

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: September 22, 2005

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

FROM: Division of Economic Regulation (Sickel, Colson)
Office of the General Counsel (Brown)

RE: Docket No. 050512-EI – Petition for approval of modifications to Demand-Side Management Program: Low Income Weatherization Assistance Program, by Progress Energy Florida, Inc.

AGENDA: 10/04/05 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Edgar

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\ECR\WP\050512.RCM.DOC

Case Background

On August 9, 2004, the Commission issued Order No. PSC-04-0769-PAA-EG in Docket No. 040031-EG, In Re: Petition for approval of numeric conservation goals by Progress Energy Florida, Inc. That Order approved Progress Energy's (PEF or Progress) annual energy conservation goals for the period 2005 through 2014. The order also approved the company's demand-side management plan that included specific residential programs for capacity and energy savings. One of the residential programs is known as the Low Income Weatherization Assistance Program (LIWAP). On July 28, 2005, PEF filed a petition requesting approval of modifications to the LIWAP in order to increase the energy savings and cost-effectiveness of the program.

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This recommendation will describe the additional measures proposed by PEF and the advantages of those measures to PEF customers. Also, it will review PEF's analysis of the anticipated increase in cost effectiveness of the LIWAP.

The Commission has the authority to consider these matters pursuant to Sections 366.82(2), 366.05, and 366.06, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission approve Progress Energy Florida's petition for approval of modifications to its Low Income Weatherization Assistance Program (LIWAP)?

Recommendation: Yes. The proposed modifications will increase the energy savings and the cost effectiveness of the LIWAP program. (Sickel, Colson)

Staff Analysis: Since 1996, Progress has coordinated with the Department of Community Affairs and local weatherization providers to offer the LIWAP. The endeavor came about through an agreement between the Legal Environmental Assistance Foundation Inc. and Florida Power Company, predecessor to Progress Energy. This is an umbrella program to improve energy efficiency for low income customers in existing homes, and is designed to introduce those customers to demand side management (DSM) programs.

The LIWAP was implemented as a pilot program for the period 1996-2000, and was subsequently approved as a full time program by Order No. PSC-00-0750-PAA-EG issued on April 17, 2000 in Docket No. 991789-EG, In Re: Approval of demand-side management plan of Florida Power Corporation. Since it was first implemented, the program has provided incentives for attic insulation upgrades, duct testing and repair, reduced air infiltration, water heater wrap, heating and air conditioning maintenance, high efficiency heat pumps, heat recovery units, and dedicated heat pump water heaters. There have been no changes or additions to the program since it was first approved. Recently, PEF researched the feasibility of additional measures to further enhance the LIWAP. PEF proposes to include four new measures in the program.

1. Replacement of incandescent lamps with compact fluorescent: up to three bulbs, 60 watts or greater, would be replaced by fluorescent lamps rated at 15 or 18 watts. The new bulbs have expected life of 10,000 hours, compared with 750 hours for the incandescent bulbs.

2. Replacement of regular shower heads with low flow heads: regular heads generally have flow of 3 to 5 gallons per minute, whereas the replacement will have flow rating of 2.5 gallons per minute. Reduction in water usage produces an associated reduction in water heating. Replacement limited to one per shower or two per home.

3. Provide faucet aerators: water usage is reduced, producing energy and cost savings associated with reduction in water heating. Replacement of 3 per household, maximum.

4. Provide refrigerator coil brush: the weatherization provider will demonstrate effective use of the brush and explain that savings result from maintaining high cooling efficiency of the cooling coils.

PEF estimates a summer peak saving of 0.148 kW and a winter peak saving of 0.20 kW per participant, with associated annual energy reduction of 434 kWh. Adding these measures will produce an increase in the benefit cost ratio from 1.01 to 1.061 for the rate impact measure (RIM test) and from 8.24 to 11.180 for the total resource cost test (TRC). There is no charge to the participating ratepayer, who would see some reduction in annual electric cost associated with actual energy savings.

Therefore, staff recommends that the Commission approve the Progress proposal to add the listed measures to the existing Low Income Weatherization Program.

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.

Staff Analysis: At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a consummating order.