

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for extension of residential load control pilot project, by Florida Power & Light Company. | DOCKET NO. 060174-EG
ORDER NO. PSC-06-0408-PAA-EG
ISSUED: May 15, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

NOTICE OF PROPOSED AGENCY ACTION
ORDER GRANTING APPROVAL FOR EXTENSION OF
RESIDENTIAL LOAD CONTROL PILOT PROJECT BY
FLORIDA POWER & LIGHT COMPANY

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

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 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 FPL's proposed modifications to the On-Call program. The modifications included closing the On-Call Program to new participants, and offering a new load management program known as the Residential Load Control Pilot Project (Pilot Program). Under the Pilot Program, incentive payments were reduced for water heater and air conditioning cycle options. The new incentive amounts are contained in Rate Schedule RLP.

The Pilot Program was approved for a three year period beginning April 1, 2003. After that date, any new customers who signed up for residential load management have been receiving incentives based on Rate Schedule RLP. In addition, any existing participants who

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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 original three year approval for the Pilot Program was to expire April 1, 2006. At the end of the period authorized for the program, FPL was 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. On March 14, 2006, FPL filed a supplemental petition requesting that the program be allowed to continue, without interruption, until a full analysis of the program could be made. The request for continuation was granted by this Commission by Order No. PSC-06-0334-PCO-EG, issued on April 24, 2006, in this docket. We have jurisdiction pursuant to Sections 366.075, 366.81 and 366.82, Florida Statutes.

Pilot Program Extension

Under the established On-Call Program, a credit of \$3.50 per month is given if a customer allows the utility to interrupt electric energy to the water heater. Under the Pilot Program, the credit amount for the same interruption is \$1.50. Similarly, the On-Call program provides for a monthly credit amount of \$6.00 for cyclic interruption of air conditioning, but the same cyclic interruption gets a credit of \$3.00 under the Pilot Program.

The primary purpose of the Pilot program was to measure customer response to reduced incentives. It was expected that a reduced amount of credit would have some chilling effect on the willingness of customers to sign up for the program, and would result in some drop off among original customers when they moved or made other changes. Notwithstanding those reductions, FPL expected to continue to add load management customers and thereby increase winter peak demand savings in a cost effective manner.

The Pilot Program reflects an effort by FPL to reduce program costs. The cost of load management programs such as FPL's On-Call and Pilot programs primarily consists of the monthly credits paid to participating customers. The program costs are passed on to all of FPL's ratepayers through the Energy Conservation Cost Recovery (ECCR) clause. A reduction in monthly credits paid will result in a corresponding reduction in overall expenses recovered through the ECCR clause.

The Company expected to offer this program for a maximum period of three years starting April 1, 2003, the effective date of the pilot program. FPL planned new promotions and marketing positions to be tested as part of the Pilot Program, and expected to gain information by monitoring customer response. Based on customer response, permanent approval of the Pilot Program or reverting all customers to the previous On-Call Program were possibilities.

In its filing, FPL portrayed the Program as successful in general terms because it is cost effective and continuously growing. However, the rate of growth in the number of customers participating has been impacted by the storms that did major damage throughout the Company's service area. As a result, FPL has not elected to pursue either permanent approval of the Pilot Program or reversion to the original On-Call Program at this time.

In addition, FPL reports that the Company is undertaking re-evaluation of all DSM programs in light of newly recognized projections for increased demand. Other factors, such as the impact of changing fuel prices and issues about fuel diversity, are a part of this effort. In summary, it would be premature to set forth any long-term authorization at this stage.

As such, we hereby approve an extension of the currently authorized Pilot Program to continue through August 31, 2007. In addition, FPL shall provide detailed information and analysis of the utility's experience and projections with respect to this residential load management program no later than June 1, 2007.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company's request for extension of its Residential Load Control Pilot Program is hereby granted, as set forth in the body of this Order, until August 31, 2007. It is further

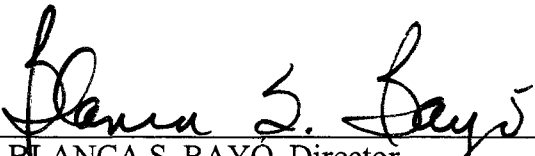
ORDERED that Florida Power & Light Company's recovery of expenses associated with the extension through its Energy Conservation Recovery (ECCR) Clause is hereby granted, as set forth in the body of this Order. It is further

ORDERED that Florida Power & Light Company shall provide detailed information and analysis regarding its residential load management program no later than June 1, 2007. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 15th day of May, 2006.


BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, 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 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 action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file 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 the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 5, 2006.

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/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.