



Public Service Commission

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RECORDS AND REPORTING

DATE: JUNE 24, 1999

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

FROM: DIVISION OF ELECTRIC AND GAS (HARLOW, GOAD) *JDH STJ RG CA RLT*
DIVISION OF LEGAL SERVICES (C. KEATING) *WAL RVE*

RE: DOCKET NO. 990644-EI - PETITION BY TAMPA ELECTRIC COMPANY TO MODIFY INTERRUPTION SCHEDULE OF LOAD MANAGEMENT PROGRAMS

AGENDA: JULY 6, 1999 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: JULY 19, 1999

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\EAG\WP\990644.RCM

CASE BACKGROUND

On June 9, 1995, the Commission issued Order No. PSC-95-0691-FOF-EG, approving Tampa Electric Company's (TECO) residential and commercial/industrial dispatchable load management programs as part of TECO's demand-side management plan. The goal of these programs is the reduction of weather sensitive peak demand. Participating customers receive a monthly credit in exchange for allowing the utility to temporarily interrupt power to certain electric appliances during specified time periods.

On May 18, 1999, TECO filed a petition to expand the potential interruption days for its Residential Load Management (Prime Time) and Commercial/Industrial (C/I) Load Management programs. Currently, TECO can exercise its load management programs during specified weekday hours, whether or not TECO has a capacity shortage. TECO has requested that Saturdays and Sundays, along with all holidays, be included as potential interruption days. TECO has not requested that the load management credits be adjusted.

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DISCUSSION OF ISSUES

ISSUE 1: Should Tampa Electric Company's (TECO) proposed modifications to its load management programs be approved?

RECOMMENDATION: Yes. TECO's proposed modifications to its load management programs are cost-effective, consistent with the load management programs of other Florida utilities, and would allow TECO to purchase emergency power during weekends and holidays. The program modifications should become effective as of July 6, 1999, the day of the Commission's vote. TECO has agreed to notify participating customers of the program modifications following Commission approval.

STAFF ANALYSIS: TECO has requested that the potential interruption schedule for its Residential Load Management (Prime Time) and Commercial/Industrial (C/I) Load Management programs be expanded to include weekends and holidays. TECO has not requested that the load management credits be adjusted.

In its petition, TECO stated that in recent years its system has experienced a higher than projected growth rate. TECO believes that its Prime Time and C/I load management programs can serve as an economical resource to meet this increased peak demand, which may occur on weekends and holidays. TECO does not anticipate a significant increase in the number of interruptions on an annual basis.

TECO does not believe that the proposed modification will impact the programs' cost-effectiveness. TECO provided a rate impact measure (RIM) test, valued at 1.2, in support of this statement. However, the test is based on the assumption that the number of interruptions per year will remain the same. Staff believes that including weekends and holidays will potentially increase the number of times per year load management is implemented. This would tend to increase the programs' cost-effectiveness.

Staff compared the proposed changes to the load management programs of other Florida utilities. Florida Power Corporation's (FPC) and Florida Power & Light's (FPL) load management programs include weekends and holidays in the potential interruption periods. The credits offered by TECO were found to be equal to or higher than those offered by FPC and FPL in similar programs.

Many utilities possess a FERC-approved Schedule A, emergency power tariff which requires purchasing utilities to have exercised

load management programs as a condition to purchase this power. The proposed tariff modifications will allow TECO to purchase emergency power during weekends and holidays.

The proposed tariff now states that, "interruptions will normally occur during prime hours but may occur at any time due to emergencies on the Company's system or other requests for emergency power to serve the needs of firm customers of other utilities." This modification is consistent with Rule 25-6.035(4), Florida Administrative Code. This rule requires a utility that relies on non-firm load, including load management, in calculating reserves, to make these reserves available to maintain the firm load of other utilities.

TECO began notifying participating customers of the proposed program modifications on May 15, 1999, in a targeted bill stuffer. The bill stuffer adequately explained the potential changes and stated that TECO does not anticipate the annual number of interruptions to increase. However, as noted above, staff believes the number of interruptions may actually increase. To minimize customer dissatisfaction, staff believes that TECO should be required to send an additional bill stuffer explaining the program modifications to participating customers, subsequent to Commission approval. The bill stuffer should also provide a telephone number for customers to contact TECO with any questions. TECO has agreed to distribute an additional bill stuffer to participating customers, and expects that the expense will be minimal.

Staff recommends that the program modifications requested by TECO be approved, for the reasons discussed above. TECO has agreed to notify participating customers of the Commission's decision with an additional bill stuffer. The program modifications should become effective as of the date of the Commission's decision, July 6, 1999.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, if no protest is filed within 21 days of the issuance of the order.

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. If no protest is filed, this docket should be closed upon the issuance of a Consummating Order.