

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Approval of ) DOCKET NO. 961002-EI  
Marketing Conservation Research ) ORDER NO. PSC-97-0100-FOF-EI  
and Development Program, as part ) ISSUED: January 27, 1997  
of DSM plan, by Florida Power & )  
Light Company. )  
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The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman  
SUSAN F. CLARK  
J. TERRY DEASON  
JOE GARCIA  
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING MARKETING CONSERVATION RESEARCH  
AND DEVELOPMENT 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.

**CASE BACKGROUND**

In Order No. PSC-94-1313-FOF-EG issued on October 25, 1994, the Commission set numeric demand-side management (DSM) goals for the four largest investor-owned electric utilities (IOUs), including Florida Power & Light Company (FPL). In setting FPL's goals, we acknowledged that research and development (R&D) efforts may produce additional energy and demand savings.

By Order No. PSC-95-0691-FOF-EG issued June 9, 1995, the Commission approved the DSM plans of the four largest investor-owned electric utilities. Included in FPL's DSM plan were four existing R&D programs, four new R&D programs, and its Conservation Research and Development (CRD) program. The CRD program serves as an umbrella program to research developing technologies for possible inclusion in future DSM programs.

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FPSC-RECORDS/REPORTING

In approving FPL's plan in 1995, we required FPL to file detailed program participation standards. Staff was directed to administratively approve the standards if they conformed to the program descriptions we approved. These standards include participation requirements, details on how rebates or incentives are processed, technical specifications on eligible equipment, and reporting requirements. FPL timely filed its participation standards which staff reviewed and administratively approved.

#### DECISION

The majority of FPL's DSM programs target the replacement of existing electric equipment with more energy efficient electric equipment. These types of programs include a monetary incentive to be paid or credited to the end-use customer, building owner, or designee for participating in the program. In approving these programs, the Commission reviewed the proposed incentives which are an input to the cost-effectiveness analysis for each program. Incentives directly affect the cost-effectiveness of the program, and ultimately the dollars to be recovered from the ratepayers in the Energy Conservation Cost Recovery Clause (ECCR).

On August 29, 1996, FPL filed its petition for approval of the Marketing Conservation Research and Development (MCRD) program. FPL seeks to research and implement when proven, alternative incentive and marketing approaches to further reduce the overall cost of existing DSM programs. FPL sees the MCRD as an opportunity to find incentive and marketing approaches which may increase participation in existing DSM programs.

FPL's MCRD program allows FPL the flexibility to develop specific projects to test alternative incentive and/or marketing strategies for existing DSM programs. FPL states that examples of alternative incentive and marketing strategies include increasing or decreasing the incentive, when the incentive is paid (in season/off season), to whom the incentive is paid (sales person, distributor, manufacturer), types of incentives (financing, bill credits), adjunct incentives (providing duct repair if an HVAC unit is replaced), and communications approaches (such as promoting different incentive levels during different times of the year).

Details of each research project will be provided to staff in the form of modified program participation standards for the affected programs. The modified standards would indicate the strategy change, location of the test, test duration, projected

costs, and other details pertinent to the test. At the end of the test project FPL would decide whether to include the results from the test project in the approved DSM program. However, after the test is completed, FPL would seek our approval of a program change to incorporate the new strategy within the program.

Staff will review the modified program participation standards for each test project for several reasons: (a) none of the research efforts contemplated warrant an individual research and development project; (b) an umbrella effort avoids duplicative administrative costs and efforts associated with individual research projects; (c) individual program modification filings for approved programs for limited scope and duration research efforts would be costly and would delay research efforts; and (d) the filing of amended program standards before each test project would provide advance notice of ongoing research efforts. The program standards will be limited to no less than one county. The incentives or the program strategy within a county will be spelled out. In addition, the cost for any research effort will be a cost per participant that is equal to or less than the existing cost per participant. The program will be for three years or less.

The total cost for the MCRD is capped at \$2,646,000 for the time period of October 1996 through September 1999, with an annual cap of no more than \$1,134,000. FPL also provided additional information showing it is planning approximately seven individual test projects, with each project having a budget of approximately \$378,000. These plans could be subject to change depending on the scope and nature of each test project.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Power & Light Company's Marketing Conservation Research and Development program, as discussed above, is approved. It is further

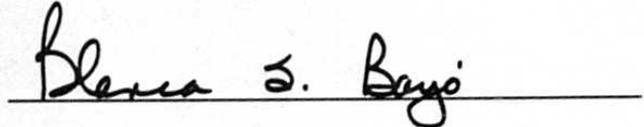
ORDERED that the total cost for the Marketing Conservation Research and Development program is capped at \$2,646,000 for the time period of October 1996 through September 1999, with an annual cap of no more than \$1,134,000.. It is further

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ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" 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 27th day of January, 1997.



BLANCA S. BAYÓ, Director  
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form

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provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on February 17, 1997.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party substantially affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.