



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

RECEIVED PSC
AUG 19 AM 11:21
RECORDS AND REPORTING

DATE: AUGUST 19, 1999

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

FROM: DIVISION OF ELECTRIC AND GAS (HARLOW) *9/27 AS DS*
DIVISION OF LEGAL SERVICES (C. KEATING) *WEX RVE RET*

RE: DOCKET NO. 990838-EG - PETITION BY FLORIDA PUBLIC UTILITIES COMPANY TO MODIFY EXISTING CONSERVATION PLAN

AGENDA: 8/31/99 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\EAG\WP\990838.RCM

CASE BACKGROUND

On April 19, 1996, the Commission issued Order No. PSC-96-1120-FOF-EG, approving Florida Public Utilities Company's (FPUC) demand side management plan. The plan consisted of nine programs, including the In Concert with the Environment program (In Concert) for residential customers. The In Concert program is an environmental and energy awareness program for 8th and 9th grade school children in public schools.

On June 28, 1999, FPUC filed a petition to discontinue the In Concert program. FPUC requests that its demand side management plan be modified to eliminate the In Concert program.

DOCUMENT NUMBER-DATE

09879 AUG 19 99

FPSC-RECORDS/REPORTING

DISCUSSION OF ISSUES

ISSUE 1: Should Florida Public Utilities Company's petition to modify its conservation plan by discontinuing the In Concert with the Environment program be approved?

RECOMMENDATION: Yes. The In Concert with the Environment program is not cost effective. Also, FPUC will still meet its Commission approved residential demand and energy savings goals if the program is discontinued.

STAFF ANALYSIS: The In Concert program is an environmental and energy awareness program offered to 8th and 9th graders in FPUC's Fernandina Beach and Marianna divisions. Representatives from FPUC provide the necessary materials for the program and work with teachers and students to increase students' awareness of how everyday energy use affects the environment. Students are asked to fill out a questionnaire concerning energy usage in their home. Students analyze the information using a software program provided by the utility. FPUC also evaluates these questionnaires to determine the program's resulting energy savings.

FPUC has requested that the In Concert program be discontinued and that its demand side management plan be modified to reflect this change. Staff agrees for the following reasons:

1) The program is not cost-effective. At the time the program was approved, FPUC based the program costs in its cost-effectiveness calculations on a similar program offered by Gulf Power Company. The program costs per participant were estimated to be \$35, which resulted in a ratepayer impact (RIM) test value of 1.72 for the FPUC program. However, these costs were substantially underestimated. The three year total expense for the program has been \$99,746 for 557 participants, or a cost per participant of \$179. FPUC recalculated the RIM test using the actual per participant costs and found the program to be non-cost effective, with a RIM test value of .35. Staff has reviewed these calculations and finds them to be reasonable.

2) FPUC will still meet its Commission-approved demand and energy savings goals if the program is discontinued. FPUC is currently exceeding its annual demand and energy savings goals for residential customers. If the In Concert program is discontinued, it appears that FPUC will continue to meet these goals. The demand and energy savings from the program do not provide a significant contribution to FPUC's residential goals.

3) FPUC has experienced unexpected difficulties in implementing the program. FPUC implemented the program in cooperation with area school board members, administrators and teachers. To be successful, the program requires the participation of teachers, students and FPUC personnel working together in the preparation and presentation of the program and in the tracking of energy savings. However, due to teachers' time constraints and an already full curriculum, FPUC has found that it is more difficult than expected to obtain teacher participation. Further, FPUC stated that several of the parents of students involved in the program reacted negatively to the questionnaires concerning energy usage in their homes.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: A consummating order should be issued, and this docket should be closed if no person whose substantial interests are affected by the proposed action files a protest within the 21-day protest period.

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, a consummating order should be issued and this docket should be closed.