

AUSLEY & MCMULLEN

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June 9, 1998

BY HAND DELIVERY

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Tampa Electric Company's Petition to Modify Heating and Cooling Program; Docket No. 980724-EG

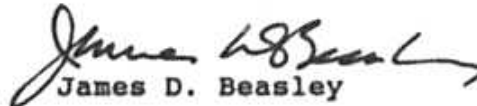
Dear Ms. Bayo:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Tampa Electric Company's Petition to Modify Heating and Cooling Program.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning the same to this writer.

Thank you for your assistance in this matter.

Sincerely,


James D. Beasley

ACK _____
AFA _____
APP _____
CAF _____
CMU _____
CTR _____
EAG _____
LEG _____
LIN _____
OPC _____
RCH _____
SEC _____
WAS _____
OTH _____

JDB/bjm
Enclosures

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

06142 JUN-98

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Tampa Electric Company's)
Petition to Modify Heating and)
Cooling Program.)
_____)

DOCKET NO. _____
FILED: June 9, 1998

**TAMPA ELECTRIC COMPANY'S PETITION
TO MODIFY HEATING AND COOLING PROGRAM**

Tampa Electric Company ("Tampa Electric" or "the company") files this its Petition for approval of certain modifications to the company's Heating and Cooling Program, and in support thereof, says:

1. Tampa Electric is an investor-owned electric utility operating under the jurisdiction of this Commission and serving retail customers in Hillsborough and portions of Polk, Pinellas and Pasco Counties. The company's principal offices are located at 702 North Franklin Street, Tampa, Florida 33602.

2. The persons to whom all notices and other documents should be sent in connection with this docket are:

Mr. Lee L. Willis
Mr. James D. Beasley
Ausley & McMullen
Post Office Box 391
Tallahassee, Florida 32302

Ms. Angela Llewellyn
Regulatory Specialist
Tampa Electric Company
Post Office Box 111
Tampa, Florida 33601

3. Tampa Electric Company's Heating and Cooling Program is an integral part of the company's overall DSM Plan approved by the Commission in Docket No. 941173-EG, Order No. PSC-95-1346-S-EG, issued November 1, 1995. As such, it is a vital part of the company's effort to attain DSM goals in the residential sector.

4. The objective of the Heating and Cooling Program is to encourage customers to replace inefficient air conditioning systems

that utilize strip heaters as the sole source of heat with high efficiency heat pumps. This decision point generally comes when the customer is facing a major repair or total replacement of the old system. Strip heat, while less expensive than a heat pump on the front end, is far less efficient than a heat pump over the long term. Tampa Electric offers a rebate to the customer to help offset the additional equipment cost for the upgraded system.

5. Using the Commission's three prescribed tests for cost-effectiveness (RIM, Participant, and TRC) Tampa Electric Company annually reviews the cost-effectiveness of each DSM program contained in our DSM Plan. Our latest analysis indicates that the Heating and Cooling Program (Levels 1 & 2) is no longer cost-effective and warrants modification in order to continue providing a significant contribution to the company's DSM Plan.

6. Tampa Electric Company proposes to modify the Heating and Cooling Program in the following manner:

- a. establish a one level minimum threshold for qualification of a system at a Seasonal Energy Efficiency Rating (SEER) value of 12.0; and
- b. provide the customer a rebate of \$250 for a qualifying system.

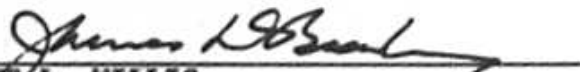
7. The dealer/salesman incentive for selling a qualifying system and our Heating and Cooling Program advertising efforts will continue. We recognize these two aspects to be paramount in the continued success of this program.

8. Attached to this petition are Exhibits A, B, and C. Exhibit A is the Commission methodology for determining cost-effectiveness applied to the proposed modifications. As can be seen, the benefit/cost ratios for the tests are greater than 1.0. Exhibit B contains the evaluation inputs for the proposal. Exhibit C is the resulting cost-effectiveness analyses for both levels of the current program which led to Tampa Electric's decision to seek modification.

WHEREFORE, Tampa Electric Company urges the Commission to approve the above described modifications to the company's Heating and Cooling Program.

