

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of low-income weatherization program by Florida Power & Light Company. DOCKET NO. 040049-EG
ORDER NO. PSC-04-0359-PAA-EG
ISSUED: April 5, 2004

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON

RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

PROPOSED AGENCY ACTION
ORDER APPROVING LOW-INCOME WEATHERIZATION PROGRAM

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.

Background

By Order No. PSC-00-0915-PAA-EG, issued May 8, 2000, in Docket No. 991788-EG, In Re: Approval of demand-side management plan of FPL, the Commission approved Florida Power and Light Company's (FPL) Low-Income Weatherization Research Project (pilot project). The pilot project was designed to evaluate the cost-effectiveness of weatherization measures for low-income housing by employing a combination of energy audits and incentives to encourage owners to retrofit their homes with energy efficiency measures. FPL developed the pilot project in compliance with a stipulation entered into by FPL and the Legal Environmental Assistance Foundation. The pilot project had the following goals: to integrate FPL's pilot project measures with the Department of Community Affairs (DCA) and local housing authorities to deliver energy efficiency measures to low-income families; to monitor costs and energy and demand impacts to design a future cost-effective low-income program; and to increase low-income families' participation in FPL's demand side management (DSM) and load management

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programs. The purpose of the pilot project was to determine if a full-scale program might be offered cost-effectively.

During the pilot project, FPL accepted audits performed by local housing authorities that used the National Energy Audit Tool to determine the need for energy efficiency measures in each home. The local housing authorities worked with the DCA to secure grants from both Weatherization Assistance Program (WAP) providers and State Housing Initiatives Partnership Program (SHIP) administrators. FPL offered incentives totaling \$60,506.00 to participating low-income weatherization agencies for weatherization measures. These matching funds from FPL allowed the agencies to help more low-income customers than would otherwise have been possible. FPL offered incentives up to \$185 per home.

On November 16, 2003, FPL provided the Commission with a final report summarizing the results of the pilot project. In the report FPL listed seven different DSM measures that were evaluated for cost-effectiveness as a result of audits performed on low-income houses. Of the seven measures evaluated, only two, air-conditioning (AC) maintenance measures and reduced air infiltration measures, were found to be cost-effective. The final report also contained a conclusion that FPL should file a petition with the Commission for a full-scale program consisting of the measures that it had found to be cost-effective.

Thereafter, on January 16, 2004, FPL filed its petition for approval of the Low-Income Weatherization Program as part of its DSM plan. FPL also asked to recover reasonable and prudent expenditures through the Energy Conservation Cost Recovery (ECCR) Clause.¹ As we explain below, we approve FPL's proposed program and the recovery of reasonable and prudent costs for the program through the ECCR clause. We have jurisdiction pursuant to sections 366.05 and 366.80-85, Florida Statutes.

Decision

FPL's pilot project eventually reached ten counties, although seventy percent of the participants were from Dade and Broward counties. FPL acquired 500 participants by 2002, and then began its evaluation of the measures' implementation and cost-effectiveness. The cost-effectiveness analyses were based on the Commission's approved methodology using the rate impact (RIM), total resource (TRC), and Participants tests. Of the measures listed above, FPL evaluated the following seven measures for cost-effectiveness, assuming duct impacts were the same as its Commission-approved program:

¹ See Docket No. 040004-EG, In Re: Energy Conservation Cost Recovery Clause.

	RIM Test	TRC Test	Participant Test
AC Maintenance	1.010	3.00	4.722
Reduced Air Infiltration	1.009	1.88	2.143
Pipe Insulation	0.449	1.24	16.851
Insulation Blanket	0.522	1.90	6.269
Low-Flow Shower Head	0.600	3.64	15.085
Compact Fluorescent Lamps	0.513	1.54	8.316
Room ACs	0.38	0.66	1.985

After the evaluation, FPL filed its final report recommending that the AC maintenance and Reduced Air Infiltration measures provided the best opportunity to offer cost-effective improvements. FPL stated that the AC Maintenance measure was capable of supporting incentives up to \$35, which was greater than the \$30 incentive provided in the pilot. The Reduced Air Infiltration measure was capable of supporting a \$10 incentive, which was reduced from the \$50 incentive offered during the pilot project in order to be cost-effective. No water heating or room air conditioning measures were cost-effective even after reducing the incentives, and they were not recommended.

The Low-Income Weatherization Program FPL has proposed will consist of the AC maintenance and reduced air infiltration measures and will employ a combination of energy audits and incentives to encourage low-income housing administrators to retrofit homes with these cost-effective measures. FPL will accept energy audits performed by FPL, its designees, or local housing authorities to determine the need for energy efficiency measures in each home. Residential customers who are eligible for WAP and SHIP weatherization programs will be eligible for FPL's program, and local housing authorities will be responsible for identifying which customers are eligible to participate. The DCA is responsible for providing annual updates to participating housing authorities. To participate in the program the customer must be a residential metered customer of FPL whose residence is in FPL's service area. Participants must meet all state weatherization low-income criteria. All installations must be accessible for verification by an FPL representative. New homes that have been occupied less than one year are not eligible for incentives. All work must be performed by state approved providers or their approved contractors.

We find that FPL's petition is consistent with the pilot project's final report recommendations, and we find that the Low-Income Weatherization Program will help advance the policy objectives set forth in our Rule 25-17.001, Florida Administrative Code and in the Florida Energy Efficiency and Conservation Act (FEECA), Sections 366.80 - 366.85, Florida Statutes. We also find that the program is cost-effective and will result in reduced peak demand and energy savings, helping FPL to achieve its conservation goals. The cost-effectiveness analyses show that the benefit-to-cost ratios for the AC maintenance measures are: 1.01 RIM; 4.72 TRC; and 3.00 Participants; and the ratios for the reduced air infiltration measures are: 1.01

RIM; 1.88 TRC; and 2.14 Participants. The demand and energy impacts for the AC maintenance measures are: winter demand .000 kw; summer demand 0.235 kw; and energy 484 kwh. The demand and energy impact for the reduced air infiltration measures are: winter demand .090 kw; summer demand 0.083; and energy 186 kwh. We also find that the Low-Income Weatherization Program can be monitored and will yield measurable results. We therefore approve FPL's proposed program and we approve recovery of reasonable and prudent costs for the program through the ECCR clause.

It is therefore

ORDERED by the Florida Public Service Commission that the Petition of Florida Power & Light Company for approval of its Low-Income Weatherization Program is approved, and FPL shall file program standards for administrative approval. It is further

ORDERED that Florida Power & Light Company may recover reasonable and prudent costs for the program through the Environmental Conservation Cost Recovery clause. It is further

ORDERED that this Order shall become final and effective upon issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is 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 the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

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

By ORDER of the Florida Public Service Commission this 5th day of April, 2004.

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

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

MCB

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 that is available under Section 120.57, 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 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. Any person whose substantial interests are affected by the action proposed by this order may file 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 April 26, 2004.

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/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.