

State of Florida



# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

**DATE:** January 28, 2010

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

**FROM:** Division of Regulatory Analysis (Ellis, Brown) *POE SB TB*  
Office of the General Counsel (Fleming) *ALTY*

**RE:** Docket No. 090122-EG – Petition for approval of modifications to approved energy conservation programs, by Associated Gas Distributors of Florida.

**AGENDA:** 02/09/10 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Klement

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\RAD\WP\090122.RCM.DOC

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### Case Background

The Associated Gas Distributors of Florida (AGDF) is a trade association that represents the seven investor-owned natural gas utilities: Florida City Gas (FCG), Chesapeake Utilities Corporation (Chesapeake), Florida Public Utilities Company (FPUC), Indiantown Gas Company (Indiantown), Peoples Gas System (PGS), Sebring Gas System (Sebring), and St. Joe Natural Gas Company (St. Joe). These companies are also collectively referred to as Local Distribution Companies (LDCs) and are all subject to the jurisdiction of the Florida Public Service Commission (Commission).

On March 12, 2009, AGDF filed a petition on behalf of the above-mentioned LDCs seeking modification of their energy conservation programs. Specifically, AGDF sought the adoption of a Conservation Demonstration and Development (CDD) Program and Propane

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Distribution System Conversion Program. According to AGDF, the CDD Program would support research and development, demonstration and monitoring projects designed to promote energy efficiency, conservation, and reductions in climate change emissions. It also included a list of example measures including monitoring of existing programs and compressed natural-gas (CNG) vehicles, a transportation measure. The Propane Distribution System Conversion Program would support the conversion of existing and future propane distribution systems to natural gas through a rebate allowance.

On July 27, 2009, AGDF withdrew a portion of the petition associated with the proposed Propane Distribution System Conversion Program. On December 17, AGDF filed a supplement to its petition for approval of the Conservation Demonstration and Development Program. Included in the supplemental filing were sheets for each AGDF member LDC to be filed with their demand-side management programs and a list of eligible measures for the CDD Program. Staff notes that the list of possible measures does not include CNG vehicles or other transportation-related measures.

The Commission has jurisdiction over this matter pursuant to Sections 366.81 and 366.82, Florida Statutes (F.S.).

**Discussion of Issues**

**Issue 1:** Should the Commission approve the Associated Gas Distributors of Florida's petition to add the proposed Conservation Demonstration and Development Program to their member LDC's conservation programs?

**Recommendation:** Yes. The proposed Conservation Demonstration and Development Program will allow the member LDCs of AGDF to pursue opportunities for individual and joint research and development of new natural gas conservation programs. These funds should not be used for any expenditures more appropriately included in other programs, nor for load-building or transportation measures. Expenditures for each member LDC's program should feature a five year cap, with an individual project cap not to be exceeded without Commission approval, as outlined below. (Brown, Ellis)

LDC	Program Five-Year Cap	Individual Project Cap
City Gas Company	\$500,000	\$100,000
Chesapeake Utilities Comp.	\$300,000	\$60,000
Florida Public Utilities	\$300,000	\$60,000
Indiantown Gas Company	\$50,000	\$10,000
Peoples Gas Company	\$750,000	\$150,000
Sebring Gas System	\$50,000	\$10,000
St. Joe Natural Gas Comp.	\$50,000	\$10,000

**Staff Analysis:** The petition by AGDF requests the establishment of a CDD Program for each of AGDF's member LDCs. PGS is the only AGDF member LDC that has a similar existing program, which would be modified to match the proposed uniform program. The use of uniform programs across all AGDF members has been previously approved by the Commission, with the establishment of uniform rebates for residential new construction, appliance replacement, and appliance retention programs.<sup>1</sup>