DATED this 9th day of June, 1998.

Respectfully submitted,



LEE L. WILLIS
JAMES D. BEASLEY
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302
(850) 224-9115

ATTORNEYS FOR TAMPA ELECTRIC COMPANY

I. PROGRAM DEMAND SAVINGS AND LINE LOSSES

(1) CUSTOMER KW REDUCTION AT THE METER	0.29 KW /CUST
(2) GENERATOR KW REDUCTION PER CUSTOMER	1.01 KW GEN/CUST
(3) KW LINE LOSS PERCENTAGE	8.8 %
(4) GENERATION KWH REDUCTION PER CUSTOMER	1,273 KWH/CUST/YR
(5) KWH LINE LOSS PERCENTAGE	8.0 %
(6) GROUP LINE LOSS MULTIPLIER	1.0000
(7) CUSTOMER KWH PROGRAM INCREASE AT METER	0.0 KWH/CUST/YR
(8)* CUSTOMER KWH REDUCTION AT METER	1,197 KWH/CUST/YR

II. ECONOMIC LIFE & K FACTORS

(1) STUDY PERIOD FOR CONSERVATION PROGRAM	19 YEARS
(2) GENERATOR ECONOMIC LIFE	30 YEARS
(3) T & D ECONOMIC LIFE	30 YEARS
(4) K FACTOR FOR GENERATION	1.5753
(5) K FACTOR FOR T & D	1.5753
(6)* SWITCH REV REQ(0) OR VAL-OF-DEF (1)	1

III. UTILITY & CUSTOMER COSTS

(1) UTILITY NONRECURRING COST PER CUSTOMER	132.00 \$/CUST
(2) UTILITY RECURRING COST PER CUSTOMER	0.00 \$/CUST/YR
(3) UTILITY COST ESCALATION RATE	3.0 %
(4) CUSTOMER EQUIPMENT COST	705.00 \$/CUST
(5) CUSTOMER EQUIPMENT ESCALATION RATE	3.0 %
(6) CUSTOMER O & M COST	0.00 \$/CUST/YR
(7) CUSTOMER O & M ESCALATION RATE	3.0 %
(8)* CUSTOMER TAX CREDIT PER INSTALLATION	0.00 \$/CUST
(9)* CUSTOMER TAX CREDIT ESCALATION RATE	0.0 %
(10)* INCREASED SUPPLY COSTS	0.00 \$/CUST/YR
(11)* SUPPLY COSTS ESCALATION RATE	0.0 %
(12)* UTILITY DISCOUNT RATE	9.55%
(13)* UTILITY AFUDC RATE	7.79%
(14)* UTILITY NON RECURRING REBATE/INCENTIVE	250.00 \$/CUST
(15)* UTILITY RECURRING REBATE/INCENTIVE	0.00 \$/CUST/YR
(16)* UTILITY REBATE/INCENTIVE ESCAL RATE	0.0 %

* SUPPLEMENTAL INFORMATION NOT SPECIFIED IN WORKBOOK

IV. AVOIDED GENERATOR, TRANS. AND DIST. COSTS

(1) BASE YEAR	1988
(2) IN-SERVICE YEAR FOR AVOIDED GENERATING UNIT	2001
(3) IN-SERVICE YEAR FOR AVOIDED T & D	1989
(4) BASE YEAR AVOIDED GENERATING UNIT COST	229.00 \$/KW
(5) BASE YEAR AVOIDED TRANSMISSION COST	4.08 \$/KW
(6) BASE YEAR DISTRIBUTION COST	3.94 \$/KW
(7) GEN, TRAN, & DIST COST ESCALATION RATE	2.8 %
(8) GENERATOR FIXED O & M COST	2.65 \$/KW/YR
(9) GENERATOR FIXED O&M ESCALATION RATE	3.0 %
(10) TRANSMISSION FIXED O & M COST	0.27 \$/KW/YR
(11) DISTRIBUTION FIXED O & M COST	0.29 \$/KW/YR
(12) T&D FIXED O&M ESCALATION RATE	3.0 %
(13) AVOIDED GEN UNIT VARIABLE O & M COSTS	0.161 CENTS/KWH
(14) GENERATOR VARIABLE O&M COST ESCALATION RAT	3.0 %
(15) GENERATOR CAPACITY FACTOR	14.25 %
(16) AVOIDED GENERATING UNIT FUEL COST	3.520 CENTS/KWH
(17) AVOIDED GEN UNIT FUEL ESCALATION RATE	4.25 %
(18)* AVOIDED PURCHASE CAPACITY COST PER KW	0.00 \$/KW/YR
(19)* CAPACITY COST ESCALATION RATE	0.0 %

