

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Adoption of Numeric
Conservation Goals by Florida
Power Corporation.

DOCKET NO. 971005-EG
ORDER NO. PSC-99-1380-FOF-EG
ISSUED: JULY 19, 1999

The following Commissioners participated in the disposition of this matter:

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

ORDER APPROVING STIPULATION

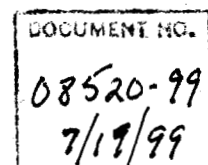
BY THE COMMISSION:

On August 6, 1997, the Commission opened Docket No. 971005-EG to set numeric demand-side management (DSM) goals, as provided for by Rule 25-17.0021, Florida Administrative Code, for Florida Power Corporation (FPC). A series of staff workshops was held to assist in identifying issues for this docket. FPC filed direct testimony, including proposed numeric DSM goals, on February 1, 1999.

On May 3, 1999, FPC and the Legal Environmental Assistance Foundation (LEAF) filed a Joint Motion to Approve Stipulation. This Stipulation is included in this order as Attachment A, and is incorporated by reference herein. If the Stipulation is approved by the Commission, LEAF will withdraw from this docket and take no position on FPC's proposed numeric DSM goals. In return, FPC has agreed to investigate and, if feasible, develop various energy-efficiency measures such as low income weatherization assistance, green pricing, and project-specific energy efficiency measures for commercial/industrial customers.

This order only addresses the Stipulation between FPC and LEAF. The appropriate numeric DSM goals for FPC will be addressed at the hearing currently scheduled for August 18-20, 1999. The energy-efficiency measures proposed by FPC in the Stipulation will be evaluated in a future docket on FPC's DSM Plan.

If the Stipulation is approved, FPC has agreed to the following actions:



- (1) Develop and seek Commission approval of an enhanced Low Income Weatherization Assistance Program by January, 2000. This program would replace FPC's existing pilot program.
- (2) Investigate and, if feasible, implement a new Green Energy Program. Under this program, FPC would purchase energy from new renewable sources and sell to program participants at a cost equal to FPC's current residential rate plus the additional incremental cost to purchase such energy.
- (3) Seek Commission approval, in the upcoming docket to approve FPC's DSM Plan, for the following program initiatives:
 - a. Affordable Housing Initiative
 - b. New Construction "Energy Star" Initiative
 - c. New Construction Education Initiative
 - d. Photovoltaic Initiatives (Research & Development Project and the Nature Conservatory Project)
- (4) Develop and market energy efficiency options to commercial/ industrial customers. These options would be self-sufficient on the basis of their cost-effectiveness to each individual participant. No contribution would be made by non-participants through the Energy Conservation Cost Recovery (ECCR) Clause.

The Stipulation is consistent with applicable laws and rules. Sections 366.80-366.85 and 403.519, Florida Statutes, are collectively known as the Florida Energy Efficiency and Conservation Act (FEECA). FEECA is summarized in Rule 25-17.001(2), Florida Administrative Code:

The Florida Energy Efficiency and Conservation Act requires increasing the efficiency of the electric systems of Florida, increasing the conservation of expensive resources, such as petroleum fuels, reducing the growth rate of weather sensitive peak demand, and reducing and controlling the growth rate of kilowatt hour consumption to the extent cost effective. (Emphasis added)

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The Stipulation is a reasonable resolution of the likely issues that may arise between the parties in this docket. By this Stipulation, LEAF does not necessarily endorse FPC's proposed numeric goals. However, LEAF will not take a position on whether the goals should be approved.

The Stipulation is in the public interest. The following statement, from page 1 of the Stipulation, contains the general position of FPC and LEAF on this subject:

LEAF and FPC wish to avoid the time, expense, and uncertainty associated with adversarial litigation in this docket in keeping with the Commission's long standing practice of encouraging parties to contested proceedings to settle issues whenever possible.

(Stipulation, page 1)

In summary, the Stipulation between FPC and LEAF is consistent with applicable laws and rules, is a reasonable resolution of the likely issues that may arise between the parties in this docket, and is in the public interest. For these reasons, the Joint Motion to Approve Stipulation filed by FPC and LEAF is approved.

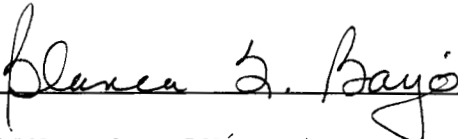
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Stipulation between the Legal Environmental Assistance Foundation and Florida Power Corporation, which is included in this Order as Attachment A and is incorporated herein by reference, is approved. It is further

ORDERED that this docket shall remain open pending the establishment of numeric demand and energy savings goals for Florida Power Corporation.

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By ORDER of the Florida Public Service Commission this 19th
day of July, 1999.



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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/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 after the issuance 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.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Adoption of numeric
conservation goals for Florida
Power Corporation.