<sup>1</sup> Docket No. 060746-EG, In re: Petition for approval of modifications to approved energy conservation programs, by Florida City Gas., Order No. PSC-07-0122-PAA-EG issued February 12, 2007.  
 Docket No. 060772-EG, In re: Petition for approval of modifications to approved energy conservation programs by Florida Division of Chesapeake Utilities Corporation., Order No. PSC-07-0197-PAA-EG issued March 5, 2007.  
 Docket No. 060415-GU, 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., Order No. PSC-06-0749-PAA-GU issued September 5, 2006.  
 Docket No. 070246-EG, In re: Petition for approval of energy conservation programs, by Indiantown Gas Company., Order No. PSC-07-0531-TRF-EG issued July 20, 2007.  
 Docket No. 060478-EG, In re: Petition for approval of modifications to approved energy conservation programs, by Peoples Gas System., Order No. PSC-06-0816-PAA-EG issued October 10, 2006.  
 Docket No. 070399-EG, In re: Petition for approval of energy conservation programs, by Sebring Gas System, Inc., Order No. PSC-07-0693-TRF-EG issued August 24, 2007.  
 Docket No. 070237-EG, In re: Petition for modifications to approved energy conservation programs and adoption of new energy conservation programs, by St. Joe Natural Gas Company, Inc., Order No. PSC-07-0495-PAA-EG issued June 11, 2007.

The Commission has historically supported reasonable research and development activities for the investor owned electric utilities. Rule 25-17.001(5)(f), Florida Administrative Code (F.A.C.), encourages the development of various methods to increase energy efficiency, stating that electric utilities should engage in programs that:

...aggressively pursue research, development and demonstration projects jointly with others as well as individual projects in individual service areas. In this context, the Commission anticipates that an aggressive research program would include both technological research, research on load behavior and related problems and market-related research.

Staff believes it is appropriate for the same general principles to apply to the natural gas utilities, which can also benefit from joint research and development programs.

#### Summary of Program

AGDF asserts that the CDD Program could result in the following: (1) an increase in the number of CDD Projects completed, (2) elimination of duplicate projects, (3) application of a screening method that would ensure priority ranking of potential projects, (4) guarantee a variety of projects that could benefit AGDF member LDCs, and (5) a reduction of administrative costs if joint projects are pursued.

The Florida Energy Efficiency and Conservation Act (FEECA) established by the Legislature finds that the Commission is the proper agency to approve plans related to the conservation of electricity and natural gas.<sup>2</sup> AGDF's proposed CDD Program supports the intent of FEECA by encouraging research into methods to increase the conservation of natural gas. All specific projects developed under this program should also follow the intent of FEECA to encourage conservation.

No direct demand savings, consumption savings, or cost-effective analyses were provided for the CDD Program, as it is a research and development program. Any specific projects associated with the CDD Program will have their cost and benefits judged independently of this program. Part of the purpose of the CDD Program is to collect actual data with which to conduct cost-effectiveness analysis.

AGDF contends that a variety of functions and activities could be performed under the proposed CDD Program. Some of these functions include engineering evaluations, cost/benefit analyses, computer simulations, literature searches, field testing and data collection, product demonstrations, laboratory testing, and building code analyses. A key component of the program, and an advantage of the uniform approval across all AGDF member LDCs, is the possibility to engage in collaborative research, pooling expenses and research results. However, this joint participation is not mandatory, and may include LDCs other than those that are AGDF members, as well as possibly including research or testing entities.

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<sup>2</sup> Sections 366.80-366.85 and 403.519, F.S.

On December 17, 2009, AGDF provided a supplement to its petition for the CDD Program, outlining the measures eligible for possible funding. These include a wide range of technology applications, from refrigeration to thermal energy storage systems and cogeneration. Staff believes these measures are appropriate for consideration in a research and development program. Staff notes that this program does not contain or allow any transportation related measures, such as CNG vehicles, which would not be eligible for cost recovery. Other programs which could be considered load-building would not be eligible for cost recovery, given it is the intent of FEECA to reduce the consumption of natural gas, as well as electric demand.<sup>3</sup> The CDD Program should not include expenditures related to other programs, such as advertising or monitoring of other programs, as these expenditures should be counted towards the original program. This is similar to research and development programs approved for electric utilities, which are restricted to a range of technologies and applications. The program descriptions provided as part of the supplemental filing are provided in Appendix 1.