V. NON-FUEL ENERGY AND DEMAND CHARGES

(1) NON-FUEL COST IN CUSTOMER BILL	4.342 CENTS/KWH
(2) NON-FUEL ESCALATION RATE	1.0 %
(3) CUSTOMER DEMAND CHARGE PER KW	0.00 \$/KW/MO
(4) DEMAND CHARGE ESCALATION RATE	1.0 %
(5)* DIVERSITY and ANNUAL DEMAND ADJUSTMENT FACTOR FOR CUSTOMER BILL	1.0

*** CALCULATED BENEFITS AND COSTS ***

(1)* TRC TEST - BENEFIT/COST RATIO	1.16
(2)* PARTICIPANT NET BENEFITS (NPV)	2,539
(3)* RIM TEST - BENEFIT/COST RATIO	1.30

Exhibit B

**Heating and Cooling Program
Input Data**

Customer Rebate (per unit)	\$250
Dealer Incentive (per unit)	\$75
Administration Cost (per unit)	\$57
Incremental Customer Cost (per unit) (1)	\$705
Participation (avg./year)	3,600
Savings (2):	
Winter kW	2.36
Summer kW	0.29
Annual kWh	1,197

(1) Base case unit: central A/C, SEER 10.0 w/ electric strip heat

(2) Based on SRC data

INPUT DATA - PART 1
PROGRAM: Heating & Cooling Level 1

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I. PROGRAM DEMAND SAVINGS AND LINE LOSSES

(1) CUSTOMER KW REDUCTION AT THE METER	0.15 KW /CUST
(2) GENERATOR KW REDUCTION PER CUSTOMER	0.83 KW GEN/CUST
(3) KW LINE LOSS PERCENTAGE	8.6 %
(4) GENERATION KWH REDUCTION PER CUSTOMER	840 KWH/CUST/YR
(5) KWH LINE LOSS PERCENTAGE	6.0 %
(6) GROUP LINE LOSS MULTIPLIER	1.0000
(7) CUSTOMER KWH PROGRAM INCREASE AT METER	0.0 KWH/CUST/YR
(8)* CUSTOMER KWH REDUCTION AT METER	790 KWH/CUST/YR

II. ECONOMIC LIFE & K FACTORS

(1) STUDY PERIOD FOR CONSERVATION PROGRAM	19 YEARS
(2) GENERATOR ECONOMIC LIFE	30 YEARS
(3) T & D ECONOMIC LIFE	30 YEARS
(4) K FACTOR FOR GENERATION	1.5753
(5) K FACTOR FOR T & D	1.5753
(6)* SWITCH REV REQ(0) OR VAL-OF-DEF (1)	1

III. UTILITY & CUSTOMER COSTS

(1) UTILITY NONRECURRING COST PER CUSTOMER	188.00 \$/CUST
(2) UTILITY RECURRING COST PER CUSTOMER	0.00 \$/CUST/YR
(3) UTILITY COST ESCALATION RATE	3.0 %
(4) CUSTOMER EQUIPMENT COST	425.00 \$/CUST
(5) CUSTOMER EQUIPMENT ESCALATION RATE	3.0 %
(6) CUSTOMER O & M COST	0.00 \$/CUST/YR
(7) CUSTOMER O & M ESCALATION RATE	3.0 %
(8)* CUSTOMER TAX CREDIT PER INSTALLATION	0.00 \$/CUST
(9)* CUSTOMER TAX CREDIT ESCALATION RATE	0.0 %
(10)* INCREASED SUPPLY COSTS	0.00 \$/CUST/YR
(11)* SUPPLY COSTS ESCALATION RATE	0.0 %
(12)* UTILITY DISCOUNT RATE	9.55%
(13)* UTILITY AFUDC RATE	7.79%
(14)* UTILITY NON RECURRING REBATE/INCENTIVE	350.00 \$/CUST
(15)* UTILITY RECURRING REBATE/INCENTIVE	0.00 \$/CUST/YR
(16)* UTILITY REBATE/INCENTIVE ESCAL RATE	0.0 %

