

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for Approval of)	DOCKET NO. 900104-EG
Energy Conservation Plan by)	ORDER NO. 23555
Tampa Electric Company.)	ISSUED: 10-02-90
_____)		

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 FRANK S. MESSERSMITH

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING PORTIONS OF TAMPA
ELECTRIC COMPANY'S CONSERVATION PLAN

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 adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

CASE BACKGROUND

During the 1989 regular session, the Legislature of the State of Florida amended Section 366.82, Florida Statutes, requiring this Commission to adopt goals for increasing the efficiency of energy consumption and increasing the development of cogeneration. Section 366.82, Florida Statutes also directed the Commission to require affected electric and natural gas utilities to submit updated energy conservation programs. On November 14, 1989 this Commission issued Order No. 22186, adopting the goals stated in Rule 25-17.001, Florida Administrative Code, and required the affected utilities to submit new and revised plans and programs to meet the goals within 90 days of the issuance of the Order. Also in the Order, this Commission stated that the conservation programs will be judged by the following criteria:

DOCUMENT NUMBER-DATE
 08829 OCT -2 1990
 PSC-RECORDS/REPORTING

ORDER NO. 23555
DOCKET NO. 900104-EG
PAGE 2

1. Does each component program advance the policy objectives set forth in Rule 25-17.001 and the FEECA statute?
2. Is each component program directly monitorable and yield measurable results?
3. Is each component program cost effective? (The Commission stated that municipal and cooperative utilities were free to implement non-cost effective programs if they so desired).

The utilities were directed to file programs in four areas: (1) demand side management programs; (2) natural gas programs where cost effective; (3) residential energy audits; and (4) a program for attracting qualifying facilities (cogeneration) into its service area.

Subsequently the Commission deleted that part of Order No. 22176 requiring the electric utilities promotion of gas programs.

Intervention in this docket was granted to ManaSota 88 and Florida Industrial Cogeneration Association.

Conservation Plan

After detailed consideration of TECO's proposed conservation plan, we agree with the Staff that the Company's Plan should be approved as submitted, with the exception of the Conservation Value program and the Company's Cogeneration program, at least for the time being. The Company and the Commission's Staff will meet and discuss their differences regarding the Conservation Value program and TECO will resubmit that program to the Commission for further consideration. In addition, we are deferring our ruling on the Company's Cogeneration program pending the final disposition of our cogeneration rule revision docket (Docket No. 891049-EU).

Customer Incentive Payments

With respect to its programs, Tampa Electric had requested that customer incentive payments receive capitalized rate base treatment in the energy conservation cost recovery clause.

ORDER NO. 23555
DOCKET NO. 900104-EG
PAGE 3

The Staff had recommended that no change be made in the recovery costs for these programs so that customer incentive payments would be recovered as any other conservation expense. We believe that the Staff's approach in this regard is appropriate, at least on an interim basis. However, we do feel that the rate base treatment of incentive is an appropriate topic for discussion in our forthcoming consideration of proposed changes to Rule 25-17.008, Florida Administrative Code, concerning conservation cost-effectiveness calculations in Docket No. 891234-EU, or in a separate docket established for considering such proposals.

Program Participation Standards

We also concur with the Staff's recommendation that Tampa Electric should file program participation standards within 30 days of the issuance of the Order in this docket. Those standards should clearly state the requirements of the Company to participate in the program, eligibility requirements for the customers, details of how rebates or incentives will be processed, technical specifications on equipment eligibility, and necessary reporting requirements. The Staff shall approve these programs standards if they conform with the description of the programs contained in the current plan.

Program Implementations

We agree with Staff that Tampa Electric should be permitted to begin implementation of its newly proposed and modified programs prior to final Commission action in this docket subject to the usual cost recovery risk if any part of a program is rejected.

Cost Effective Programs Without Consideration of Lost Revenues

Finally, the Staff has taken the position that Tampa Electric should be required to submit conservation programs that are cost effective, where lost revenues are not included as a direct utility cost. We believe that this issue requires careful and thorough examination, and that it would be appropriate to consider this issue in the cost-effectiveness docket, Docket No. 891324-EU. Accordingly, we will not adopt Staff's position on this issue but will treat that subject matter in the cost-effectiveness docket.

ORDER NO. 23555
DOCKET NO. 900104-EG
PAGE 4

Internal Controls and Independent Audit

We concur in our Staff's suggestion that in order to establish adequate auditing information, we should require TECO's system of internal accounting controls for each conservation program to be adequate to provide TECO and the Commission with a reasonable assurance that the conservation program assets are safeguarded against loss from unauthorized use or disposition; and that transactions are executed in accordance with Commission authorization and are recorded properly to prevent the preparation of financial conservation cost recovery exhibits in accordance with generally accepted accounting principles. To ensure compliance, Staff recommends that TECO should obtain an independent audit every two years. We agree an audit would be appropriate but at this time we will only require the audit to be conducted within one year from the date this Order, and we will review the necessity of additional independent audits then.

Cogeneration Plan

While Staff recommends approving TECO cogeneration program, we will neither approve or disapprove the program at this time. We believe it is appropriate to revisit this program after implementation of the new cogeneration rules.

Therefore, based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Tampa Electric Company's conservation plan is approved subject to the conditions and exceptions discussed in the body of this Order. It is further

ORDERED that Tampa Electric Company submit its detailed program participation standards as described in the body of this Order to the Electric and Gas Division for its administrative approval. It is further

ORDERED that Tampa Electric Company shall provide, on a one-time basis within one year from the date of this Order, an opinion from an outside audit firm that its internal accounting controls for conservation expenditures are appropriate. Any need for further outside audit opinions will be addressed at a later date if necessary. It is further

ORDER NO. 23555
DOCKET NO. 900104-EG
PAGE 5

ORDERED that rate base treatment of incentives be deferred for consideration in the pending cost-effectiveness docket (Docket No. 891324-EU) or in a separate docket established for that purpose. It is further

ORDERED that if a protest is filed within 20 days of the date of this Order it will be resolved by the appropriate Commission panel pursuant to Rule 25-22.006(3)(d), Florida Administrative Code.

By ORDER of the Florida Public Service Commission, this 2nd day of OCTOBER, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

(8002L)MRC:bmi

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the

ORDER NO. 23555
DOCKET NO. 900104-EG
PAGE 6

Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on October 23, 1990.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.