

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for modification of energy conservation plan of Florida Public Utilities Company, Inc., regarding full house residential new construction program, residential appliance replacement program and residential appliance retention program.

DOCKET NO. 060415-GU  
ORDER NO. PSC-06-0749-PAA-GU  
ISSUED: September 5, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
J. TERRY DEASON  
ISILIO ARRIAGA  
MATTHEW M. CARTER II  
KATRINA J. TEW

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING MODIFICATIONS OF ENERGY CONSERVATION PLANS  
FOR NATURAL GAS CUSTOMERS

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

Pursuant to Rule 25-17.009, Florida Administrative Code, Florida Public Utilities Company (FPUC) submitted a petition seeking approval of modifications to its energy conservation programs for its natural gas customers on May 23, 2006. By its petition, FPUC is seeking Commission approval to modify three of its authorized energy conservation programs which were approved by Order No. PSC-00-1663-PAA-EG, issued on September 18, 2000, in Docket No. 000721-EG, In re: Petition by Florida Public Utilities Company for approval of new energy conservation programs for natural gas customers. Those programs are the Full House Residential New Construction Program, Residential Appliance Replacement Program, and Residential Appliance Retention Program. We have jurisdiction pursuant to Sections 366.81 and 366.82, Florida Statutes.

DOCUMENT NUMBER-DATE

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PSC-COMMISSION CLERK

### Modifications to Energy Conservation Programs

The modifications to the three conservation programs were evaluated using the Participant's Screening Test and the Gas Ratepayer Impact Test (G-RIM) as required by Rule 25-17.009, Florida Administrative Code. The proposed modifications are:

- 1) change the name of the Full House Residential New Construction Program to be renamed the Residential New Construction Program;
- 2) add a tankless water heater allowance to all three programs;
- 3) increase the allowances that FPUC is currently providing to its customers participating in its energy conservation programs;
- 4) allow the Residential Appliance Retention Program to offer additional allowances for heating systems, cooking, and clothes drying appliances.

The proposed allowances are a result of a cooperative development effort by member utilities of the Associated Gas Distributors of Florida (AGDF), which includes all regulated investor-owned natural gas local distribution companies operating in Florida. The AGDF members agreed to focus their initial efforts to develop consistent allowance amounts on the conservation programs directed toward the homebuilding industry, residential appliance replacement and residential appliance retention. The purpose of developing consistency among the allowance amounts is to provide a collective message through joint conservation advertising efforts in the state through the approved "Get Gas Florida" state-wide advertising campaign. By having consistent rebate amounts, the companies can engage in a unified advertising approach which will serve to reduce costs to all gas companies participating in conservation. The proposed programs for modification are addressed below.

#### Residential New Construction Program

This program promotes the use of natural gas in single and multi-family residential new construction projects to developers, builders and/or homebuyers. The program is designed to increase the overall efficiency in the new home construction market through the installation of efficient gas appliances. Incentives in the form of cash allowances are provided to support the installation of natural gas including interior gas piping, venting, appliance purchase and other costs associated with residential gas service. Each appliance passed the Participants Test with scores in the range of 1.11 to 1.56. Each appliance passed the G-Rim Test with scores in the range of 1.05 to 1.12.

#### Residential Appliance Replacement Program:

This program encourages the replacement of inefficient non-natural gas residential appliances with energy-efficient natural gas appliances. The program offers incentives in the form of cash allowances to residential customers to assist in defraying the additional cost associated with the installation of gas water heating, space heating, cooking and clothes drying.

Each appliance passed the Participants Test with scores in the range of 1.18 to 1.52. Each appliance passed the G-Rim Test with scores in the range of 1.07 to 1.14.

Residential Appliance Retention Program:

This program was initially designed to promote the retention of energy-efficient water heaters for current natural gas customers. A cash incentive is paid to reduce the cost of purchasing and installing a replacement natural gas water heater. Presently, FPUC's Residential Appliance Retention Program only applies to natural gas water heater installations. However, in this proposal, FPUC would like to expand the retention program to add heating, clothes drying, and cooking allowances. The company is also proposing to establish an allowance for gas tankless water heating units. Each appliance passed the Participants Test with scores in the range of 1.21 to 1.59. Each appliance passed the G-Rim Test with scores in the range of 1.30 to 1.38.

The following charts show the current and approved appliance allowances FPUC sought in its petition for modification of its energy conservation plans for its natural gas customers:

**FPUC Residential New Construction Cash Allowances**

	<u>Current Allowances</u>	<u>Approved Allowances</u>
Gas Storage Tank Water Heating	\$300	\$350
Gas Tankless Water Heating	\$300	\$450
Gas Heating	\$300	\$350
Gas Cooking	\$ 85	\$100
Gas Clothes Drying	\$ 85	\$100

**FPUC Residential Appliance Replacement Cash Allowances**

	<u>Current Allowances</u>	<u>Approved Allowances</u>
Gas Storage Tank Water Heating	\$330	\$525
Gas Tankless Water Heating	\$330	\$525
Gas Heating	\$300	\$625
Gas Cooking	\$ 85	\$100
Gas Clothes Drying	\$ 85	\$100

**FPUC Residential Appliance Retention Cash Allowances**

	<u>Current Allowances</u>	<u>Approved Allowances</u>
Gas Storage Tank Water Heating	\$330	\$350
Gas Tankless Water Heating	\$330	\$450
Gas Heating	\$0	\$350
Gas Cooking	\$0	\$100
Gas Clothes Drying	\$0	\$100

Based upon the information submitted, we approve FPUC's petition for modification to three of its approved energy conservation programs for its natural gas customers: Full House Residential New Construction Program, Residential Appliance Replacement Program, and Residential Appliance Retention Program. The program modifications are hereby approved because each appliance passed the G-RIM and Participant's tests with a score greater than one and because each program promotes the goals of energy conservation. The modifications will include an increase in the current allowances for the programs; an addition of a tankless water heater allowance for all three programs; renaming the Full House Residential New Construction Program to the Residential New Construction Program; and allowing the Residential Appliance Retention Program to offer allowances for heating systems, cooking, and clothes drying appliances rather than for water heaters only.

Based on the foregoing, it is

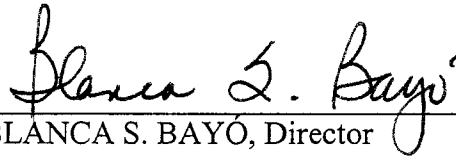
ORDERED by the Florida Public Service Commission that Florida Public Utilities Company's modifications to its energy conservation programs for its natural gas customers are hereby approved as set forth herein. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the 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 these modifications shall become effective upon the issuance of a Consummating Order. 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 September, 2006.



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

( S E A L )

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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 September 26, 2006.

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.