidelines for noncompliance with control notification. A customer may be terminated from the program if the customer fails to respond to standby generator controls when notified by TECO during any three months of a twelve consecutive month period. However, a customer will be exempt from termination due to noncompliance if TECO's transmitted signal, or other equipment owned by TECO (radio receiver or annunciator) at the customer's facility, fails. We find this modification to be reasonable.

Using its most recent planning assumptions, TECO evaluated the cost-effectiveness of the program with the proposed modifications. Under the ratepayer impact measure (RIM) test, TECO found that the modified program would be cost-effective, with a 1.6 to 1 benefit-to-cost ratio.

We note that TECO did not achieve the conservation goals set by this Commission for 1997. TECO missed its cumulative commercial/industrial (C/I) summer demand goals of 20 MW by 7% and its annual kWh goals of 90 GWH by 53%. TECO was able to achieve only its cumulative C/I winter demand goals of 7 MW by 106%. The proposed program modifications are expected to add 25 customers to TECO's eligibility list for the program. By 2005, TECO projects that these new customers (25-50 kW) will provide a minimum cumulative savings of 2.1 MW and 105 MWH.

We find that the modifications proposed for TECO's Standby Generator Program will increase the program's reliability and administrative efficiency. Further, the modified program should also increase TECO's C/I demand and energy savings and improve TECO's ability to achieve the conservation goals set by this Commission. For these reasons and the reasons stated above, we find that the program modifications should be approved. The tariff sheets implementing this program shall be administratively approved upon expiration of the protest period for this Order, if no protest is timely filed.

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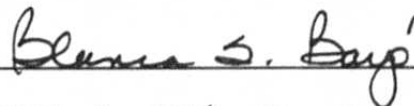
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Tampa Electric Company's petition for approval of modifications to its Standby Generator Program is granted. It is further

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 28-106.201, 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 21st day of September, 1998.



BLANCA S. BAYÓ, 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 120.569(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. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, 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 October 12, 1998.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date.

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.