

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for Approval of)	DOCKET NO. 900091-EG
Energy Conservation Plan by)	ORDER NO. 23560
Florida Power & Light Company.)	ISSUED: 10-02-90
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 FRANK S. MESSERSMITH

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING PORTIONS OF FLORIDA
POWER & LIGHT COMPANY'S CONSERVATION PLAN

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 adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

CASE BACKGROUND

During the 1989 regular session, the Legislature of the State of Florida amended Section 366.82, Florida Statutes, requiring this Commission to adopt goals for increasing the efficiency of energy consumption and increasing the development of cogeneration. Section 366.82, Florida Statutes also directed the Commission to require affected electric and natural gas utilities to submit updated energy conservation programs. On November 14, 1989 this Commission issued Order No. 22186, adopting the goals stated in Rule 25-17.001, Florida Administrative Code, and required the affected utilities to submit new and revised plans and programs to meet the goals within 90 days of the issuance of the Order. Also in the Order, this Commission stated that the conservation programs will be judged by the following criteria:

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1. Does each component program advance the policy objectives set forth in Rule 25-17.001 and the FEECA statute?
2. Is each component program directly monitorable and yield measurable results?
3. Is each component program cost effective? (This Commission stated that municipal and cooperative utilities were free to implement non-cost effective programs if they so desired).

The utilities were directed to file programs in four areas: (1) demand side management programs; (2) natural gas programs where cost effective; (3) residential energy audits; and (4) a program for attracting qualifying facilities (cogeneration) into its service area.

Subsequently this Commission deleted that part of Order No. 22176 requiring the electric utilities promotion of gas programs.

Intervention in this docket was granted to Treasure Coast Regional Planning Council, ManaSota 88 and Florida Industrial Cogeneration Association.

Conservation Plan

We have reviewed FPL's filings which contain 21 programs. They are listed in Appendix A to this Order and include 7 conservation programs; 2 non-firm load offerings; 2 energy audit programs; 1 load-shifting program; 7 research and development programs; and the discontinuance of FPL's HELP program and its C/I Energy Analysis Program. In addition, FPL provided a description of its cogeneration plan.

Our Staff with certain exceptions recommends approval of each program as being cost effective, monitorable, and yielding measurable results. It should be noted that this Order is being issued as proposed agency action and should it be protested and FPL elects to implement its new or modified programs, it does so at its own risk, should any part of the program be rejected in the final order.

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In addition our Staff has recommended that FPL's existing C/I Energy Analysis (audit) program be discontinued and replaced with the proposed C/I Walk-Through Energy Survey. The latter provides the customer and the utility with the same type of information listed in the former program, but does not attribute demand and energy reductions to it. Also our Staff recommends that FPL not discontinue its conservation HELP (Home Energy Loss Prevention) program, but rather consider changes to the program to enhance its implementation and cost-effectiveness. According to Staff the low cost, no cost residential conservation measures which this program targets (caulking, weatherstripping, water heater wraps, water flow restrictors, etc.) could be expanded to include other areas, for example, simple energy efficient lighting applications. Staff recommends that FPL reconsider its installation strategy as it appears that significant opportunities exist to streamline the HELP process to benefit the customer, contractor and utility. We agree with Staff that the utility should increase its attention to this program, and file with this Commission by April 1, 1991 a petition for its modification and continuance.

Cogeneration Plan

Our Staff did not recommend approval of FPL's cogeneration plan. It was recommended that the Commission take no action at this time but allow FPL to continue to recover its costs related to cogeneration activities through ECCR. We agree and this Commission will revisit FPL's cogeneration plan when the Commission has adopted its cogeneration rule.

Program Participation Standards

We also concur with Staff's recommendation that FPL should file program participation standards within 30 days of the issuance of the final order in this docket. Those standards should clearly state the utility's requirements for program participation, eligibility requirements for the utility customer, details on how rebates or incentives will be processed, technical specifications on equipment eligibility, and necessary reporting requirements.