Docket No. 971005-EG

STIPULATION

THIS STIPULATION is entered into between the Legal Environmental Assistance Foundation (LEAF) and Florida Power Corporation (FPC), pursuant to Section 120.57(4), Florida Statutes, for the purposes of an informal disposition of their respective interests in the above-styled proceeding. LEAF and FPC wish to avoid the time, expense and uncertainty associated with adversarial litigation in this docket in keeping with the Commission's long standing practice of encouraging parties to contested proceedings to settle issues whenever possible. Accordingly, without prejudice as to either LEAF's or FPC's position in any other proceeding before this Commission, present or future, or any other venue, LEAF and FPC stipulate and agree as follows:

1. In consideration of the actions to be undertaken by FPC pursuant to paragraph 2 below, LEAF agrees to withdraw from this docket upon approval of this stipulation in accordance with paragraph 4 below, and that time for FPC's response to LEAF's Second and Third Set of Interrogatories to FPC and its Second and Third Request for Production of Documents to FPC shall be tolled pending the Commission's action on such approval.

2. In consideration of the obligation undertaken by LEAF pursuant to paragraph 1 above, FPC agrees to the following:
 - a. FPC will develop and submit for Commission approval an enhanced Low Income Weatherization Assistance Program to replace its existing pilot program, with a planned effective date in January, 2000. At a minimum, the enhanced program will include:
 - An increase of \$35 per household in the maximum incentive payment, for a total of \$880 per household.
 - Offering all weatherization agencies in FPC's service territory the ongoing opportunity to participate in the program and taking reasonable steps to promote the program, with the goal of increasing participation of active weatherization agencies from four to fifteen agencies throughout FPC's service territory.
 - b. As described more fully in Attachment 1, FPC will investigate and, if feasible, implement a Green Energy Program under which FPC would purchase electric energy generated from new renewable resources and offer to sell such energy to its customers who elect to participate in the Program for an additional charge calculated to recover no more than FPC's incremental costs to purchase the energy and its related Program expenses.
 - c. FPC will seek Commission approval to undertake the Program Initiatives described in Attachment 2 by including these Initiatives in its Programs or Participation Standards submitted in the subsequent proceeding to consider FPC's DSM Plan for satisfying the conservation goals established in this proceeding.
 - d. As described more fully in Attachment 3, FPC will develop and market energy efficiency options to Commercial/Industrial customers. These energy efficiency options will be offered as a self-sufficient business

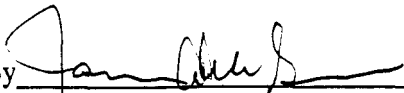
project on the basis of their cost-effectiveness to participating C/I customers, and will not depend on cost recovery from non-participating customers through the ECCR clause. This C/I energy efficiency project is expected to produce significant energy savings that will effectively supplement the reduced level of cost-effective energy savings available from the C/I market segment reflected in FPC's proposed energy goals.


3. This stipulation shall become null and void, and FPC shall be relieved of any ongoing obligations pursuant to paragraph 2 above, in the event (a) the conservation goals established in this proceeding are, in FPC's judgement, materially higher than those proposed by FPC, or (b) any regulatory or legislative change substantially impairs FPC's ability to recover its costs for the initiatives stated in paragraph 2, provided, however, that FPC commits to make good faith efforts to recover such costs, including making reasonable modifications to facilitate cost recovery.
4. This stipulation is expressly conditioned upon approval in its entirety by the Commission no later than the date of the Prehearing Conference in this docket and shall be of no further force or effect if such approval is not granted.

Dated: April 22, 1999

FLORIDA POWER CORPORATION

**LEGAL ENVIRONMENTAL ASSISTANCE
FOUNDATION**

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ATTACHMENT 1

Green Energy Program

FPC agrees to investigate and, if determined by FPC to be feasible, to design and implement a Green Energy Program under which FPC would purchase electric energy generated from new renewable resources¹ (Renewable Energy) and offer to sell the Renewable Energy to its residential customers (and possibly its commercial customers) who elect to participate in the Program for an additional charge calculated to recover no more than the incremental portion² of FPC's total Program costs.³

Program Feasibility

FPC's feasibility investigation will be conducted under its Technology Development Program and will consist of research into (1) customer acceptance and (2) the availability of Renewable Energy in Florida. First, FPC will conduct market research to determine the preferences of its customers regarding Renewable Energy, their willingness to purchase and pay the full incremental costs of Renewable Energy, and the amount of Renewable Energy they would be willing to purchase. In particular, FPC's market research will determine customer preferences regarding Renewable Energy provided by solar photovoltaics (PV), including the tradeoff they would be willing to make between the perceived benefits and the additional cost of solar PV. Second, FPC will conduct new product research to determine the availability of Renewable Energy supplies within Florida and the terms and conditions, including the amounts, prices, and contract lengths, under which the available supplies may be purchased by FPC for sale to Green Energy Program participants.

