

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of numeric conservation goals by Tampa Electric Company. | DOCKET NO. 040033-EG  
ORDER NO. PSC-04-0765-PAA-EG  
ISSUED: August 9, 2004

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman  
J. TERRY DEASON  
LILA A. JABER  
RUDOLPH "RUDY" BRADLEY  
CHARLES M. DAVIDSON

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING NUMERIC CONSERVATION  
GOALS FOR TAMPA ELECTRIC COMPANY

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

Section 366.82, Florida Statutes, part of the Florida Energy Efficiency and Conservation Act (FEECA), requires us to adopt goals to increase the efficiency of energy consumption, increase the development of cogeneration, and reduce and control the growth rates of electric consumption and weather-sensitive peak demand. Pursuant to Section 366.82(2), Florida Statutes, we must review a utility's conservation goals not less than every five years. These statutes are implemented by Rules 25-17.001 and 25-17.0021, Florida Administrative Code.

We first established numeric conservation goals for Tampa Electric Company (TECO) in Order No. PSC-94-1313-FOF-EG, issued October 25, 1994 in Docket No. 930551-EG, In Re: Adoption of Numeric Conservation Goals and Consideration of National Energy Policy Act Standards (Section 111) by Tampa Electric Company, aff'd, Legal Environmental Assistance Foundation, Inc. v. Susan F. Clark, et al. as Florida Pub. Serv. Comm'n, 668 So. 2d 982 (Fla. 1996). In that order, we found:

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We will set overall conservation goals for each utility based on measures that pass both the participant and RIM tests. The record in this docket reflects that the difference in demand and energy saving between RIM and TRC portfolios are negligible. We find that goals based on measures that pass TRC but not RIM would result in increased rates and would cause customers who do not participate in a utility DSM measure to subsidize customers who do participate. Since the record reflects that the benefits of adopting a TRC goal are minimal, we do not believe that increasing rates, even slightly, is justified.

We set numeric conservation goals for TECO a second time in Order No. PSC-99-1942-FOF-EG, issued October 1, 1999, in Docket No. 971007-EG, In Re: Adoption of Numeric Conservation Goals by Tampa Electric Company. In setting TECO's numeric goals, we accepted a stipulation between TECO and the Legal Environmental Assistance Foundation. Again, TECO's numeric goals were based on measures that passed the participant and Rate Impact Measure (RIM) tests.

The instant docket, opened on January 13, 2004, represents the third time that we will set numeric conservation goals for TECO. On June 1, 2004, TECO timely filed its new numeric goals. TECO also filed testimony and exhibits in support of its proposed numeric goals.

This Order addresses TECO's petition for approval of its numeric conservation goals. We have jurisdiction over this matter pursuant to Sections 366.81 and 366.82, Florida Statutes.

#### Numeric Conservation Goals

In developing its numeric conservation goals, TECO evaluated the measures identified by us when we set goals in 1994 and again in 1999. In addition, TECO separately evaluated measures from its existing demand-side management (DSM) programs. The evaluation considered the issues and end-use categories specified in Rule 25-17.0021(3), Florida Administrative Code. All potential measures were evaluated against a base case, supply-side only expansion plan for cost-effectiveness using the RIM, Total Resource Cost (TRC), and participant tests. From TECO's analysis, eleven residential and twenty-five commercial/industrial measures passed the RIM test. The seasonal demand and annual energy savings associated with these cost-effective measures were summed by market segment to arrive at TECO's proposed goals.

