

State of Florida



## Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

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**DATE:** August 24, 2017

**TO:** Office of Commission Clerk (Stauffer)

**FROM:** Division of Engineering (Mtenga, Ellis)  
Division of Economics (Morgan) *CM* *WRL* *9/24/17* *W* *JB*  
Office of the General Counsel (Cuello) *SAC* *TU*

**RE:** Docket No. 20170149-EI – Petition to approve modifications to neighborhood weatherization and energy education, awareness and agency outreach programs, by Tampa Electric Company.

**AGENDA:** 09/07/17 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

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### Case Background

On August 11, 2015, the Commission issued an order approving Tampa Electric Company's (TECO or Utility) Demand-Side Management (DSM) Plan.<sup>1</sup> The DSM plan included TECO's Neighborhood Weatherization Program which was originally approved and implemented in March 2008 and the Energy Education, Awareness and Agency Outreach Conservation Program (Agency Outreach Program) which was originally approved and implemented in March 2010. The Neighborhood Weatherization Program is designed to assist low income families in reducing their energy usage. The goal of the program is to provide and install conservation measures at no

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<sup>1</sup>Order No. PSC-15-0323-PAA-EG, issued August 11, 2015, in Docket No. 150081-EG, *In re: Petition for Approval of Demand-Side Management plan of Tampa Electric Company.*

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cost to the customer. The Agency Outreach Program allows for the delivery of energy efficiency kits that will help educate consumers on practices that help reduce energy consumption.

On June 29, 2017, TECO petitioned the Commission for approval to modify its Neighborhood Weatherization and Agency Outreach programs to replace the Compact Fluorescent Lamps (CFLs) currently included as components of the energy efficiency kits for a specified number of Light Emitting Diode Lamps (LEDs). This modification occurred because the vendor that packages the energy efficiency kits for these programs no longer procures CFLs due to a decrease in the price of LEDs.

The Commission has jurisdiction over this matter pursuant to Sections 366.80 through 366.83 and 403.519, Florida Statutes (F.S.), collectively known as the Florida Energy Efficiency and Conservation Act (FEECA).

## Discussion of Issues

**Issue 1:** Should the Commission approve TECO's petition to modify the Utility's Neighborhood Weatherization and Energy Education, Awareness and Agency Outreach DSM programs?

**Recommendation:** Yes. The change from CFLs to LEDs reflects changing technologies and allows TECO's programs to continue to advance the policy objectives of FEECA. The programs are still directly monitorable, yield measurable results, and continue to be reasonably cost-effective for education programs. The program participation standards were submitted concurrently with the program descriptions. Staff has reviewed these standards and recommends that they are sufficient. Therefore, staff recommends that costs associated with the modified programs be eligible for cost recovery through TECO's Energy Conservation Cost Recovery factor. (Mtenga, Morgan)

**Staff Analysis:** The criteria used to review the appropriateness of DSM programs are: (1) whether the program advances the policy objectives of FEECA and its implementing rules; (2) whether the program is directly monitorable and yields measureable results; and (3) whether the program is cost-effective.<sup>2</sup> Staff has reviewed TECO's petition for approval of modifications to its Neighborhood Weatherization and Agency Outreach programs and they appear to be consistent with these criteria.

### Program Description

TECO requests the Commission's approval to modify its Utility's Neighborhood Weatherization and Agency Outreach programs to replace CFLs with LEDs. TECO states that the vendor who packages the energy efficiency kits for the programs will no longer be procuring CFLs for their energy efficiency kits due to a decrease in the price of LEDs. The proposed change would decrease the number of lamps provided in the Neighborhood Weatherization Program from eight CFLs to six LEDs, and it will keep the number of lamps provided in the Agency Outreach Program the same at four lamps. If approved, TECO will transition to the LEDs once the supply of CFLs has been fully exhausted, which is projected to be around the beginning of 2018.