Impact to Ratepayers

The petition includes a proposal to have a five year cap established for each AGDF member LDC, as well as a project cap that consists of approximately one year's expenditures. These funds would be recovered through the Natural Gas Conservation Cost Recovery Clause. Allocation of the program costs is based upon the size of the utility. Below is a table which provides the proposed cost caps for each of the AGDF member LDCs, including the average residential monthly bill impact for each LDC's most populated customer class.

**Table 1 - Member LDC Cost Caps**

<b>LDC</b>	<b>Program Five-Year Cap</b>	<b>Individual Project Cap</b>	<b>Estimated Monthly Bill Impact</b>
City Gas Company	\$500,000	\$100,000	\$0.15
Chesapeake Utilities Comp.	\$300,000	\$60,000	\$0.04
Florida Public Utilities	\$300,000	\$60,000	\$0.05
Indiantown Gas Company	\$50,000	\$10,000	\$0.31
Peoples Gas Company	\$750,000	\$150,000	\$0.02
Sebring Gas System	\$50,000	\$10,000	\$0.33
St. Joe Natural Gas Comp.	\$50,000	\$10,000	\$0.13
<b>Total</b>	<b>\$2,000,000</b>	<b>\$400,000</b>	<b>-</b>

Staff believes that this minimal rate impact is worth the potential benefits of any research and development projects that could be authorized as a component of this program.

<sup>3</sup> Sections 366.80-366.85 and 403.519, F.S.

Conclusion

The proposed Conservation Demonstration and Development Program will allow the member LDCs of AGDF to pursue opportunities for individual and joint research and development of new natural gas conservation programs. These funds should not be used for any expenditures more appropriately included in other programs, nor for load-building or transportation measures. Expenditures for each member LDC's program should feature a five year cap, with an individual project cap not to be exceeded without Commission approval, as outlined in Table 1 above.

Docket No. 090122-EG

Date: January 28, 2010

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

**Recommendation:** Yes. If Issue 1 is approved, the program modifications should become effective the March 25, 2010. If a protest is filed within 21 days of the issuance of the proposed agency action order, the program modifications should not be implemented until after the resolution of the protest. If no timely protest is filed, the docket should be closed upon the issuance of a consummating order. (Fleming)

**Staff Analysis:** If Issue 1 is approved, the program modifications should become effective the March 25, 2010. If a protest is filed within 21 days of the issuance of the proposed agency action order, the program modifications should not be implemented until after the resolution of the protest. If no timely protest is filed, the docket should be closed upon the issuance of a consummating order.

**Florida Division of Chesapeake Utilities Corporation**

**Program: Conservation Demonstration and Development (CDD) Program**

**Program Description:** The CDD Program supports research, development, demonstration and monitoring projects designed to promote energy efficiency and conservation and reductions in climate change emissions. The information and data produced by CDD Program projects will be used to assess the technical and economic applicability of the energy measures evaluated under each project. CDD projects would be conducted to determine the impact of various energy measures on Chesapeake and its ratepayers and to demonstrate the viability of such measures in field installed applications. A variety of activities may be performed under the CDD Program including engineering evaluations, cost benefits analyses, computer simulations, literature searches, field testing and data collection, product demonstrations, laboratory testing and building code analyses. The CDD project results may contribute to the development of new or modified energy conservation programs, program standards and/or incentive levels. Data collected shall, as applicable, be used in the Commission's G-Rim, Participant and TRC cost benefit tests.

**Program Authorization:** The CDD Program is consistent with the intent of ss. 366.80, F.S., the Florida Energy Efficiency and Conservation Act (FEECA), Commission Rule 25.17.001 (5), (f) F.A.C. and various Commission Orders (e.g. PSC Order No. 22176).