¹ For purposes of this stipulation, the term "renewable resources" includes all solar-powered technologies, biomass and waste energy, landfill methane, wind energy, and/or low impact hydroelectric energy. Other technologies deemed to be acceptable renewable energy technologies may be added by mutual agreement of LEAF and FPC. The parties acknowledge that in LEAF's view, energy from municipal solid waste is neither renewable or green and that including such energy in the above definition is solely for purposes of this stipulation and should in no case be interpreted as LEAF's agreement that such energy is renewable or green. The term "new" renewable resources includes renewable energy projects that are completely new, existing renewable energy projects in which overall efficiency or capacity can be increased through repowering or retrofitting, and existing renewable energy projects that would cease operation without further intervention.

² For purposes of this stipulation, the "incremental portion of FPC's total Program costs" means the additional Program costs incurred by FPC to provide Renewable Energy to Program participants over and above the fuel costs, purchased power capacity and energy costs, and any environmental cost recovery clause charges that FPC would have incurred to provide the same amount of energy from conventional power supply resources. For example, if FPC's total Program costs to provide Renewable Energy were 12 cents per kWh and its fuel, environmental clause, and purchased power capacity and energy costs were 3 cents per kWh, Program participants would pay an additional charge of 9 cents per kWh above their standard kWh rate (*i.e.*, the total energy charge and fuel charge stated in FPC's filed tariff) for their subscribed amount of Renewable Energy.

³ For purposes of this stipulation, FPC's total Program costs (from which incremental Program costs are derived) include the capacity, energy and other contractual charges paid by FPC to purchase Renewable Energy, as well as start-up, marketing, administration and any other related expenses associated with the Program.

LEAF and its consultant will have a timely opportunity to review and comment on FPC's plans and procedures for conducting its feasibility investigation. However, FPC will retain final control over the content and conduct of the investigation. FPC shall provide LEAF with the results of the feasibility investigation no later than December 31, 1999.

If FPC's market research shows that a sufficient number of customers are willing to purchase Renewable Energy under terms (price, quantity, commitment period, etc.) that correspond favorably with the terms under which FPC can purchase Renewable Energy, as shown by FPC's new product research, FPC will proceed with the design and implementation⁴ of the Green Energy Program.

Program Design and Implementation

The Program design will contain marketing, public education, and evaluation components. In recognition of Florida's climate and the limited potential of certain other forms of renewable resources, such as hydroelectric and geothermal energy, solar PV is expected to play an important role in the design of the Green Energy Program and FPC will attempt to include the maximum amount of solar PV in the mix of Renewable Energy offered by the Program, consistent with the results of its market and new product research. LEAF and its consultant will have a timely opportunity to review and comment on FPC's Program design. However, FPC will retain final control over the design of the Program; provided that (a) FPC's program offering will include an option allowing participants to select a "premium green blend" of Renewable Energy which excludes energy from municipal solid waste incineration and includes energy from other sources that LEAF agrees are premium green sources, and (b) that every other Program option offered to participants will include solar PV in its mix of Renewable Energy.

Program implementation will commence with an initial offering. If the response to the initial offering reflects reasonable participation levels consistent with those predicted by FPC's market research,⁵ FPC will continue and expand the Program so long as it remains viable (*i.e.*, so long as a sufficient number of customers are willing to purchase Renewable Energy under terms that correspond favorably with the terms under which FPC can purchase Renewable Energy). If the Program is continued and expanded, FPC's Program offering will have the objective of obtaining 10,000 participants by the end of 2004. If this customer participation objective is met, FPC will include at least 150 kiloWatts of solar PV in its Renewable Energy mix. At any other year-end 2004 customer participation level, FPC will include at least a proportionate amount of solar PV in its Renewable Energy mix (*i.e.*, with 5,000 participants at year-end 2004, FPC's mix would include at least 75 kiloWatts of solar PV). If feasible, FPC will add solar PV in such proportions prior to 2004.

⁴ Subject to the approval of the Commission and any other required regulatory authorities.

⁵ The parties recognize that, to a reasonable degree, actual participation levels can be expected to be lower than the participation levels indicated solely on the basis of survey responses.

ATTACHMENT 2

Affordable Housing Initiative

In partnership with The Florida Energy Extension Service at the University of Florida, FPC will provide funding to develop and implement a unique educational workshop designed to promote the construction of energy efficient affordable housing. Together with the UF Shimberg Center for affordable housing and the Department of Community Affairs (DCA) FPC will sponsor a series of workshops conducted for community development corporations and related trade groups.

- Three workshops will be conducted in 1999 to launch this initiative and will be located in Pinellas County, Seminole/Orange Counties, and Alachua County.
- A minimum of two workshops will be sponsored each year beginning in 2000 and continue as needed.