* SUPPLEMENTAL INFORMATION NOT SPECIFIED IN WORKBOOK

IV. AVOIDED GENERATOR, TRANS. AND DIST. COSTS

(1) BASE YEAR	1998
(2) IN-SERVICE YEAR FOR AVOIDED GENERATING UNIT	2001
(3) IN-SERVICE YEAR FOR AVOIDED T & D	1999
(4) BASE YEAR AVOIDED GENERATING UNIT COST	229.00 \$/KW
(5) BASE YEAR AVOIDED TRANSMISSION COST	4.06 \$/KW
(6) BASE YEAR DISTRIBUTION COST	3.94 \$/KW
(7) GEN, TRAN, & DIST COST ESCALATION RATE	2.8 %
(8) GENERATOR FIXED O & M COST	2.85 \$/KW/YR
(9) GENERATOR FIXED O&M ESCALATION RATE	3.0 %
(10) TRANSMISSION FIXED O & M COST	0.27 \$/KW/YR
(11) DISTRIBUTION FIXED O & M COST	0.29 \$/KW/YR
(12) T&D FIXED O&M ESCALATION RATE	3.0 %
(13) AVOIDED GEN UNIT VARIABLE O & M COSTS	0.181 CENTS/KWH
(14) GENERATOR VARIABLE O&M COST ESCALATION RAT	3.0 %
(15) GENERATOR CAPACITY FACTOR	14.25 %
(16) AVOIDED GENERATING UNIT FUEL COST	3.520 CENTS/KWH
(17) AVOIDED GEN UNIT FUEL ESCALATION RATE	4.25 %
(18)* AVOIDED PURCHASE CAPACITY COST PER KW	0.00 \$/KW/YR
(19)* CAPACITY COST ESCALATION RATE	0.0 %

V. NON-FUEL ENERGY AND DEMAND CHARGES

(1) NON-FUEL COST IN CUSTOMER BILL	4.342 CENTS/KWH
(2) NON-FUEL ESCALATION RATE	1.0 %
(3) CUSTOMER DEMAND CHARGE PER KW	0.00 \$/KW/MO
(4) DEMAND CHARGE ESCALATION RATE	1.0 %
(5)* DIVERSITY and ANNUAL DEMAND ADJUSTMENT FACTOR FOR CUSTOMER BILL	1.0

*** CALCULATED BENEFITS AND COSTS ***

(1)* TRC TEST - BENEFIT/COST RATIO	1.27
(2)* PARTICIPANT NET BENEFITS (NPV)	1,964
(3)* RIM TEST - BENEFIT/COST RATIO	0.99

INPUT DATA - PART 1
PROGRAM: Heating & Cooling Level 2

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I. PROGRAM DEMAND SAVINGS AND LINE LOSSES

(1) CUSTOMER KW REDUCTION AT THE METER	0.43 KW /CUST
(2) GENERATOR KW REDUCTION PER CUSTOMER	1.20 KW GEN/CUST
(3) KW LINE LOSS PERCENTAGE	8.8 %
(4) GENERATION KWH REDUCTION PER CUSTOMER	1,705 KWH/CUST/YR
(5) KWH LINE LOSS PERCENTAGE	8.0 %
(6) GROUP LINE LOSS MULTIPLIER	1.0000
(7) CUSTOMER KWH PROGRAM INCREASE AT METER	0.0 KWH/CUST/YR
(8)* CUSTOMER KWH REDUCTION AT METER	1,603 KWH/CUST/YR

II. ECONOMIC LIFE & K FACTORS

(1) STUDY PERIOD FOR CONSERVATION PROGRAM	19 YEARS
(2) GENERATOR ECONOMIC LIFE	30 YEARS
(3) T & D ECONOMIC LIFE	30 YEARS
(4) K FACTOR FOR GENERATION	1.5753
(5) K FACTOR FOR T & D	1.5753
(6)* SWITCH REV REQ(7) OR VAL-OF-DEF (1)	1

