

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for modification
of Better Business Conservation
Program as part of DSM Plan, by
Florida Power Corporation.

DOCKET NO. 980264-EG
ORDER NO. PSC-98-0746-FOF-EG
ISSUED: May 29, 1998

The following Commissioners participated in the disposition of
this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING MODIFICATION OF BETTER BUSINESS CONSERVATION
PROGRAM BY FLORIDA POWER CORPORATION

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.

In Order Number PSC-95-1344-S-EG, issued on November 1, 1995, in Docket No. 941171-EG, the Commission approved Florida Power Corporation's (FPC) Commercial/Industrial (C/I) Better Business program as part of FPC's Demand Side Management (DSM) Plan. The Better Business program provides incentives for the installation of energy efficient lighting, heating, ventilation, air conditioning, motors, and water heating equipment, as well as building retrofit measures (in particular, roof insulation upgrade, duct leakage test and repair, and window film retrofit).

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 response showed that the Better Business 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

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agreed at that time to reevaluate each of the programs that failed the RIM test to determine potential desirable program modifications.

A reduction in avoided cost appears to be the primary reason for the decline in cost-effectiveness of FPC's Better Business program. FPC performed multiple scenarios, in analyzing the program, by removing individual program components and testing for cost-effectiveness. The program became cost-effective only when the Interior Lighting component was removed. According to FPC, this is primarily because of high lost revenues caused by the Interior Lighting component which reduces energy sales over both peak and non-peak hours.

As a result of its analysis, on February 20, 1998, FPC filed a petition to modify its Better Business Program. FPC proposed to modify the Better Business program by discontinuing the Interior Lighting component of the program. As originally approved, for qualifying C/I customers, FPC conducted a lighting audit, provided lighting information to the customer, and paid an incentive for qualifying efficient indoor lighting fixtures. The program does not pay an incentive for exterior lighting. FPC stated in its petition that by eliminating the Interior Lighting component of the program, the program will achieve a benefit/cost ratio greater than 1.0 under the RIM, Total Resource Cost, and Participant tests.

Because the modified program has a RIM ratio of 1.27, we believe that FPC's ratepayers are less vulnerable to declining avoided costs, and overstated demand and energy savings compared to a marginally cost-effective program. FPC metered a representative sample of C/I customers from 1995-1997 in part to verify DSM program assumptions. FPC plans to continue its analysis of this data during 1998, and to specifically evaluate the Better Business program during 1998. Engineering models will use the metered data previously mentioned, along with customer billing data to evaluate the Better Business program.

We find that the Better Business program, as modified, is cost effective, with a ratio of 1.27 under the Rate Impact Measure test. Therefore, FPC's Petition for Modification of Better Business Conservation Program as Part of DSM Plan is approved. In addition, FPC shall file with the Commission the results of its planned 1998 evaluation of the Better Business program.

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Florida Power Corporation shall file program participation standards within 30 days of the issuance of this Order. FPC's program standards shall clearly state the Company's requirements for participation in the program, including, customer eligibility requirements, details on how rebates or incentives will be processed, technical specifications on equipment eligibility, and necessary reporting requirements. These program participation standards shall be administratively approved if they conform to the description of the program contained in FPC's petition.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power Corporation's proposed modifications to its Better Business Conservation Program are approved. It is further

ORDERED that Florida Power Corporation shall file program participation standards within 30 days of the issuance of this Order. It is further

ORDERED that the program participation standards shall clearly state the requirements for participation in the program, customer eligibility requirements, details on how rebates or incentives will be processed, technical specification on equipment eligibility, and necessary reporting requirements. It is further

ORDERED that the program standards shall be administratively approved if they conform to the description of the program contained in Florida Power Corporation's Petition. It is further

ORDERED that FPC shall file with the Commission the results of its planned 1998 evaluation of the Better Business program. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

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

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By ORDER of the Florida Public Service Commission this 29th
day of May, 1998.

BLANCA S. BAYÓ, Director
Division of Records and Reporting



Kay Flynn, Chief
Bureau of Records

(S E A L)

GAJ

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 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.

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 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 Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 19, 1998.

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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.

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 substantially 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 wastewater 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.