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March 1, 2006

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COMMISSION
CLERK

VIA HAND DELIVERY

Ms. Blanca S. Bayo
Director, Division of the Commission
Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard, Room 110
Tallahassee, FL 32399-0850

060174-EG

**Re: In re: Petition of Florida Power & Light Company for
Extension of Residential Load Control Pilot Project**

Dear Ms. Bayo:

Enclosed for filing in the above-referenced matter, please find the original and seven (7) copies of Florida Power & Light Company's Petition for Extension of Residential Load Control Pilot Project.

Please acknowledge receipt of this filing by stamping the extra copy of this letter "filed" and returning same to me. Also included herewith is a computer diskette containing FPL's Petition in Word.

Please do not hesitate to contact me at (561) 304-5134 should you have any questions regarding this filing.

Sincerely,

Patrick M. Bryan
Attorney
Florida Power & Light Company

PMB/bjw
Enclosures

cc: Harold A. McLean, Esquire (via U.S. Mail)
Office of Public Counsel

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DOCUMENT NUMBER-DATE

FPSC-BUREAU OF RECORDS

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FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Power & Light Company for Extension of Residential Load Control Pilot Project)
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Docket No. 060174-EG

Filed: March 1, 2006

PETITION OF
FLORIDA POWER & LIGHT COMPANY FOR
EXTENSION OF RESIDENTIAL LOAD CONTROL PILOT PROJECT

Florida Power & Light Company ("FPL"), pursuant to Sections 366.82(2), 366.05, and 366.06, Florida Statutes, hereby petitions the Florida Public Service Commission ("Commission") to (a) extend FPL's Residential Load Control Pilot Project, and (b) allow FPL to continue to recover reasonable and prudent expenditures for FPL's Residential Load Control Pilot Project extension after approval through FPL's Energy Conservation Cost Recovery ("ECCR") Clause.

Introduction

1. FPL is an investor-owned public utility regulated by the Commission pursuant to Chapter 366, Florida Statutes. FPL is subject to the Florida Energy Efficiency Conservation Act ("FEECA"), Sections 366.80-85, 403.519, Florida Statutes. Pursuant to FEECA the Commission has approved DSM goals for FPL, and FPL has a DSM Plan approved by the Commission designed to achieve its DSM goals. Part of FPL's approved DSM Plan is FPL's On-Call Program and its Residential Load Control Pilot Project. The Commission has previously approved cost recovery through its ECCR Clause for On-Call Program and Residential Load Control Pilot Project expenditures. FPL has a substantial interest in achieving its DSM goals,

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securing approval of its DSM Plan and receiving cost recovery through the ECCR Clause for the conservation programs and research efforts approved as part of FPL's DSM Plan.

2. FPL's address is 9250 West Flagler Street, Miami, FL 33174. Correspondence, notices, orders and other documents concerning this Petition should be sent to:

Patrick M. Bryan, Esquire
Law Department
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
(561) 304-5134 (Voice)
(561) 691-7305 (Facsimile)
Patrick_Bryan@fpl.com

William G. Walker, III
Vice President, Regulatory Affairs
Florida Power & Light Company
215 South Monroe Street, Suite 810
Tallahassee, FL 32301
(850) 521-3910 (Voice)
(850) 521-3939 (Facsimile)
Bill_Walker@fpl.com

3. As part of its Commission-approved Demand-Side Management ("DSM") Plan, FPL offers a load management program known as the On-Call Program. Participants in the On-Call Program receive incentives, in the form of a monthly bill credit, for allowing FPL to interrupt electric service to specific appliances such as central heating and air conditioning, electric water heating, and swimming pool pumps. FPL has offered the On-Call Program since 1986.

4. On January 15, 2003 in Docket No. 030051-EG, FPL petitioned for approval of modifications to the On-Call Program. In its petition, FPL requested approval to close the On-Call Program, offered under Rate Schedule RSL, to new customers effective April 1, 2003. In its place, FPL proposed a new residential load management pilot project, the Residential Load Control Pilot Project, under Rate Schedule RLP for a three year period.

5. On March 6, 2003, the Commission granted FPL's petition for modification to the On-Call Program and for approval of the Residential Load Control Pilot Project, Order No. PSC-03-0322-TRF-EG. In the order, the Commission approved the closing of the existing On-Call Program to new customers effective April 1, 2003. In its place, FPL received approval to offer

the Residential Load Control Pilot Project under Rate Schedule RLP for a three year period. Hereinafter, the Residential Load Control Pilot Project may also be referred to as the "Pilot Program".

6. As of April 1, 2003, all customers who signed up for the On-Call Program receive incentives based on Rate Schedule RLP. In addition, existing participants in the On-Call Program who make a change to the interruption schedule of their appliances or move to a different location in FPL's service territory must use Rate Schedule RLP if they wish to continue as load management participants. The existing On-Call Program and the Pilot Program are nearly identical except that Rate Schedule RLP has a 50% reduction in the incentive paid to participating customers who have their electric water heater and central air-conditioning system under load control.

Pilot Objectives

7. The objective of the approved Pilot Program was to determine if FPL could lower its On-Call Program incentives and still achieve its targeted levels of program participation without suffering significant customer attrition and a concurrent drop in system reliability. Based on customer turnover being experienced in the program at the time the Pilot Program was filed, the portion of customers participating in the Pilot Program was forecasted to be between 36% and 47% by 2006.

