

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of modifications to
demand-side management plan by Florida
Power & Light Company.

DOCKET NO. 060408-EI
ORDER NO. PSC-06-0740-TRF-EI
ISSUED: September 1, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

ORDER GRANTING APPROVAL OF MODIFICATIONS TO
DEMAND-SIDE MANAGEMENT PLAN

BY THE COMMISSION:

Background

We approved numeric conservation goals for Florida Power & Light Company (FPL) by Order No. PSC-04-0850-CO-EG, issued September 1, 2004, in Docket No. 040029-EG, In re: Petition for Approval of Numeric Conservation Goals by Florida Power & Light Company. To meet these goals, FPL has a demand-side management (DSM) Plan consisting of 17 programs, including seven residential programs, nine commercial/industrial (C/I) programs, and one research and development program. By Order No. PSC-05-0323-CO-EG, issued on March 21, 2005 in Docket No. 040029-EG, we approved FPL's DSM Plan except for two programs, BuildSmart and Residential Conservation Service. Following a formal proceeding, these two programs were subsequently approved by Order No. PSC-06-0025-FOF-EG, issued on January 10, 2006 in Docket No. 040029-EG.

By Order No. PSC-06-0555-FOF-E1, issued on June 28, 2006, in Docket No. 060225-EI, In re: Petition for Determination of Need for West County Units 1 and 2 Electrical Power Plants in Palm Beach County by Florida Power & Light Company, we granted FPL's determination of need for the West County Energy Center Units 1 and 2. As a condition of approval, FPL agreed to file new and revised DSM programs to increase demand and energy savings on its system. On May 19, 2006, FPL petitioned this Commission for approval of two new DSM programs and revisions to seven existing DSM programs. FPL's petition contains rate tariffs associated with some of its DSM programs. By letter dated July 19, 2006, FPL waived the 60-day requirement for Commission action to suspend or approve these rate tariffs.

We have jurisdiction over this matter pursuant to the Florida Energy Efficiency and Conservation Act (FEECA), Sections 366.80-366.85 and 403.519, Florida Statutes.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Modifications to Demand-Side Management Plan

FPL has proposed to add two new DSM programs to its DSM Plan:

- Business Water Heating (heat recovery units, heat pump water heaters)

FPL's new Business Water Heating Program encourages the installation of energy-efficient heat recovery units or heat pump water heaters. A heat recovery unit captures waste heat rejected by an air conditioner compressor and runs the excess heat through pipes in a water heater tank. The recovered energy is used to displace electrical power used for commercial water heating. A heat pump water heater uses a dedicated electric heat pump to heat water circulating through a storage tank.

- Business Refrigeration (energy-efficient refrigeration equipment)

FPL's new Business Refrigeration Program encourages the installation of controls and equipment to reduce the usage of electric strip heat for defrosting purposes. Electric strip heater elements are normally needed to prevent condensation in display cases and to defrost freezer doorways. Advanced controls can stagger the defrost cycles to limit the amount of strip heat load operating in a given time period. A freezer can also reclaim hot gas from the compressor as a heat source for defrosting doorways, reducing or eliminating the need for electric strip heaters.

In addition to the two new DSM programs, FPL has also proposed to revise seven existing programs in its DSM Plan:

- Residential Building Envelope (ceiling and roof insulation measures)
- Residential Low Income Weatherization (heating/cooling system maintenance, reduction of air infiltration)
- Residential On-Call (load management program - closed to new participants as of March 6, 2003)
- Residential On-Call Pilot (replacement load management program for new participants)
- Business Building Envelope (ceiling and roof insulation measures, reflective windows)
- Business Efficient Lighting (energy-efficient lightning measures)
- Business On-Call (load management for air conditioning equipment)

Attachment A summarizes FPL's seven revised DSM programs as well as the two new programs discussed earlier. Attachment A includes the new benefit/cost ratios under the Participants test, Rate Impact Measure (RIM) test, and Total Resource Cost (TRC) test;

projections of per-participant demand and energy savings from each program; and a brief summary of new programs and the revisions to existing programs.

For the existing programs, the only changes to the three load management programs (Residential On-Call, Residential On-Call Pilot, Business On-Call) are small increases in the amount of time that central air conditioning can be cycled, or interrupted. FPL's system exhibits extended peak demands on summer days. FPL expects to gain additional summer peak demand savings from an opportunity to extend the cycling periods, when needed, for air conditioning equipment. The customer incentive remains unchanged for the load management programs. FPL does not expect the extended cycling periods to affect customer participation.

Changes to the other four existing programs consist primarily of small to moderate increases in the level of incentives paid by FPL to customers to install energy-efficient measures. FPL expects that increased incentives will lead to increased customer participation levels, which should in turn increase system demand and energy savings. The Residential Building Envelope Program, Business Building Envelope Program, and Residential Low Income Weatherization Program each include one additional conservation measure.

