

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Adoption of Numeric
Conservation Goals by Tampa
Electric Company.

DOCKET NO. 971007-EG
ORDER NO. PSC-99-1585-S-EG
ISSUED: August 13, 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. 971007-EG to set numeric demand-side management (DSM) goals for Tampa Electric Company (TECO). A series of staff workshops were held to assist in identifying issues for this docket. TECO filed direct testimony, including proposed numeric DSM goals, on February 1, 1999.

On July 9, 1999, TECO and LEAF filed a Joint Motion to Approve Stipulation. The Stipulation is included as Attachment A, and is incorporated herein by reference. If the Stipulation is approved by the Commission, LEAF has agreed to withdraw from this docket. In return, TECO has agreed to investigate and, if feasible, develop various energy-efficiency measures such as low income conservation assistance, green pricing, solar research and development, residential new construction, and project-specific energy efficiency measures for Commercial/Industrial (C/I) customers.

This Order only addresses the Stipulation between TECO and LEAF. The appropriate numeric DSM goals for TECO will be addressed at the hearing currently scheduled for August 17, 1999. The energy-efficiency measures proposed by TECO in the stipulation will be evaluated in a future docket on TECO's DSM Plan.

DOCUMENT NUMBER-DATE

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FOR RECORDS/REPORTING

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

- (1) Investigate, and if determined to be feasible implement a Green Energy Program. Under this program, TECO would construct or purchase and utilize new renewable sources, such as photovoltaics (PV) to produce and sell renewable energy to residential program participants for an additional charge calculated to recover no more than the incremental portion of TECO's total program cost.
- (2) Develop a solar research and development program. This program would investigate solar PV technologies in partnership with a government agency engaged in solar research.
- (3) Develop and implement a Low Income Conservation Assistance Program. This program would be designed to increase low income customer participation in TECO's DSM programs.
- (4) Design and implement a residential new construction program, Energy Plus. This program would be designed to increase energy efficiency in new homes beyond the minimum building code requirements.
- (5) Develop and market energy efficiency options to C/I customers as a stand-alone business project. These options would be offered in addition to approved C/I programs recovered through the Energy Conservation Cost Recovery (ECCR) Clause. No contribution would be made by non-participants through the ECCR Clause.

Where appropriate, TECO will seek approval for the initiatives described above in the subsequent proceeding on TECO's DSM Plan. TECO will also provide LEAF with an annual report identifying the accomplishments relative to the initiatives in the Stipulation.

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)

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 TECO'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 TECO and LEAF on this subject:

LEAF and Tampa Electric 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 settle issues whenever possible.

(Stipulation, page 1)

In summary, the Stipulation between TECO 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 TECO and LEAF is granted.

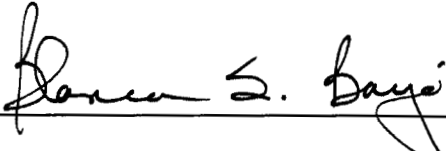
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Stipulation between the Legal Environmental Assistance Foundation and Tampa Electric Company, 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 Tampa Electric Company.

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By ORDER of the Florida Public Service Commission this 13th
day of August, 1999.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

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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 Tampa)
Electric Company.)
_____)

DOCKET NO. 971007-EG

STIPULATION

THIS STIPULATION is entered into by and between the Legal Environmental Assistance Foundation, Inc. ("LEAF") and Tampa Electric Company ("Tampa Electric"), 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 Tampa Electric 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 settle issues whenever possible. Accordingly, without prejudice as to either LEAF's or Tampa Electric's position in any other proceeding before this Commission, present or future, or any other venue, LEAF and Tampa Electric stipulate and agree as follows:

1. In consideration of the actions to be undertaken by Tampa Electric pursuant to paragraph 2 below, LEAF agrees to withdraw from this docket upon approval of this Stipulation in accordance with paragraph 4 below. The parties also agree and that the time for any and all responses to LEAF's discovery requests of Tampa Electric, or to Tampa Electric's discovery requests of LEAF, shall be tolled pending the Commission's action on such approval. LEAF further agrees that if Tampa Electric proposes the programs and otherwise conforms to the agreements pursuant to this Stipulation, LEAF's participation in Tampa Electric's DSM plan implementation docket will address only issues related to the implementation of this Stipulation.