8. Implementation of the Pilot Program was expected to reduce the total cost of the On-Call Program, which would result in improved cost-effectiveness and a reduction in overall ECCR costs. This reduction in cost was expected as a result of participants being on a lower incentive rate schedule. FPL expected to acquire the participants by the typical customer historical moving experienced and by new customer sign-ups.

9. Reduced incentives were proposed as follows

<u>Existing Rate schedule, RSL closed</u>		<u>Rate schedule RLP - New</u>	
Water Heaters	\$3.50	Water Heaters	\$1.50
Air Conditioning (cycle)	\$6.00	Air Conditioning (cycle)	\$3.00

The following incentives remained the same

Air Conditioning (shed)	\$9.00	Air Conditioning (shed)	\$9.00
Central Heater (cycle)	\$2.00	Central Heater (cycle)	\$2.00
Central Heater (shed)	\$4.00	Central Heater (shed)	\$4.00
Pool Pumps	\$3.00	Pool Pumps	\$3.00

10. Pilot Program Monitoring. Through FPL's Customer Information Systems, FPL tracked all Pilot Program participants. Customers were tracked according to the appliances they had participating in the program, as well as any changes in their participation status. This allowed FPL to determine dropout rates as well as the reasons for dropouts. In addition, FPL was able to determine any variations between sign-up rates under the Pilot Program incentive levels versus the existing On-Call Program incentives.

11. Pilot Program Results.

- Pilot Program participation as of December 31, 2005 is 31% (230,254 participants) of the total load control participants. The expectation had been that between 36% and 47% of the total load control participants would have been on the Pilot Program.
- Numerous hurricanes during a two year period impacted Pilot Program participation, as customer turnover (customers moving into premises that had existing load control equipment) was negatively affected. This

unexpected hurricane impact resulted in the lower than projected Pilot Program participation.

- Total ECCR incentive savings as of year-end 2005 was approximately \$7,786,000.
- Customer dropouts due to dissatisfaction remained constant at less than .5% for both the Pilot Program and the On-Call Program.
- Testing a new marketing positioning proved that customers will still sign up for the program at lower incentives and continue to request the Pilot Program.
- Overall, the satisfaction level with FPL is comparable among the Pilot Program participants and existing On-Call program participants.

12. Pilot Program Recommendations. As part of the approved Pilot Program petition, FPL was to submit at the end of the three year pilot, recommendations based on the results of the Pilot Program. Based on the Pilot Program participation to date, FPL proposes to continue the Pilot Program for the following reasons:

- Pilot Program participation represents 31% of the total load control participants. FPL had expected Pilot Program participation to be higher (between 36% and 47% of the total load control participants); therefore the Pilot Program is recommended to continue to attain higher penetrations.
- Research performed in 2000 indicated that applying lower incentives to all load control participants bears the risk of losing a minimum of 10% of On-Call Program participants. The risk of customer attrition and a

corresponding decline in system reliability will be increased if FPL shifts all of its On-Call customers to the lower incentive. With higher penetrations of Pilot Program participants this risk is minimized.

- FPL experienced higher than projected summer 2005 peak loads to what was forecasted in 2003 when the Pilot Program was approved. Acquiring new, and retaining existing, load control program participants is key to maintaining system reliability.
- When the Pilot Program was initially designed the reduced incentives were determined from customer research that used as a benchmark an average electric bill that was over 30% lower than the average bill today. FPL is unsure if the results seen in the Pilot Program will continue to be sustainable based on today's higher electric bills.

Since the future capacity need forecasts have increased, and due to the contributions the On-Call and Pilot Programs have in meeting FPL's capacity needs, FPL recommends to continue the Pilot Program until 50% of all load control participants are in the Pilot Program. At such time, FPL should assess the load control programs (On-Call and Pilot Program) and capacity needs before considering applying lower incentives to all remaining On-Call program participants.

13. No modifications to existing tariff sheets are necessary to extend the Pilot Program.

14. The extension of the Pilot Program will help achieve the goals of FEECA and Commission Rule 25-17.001, Florida Administrative Code. It should allow FPL to achieve its Commission-approved DSM goals at a lower cost to customers.

15. As set forth in paragraphs 10 and 11 of this Petition, the Pilot Program is directly monitorable and will yield measurable results.

16. FPL is not aware of any disputed issues of material facts. There has not been any prior agency action in this proceeding; therefore, FPL cannot allege "when and how the petitioner received notice of the agency decision." Since there is no agency action for which FPL is seeking reversal or modification, there are no statutes or rules FPL contends require reversal or modification of Commission action.

17. The Pilot Program extension should be approved. FPL should be authorized to recover through its ECCR clause its reasonable and prudent expenditures for the approved Pilot Program extension.


WHEREFORE, FPL respectfully petitions the Commission to (a) approve the extension of FPL's Residential Load Control Pilot Project and (b) allow FPL to recover its reasonable and prudent Residential Load Control Pilot Project expenditures through FPL's ECCR clause.

Dated: March 1, 2006

Respectfully submitted,

Patrick M. Bryan, Esquire
Law Department
Florida Power & Light Company
700 Universe Boulevard
Juno Beach, FL 33408-0420
Telephone: (561) 304-5134
Facsimile: (561) 691-7305

By




Patrick M. Bryan
Fla. Bar No. 0457523

CERTIFICATE OF SERVICE

I **HEREBY CERTIFY** that a true and correct copy of the foregoing Petition of Florida Power & Light Company for Extension of Residential Load Control Pilot Project has been furnished by U.S. Mail on this 1st day of March, 2006, to the following:

Harold A. McLean, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400

By: _____


Patrick M. Bryan, Esquire
Fla. Bar No. 0457523