

State of 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-

DATE: November 7, 2002

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

FROM: DIVISION OF ECONOMIC REGULATION (MUNROE, HARLEY)
OFFICE OF THE GENERAL COUNSEL (HOLLEY) YAM WET JBT

RE: DOCKET NO. 020971-EG - PETITION FOR MODIFICATION OF
DEMAND-SIDE MANAGEMENT PLAN BY REMOVAL OF GOOD CENTS LOAN
PROGRAM BY FLORIDA PUBLIC UTILITIES COMPANY.

AGENDA: 11/19/02 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\ECR\WP\020971.RCM

CASE BACKGROUND

Docket No. 990721-EG was opened to implement Rules 25-17.001-003, Florida Administrative Code, for Florida Public Utilities Company (FPUC). These rules require the Commission to establish numeric demand side management (DSM) goals for electric utilities subject to Section 366.82(1), Florida Statutes, at least once every five years.

On December 8, 1999, FPUC filed testimony proposing new conservation goals for the period of 2001-2010. Staff expressed its concern that the proposed goals may not be cost-effective. FPUC subsequently withdrew its original testimony and refiled new testimony and goals on April 11, 2000. These goals were approved by Order No. PSC-00-1029-PAA-EG issued May 24, 2000.

DOCUMENT NUMBER-DATE

12227 NOV-7 02

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In the current Docket, FPUC seeks removal of the Good Cents Loan Program because of lack of participation and increased costs. This program is intended to encourage residential customers to install energy conservation features in their homes by providing financing for the installation. The Commission has jurisdiction to consider this matter pursuant to Section 366.82(1), Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should Florida Public Utilities Company's (FPUC) petition to remove the Good Cents Loan Program be approved?

RECOMMENDATION: Yes, the program is no longer cost-effective. FPUC's petition should be granted. (MUNROE, HARLOW)

STAFF ANALYSIS: As stated in the background, by financing the installation, the Good Cents Loan Program is intended to encourage residential customers to install energy conservation features. Acting as a middleman, FPUC arranged unsecured loans with participating financial institutions for up to \$20,000 for a twelve year period.

FPUC provided documentation showing clearly that participation has been steadily dropping since 1998 from a high of 40 to a low of 0 in 2002. Table A below provides more complete information on the number of participants by year. During this entire time, the presentation of this program to the customers has been consistent. Even though the costs related to the Good Cents Program are relatively fixed, the decreasing participation makes it more costly per customer. Participation decreases, in part, may have been attributed to the financial institutions that are offering 4.75% home equity loans that could be used for energy efficient home improvements, while the Good Cents Program interest rate has been 9.0% for an unsecured loan.

TABLE A

YEAR	ANNUAL NUMBER OF PARTICIPANTS
1997	4
1998	40
1999	35
2000	7
2001	3
2002	0

FPC's request to eliminate the program is reasonable and staff recommends that FPC's request should be approved.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (HOLLEY)

STAFF ANALYSIS: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.