

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of
Demand-Side Management
Adjustment Rider by Florida
Power & Light Company.

DOCKET NO. 001466-EI
ORDER NO. PSC-01-0835-TRF-EI
ISSUED: April 2, 2001

The following Commissioners participated in the disposition of this matter:

E. LEON JACOBS, JR., Chairman
J. TERRY DEASON
LILA A. JABER
BRAULIO L. BAEZ
MICHAEL A. PALECKI

ORDER APPROVING TARIFF REVISIONS

BY THE COMMISSION:

On September 26, 2000, Florida Power & Light Company (FPL) petitioned the Commission for approval of a Demand Side Management (DSM) Adjustment Rider. The DSM Adjustment Rider would apply to FPL's commercial and industrial (C/I) customers taking service under rate schedules that require customers to have a minimum level of demand. By Order No. PSC-00-2269-PCO-EI, issued November 29, 2000, we suspended FPL's proposed tariffs to allow additional time to review the filing. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05 and 366.06, Florida Statutes.

FPL asserts that, on occasion, a C/I customer's implementation of a Commission approved DSM measure or research project will have the effect of lowering the customer's demand level below the minimum demand level of the customer's currently effective tariff. Lowering the customer's demand level below the minimum demand level requirement would, absent the proposed DSM Adjustment Rider, cause the customer to have to change rate schedules. FPL's proposed DSM Adjustment Rider would adjust downward the minimum level of demand required to be eligible for a rate schedule by the amount of demand associated with the installation of Commission approved DSM

DOCUMENT NUMBER-DATE

04017 APR-20

FPSC-RECORDS/REPORTING

measures. The customer would need to achieve the demand reduction described in Tariff Sheet No. 9.680 to stay on its existing rate schedule.

FPL states that it has a number of C/I customers taking service under rate schedules that require customers to have minimum levels of demand. FPL asserts that, on occasion, a C/I customer's implementation of a Commission approved DSM measure or research project will have the effect of lowering the customer's demand level below the minimum demand level of the customer's currently effective rate schedule. FPL's proposed DSM Adjustment Rider would adjust downward the minimum level of demand required to be eligible for a rate schedule by the amount of demand associated with that specific customer's installation of an approved DSM measure. FPL argues that given its rate structure, the effect of moving a customer to a rate class with a lower demand level would be to raise the customer's rate per kWh, and potentially increase the customer's total bill even though the customer is using fewer kW, and possibly kWhs as a result of implementing a DSM program.

To illustrate, a General Service Demand (GSD) customer with a maximum monthly demand of 22 kW could utilize an FPL conservation program that results in a reduction in their billing demand by 2 kW. Under FPL's rate structure, customers whose maximum monthly demand is less than 21 kW are required to take service under the General Service (GS) rate schedule. Therefore, based on the customer's reduced demand, the customer would be required to shift to the higher cents per kWh GS rate schedule. The proposed DSM Adjustment Rider would allow the customer to continue to take service under the lower-priced GSD rate schedule, despite the customer's lower monthly maximum demand.

According to FPL, if the DSM Adjustment rider had been in place in 1999, the resulting gross decrease in FPL's annual revenues would have been approximately \$200,000. As with other conservation programs, FPL will not recover the lost revenues due to the Rider. We do note that FPL is under a revenue sharing plan and the reduced revenues could reduce the amount of sharing. Again, the adverse impact is expected to be small.

FPL's C/I conservation programs, as filed in Docket No. 991788-EG (FPL's 2000 DSM plan) have the following rate impact

ORDER NO. PSC-01-0835-TRF-EI
DOCKET NO. 001466-EI
PAGE 3

measure (RIM) test values: C/I HVAC - 1.08, C/I Lighting - 1.06, C/I Building Envelope - 1.08, C/I Business On Call - 1.28, and C/I Demand Reduction - 1.13. The Participant test values are: C/I HVAC - 1.63, C/I Lighting - 2.34, C/I Building Envelope - 1.32, C/I. C/I Business On Call and C/I Demand Reduction have infinite Participant test ratios. Both are not included in the DSM Adjustment Rider because the monthly incentive, which is the major cost of the program and major benefit to the participant does not change depending on the customer's rate class.

Approval the proposed tariff rider will remove the possible penalty associated with implementing a C/I DSM program which reduces demand. It should lead to more customer participation and increase conservation. The impact on the general body of rate payers is not significant. Therefore, the proposed tariff revisions are approved.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Petition by Florida Power & Light Company for a Demand Side Management Adjustment Rider, is approved. It is further

ORDERED that the effective date for the tariff revisions shall be March 13, 2001. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariff shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

ORDER NO. PSC-01-0835-TRF-EI
DOCKET NO. 001466-EI
PAGE 4

By ORDER of the Florida Public Service Commission this 2nd
day of April, 2001.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

KDW

NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), 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 requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on April 23, 2001.

ORDER NO. PSC-01-0835-TRF-EI
DOCKET NO. 001466-EI
PAGE 5

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating 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.