2. In consideration of the obligation undertaken by LEAF, pursuant to paragraph 1 above, Tampa Electric agrees to the following:

- a. Tampa Electric will investigate and, if determined by Tampa Electric to be feasible, implement a Green Energy Program where the company will construct or purchase and utilize new renewable resources such as photovoltaics (PV) to produce renewable energy and offer to sell such 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 portion¹ of Tampa Electric's total Program costs.² For purposes of this stipulation, the term "renewable resources" includes all solar-powered technologies, biomass 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 Tampa Electric. The parties acknowledge that in LEAF's view, energy from municipal solid waste is neither renewable nor 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.

- b. The feasibility research will be conducted by Tampa Electric as a continuation of the current green pricing research effort approved by the Florida Public Service Commission (FPSC) in Docket No. 941173-EG, Order No. PSC-95-0691-FOF-EG, dated June 9, 1995 or, if this method is not acceptable to the Florida Public Service Commission, by seeking Commission approval of a research and development effort in the DSM plan the company will propose after goals are adopted in this proceeding. Tampa Electric believes that customer awareness and participation willingness may have increased since the initial research was conducted. Therefore, the primary purposes of this research effort are to 1) determine the current level of customer awareness, acceptance, and participation willingness; and

¹For purposes of this stipulation, the "incremental portion of Tampa Electric's total Program costs" means the additional Program costs incurred by Tampa Electric 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 Tampa Electric would have incurred to provide the same amount of energy from conventional power supply resources. For example, if Tampa Electric'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 Tampa Electric's filed tariff) for their subscribed amount of renewable energy.

²For purposes of this stipulation, Tampa Electric's total Program costs (from which incremental Program costs are derived) include the capacity, energy and other contractual charges paid by Tampa Electric to purchase renewable energy, as well as start-up, marketing, administration and any other related expenses associated with the Program. Said Program costs do not include program research and development costs.

2) determine the availability of new renewable energy sources and supplies within Florida (their availability by season, day of week, time of day, etc.), the terms and conditions, including prices and contract lengths, pursuant to which Tampa Electric may obtain the resources for the program participants, and regulatory issues which may arise in offering a Green Energy Program. Emphasis will be placed on customer willingness (i.e., number of customers, commitment level, length of commitment) to purchase PV generated electricity through various delivery options and pay the full incremental cost for the resource.

If Tampa Electric's research shows that a sufficient number of customers are willing to pay the incremental costs associated with new renewable energy under terms and conditions that correspond favorably with the availability and terms and conditions pursuant to which Tampa Electric can secure new renewable energy and that there are no regulatory impediments, Tampa Electric will proceed with the design and implementation of the Green Energy Program.

- c. LEAF will have timely opportunity to review and comment on Tampa Electric's strategy for conducting the green pricing feasibility research. However, Tampa Electric will have final control over the content and conduct of the research. Tampa Electric will provide LEAF with the results of the feasibility research on or before March 31, 2000, or, if the research is contained in Tampa Electric's DSM plan, within six months after Commission approval of such plan.
- d. Program design will consist of the marketing effort, customer education and the overall evaluation of program effectiveness. Input to the design is expected to come from the aforementioned research. Solar PV is expected to provide an important role in the ultimate green energy program. Tampa Electric will attempt to include the maximum amount of Solar PV in the mix of options for customers, consistent with the results of the market and new product research. LEAF will have a timely opportunity to review and comment on Tampa Electric's program design. However, Tampa Electric will have final control over the design of the program.
- e. Program implementation will begin³ with an initial offering that hopefully garners a response that emulates expected participation levels as projected through the

³The parties recognize that program implementation may be subject to the approval of the Commission and any other required regulatory authorities.

market research. If the response to the initial offering reflects reasonable participation levels consistent with those predicted by Tampa Electric's research⁴, the program will continue and be expanded so long as it remains viable. Viability is measured by the retention or addition of a sufficient number of customers willing to purchase renewable energy under terms that correspond favorably with the terms under which Tampa Electric can purchase the renewable energy. If continuation and expansion occurs, Tampa Electric will have the objective of obtaining 50 kW of PV by the year 2004. Tampa Electric will add PV to its resource mix prior to 2004, if possible. Should Tampa Electric reach its objective of 50 KW of PV in any year prior to 2004, it will increase the objective by a minimum of five additional KW of PV for each subsequent year (e.g., if 50 KW of PV are added in 2002, a minimum of 5 additional Kws of PV will be added in 2003 and 5 additional Kws of PV will be added in 2004). After 2004, Tampa Electric will add PV to its resource mix in 5 KW increments to the extent it can, through diligent effort, secure an adequate number of participants at a minimum of .015 KW of PV per participant. (i.e., the company would add a 5 KW increment of PV per 333 participants).