New Construction "Energy Star" Initiative

The new construction program will be enhanced by this initiative designed to increase participation in the federal EPA's Energy Star standards. To ensure the aggressive marketing and certification of new construction to Energy Star standards, FPC will adopt the following specific, measurable goals:

- Certify a minimum of 3 percent of participating new homes to Energy Star status in 2000, increasing to 20 percent by 2009.
- Research and evaluate the energy impacts from required HVAC airflow and proper refrigerant charging through year-end 2000.
- Phase in cost-effective enhanced HVAC procedures for participation in Energy Star program starting 2001.

New Construction Education Initiative

FPC will establish an innovative educational initiative intended to transform the new construction market by educating and motivating both the suppliers and the purchasers of new, energy efficient residential buildings. A partnership will be created with The Florida Energy Extension Service at the University of Florida to conduct classes for builders/architects/realtors providing continuing education units (CEU's) and for the education of potential buyers regarding the benefits of energy efficient new construction. These classes will be taught through the collaborative effort of an instructor from UF and an energy expert from FPC. To ensure that the educational objectives of this initiative are met, FPC will adopt the following specific, measurable goals:

- Pilot a "Build Green and Profit" program in 1999 in conjunction with The Home Builders Associations (HBA) - Parade of Homes. At least two classes will be held in 1999, including one with the Marion County HBA in summer 1999.

- Pilot a "Buy Green and Save" program in 1999 for buyers that offers a minimum of three classes in 1999 featuring a mortgage expert on energy efficiency mortgages (EEM), an energy rater from FPC and a facilitator from UF. FPC will make reasonable efforts to promote participation in these classes, including holding the classes at venues such as home shows that provide "captive" audiences, and promoting the classes through LEAF and other organizations whose members would likely be interested in participating.
- Continue each year starting in 2000 with classes for both builders and buyers in all three FPC regions (North, Suncoast, Central). These classes will continue for as long as they contribute to the cost-effectiveness of the new construction program.

Photovoltaic Initiatives

R&D Project:

This proposed R&D project under FPC's Technology Development Program is designed to standardize pre-packaged, roof-mounted photovoltaic (PV) systems for manufactured buildings. The PV systems will be connected to the utility grid. The primary objective is to reduce the labor costs associated with the installation of PV systems in the field. This would be accomplished by installing PV system hardware and a balance of system components in a factory environment where the processes can be streamlined. The project will install an estimated 8 kWp of PV arrays in total. The system will be between 1 and 2 kWp each and will be installed on six to eight buildings. The proposed project will be responsive to the Federal Government's Million Solar Roofs initiative and current goals of the Florida Energy Office and Sandia National Labs and will provide the following benefits:

- The proposed PV project will provide education and develop efficiencies in the expanding manufactured building trade for the increased use of PV in the future.
- The proposed project will help to increase the public awareness of PV technology.
- The proposed project will allow FPC to add a component of "green" power to its generation mix.
- With the assistance of the Florida Solar Energy Center, FPC will have the opportunity to monitor the proposed project and gain insight into the impact of distributed generation on FPC's grid.

The Nature Conservancy Project:

- FPC will provide \$5,000 to The Nature Conservancy, at least half of which will be used to purchase and install solar PV lighting and to provide solar PV education at the recently developed wilderness preserve near Kissimmee.
- FPC will provide assistance and support to The Nature Conservancy to educate consumers on solar energy and energy efficiency.

ATTACHMENT 3

Non-ECCR Commercial/Industrial Energy Efficiency Project

FPC will develop and market energy efficiency options to Commercial/Industrial customers as a stand-alone business project, and will receive no support from non-participating customers through the ECCR clause. Current estimates indicate this project has the potential to achieve energy savings of more than 150 gWh over the ten-year period from 2000 to 2009. These non-ECCR energy savings will supplement the reduced level of cost-effective energy savings available from the C/I market segment reflected in FPC's proposed C/I goals.

FPC will provide LEAF with an annual report summarizing actual C/I energy efficiency achievements that will include (1) the number of completed projects by end-use, (2) their winter and summer kW, and annual kWh savings, and (3) the number of new projects that are in progress (signed contracts) by end-use.

FPC agrees to pursue this C/I energy efficiency project in good faith for so long as it remains a viable business venture. FPC reserves the right to reduce or eliminate the project if, in FPC's opinion, such action is warranted by sound business judgement, taking into account, but not limited to, such considerations as:

- (a) Whether the project remains profitable to FPC.
- (b) Whether participating customers are able and willing to pay the full cost of participation.
- (c) Whether customer participation can be maintained at reasonable levels.
- (d) Whether the energy services business unit, under which the project will be administered, continues to be owned, controlled, and funded by FPC.