

FLORIDA PUBLIC SERVICE COMMISSION
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APRIL 16, 1998

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FPSC - Records/Reporting

TO : DIRECTOR OF RECORDS AND REPORTING (BAYO)

FROM : DIVISION OF ELECTRIC AND GAS (DRAPER) *EID*
DIVISION OF LEGAL SERVICES (PAUGH) *RUE for LIP JDJ*

RE : DOCKET NO. 980364-EI - REQUEST BY FLORIDA POWER
CORPORATION FOR APPROVAL OF METAL HALIDE PILOT PROGRAM

AGENDA: APRIL 28, 1998 - REGULAR AGENDA - TARIFF FILING -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: MAY 8, 1998

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\980364EI.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Florida Power Corporation's request for approval of its Metal Halide Pilot Program?

RECOMMENDATION: Yes. The proposed pilot program will allow FPC to evaluate the feasibility of offering a new type of outdoor lighting option with little or no impact on the general body of ratepayers. The tariff should become effective on the date of the Commission vote.

STAFF ANALYSIS: On March 9, 1998, Florida Power Corporation (FPC) filed a petition for approval of its Metal Halide Pilot Program (pilot). The goal of the pilot is to allow FPC to determine the cost of installing and maintaining the metal halide fixtures, their effectiveness, and whether this is a program that will be beneficial to both the customers and FPC if offered system wide. FPC plans on completing its analysis of the pilot within two years.

Currently, most street lighting applications use high pressure sodium lamps. Until the invention of the high pressure sodium lamp in 1968, mercury lamps were used in street lighting and other exterior applications. Sodium discharge creates a predominantly yellow light. FPC asserts that some customers have now requested the relatively new metal halide lamps instead of sodium lights. Metal halide lamps generate a wider spectrum of white light, with

DOCUMENT NUMBER DATE

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better color rendering than mercury or sodium lamps. Car dealers, for example, have shown interest in the new metal halide lamps, because the whiter light makes it easier for customers to see the color of the cars.

Since metal halide lights are a relatively new invention, FPC alleges that it currently does not know the true costs associated with offering metal halide fixtures. FPC plans on restricting the pilot to a maximum of one thousand fixtures and will install these on the premises of nine customers who have already requested this type of lighting. These nine customers will be billed under FPC's Commission-approved lighting rate schedule LS-1. The customer will be required to sign a 10-year contract with FPC to participate in the pilot. Staff notes that if the LS-1 rates are below (or above) the true costs of metal halide lights, the nine customers under the pilot will receive a service that is not cost-based.

This is an optional tariff offering intended to meet the specific needs of customers who desire metal halide fixtures. FPC's request to limit the pilot to nine customers to determine the actual costs associated with metal halide fixtures is reasonable. If the pilot is determined to be successful, FPC will be able to offer all customers charges for metal halide fixtures that are cost-based. Therefore, staff recommends approval of the petition. The tariff should become effective on the date of the Commission vote.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no timely protest is filed, this docket should be closed.

STAFF ANALYSIS: This docket should be closed if no person whose substantial interests are affected by the action proposed by this recommendation files a petition for formal proceeding within the 21-day protest period. If a protest is filed, the tariff should remain in effect, with any increase in revenues held subject to refund, pending the conclusion of the formal proceeding.