### FEECA Policy Objectives/ Program Monitoring and Evaluation

FEECA emphasizes reducing the growth rate of peak demand and reducing and controlling the growth rates of electricity consumption. The change from CFLs to LEDs does not fundamentally change TECO's programs and no changes have been made to existing programs monitoring. In the overall summer and winter demand (kW) and annual energy (kWh) savings evaluations for both the Neighborhood Weatherization and the Agency Outreach programs, the proposed LEDs provide similar demand and energy savings that were originally provided by the current CFLs. The overall summer and winter demand (kW) and annual energy (kWh) savings for each of the programs modified are provided below in Tables 1-1 and 1-2.

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<sup>2</sup>Order No. 22176, issued November 14, 1989, in Docket No. 890737-PU, *In re: Implementation of section 366.80-85 Florida Statutes, Conservation Activities of Electric and Natural Gas Utilities.*

**Table 1-1  
 Estimated Program Savings per Participant: Neighborhood Weatherization**

	<b>Summer Demand (kW)</b>	<b>Winter Demand (kW)</b>	<b>Annual Energy (kWh)</b>
<b>CFLs</b>	0.241	0.337	1,222
<b>LEDS</b>	0.245	0.339	1,255

Source: TECO's petition for approval of modifications to programs

**Table 1-2  
 Estimated Program Savings per Participant: Agency Outreach**

	<b>Summer Demand (kW)</b>	<b>Winter Demand (kW)</b>	<b>Annual Energy (kWh)</b>
<b>CFLs</b>	0.025	0.046	342
<b>LEDs</b>	0.027	0.049	377

Source: TECO's petition for approval of modifications to programs

**Cost-Effectiveness Review**

Pursuant to Rule 25-17.008, Florida Administrative Code, TECO provided a cost-effectiveness analysis of the programs using the Participant test, the Rate Impact Measure (RIM) test, and the Total Resource Cost (TRC) test. The Participant test analyzes the cost and benefits from a program participant's point of view. The RIM test ensures that all ratepayers will benefit from a proposed DSM program, not just the program participants. The TRC test measures the overall economic efficiency of a DSM program from a social perspective. Each test estimates the benefits and costs and the program is determined to be cost-effective if the ratio of benefits to costs is greater than one. Staff has reviewed the assumptions associated with TECO's program savings and recommends that they are reasonable. Tables 1-3 and 1-4 below, show the results for the cost-effectiveness for the existing CFLs and the proposed LEDs.

**Table 1-3  
 Cost-Effectiveness Test Results: Neighborhood Weatherization**

	<b>Participant Test</b>	<b>RIM Test</b>	<b>TRC Test</b>
<b>CFLs</b>	36,560	0.66	6.93
<b>LEDs</b>	36,448	0.63	6.14

Source: Staff's Data Request No. 3 and TECO's petition for modifications to programs

**Table 1-4  
 Cost-Effectiveness Test Results: Agency Outreach**

	<b>Participant Test</b>	<b>RIM Test</b>	<b>TRC Test</b>
<b>CFLs</b>	591	0.70	4.14
<b>LEDs</b>	651	0.69	4.01

Source: Staff's Data Request No. 3 and TECO's petition for modifications to programs

Based on these cost-effective results, the proposed program modifications would continue to pass the Participants test and the TRC test, but fail the RIM test which is similar to the previously approved programs. Because these programs are educational in nature, it may not be possible for such programs to pass cost-effectiveness tests due to the difficulty in measuring the amount of savings. Educational programs are intended to inform ratepayers about behaviors and the impact of electricity consuming devices. Therefore, staff believes that the program is beneficial in meeting the goals of FEECA.

### **Conclusion**

The change from CFLs to LEDs reflects changing technologies and allows TECO's programs to continue to advance the policy objectives of FEECA. The programs are still directly monitorable, yield measurable results, and continue to be reasonably cost-effective for education programs. The program participation standards were submitted concurrently with the program descriptions. Staff has reviewed these standards and recommends that they are sufficient. Therefore, staff recommends that costs associated with the modified programs be eligible for cost recovery through TECO's Energy Conservation Cost Recovery factor.

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

**Recommendation:** Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the PAA Order, a Consummating Order should be issued and the docket should be closed. (Cuello)

**Staff Analysis:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the PAA Order, a Consummating Order should be issued and the docket should be closed.