- f. Tampa Electric will file with the Commission, as part of its DSM Plan designed to meet the goals established in the current docket, a research and development program through which Tampa Electric Company will partner with a government entity engaged in solar PV research (e.g., the Florida Solar Energy Center or the University of South Florida) to evaluate one or more of the following research topics: 1) the development of a thin film solar cell PV construction material designed to maintain PV efficiency while decreasing PV production costs; 2) the price point at which a customer would be willing to install PV arrays on a residence; or 3) another topic agreeable to both Tampa Electric and LEAF.
- g. Tampa Electric will develop and implement a Low Income Conservation Assistance Program designed to increase low income customer participation in DSM programs. Weatherization Agencies throughout Tampa Electric's service area will be given the opportunity to participate in the program. Agency auditors will be utilized to qualify customers for various DSM programs. On an annual basis, Tampa Electric will

⁴The parties recognize that, to a reasonable degree, actual participation levels can be expected to be lower than the participation levels indicated solely through survey responses or other research tools.

provide, at no cost to the Agency, training for Agency auditors. Tampa Electric will rely on the Weatherization Agency auditors to perform the audits, install the conservation measures and invoice Tampa Electric for the applicable DSM incentives relative to the measures installed. Tampa Electric will accept the results of the national energy audit tool ("NEAT") audit (supplemented to address water heating recommendations) done by the Weatherization Agency auditors and pay the agency auditors the incentives described later in this paragraph for measures upon receipt of an invoice validating the measures were installed. If, despite good faith efforts, any county in Tampa Electric's service area lacks an actively participating weatherization agency⁵ within four months of the program being offered, Tampa Electric will, through the assistance of the Florida Housing Coalition, recruit and partner with another affordable housing retrofit agency that is capable of providing conservation audits (via a visual inspection equivalent to that provided by Tampa Electric's auditors) and measure installation services. This system wide approach will be available January 1, 2000. Program coordination will likely be facilitated through the company's Social Service Advisor to capitalize on existing agency relationships. The program will offer the maximum incentive payment that can be cost-effectively provided. The maximum incentive payment available would be \$813 per household. This includes an increase of \$35 per household above current DSM program incentives to be directed for use by the Agency auditor for the purpose of improving the weatherization of the home. Should DSM program incentives, exclusive of said \$35 per household amount, change over time due to program modifications approved by the FPSC, the maximum incentive payment available will change accordingly.

- h. Tampa Electric will design and implement a residential new construction program, Energy Plus, that aims to increase the energy efficiency in new homes above the building code baseline by:
- (1) certifying, as detailed in 2i, below, that new homes are constructed to meet the standards of the EPA's Energy Star Homes Program;
 - (2) promoting the construction and purchase of energy efficient housing by

⁵An actively participating weatherization agency is one that consistently participates in the program, i.e., whenever applicable, installs and invoices Tampa Electric for program measures.

educating, builders (for profit and non-profit), trade groups, architects, realtors, lenders, and home buyers in a manner designed to transform the residential new construction market by influencing decisions toward energy efficiency in building techniques and practices;

- (3) an emphasis on securing participation by affordable housing builders and buyers through educational efforts, coordinated through affordable housing funders and affordable housing builders and buyers; and
- (4) encouraging environmentally sensitive building techniques.

Tampa Electric anticipates including the Energy Plus Program in the company's DSM Plan filed for PSC approval to implement the conservation goals set in this docket.

- i. Tampa Electric will certify, by the year 2000, a minimum of 3% of participating Energy Plus homes to Energy Star status, increasing to 20% by the year 2009. Certification will include any necessary testing and verification (including, at minimum, inspection or testing services to assure HVAC duct closure). Certification will be provided at no cost to participating builders or homeowners.
- j. Initiatives pursuant to 2h, above, will include, at minimum:
 - (1) Tampa Electric will establish a partnership with The Florida Energy Extension Service to provide educational workshops designed to promote the construction and purchase of energy efficient housing. This partnership will also allow educational workshops that can assist with market transformation in the residential new construction arena, particularly in areas of emerging technologies associated with renewable energy as well as more efficient construction practices. The promotion of "Build Green and Profit" and "Buy Green and Save" will be integral to these workshops. Tampa Electric, in conjunction with the Florida Energy Extension Service, will schedule and conduct two workshops annually beginning in 1999 and 2000 and continuing as needed for so long as they contribute to the cost effectiveness of the Energy Plus program. Tampa Electric will allow these workshops to be conducted, free of charge, at the company's Energy Technology Resource Center (ETRC). The ETRC, located in the heart of Tampa Electric's service territory, is a facility dedicated to transforming

various segments of the marketplace into efficient energy consumers as well as introducing products and equipment designed and built with energy efficiency integral to their functionality. The ETRC has resources such as classroom/meeting areas, equipment demonstration capabilities, a product display area, and a PC based computer lab where the proper use of computer models for efficient construction design could be taught.