III. UTILITY & CUSTOMER COSTS

(1) UTILITY NONRECURRING COST PER CUSTOMER	168.00 \$/CUST
(2) UTILITY RECURRING COST PER CUSTOMER	0.00 \$/CUST/YR
(3) UTILITY COST ESCALATION RATE	3.0 %
(4) CUSTOMER EQUIPMENT COST	1,200.00 \$/CUST
(5) CUSTOMER EQUIPMENT ESCALATION RATE	3.0 %
(6) CUSTOMER O & M COST	0.00 \$/CUST/YR
(7) CUSTOMER O & M ESCALATION RATE	3.0 %
(8)* CUSTOMER TAX CREDIT PER INSTALLATION	0.00 \$/CUST
(9)* CUSTOMER TAX CREDIT ESCALATION RATE	0.0 %
(10)* INCREASED SUPPLY COSTS	0.00 \$/CUST/YR
(11)* SUPPLY COSTS ESCALATION RATE	0.0 %
(12)* UTILITY DISCOUNT RATE	9.55%
(13)* UTILITY AFUDC RATE	7.79%
(14)* UTILITY NON RECURRING REBATE/INCENTIVE	750.00 \$/CUST
(15)* UTILITY RECURRING REBATE/INCENTIVE	0.00 \$/CUST/YR
(16)* UTILITY REBATE/INCENTIVE ESCAL RATE	0.0 %

* SUPPLEMENTAL INFORMATION NOT SPECIFIED IN WORKBOOK

IV. AVOIDED GENERATOR, TRANS. AND DIST. COSTS

(1) BASE YEAR	1988
(2) IN-SERVICE YEAR FOR AVOIDED GENERATING UNIT	2001
(3) IN-SERVICE YEAR FOR AVOIDED T & D	1989
(4) BASE YEAR AVOIDED GENERATING UNIT COST	229.00 \$/KW
(5) BASE YEAR AVOIDED TRANSMISSION COST	4.08 \$/KW
(6) BASE YEAR DISTRIBUTION COST	3.94 \$/KW
(7) GEN, TRAN, & DIST COST ESCALATION RATE	2.8 %
(8) GENERATOR FIXED O & M COST	2.85 \$/KW/YR
(9) GENERATOR FIXED O&M ESCALATION RATE	3.0 %
(10) TRANSMISSION FIXED O & M COST	0.27 \$/KW/YR
(11) DISTRIBUTION FIXED O & M COST	0.29 \$/KW/YR
(12) T&D FIXED O&M ESCALATION RATE	3.0 %
(13) AVOIDED GEN UNIT VARIABLE O & M COSTS	0.161 CENTS/KWH
(14) GENERATOR VARIABLE O&M COST ESCALATION RAT	3.0 %
(15) GENERATOR CAPACITY FACTOR	14.25 %
(16) AVOIDED GENERATING UNIT FUEL COST	3.520 CENTS/KWH
(17) AVOIDED GEN UNIT FUEL ESCALATION RATE	4.25 %
(18)* AVOIDED PURCHASE CAPACITY COST PER KW	0.00 \$/KW/YR
(19)* CAPACITY COST ESCALATION RATE	0.0 %

V. NON-FUEL ENERGY AND DEMAND CHARGES

(1) NON-FUEL COST IN CUSTOMER BILL	4.342 CENTS/KWH
(2) NON-FUEL ESCALATION RATE	1.0 %
(3) CUSTOMER DEMAND CHARGE PER KW	0.00 \$/KW/MO
(4) DEMAND CHARGE ESCALATION RATE	1.0 %
(5)* DIVERSITY and ANNUAL DEMAND ADJUSTMENT FACTOR FOR CUSTOMER BILL	1.0

*** CALCULATED BENEFITS AND COSTS ***

(1)* TRC TEST - BENEFIT/COST RATIO	0.88
(2)* PARTICIPANT NET BENEFITS (NPV)	2,460
(3)* RIM TEST - BENEFIT/COST RATIO	0.88