

State of Florida



**Public Service Commission**  
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**-M-E-M-O-R-A-N-D-U-M-**

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 COMMISSION CLERK

**DATE:** OCTOBER 22, 2003

**TO:** DIRECTOR, DIVISION OF THE COMMISSION  
 ADMINISTRATIVE SERVICES (BAYO)

**FROM:** DIVISION OF ECONOMIC REGULATION (MUNROE) *RM 73 17/3*  
 OFFICE OF THE GENERAL COUNSEL (HOLLEY) *JAE 11/4*

**RE:** DOCKET NO. 030949-EG - PETITION FOR EXTENSION OF  
 CONSERVATION RESEARCH AND DEVELOPMENT PROGRAM BY FLORIDA  
 POWER & LIGHT COMPANY.

**AGENDA:** 11/03/2003 - REGULAR AGENDA - PROPOSED AGENCY ACTION -  
 INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** NONE

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\030949.RCM

**CASE BACKGROUND**

Pursuant to the Florida Energy Efficiency and Conservation Act, Section 366.82, Florida Statutes, and Rule 25-17.001 Florida Administrative Code, Florida Power and Light (FPL) is required to file a Demand Side Management (DSM) Plan for Commission approval and is entitled to seek recovery of associated expenditures. The Commission approved FPL's "Demand Side Management Plan for the 2000's" pursuant to Order No. PSC-99-1942-FOF-EG, issued October 1, 1999, Docket No. 971004-EG, In Re: Adoption of Numeric Conservation Goals by Florida Power & Light Company. FPL's plan contains 21 programs, including six research and development (R&D) programs.

One of the R&D elements approved by the Commission is the Conservation Research and Development Program (CRD Program). The CRD Program is intended to serve as an umbrella program for the research and development of promising technologies. The CRD program was first approved pursuant to Order No. 23560, issued

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October 2, 1990, Docket No. 900091, In Re: Request for approval of Energy Conservation Plan by Florida Power & Light Company. Since then, six modifications to the CRD Program have been approved by the Commission. The spending cap was never changed from the \$1,500,000 level. Most recently, the Commission continued this program through December 31, 2003 when it granted an extension by Order No. PSC-02-1447-PAA-EG, issued October 21, 2002, Docket No. 020897-EG, In Re: Petition for extension of Conservation Research and Development Program by Florida Power & Light Company.

Because approval for this program will end this year, FPL filed a petition on September 29, 2003, to extend the CRD Program. The Commission has jurisdiction to consider this matter in accordance with Section 366.82(2), Florida Statutes.

#### DISCUSSION OF ISSUES

**ISSUE 1:** Should the Commission approve Florida Power and Light Company's (FPL) petition to extend its Conservation Research and Development (CRD) Program?

**STAFF RECOMMENDATION:** Yes. FPL has spent approximately \$750,000 to date for the CRD Program. (MUNROE)

**STAFF ANALYSIS:** FPL argues that the CRD Program should continue in order to maintain ongoing research to determine if demand side concepts can be developed into programs which are marketable to FPL customers. In addition, FPL contends that the CRD Program should continue in order to respond to emerging cost-effective demand side management technologies. Therefore, an extension of the CRD Program would allow FPL to collect data that is needed to measure the cost-effectiveness of these new technologies.

FPL's activities under the CRD Program have resulted in recent petitions for approval of several new conservation programs. These include the BuildSmart and C/I Building Envelope Program, both of which have been approved by the Commission. Briefly, BuildSmart is a program which utilizes FPL energy consultants to encourage homebuilders to incorporate energy efficiency measures beyond minimum code requirements. The C/I Building Envelope Program encourages FPL customers to install retrofit measures such as qualifying window treatments, roof/ceiling insulation, or reflective roof coating.

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FPL seeks an extension of the CRD Program until December 31, 2004. However, FPL is not requesting an increase to the current \$1,500,000 expenditure cap for the CRD Program. To date, approximately \$750,000 has been spent and recovered from FPL's customers. Because of the research nature of the program, no direct demand or energy reductions are quantifiable. As a result no cost effectiveness tests were performed for this program. However, this program does advance the objectives of the Florida Energy Efficiency and Conservation Act (FEECA), which are to: (1) reduce the growth rate of weather sensitive peak demands, (2) reduce and control the growth rate of energy consumption and (3) increase the conservation of expensive resources.

Staff recommends that this program extension be approved, and that FPL be allowed to recover reasonable and prudent expenditures up to the limits previously discussed for the CRD Program through the Energy Conservation Cost Recovery Clause. FPL should continue to file detailed quarterly reports to the Commission staff on this program.

**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** Yes. If no substantially affected person timely files a protest to the Commission's proposed agency, action, this docket should be closed. (HOLLEY)

**STAFF ANALYSIS:** If no substantially affected person files a timely request for a Section 120.57, Florida Statutes, hearing within twenty-one days, no further action will be required and this docket should be closed upon the issuance of a consummating order.