

One Energy Place  
Pensacola, Florida 32520

Tel 850.444.6000

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January 21, 1998

Ms. Blanca S. Bayo, Director  
Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee FL 32399-0870

Dear Ms. Bayo:

RE: Docket Nos. 971004-EG, 971005-EG, 971006-EG, and 971007-EG

Enclosed for official filing are an original and fifteen copies of Gulf Power Company's Comments that were requested at the Commission Workshop that was held on January 7, 1998.

Sincerely,

*Susan D. Cranmer*

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COMMISSION WORKSHOP HELD JANUARY 7, 1998  
DOCKET NOS. 971004-EG, 971005-EG, 971006-EG, 971007-EG  
Comments from Gulf Power Company

Gulf Power Company appreciates the FPSC staff requesting input into the goal process. Gulf looks forward to helping shape the process and offers the specific comments noted below.

Gulf Power Company has a tradition that dates back to the mid-70's of developing conservation programs that focus on delivering customer value in the form of increased comfort and savings on energy purchases. This tradition is best noted through Gulf's development of the GoodCents Home program. The GoodCents Home program brought customer awareness, understanding and expectations regarding energy efficient construction standards in Northwest Florida to levels unmatched anywhere. The development of the GoodCents Home program took place prior to FEECA being enacted. Gulf continues to enhance and promote the GoodCents Home program because of its value to our customers. This is one example of how Gulf will continue delivering customer value in the form of increased comfort and savings on energy purchases with or without numeric goals. Gulf Power would like to see rulemaking which resulted in changes to the goal setting process that promotes efficiency and flexibility. The goal setting process is very lengthy and static as compared to the demand-side management planning process which is very dynamic. Migration to word goals is an example of change that would support flexibility. Another example is the elimination of the Industrial/Commercial and Residential goals to be replaced with total company goals.

Given a choice Gulf would prefer word goals, but if words goals or indexed numeric goals cannot gain support and approval then Gulf supports in concept the proposal submitted by Florida Power and Light. Gulf Power incurred substantial financial and human hardship in its participation in the previous goals setting process. Countless hours were exhausted preparing and analyzing the many potential conservation measures. The current goals setting process should be a continuation of the last proceedings and capitalize on the previous efforts. For example, it is not necessary to perform the exhaustive technical potential phase again. New measures, if any exist, can be added to the list to be considered by the utilities

In addition, if a measure based on our previous analysis had a RIM value less than one then we would propose to exclude it from the list of viable measures. The avoided cost of generation has a substantial impact on the results of the RIM test and that cost has been declining since the last goals setting proceedings. To reevaluate all measures that had previously failed RIM would be futile. However, we would reevaluate previously RIM failing measures that now have potential based on new technology and increased efficiency. Compact Fluorescents with Dimming Ballast is an example of a measure that needs to be reevaluated given changes in technology. In addition, Gulf would exclude measures that pass RIM in our previous analysis but would result in insignificant net present value.

Gulf would also agree to evaluate new measures that have evidence of potential. An example of this is Desiccant Cooling on which Gulf has performed research and has produced a field performance data report. This data shows excellent high efficiency performance. Many of the supplemental measures submitted by LEAF at the last workshop are already required by state code and therefore require no further consideration. Examples are Exit Sign, Electroluminescent (code 415.1ABCD.4) and Low Leakage Dampers (code 409.1ABCD.2).

Any new measures that Gulf would consider adding for analysis should also have available Florida specific data. In some cases, measures are not viable in our climate zone and should not be included as a new measure for consideration. For example, the HVAC Outside Air Economizer measure, which was submitted by LEAF as a supplemental measure, is deemed not to be effective in hot humid climates by the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc. (ASHRAE).

It is not necessary to address low income, renewables, natural gas substitution and research and development issues in the goal setting proceedings. Gulf is addressing these issues as described in the following section.

Gulf Power Company worked with the Florida Energy Extension Service on the Solar for Schools Pilot. The program combined the installation of solar technologies in participating school facilities with energy conservation education of students. Since September, 1996, customers have been given the opportunity to participate in a Green Pricing pilot by contribute to the solar project.

Gulf Power Company has been assisting its low income customers with a number of energy conservation programs for many years. Although programs are offered to all customers without discrimination, the company is fully aware that a customer may not participate in all programs due to various circumstances including income levels. It is believed that the low income customers are participating at a proportionate level as other income levels in energy conservation programs. Some of the programs that assist low income customers include:

Free Residential Audit - for the low income focuses on the lifestyle and low cost energy conservation measures the customer can take.

SHARE - was adopted by Gulf in 1991 to benefit its low income customers. SHARE is a program designed to assist the low income and elderly customers by providing cash payments for emergency needs. Customers elect to contribute to the program monthly along with their monthly electric service payment, or they may make a one-time contribution. The moneys that are collected are forwarded to the Salvation Army for distribution. Gulf acts as a collection agent and absorbs the administrative costs to collect the money.

FPSC Order No. PSC-94-1313-FOF-EG stated that each utility was required to file its plans for natural gas research and demonstration projects with the Commission. Gulf's proposed four research and demonstration projects were approved, thus addressing the specific requirements of the order. The four research projects include 1) Triathlon Gas Heat Pump - a residential research project intended to determine long-term system performance, technical feasibility, and cost-effectiveness of engine driven gas heat pumps; 2) Gas Engine Driven Chiller - a commercial/industrial project intended to determine the actual operating characteristics and cost-effectiveness of engine driven chillers; 3) Dual Fuel Heat Pump Evaluation - a commercial/industrial project intended to determine the gas and electric energy consumption and cost effectiveness; and 4) Gas Fired Cogeneration Plant - An Air Force Base was interested in constructing a 500 kW gas fired cogeneration plant. The final report for the Gas Engine Driven Chiller and the Dual Fuel Heat Pump have been submitted to the FPSC staff. The final report for the Triathlon Gas Heat Pump is currently being prepared. In all three cases, the gas technology has not proven to be cost-effective. The gas fired cogeneration unit has been canceled.

A package of conservation programs was approved by the FPSC in Order No. 23461 for Gulf Power Company to explore the development of a program to pursue research, development, and demonstration projects designed to promote energy efficiency and conservation. This program, Conservation Demonstration and Development (CDD), serves

as an umbrella program for the identification, development, demonstration and evaluation of new or emerging end-use technologies. Examples of the research currently being conducted include a Low Income Multi-Family Housing Geothermal Project - This project was designed to research the efficiency of the geothermal systems compared to the existing heating and cooling systems.

Another example is Lucille Moore Elementary School. This project is a comparative study designed to illustrate the efficiency and demand reduction associated with geothermal versus conventional air source systems. This research is reported to the FPSC annually and reports are submitted at the completion of the research in accordance with the staff's guidelines. We are proactive in identifying potential technology that warrants further research.

Gulf appreciates the opportunity to offer comments on the goal setting process. We look forward to working with all the parties involved to make the process efficient while developing and providing programs of value to our customers.