When we evaluate conservation programs, we consider three criteria:

- Whether the programs advance the policy objectives of Rule 25-17.001, Florida Administrative Code, and the Florida Energy Efficiency and Conservation Act (FEECA), Sections 366.80 through 366.85, Florida Statutes;
- Whether the programs are directly monitorable and produce measurable results; and,
- Whether the programs are cost effective

FPL's new and revised DSM programs meet the policy objectives of FEECA by producing energy savings and reductions to weather-sensitive peak demand. By 2014, the nine programs are expected to produce cumulative summer peak demand savings on FPL's system of approximately 454 MW, winter peak demand savings of 310 MW, and annual energy savings of 54,068 MWh. FPL is currently meeting its Commission-prescribed numeric conservation goals without counting the additional demand and energy savings from the new and revised DSM programs.

FPL's new and revised DSM programs are monitorable and will continue to yield measurable results. FPL will track customer participation in the two new programs to evaluate actual demand and energy savings. The majority of the revised programs are mature technologies which FPL has studied for several years. Additionally, FPL will continue to examine the load management programs using metered customer data to observe the effects of cycling activities.

FPL's new and revised DSM programs are cost-effective. All programs were evaluated against FPL's next uncommitted generating unit, a 181 MW gas-fired combustion turbine unit with an in-service date of June 2011. As shown in Attachment A, all programs have a benefit/cost ratio greater than 1.0 under the Participants, RIM, and TRC tests. A cost-effective DSM program under the RIM test means that program participants, as well as those customers who do not participate, will benefit from the program.

Based on the above, the proposed modifications to FPL's DSM Plan are hereby approved. The new and revised programs are expected to increase FPL's system demand and energy savings, are expected to continue to meet the policy objectives of the Florida Energy Efficiency and Conservation Act (FEECA), and are expected to continue to be monitorable and cost-effective. FPL shall file detailed program standards within 60 days from the date of this order. These standards shall be filed for all new and revised DSM programs for administrative approval by the staff.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company's proposed modifications to its Demand-Side Management Plan are hereby approved as set forth herein. It is further

ORDERED that the tariff is hereby approved effective August 15, 2006. It is further

ORDERED that all attachments appended hereto are incorporated herein by reference. It is further

ORDERED that FPL shall file detailed program standards within 60 days from the date of this Order. It is further

ORDERED that if a timely protest is filed within 21 days of the issuance of this Order, the tariff shall remain in effect with any increase held subject to refund, pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 1st day of September, 2006.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

KEF

NOTICE OF FURTHER PROCEEDINGS

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 Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 22, 2006.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating 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.

Approved Modifications to FPL's Demand-Side Management Programs

Program Name	Benefit / Cost Ratio			Per-Customer Savings - at generator			Approved Modifications
	Part.	RIM	TRC	KW - Sum.	KW - Win.	KWh	
Residential Building Envelope	1.77	1.28	1.58	0.33	0.37	795	Increases in maximum incentive levels Ceiling Insulation: from \$570/summer KW to \$1676 Reflective Roofs: from \$461/summer KW to \$706 Roof coatings (NEW): \$1518/summer KW
Residential Low Income Weatherization	1.78	1.47	1.7	0.17	0.05	361	Increases in maximum incentive levels HVAC maintenance: from \$35/participant to \$45 Reduced air infiltration: from \$10/participant to \$60 Room AC replacement (NEW): \$25/participant
Residential On-Call (and Residential On-Call PILOT)	--	2.55	6.03	1.23	1.20	19	Extend option C interrupt schedule for A/C per 30 min. period: from 15 min. to 17.5 min. cumulative time: from 180 min. to 210 min.
Business Building Envelope	1.92	1.42	2.22	1.10	0.06	2095	Name change from "C/I" to "Business" Increases in maximum incentive levels Ceiling insulation: from \$181/summer KW to \$185 Roof insulation: from \$181/summer KW to \$219 Reflective roofs: from \$181/summer KW to \$579 Window treatments (NEW): \$429/summer KW
Business Efficient Lighting	4.31	1.44	4.71	1.10	0.72	5250	Name change from "C/I" to "Business" Increase in maximum incentive level From \$101/summer KW to \$132
Business On-Call	∞	2.62	7.73	1.10	0.00	1	Extend interrupt schedule for A/C per 30 min. period: from 15 min. to 17.5 min. cumulative time: from 180 min. to 210 min.
Business Water Heating (NEW)	1.49	1.11	1.31	1.10	1.27	11045	Applies to new equipment: heat recovery water heaters (HPWH) heat recovery units (HRU) Maximum incentive level of \$881/summer KW
Business Refrigeration (NEW)	2.42	1.4	2.57	1.10	0.98	8692	Applies to controls that reduce strip heat usage in refrigeration Maximum incentive level of \$80/summer KW