

DATE: MARCH 26, 1998 FLORIDA PUBLIC SERVICE COMMISSION
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FPSC - Records/Reporting

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC & GAS (COLSON) *TK TB*
DIVISION OF LEGAL SERVICES (CRUZ-BUSTILLO) *RVE RZ RLT*

RE: DOCKET NO. 980265-EG - PETITION TO DISCONTINUE ENERGY
MONITOR CONSERVATION PROGRAM BY FLORIDA POWER
CORPORATION.

AGENDA: APRIL 7, 1998 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\980265.RCM

CASE BACKGROUND

On June 9, 1995, the Commission approved Florida Power Corporation's (FPC's) Energy Monitor Program as part of FPC's Demand Side Management (DSM) Plan in Order Numbers PSC-95-0691-FOF-EG, and PSC-95-1344-S-EG. The Energy Monitor Program was tailored to the needs of FPC's commercial and industrial customers. The Energy Monitor Program provides consulting services to improve the operation and maintenance of buildings and process systems. No incentives were paid under this program. Rather, FPC charges a fee for four types of services: energy accounting, load management, commissioning assistance, and energy project assistance.

In staff's first set of interrogatories in Docket No. 960002-EG, FPC was asked to evaluate each of its approved DSM programs using the company's most recent planning assumptions. The results showed that the Energy Monitor Program along with several other DSM programs failed the Rate Impact Measure (RIM) test. FPC stated that the requested analyses were not sufficient to assess whether the programs should continue to be offered. FPC agreed at that time to reevaluate each of the programs that failed the RIM test to determine potential program modifications that may be desirable.

On February 20, 1998, FPC filed a petition to terminate its Energy Monitor Program and remove it from FPC's DSM plan. FPC now

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believes that the program is no longer cost-effective and cannot be modified to be made cost-effective while still addressing the needs of FPC's customers.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve the Petition to Discontinue Florida Power Corporation's Energy Monitor Program?

RECOMMENDATION: Yes. The Commission should approve the Petition to Discontinue Florida Power Corporation's Energy Monitor Program.

STAFF ANALYSIS: In 1996, FPC projected that 69 customers would participate in its Energy Monitor program. The actual cumulative number of participants for that period was 28. According to the FPC's responses to staff's first set of interrogatories in Docket No. 960002-EG, the Rate Impact Measure (RIM) test benefit-to-cost ratio for the Energy Monitor Program was calculated to be 0.75 when the evaluations were performed using FPC's 1996 planning assumptions.

Included with the Interrogatory responses, was FPC's commitment to explore options to improve program cost-effectiveness for those programs that no longer pass RIM, including:

1. Evaluating actual program costs since the beginning of the program to determine if the program can be operated more efficiently.
2. Evaluating actual program demand and energy savings since the beginning of the program to determine if the program is receiving the proper amount of benefits.
3. Identifying and modifying individual program components that are no longer cost-effective.

According to FPC's Petition, the most recent reevaluation of its Energy Monitor Program was based on a fixed program administration cost of \$4,123 per year, keeping the incentive cost at \$0.00 per year, and twenty (20) new program participants per year through 2008. The RIM benefit-to-cost ratio for the Energy Monitor Program's is now 0.86. Staff believes that utilities should retain only those programs that are RIM cost-effective and prudent. Staff also believes that a utility should not promote DSM programs that are not cost-effective for the sake of conservation.

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Staff believes FPC has shown that no new program modifications can make the Energy Monitor Program cost-effective. Therefore, staff recommends that FPC's petition to discontinue the Energy Monitor Program be approved.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no person whose substantial interests are affected by the Commission's proposed agency action, files a protest within twenty-one days of the issuance of the order, this docket should be closed.

STAFF ANALYSIS: Pursuant to Rule 25-22.029(4), Florida Administrative Code, any person whose substantial interests are affected by the Commission's proposed agency action shall have 21 days after issuance of the order to file a protest. If no timely protest is filed, the docket should be closed.