

State of Florida



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DATE: March 23, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Economic Regulation (Sickel, Baxter)
Office of the General Counsel (Fleming) *JS TB RLTS 198*

RE: Docket No. 060174-EG – Petition for extension of residential load control pilot project, by Florida Power & Light Company.

AGENDA: 04/04/06 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\060174.RCM.DOC

Case Background

As part of its Commission-approved Demand-Side Management Plan, Florida Power & Light Company (FPL or Company) offers a load management program known as the On-Call Program. Customers who choose to participate in this program receive incentive payments in exchange for allowing FPL to interrupt electric service to specified appliances. This program has been offered since 1986.

On January 15, 2003, FPL petitioned for modifications to the On-Call Program. On March 6, 2003, in Order No. PSC-03-0322-TRF-EG in Docket No. 030051-EG, In re: Petition for modification of residential on-call and for approval of residential load control pilot project by Florida Power & Light Company, the Commission approved modifications to the On-Call program. The modifications included closing the On-Call Program to new participants, and

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offering a new load management program known as the Residential Load Control Pilot Project (Pilot Program). Under the Pilot Program, some customer incentive payments were reduced.

The Pilot Program was approved for a three year period beginning April 1, 2003. After that date, any new customers who have signed up for residential load management have been receiving incentives based on Rate Schedule RLP. In addition, any existing participants who move to a different location or make any change to the interruption schedule of their appliances would be paid incentives according to Rate Schedule RLP.

The three year approval for the Pilot Program extends through April 1, 2006. At the end of the period authorized for the program, FPL was required to submit recommendations based on program results. In compliance with that requirement, FPL filed a petition on March 1, 2006 requesting continuation of the Pilot Program.

The Company desires to offer this program without interruption, but staff review and analysis of the program's current status cannot be completed in time for the Commission to address the request by early April, 2006. In order to continue to offer an incentive for customers who decide to participate in demand-side management, the Company filed a supplemental petition on March 14, 2006 to request interim, short term authorization to continue the program.

This recommendation addresses FPL's request for a short term extension, thus allowing FPL to make the On-Call Program available continuously. The Commission has jurisdiction pursuant to Sections 366.81 and 366.82, Florida Statutes.

Discussion of Issues

Issue 1: Should Florida Power & Light (FPL or Company) be allowed to continue to offer the currently approved Pilot Program on an interim basis, pending the Commission's ruling on the Company's Petition for Extension filed on March 1, 2006?

Recommendation: Yes. Preliminary review of the Pilot Program results submitted by FPL indicates that the program contributes to conservation and is beneficial to the ratepayer. (Sickel, Baxter)

Staff Analysis: The Pilot Program offers customers the opportunity to reduce their electric bills, and contributes to meeting FPL's capacity needs as defined in FPL's Demand Side Management Plan. For any period of time that new customers are not afforded an opportunity to enter into the Pilot Program, there is an apparent negative impact on those new customer participants and on the general body of ratepayers. To prevent the negative impacts, the interim extension of the program should be effective April 1, 2006. The interim extension should continue until staff's review and analysis of the program is completed and brought to the Commission in the form of a recommendation, currently set for the Agenda on May 2, 2006.

Issue 2: Should FPL be allowed to continue to recover reasonable and prudent expenditures associated with the interim extension of the company's Residential Load Control Pilot Project through FPL's Energy Conservation Cost Recovery (ECCR) Clause?

Recommendation: Yes. If Issue 1 is approved, such recovery is contingent upon final Commission approval of the company's Petition filed on March 1, 2006 in this Docket. (Sickel, Baxter)

Staff Analysis: If Issue 1 is approved, then recovery of appropriate expenses for the interim program extension would flow through the ECCR Clause.

Within its Petition requesting authorization for continuation of the Pilot Program on an interim basis, FPL recognizes an obligation as follows: "If the Commission ultimately does not approve FPL's petition for Extension filed on March 1, 2006, FPL would make appropriate adjustments to customer's bills and the ECCR clause accordingly." If the Commission rules that the proposed extension is not warranted, a determination can be made at that time as to the appropriate provisions by FPL that are required to make customers whole.

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Issue 3: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's decision on the March 1, 2006, petition. (Fleming)

Staff Analysis: This docket should remain open pending the Commission's decision on the March 1, 2006, petition.