- (2) In conjunction with lending institutions, local housing and community development groups, non-profit and for profit builders, Tampa Electric will also provide home buyer workshops designed to educate new owners on topics such as the benefits of buying Energy Plus homes, efficient operation of electrical appliances, energy conservation practices and what to look for when replacing appliances. Tampa Electric will make reasonable efforts to promote participation in these home buyer workshops, including holding them at venues such as home shows that have captive audiences, and promoting the classes through LEAF and other organizations, whose members would likely be interested in participating. One workshop will be conducted in 1999 and two workshops will be conducted annually beginning in 2000. These workshops will continue as long as they contribute to the effectiveness of the Energy Plus Program.
- (3) Tampa Electric will identify affordable housing funders, builders and community development entities in its service area, and will encourage them to attend educational seminars and workshops related to energy efficient construction that are coordinated through the Florida Energy Extension Service. Tampa Electric will provide a resource person in the area of energy efficiency to assist in the facilitation of the workshops. Tampa Electric will identify and seek a working relationship with affordable housing funders, affordable housing builders (such as Habitat for Humanity) and community development entities in the service area in order to increase the energy efficiency of low income new home construction. Tampa Electric will provide free design assistance to help to achieve the Energy Plus Program certification standards for the construction practices of these groups.

- k. Tampa Electric will develop and market energy efficiency options to Commercial/Industrial customers as a stand-alone business project and receive no support through the ECCR clause for technologies that are not part of Tampa Electric's DSM programs. Tampa Electric, in its annual report to LEAF, will summarize actual energy efficiency achievements of Tampa Electric's commercial and industrial customers that are part of this initiative that will include: the number of completed projects by end-use; the annual kWh and winter and summer kW savings for the completed projects; and the number of new projects that are in progress (signed contracts) by end-use. Tampa Electric agrees to pursue this initiative in good faith for so long as it remains a viable business venture. Tampa Electric reserves the right to reduce or eliminate this initiative if, in Tampa Electric's opinion, such action is warranted by sound business judgment, taking into account, but not limited to, such considerations as: whether the project remains profitable to Tampa Electric; whether participating customers are able and willing to pay the cost of participation; whether customer participation can be maintained at reasonable levels; and whether the Tampa Electric corporate structure can support this initiative.
 - l. Where appropriate, Tampa Electric will seek FPSC approval to undertake the program initiatives described above by including these efforts in the company's programs and/or participation standards submitted in the subsequent proceeding to consider Tampa Electric's DSM Plan for satisfying the conservation goals established in this proceeding.
 - m. Tampa Electric will furnish an annual report to LEAF by April 1 identifying the accomplishments relative to the initiatives contained in this Stipulation. This report will supersede all other reporting requirements agreed upon in FPSC Order No. PSC-95-1346-S-EG.
3. This Stipulation shall become null and void, and Tampa Electric shall be relieved of any on-going obligation pursuant to paragraph 2 above in the event:
 - a. The conservation goals established in this proceeding are, in Tampa Electric's judgment, materially higher than those proposed by Tampa Electric, or
 - b. Any regulatory or legislative change substantially impairs Tampa Electric's ability to recover its costs for the initiatives stated in paragraph 2, provided, however, that

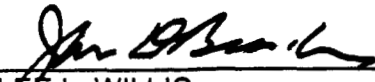
Tampa Electric commits to make good faith efforts to recover such costs, including making reasonable modifications to facilitate cost recovery.

4. This Stipulation is expressly conditioned on 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 this 9th day of July 1999.

TAMPA ELECTRIC

LEGAL ENVIRONMENTAL ASSISTANCE
FOUNDATION, INC.

By 
LEE L. WILLIS
JAMES D. BEASLEY
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302

By 
DEBRA SWIM
1114 Thomasville Road, Suite E
Tallahassee, FL 32303