

FLORIDA PUBLIC SERVICE COMMISSION  
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M E M O R A N D U M

MARCH 7, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC & GAS (WHEELER, SHINE) <sup>DW</sup> RESCA  
DIVISION OF LEGAL SERVICES (ERSTLING) <sup>RLT</sup> RVE

RE: DOCKET NO. 960130-EG - PETITION TO LIMIT AVAILABILITY OF  
COMMERCIAL/INDUSTRIAL LOAD CONTROL PROGRAM BY FLORIDA  
POWER & LIGHT COMPANY

AGENDA: MARCH 19, 1995 - REGULAR AGENDA - TARIFF FILING -  
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: APRIL 5, 1996 - 60-DAY TARIFF SUSPENSION

SPECIAL INSTRUCTIONS: I:\PSC\EAG\WP\960130.RCM

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FPL's optional Commercial/Industrial Load Control (CILC) program has been in effect as a permanent rate since October 1990. Under this non-firm rate, customers pay a rate lower than their otherwise applicable firm rate in return for allowing FPL to control (i.e. interrupt) a portion of their load during certain emergency situations, such as capacity shortages.

On February 5, 1996, FPL petitioned the Commission for a proposed tariff change to limit CILC customers to those who were either taking service under the rate schedule or had a fully executed CILC contract to take service as of that date. This proposed change essentially would close the tariff to new customers as of February 5, 1996.

DISCUSSION OF ISSUES

ISSUE 1: Should Florida Power & Light Company's proposal to limit the availability of its Commercial/Industrial Load Control (CILC) Program be approved?

RECOMMENDATION: Yes. FPL's CILC program has reached the cost-effective level of participation established in the conservation

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goals hearing, and should be closed to new customers as of March 1996. (WHEELER, SHINE)

**STAFF ANALYSIS:** In the conservation goals hearing in Docket No. 941170-EG the Commission set DSM goals for FPL's approved conservation programs. In support of these goals, FPL's analysis for its CILC program indicated that in the years 1995 through 2000, FPL could cost-effectively add up to a total of 137 Megawatts (MW) of incremental CILC load at the meter. This is in addition to the existing 1994 CILC load of 335 MW.

As of the date of its petition, FPL has indicated that it has already received executed CILC agreements totaling about 150 MW. Thus, FPL has exceeded the 137 MW target it expected to reach over the next five years in slightly more than one year.

Rule 25-6.0438(6), Florida Administrative Code requires that the utility maintain its non-firm loads at or below their maximum cost-effective levels. The rule also states that the Commission in a rate proceeding can penalize those utilities whose efforts to maintain their non-firm load below the maximum cost-effective level are not prudent.

The staff believes that it is appropriate to close the CILC rate schedule to new customers at this time. Failure to do so will result in a level of CILC load which is in excess of what FPL projected to be cost effective, and will inappropriately shift costs to FPL's remaining body of ratepayers.

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**ISSUE 2:** What is the appropriate effective date of the proposed tariff change? (WHEELER)

**RECOMMENDATION:** March 19, 1996.

**STAFF ANALYSIS:** If the Commission votes to close the CILC rate to new customers, staff believes that the closure should be effective on March 19, 1996, the day of the Commission vote.

FPL has requested that the CILC rate be closed effective as of the day their petition was filed on February 5, 1996. Staff believes that this is not appropriate, since it asks the Commission to retroactively close a rate schedule. Staff believes that the closure of the tariff can not be effective prior to the date the Commission votes to close it.

FPL requested the February 5, 1996 closure date because, as of the date of their petition, the rate is already oversubscribed, and they do not wish to exacerbate the situation.

While the staff understands FPL's concerns, they believe that an adequate remedy in this situation exists under Rule 25-6.0438(4)(c), Florida Administrative Code. Under the rule, if a utility believes that providing interruptible service to a customer who otherwise qualifies will not result in benefits to the general body of ratepayers, they can apply to the Commission for authorization to refuse service to the customer. Staff believes that this rule provides adequate opportunity for FPL to justify not offering the rate to customers who made application between February 5, 1996 and the date of this agenda conference, based on the contention that their addition will result in a level of participation that is not cost-effective.

**ISSUE 3:** Should this docket be closed?

**RECOMMENDATION:** Yes. (ERSTLING)

**STAFF ANALYSIS:** If a protest is filed within 21 days of the Commission order approving this tariff, the tariff should remain in effect pending resolution of the protest, with any increased revenue held subject to refund. If no protest is filed, this docket may be closed.