TECO's goals are as follows:

PROPOSED CONSERVATION GOALS - CUMULATIVE

Year	Residential			Commercial / Industrial		
	Summer MW	Winter MW	Annual GWh	Summer MW	Winter MW	Annual GWh
2005	2.4	4.0	7.0	2.1	1.0	6.7
2006	4.4	6.7	12.6	4.4	2.0	12.8
2007	6.2	9.1	17.9	6.0	2.9	18.4
2008	7.9	11.4	22.7	7.7	3.8	23.4
2009	9.5	13.4	27.2	9.3	4.7	27.8
2010	10.9	15.2	31.2	10.7	5.5	31.7
2011	12.2	16.7	34.9	12.1	6.2	35.0
2012	13.3	18.1	38.2	13.3	6.9	37.7
2013	14.3	19.2	41.0	14.3	7.6	39.9
2014	15.2	20.1	43.5	15.3	8.2	41.5

According to its most recent FEECA report, TECO has been successful in surpassing five of its six current numeric conservation goals that we set in 1999. TECO has not met its current residential winter demand goal, primarily because of decreased participation in existing DSM programs. All six of TECO's proposed numeric goals are considerably lower than the current goals. The primary reasons for the reduced goals are: (1) the existing Residential Load Management, a substantial contributor to demand savings in past years, is no longer cost-effective and is not used to set TECO's proposed goals; (2) TECO expects decreased participation in existing DSM programs due to saturation; and, (3) the cost of combustion turbine generating units has substantially decreased in the last five years. A comparison of TECO's current and proposed conservation goals is shown below.

COMPARISON OF CURRENT AND PROPOSED CONSERVATION GOALS

Year	Residential			Commercial / Industrial		
	Summer MW	Winter MW	Annual GWh	Summer MW	Winter MW	Annual GWh
Current (cumulative 2000-2009)	40.3	109.1	75.3	30.8	13.4	114.1
Proposed (cumulative 2005-2014)	15.2	20.1	43.5	15.3	8.2	41.5

We have reviewed the programs, assumptions, and evaluation methodology used by TECO and find them to be reasonable. The DSM measures evaluated are based on an adequate assessment of the market segments and major end-use categories in accordance with Rule 25-17.0021(3), Florida Administrative Code. In addition, as required by the rule, TECO's analysis adequately reflects consideration of overlapping measures, rebound effects, free riders, interactions with building codes and appliance efficiency standards, and TECO's latest monitoring and evaluation of conservation programs and measures. TECO's chosen avoided unit and the associated assumptions reflect the information provided in TECO's latest Ten-Year Site Plan and is reasonable. TECO appropriately used the RIM and participant tests to determine the cost-effective level of achievable DSM goals. Therefore, TECO's proposed conservation goals are hereby approved.

Rule 25-17.0021(4), Florida Administrative Code, requires each FEECA utility to submit for our approval a demand-side management plan designed to meet the utility's approved goals, within 90 days of the issuance of our order approving conservation goals. In accordance with the rule, TECO is required to submit its DSM Plan within 90 days of the issuance of the order consummating this Proposed Agency Action Order. TECO's plan shall also specify the DSM programs which will be offered by TECO in order to meet its approved DSM goals for 2005 through 2014. The plan shall provide the information about each program specified in Rule 25-17.0021(4), Florida Administrative Code, including: 1) details of the policies and procedures of the program; 2) the number of eligible customers; 3) participation estimates; 4) demand and energy savings estimates; 5) a methodology for measuring the actual program savings; and 6) cost-effectiveness estimates.

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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Tampa Electric Company's proposed annual numeric residential winter demand, summer demand, and annual energy conservation goals for the period 2005 through 2014 shall be approved as set forth in the body of this Order. It is further

ORDERED that Tampa Electric Company's proposed annual numeric commercial/industrial winter demand, summer demand, and annual energy conservation goals for the period 2005 through 2014 shall be approved as set forth in the body of this Order. It is further

ORDERED that Tampa Electric Company is required to file a demand-side management plan within 90 days of the issuance of the order consummating this Proposed Agency Action Order. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that this docket shall remain open to allow the Commission to address Tampa Electric Company's demand-side management plan.

By ORDER of the Florida Public Service Commission this 9th day of August, 2004.

BLANCA S. BAYÓ, Director  
Division of the Commission Clerk  
and Administrative Services

By: Marcia Sharma  
Marcia Sharma, Assistant Director  
Division of the Commission Clerk  
and Administrative Services

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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 that is available under Section 120.57, 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 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 the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 30, 2004.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.