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Internal Controls and Independent Audit

We concur in our Staff's suggestion that in order to establish adequate auditing information, we should require FPL's system of internal accounting controls for each conservation program to be adequate to provide FPL and the Commission with a reasonable assurance that the conservation program assets are safeguarded against loss from unauthorized use or disposition; and that transactions are executed in accordance with Commission authorization and are recorded properly to prevent the preparation of financial conservation cost recovery exhibits in accordance with generally accepted accounting principles. To ensure compliance, Staff recommends that FPL should obtain an independent audit every two years. We agree an audit would be appropriate but at this time we will only require the audit to be conducted two years after the date this Order, and we will review the necessity of additional independent audits then.

Therefore, based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light's conservation plan is approved subject to the conditions and exceptions discussed in the body of this Order. It is further

ORDERED that consideration of Florida Power & Light's cogeneration program will be deferred until after resolution of our cogeneration rule docket (Docket No. 891049-EU). The utility is authorized to continue recovering the costs associated with its cogeneration program during the interim. It is further

ORDERED that Florida Power & Light submit its detailed program participation standards as described in the body of this order to the Electric and Gas Division for its administrative approval. It is further

ORDERED that Florida Power & Light Company shall provide, on a one-time basis, an opinion from an outside audit firm that its internal accounting controls for conservation expenditures are appropriate. Any need for further outside audit opinions will be addressed at a later date if necessary. It is further

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ORDERED that rate base treatment of incentives be deferred for consideration in the pending cost-effectiveness docket (Docket No. 891324-EU) or in a separate docket established for that purpose. It is further

ORDERED that the position urged by Staff in the issue regarding the treatment of lost revenues in the cost-effectiveness calculation for conservation programs is denied. The role of lost revenues in the cost-effectiveness calculation will be considered in Docket No. 891324-EU. It is further

ORDERED that Florida Power & Light Company's research and development programs may be conducted with the related expenditures restricted to \$3,358,900 as set forth in its filings. It is further

ORDERED that if a protest is filed within 20 days of the date of this Order it will be resolved by the appropriate Commission panel pursuant to Rule 25-22.006(3)(d), Florida Administrative Code.

By ORDER of the Florida Public Service Commission,
this 2nd day of OCTOBER, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

(7997L)MRC:bmi

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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

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requests for an administrative hearing or judicial review will be granted or result in the relief sought.

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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on October 23, 1990.

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, and as reflected in a subsequent order.

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 adversely 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 sewer 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.

APPENDIX A
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FPL'S PROPOSED CONSERVATION PLAN

<u>CONSERVATION PROGRAMS</u>		<u>INCREMENTAL SUMMER MW PEAK REDUCTION (1990-2008)</u>
Residential Ceiling Insulation	E	54
Window Treatment	E	20
Conservation Water Heating	M	4
C/I Efficient Lighting	E	51
High Efficiency Residential HVAC	N	176
New C/I Energy Systems Planning	N	-
C/I Petrofit Program for Water-cooled Chillers	N	171
HELP (Home Energy Loss Prevention)	X	-
	Total	476
<u>NON-FIRM LOAD PROGRAMS</u>		
Residential Load Control	E	622
C/I Load Management	N	226
	Total	848
<u>ENERGY AUDITS</u>		
C/I Walk Through Energy Survey	N	-
Residential Conservation Service Audits	E	-
C/I Energy Analysis	X	-
<u>LOAD SHIFTING PROGRAMS</u>		
C/I Thermal Storage	N	129
	Total	129
<u>RESEARCH & DEVELOPMENT PROGRAMS</u>		
Residential Thermal Storage	N	19*
C/I Water Heating Heat Pump	N	3*
Cold Air Distribution	N	5*
Heat Pipes	N	138*
Central Chiller/Rooftop Conversion	N	11*
C/I Stored Water Heating	N	55*
Conservation R&D Program	I	-
	Total	231*

* Projected
E: Existing Program
M: Modification of Existing Program

X: Discontinue Program
I: Investigation