

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Peoples Gas) DOCKET NO. 940064-EG
System, Inc. for modification of) ORDER NO. PSC-94-0567-FOF-EG
conservation programs.) ISSUED: May 12, 1994
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING MODIFICATION TO CONSERVATION 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

Peoples Gas System, Inc. (Peoples) has participated in various conservation programs since 1981. On January 18, 1994, Peoples submitted a petition to modify its Residential Home Builder Program. The Residential Home Builder Program provides incentives in the form of cash allowances to builders and developers to help defray the additional construction cost of piping and venting gas in homes. As the increase in construction costs required for gas installation is without a significant offsetting decrease in electric wiring costs, builders often construct all-electric single-family and multi-family homes. To encourage builders and developers to install natural gas, an incentive has been provided by Peoples.

Proposed Modification

Currently, Peoples' Residential Home Builder Program provides an allowance of \$500 to a builder when it installs both gas space heating and water heating appliances. Through this petition, Peoples seeks to split the \$500 allowance equally between space

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heating and water heating so that either installation will be eligible for a \$250 allowance.

According to Peoples it has received numerous requests from builders and developers wishing to install either gas space heating or water heating but not both. Peoples states that if a \$250 allowance was available for the installation of either appliance, the program would attract more participants in Central and South Florida.

The supporting data supplied by Peoples shows a direct benefit to the state of Florida of \$262,619,265 which results in a benefit/cost ratio of 12.8 to 1. According to Peoples, its ratepayers will also benefit from the proposed modification. The direct benefits to Peoples' ratepayers were calculated by adding the incremental revenue effect on existing ratepayers from the added customer charge revenues, the contributions to gross margin from increased commodity-related sales, and the spreading of fixed demand charges over a larger number of therms sold. The calculated direct benefit to Peoples' ratepayers is \$72,513,742 resulting in a benefit/cost ratio of 4.3 to 1.

Conservation program approval has historically hinged upon three criteria: policy objectives, monitorability, and cost-effectiveness. Originally Peoples' Energy Conservation Plan and subsequent modifications have met all three criteria. The modification to the Residential Home Builder Program also meets all criteria. The Plan still advances the policy objectives set forth in Rule 17.001, Florida Administrative Code, and Florida Energy Efficiency and Conservation Act, is monitorable, and is cost effective based on separate allowances of \$250 for either gas water heating or space heating.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that Peoples Gas Systems, Inc.'s petition to modify its Residential Home Builder Program as described in the body of this Order is approved. It is further

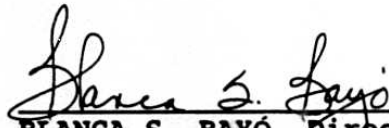
ORDERED that Peoples Gas System, Inc. shall continue to file at least annually in the conservation cost recovery docket (940002-EG) the conservation program monitoring data with the Division of Records and Reporting. It is further

ORDERED that this Order shall become final and this docket shall be closed unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting,

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101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission, this 12th day of May, 1994.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)
MRC:bmi

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 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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on June 2, 1994.

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.

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If this order becomes final and effective on the date described above, any party adversely 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.