

FLORIDA PUBLIC SERVICE COMMISSION

Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

M E M O R A N D U M

APRIL 2, 1997

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

FROM: DIVISION OF ELECTRIC & GAS (COLSON) *RC DS RTT*
DIVISION OF LEGAL SERVICES (KEATING) *WCC RVE*

RE: DOCKET NO. 960624-EG - JOINT MOTION REQUESTING
COMMISSION ACCEPTANCE OF THE STIPULATION OF FLORIDA
POWER AND LIGHT COMPANY AND LEGAL ENVIRONMENTAL
ASSISTANCE FOUNDATION.

AGENDA: 04/14/97 - REGULAR AGENDA - ACTION ON STIPULATION -
PARTIES MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\960624EG.RCM

CASE BACKGROUND

Order No. PSC-95-0691-FOF-EG issued June 9, 1995, approved Florida Power & Light Company's (FPL) numeric demand-side management (DSM) goals. This plan contains twenty-six programs, including a Green Pricing Concept program.

On May 17, 1996, FPL filed a request for the approval of a two-year Green Pricing Research and Development Project (GPRDP), as part of the Company's DSM plan, and for the recovery of reasonable and prudent program expenditures through the Energy Conservation Cost Recovery Clause (ECCR) clause. FPL's GPRDP is a further refinement to the existing concept program. It reflects projected program costs and additional information developed subsequent to the initial program filing.

The objective of the GPRDP is to test FPL customer response to a Green Pricing initiative. Under the GPRDP, FPL will solicit contributions from its customers to be used to purchase, install, maintain and operate photovoltaic (PV) modules on FPL's system.

DOCUMENT NUMBER-DATE
03365 APR-26
FPSC-RECORDS/REPORTING

Docket No. 960624-EG
April 2, 1997

Except in limited applications, PV modules are not currently cost-effective due to the high initial costs. However, with voluntary contributions placed into a separate Green Pricing Fund, FPL will acquire PV modules and ancillary interconnection equipment. These modules will be located on one or more sites such as power plants, substations, and/or other locations throughout FPL's service territory. Ultimately, the level of customer contributions will determine the level of FPL investment in PV modules and ancillary equipment.

Initially, FPL will solicit contributions from all classes of customers through bill inserts and direct mail efforts. Inserts will include some tear-off coupon identifying various contribution amounts. Based on the response from the initial solicitation, FPL may try additional or alternative solicitation methods. FPL will also solicit the assistance of such interested groups as the Audubon Society, the Sierra Club, the Florida Solar Energy Center and others, to help inform the public about this effort.

Over the two-year trial period, FPL proposes to recover the following marketing and administrative costs for the pilot effort through the ECCR clause.

FPL estimated that the costs for the research project (over and above the level of voluntary contributions made by customers) are as follows:

Marketing Costs	\$250,000
Administrative Costs	\$189,000
Research Costs	<u>\$ 36,000</u>
Total Research Project Costs	\$475,000

This program's administrative costs are subject to review and recovered through the ECCR clause.

Based on the preliminary information submitted by FPL, the Commission found that the Green Pricing program would contribute toward the commercialization of renewable technologies and may stimulate economic and technological growth in renewable technologies. Therefore, on July 24, 1996, the Commission issued Order PSC-96-0955-FOF-EG approving the petition.

On August 14, 1996, the Legal Environmental Assistance Foundation (LEAF) filed a Petition for Hearing in this docket. LEAF's petition dispute FPL's fairness, justness, reasonableness and prudence of its proposed GPRDP.

On March 19, 1997, LEAF and FPL filed a Joint Motion Requesting Commission Acceptance of the Stipulation of FPL and LEAF in this Docket.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve the Joint Motion Requesting Commission Acceptance of the Stipulation of Florida Power & Light Company (FPL) and Legal Environmental Assistance Foundation, Inc. (LEAF), and approve recovery of total costs not to exceed \$475,000 over the two-year project period?

RECOMMENDATION: Yes. The action undertaken by FPL pursuant to the stipulation with LEAF is intended to enhance FPL's Green Pricing Research and Development Project (GPRDP).

STAFF ANALYSIS: The objective of the GPRDP is to test FPL customer response to a Green Pricing initiative. Under this Project, FPL will solicit contributions from its customers to be used to purchase, install, maintain and operate photovoltaic (PV) modules on FPL's system.

According to the stipulation, LEAF agrees to undertake the following actions:

1. Withdraw its request for hearing in this Docket.
2. Support FPL's GPRDP as modified by FPL's agreement set forth hereinafter.

According to the stipulation, FPL agrees to undertake the following actions:

1. **Identification of the Project:** FPL will identify the project to its customers, as specifically as possible, including the type, size and location of planned solar PV facilities to be installed as a result of its customers solicitation efforts. FPL commits to construct a least the minimum sized (10kW PV Module, estimated to cost \$70,000) installation if adequate funding is received by December 31, 1997.
2. **Marketing of Project:** In addition to its planned bill stuffer and two direct mailings, FPL will use other appropriate marketing techniques.
3. **Location of Project:** FPL will construct the first project at its Martin site.

4. **FPL Corporate Statement:** FPL will create a corporate statement regarding clean renewable energy sources that it will include, as appropriate, in its marketing material.

5. **Future Conduct Based on R&D Results:**

a. FPL will establish criteria for defining the success of the GPRDP. FPL agrees that if the GPRDP meets these criteria, it will file with the Commission for implementation of a Green Pricing Program as part of FPL's DSM plan.

b. FPL will consider centrally located, highly visible sites for future installations.

c. FPL will adjust its billing system to allow monthly payments/check-off for contributions from customers.

d. In determining the cost-effectiveness for GPRDP, FPL will consider in its calculations any net benefits from capacity deferral.

This stipulation is subject to the jurisdiction of the Florida Public Commission, and will become null and void in the event it is not approved by the Commission. This agreement will also terminate in the event of the introduction of retail competition in FPL's service territory.

FPL believes that if retail competition becomes the law in Florida, it is not clear what kind of ECCR clause there may be or if FPL will be able to recover its costs. Some of the costs, such as advertising, are paid by all ratepayers. The PV cell itself will be paid for by participants. Also, under competition, the placement of PV cells may be different. If the participants pay, the cells may have to be placed where only the participants benefit. FPL's plan now is to place the PV cells where all ratepayers benefit.

This agreement is for a period of four years. The four year term of this agreement will provide closure to this stipulation and will not alter the two-year term set for the GPRDP previously approved in Order No. PSC-96-0955-FOF-EG, issued July 24, 1996. Both LEAF and FPL agrees that without a Commission approved extension of the GPRDP, there is no obligation for FPL to adhere to the stipulation beyond the two-year GPRDP. The GPRDP's two-year administrative cost cap of \$475,000, also approved in Order No. PSC-96-0955-FOF-EG will not be altered by the stipulation.

DOCKET NO. 960624-EG
APRIL 2, 1997

Staff believes that the stipulation will not alter FPL's objective to test its customer's response to a Green Pricing initiative. Therefore, staff recommends that the Commission approve the Joint Motion.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If the Commission approves Staff's recommendation in Issue 1 and if no party files a Motion for Reconsideration or Notice of Appeal of the Commission's Final Order, no further action will be required in this docket. Therefore, this docket should be closed.

STAFF ANALYSIS: If the Commission approves Staff's recommendation in Issue 1 and if no party files a Motion for Reconsideration or Notice of Appeal of the Commission's Final Order, no further action will be required in this docket. Therefore, this docket should be closed.