

State of Florida



Public Service Commission

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COMMISSION CLERK

DATE: SEPTEMBER 19, 2002

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF ECONOMIC REGULATION (COLSON)
OFFICE OF THE GENERAL COUNSEL (HOLLEY) *Re 23775*

RE: DOCKET NO. 020897-EG - PETITION FOR EXTENSION OF
CONSERVATION RESEARCH AND DEVELOPMENT PROGRAM BY FLORIDA
POWER & LIGHT COMPANY. *JAM*

AGENDA: 10/01/02 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\020897.RCM

CASE BACKGROUND

On May 8, 2000, the Commission approved Florida Power and Light Company's (FPL) "Demand Side Management Plan for the 2000's" in compliance with Order No. PSC-99-1942-FOF-EG in Docket No. 971004-EG. This plan contains 21 programs including six research and development (R&D) programs. One of the R&D programs approved by the Commission was to extend the Conservation Research and Development Program (CRD Program) for one year, through December 31, 2002, and keep the existing spending cap of \$1,500,000. This program was first approved in 1990 in Order No. 23560. Since then, the Commission has approved modifications to the CRD Program in five separate orders. The CRD Program is intended to serve as an umbrella program for the research and development of promising conservation technologies. Because approval for this program will end this year, FPL filed a petition on August 16, 2002, to extend

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the CRD program. The Commission has jurisdiction to consider this matter pursuant to Section 366.82(2), Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Florida Power and Light Company's (FPL) petition to extend its Conservation Research and Development (CRD) Program?

STAFF RECOMMENDATION: Yes. The CRD Program extension should be approved. The cap of \$1,500,000 will remain. FPL has spent approximately \$500,000 to date for the CRD Program. (COLSON)

STAFF ANALYSIS: FPL's petition states that FPL needs to continue the CRD program to maintain ongoing research to determine if demand side concepts can be developed into programs available to FPL's customers. In addition, FPL contends that the CRD program should continue in order to respond to emerging cost-effective demand side management technologies. Therefore, an extension of the CRD Program would allow FPL to collect data that is needed to measure the cost-effectiveness of these new technologies. FPL's activities under the CRD program have resulted in recent petitions for approval of several new conservation programs. These include the BuildSmart and the C/I Building Envelope Program, both of which have been approved by the Commission.

FPL seeks an extension of the CRD Program until December 31, 2003. However, FPL does not seek to increase the current \$1,500,000 expenditure cap for the CRD Program. No cost effectiveness tests were performed for this program. Because of the research nature of the program, no direct demand or energy reductions are quantifiable. However, this program does advance the policy objectives of the Florida Energy Efficiency and Conservation Act (FEECA) through the development of demand side measures.

Staff recommends that this program extension should be approved, and that FPL be allowed to recover reasonable and prudent expenditures up to the limits previously discussed for the CRD Program through the energy conservation cost recovery clause.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no substantially affected person timely files a protest to the Commission's proposed agency, action, this docket should be closed. (HOLLEY)

STAFF ANALYSIS: If no substantially affected person files a timely request for a Section 120.57, Florida Statutes, hearing within twenty-one days, no further action will be required and this docket should be closed upon the issuance of a consummating order.