**Program Criteria:** CDD Program projects would be based on the following criteria, unless otherwise authorized by the Commission:

- CDD projects would be applicable to Florida residential, commercial or industrial energy use.
- Research or demonstration projects would be related to energy use in buildings and structures; process energy use applications; appliances, equipment or other energy consuming products.
- Sufficient, relevant data to evaluate the technical, economic or market potential of the measure(s) to be investigated is not currently available.

**Eligible Measures:**

- Existing, new and emerging building construction, appliance and equipment technologies such as, but not limited to: water heating, space conditioning (heating, cooling, dehumidification), hydronic systems, refrigeration, cooking, clothes drying, building thermal envelop construction, duct systems, fuel cells, cogeneration, thermal energy storage systems, heat recovery, pumps and industrial processes.



- Renewable and green energy building techniques, technologies and products.
- Other measures that meet the intent of FEECA and the above Program Criteria.

**Participation with Other Entities:** Chesapeake may conduct CDD Program projects on an individual basis independent of other entities or may participate in and contribute to research or demonstration projects as follows:

- Jointly with other Florida LDCs through the Associated Gas Distributors of Florida (AGDF).
- Jointly with other individual Florida LDCs, but not through the AGDF.
- Jointly with LDCs or other entities outside Florida so long as the research or demonstration conducted can be reasonably applied to Florida conditions.
- Jointly, or as a cost share participant, with research or testing entities (such as universities or test laboratories).

**Program Costs:** The total Chesapeake CDD Program expenditures over the five-year period 2010 through 2015 shall not exceed \$300,000. In the event Chesapeake's cost for an individual or joint CDD project is estimated to exceed \$60,000, Chesapeake shall seek administrative approval from the Commission staff prior to proceeding with the project.

### Florida City Gas

#### **Program: Conservation Demonstration and Development (CDD) Program**

**Program Description:** The CDD Program supports research, development, demonstration and monitoring projects designed to promote energy efficiency and conservation and reductions in climate change emissions. The information and data produced by CDD Program projects will be used to assess the technical and economic applicability of the energy measures evaluated under each project. CDD projects would be conducted to determine the impact of various energy measures on Florida City Gas and its ratepayers and to demonstrate the viability of such measures in field installed applications. A variety of activities may be performed under the CDD Program including engineering evaluations, cost benefits analyses, computer simulations, literature searches, field testing and data collection, product demonstrations, laboratory testing and building code analyses. The CDD project results may contribute to the development of new or modified energy conservation programs, program standards and/or incentive levels. Data collected shall, as applicable, be used in the Commission's G-Rim, Participant and TRC cost benefit tests.

**Program Authorization:** The CDD Program is consistent with the intent of ss. 366.80, F.S., the Florida Energy Efficiency and Conservation Act (FEECA), Commission Rule 25.17.001 (5), (f) F.A.C. and various Commission Orders (e.g. PSC Order No. 22176).

**Program Criteria:** CDD Program projects would be based on the following criteria, unless otherwise authorized by the Commission:

- CDD projects would be applicable to Florida residential, commercial or industrial energy use.
- Research or demonstration projects would be related to energy use in buildings and structures; process energy use applications; appliances, equipment or other energy consuming products.
- Sufficient, relevant data to evaluate the technical, economic or market potential of the measure(s) to be investigated is not currently available.

#### **Eligible Measures:**

- Existing, new and emerging building construction, appliance and equipment technologies such as, but not limited to: water heating, space conditioning (heating, cooling, dehumidification), hydronic systems, refrigeration, cooking, clothes drying, building thermal envelop construction, duct systems, fuel cells, cogeneration, thermal energy storage systems, heat recovery, pumps and industrial processes.

- Renewable and green energy building techniques, technologies and products.
- Other measures that meet the intent of FEECA and the above Program Criteria.

**Participation with Other Entities:** Florida City Gas may conduct CDD Program projects on an individual basis independent of other entities or may participate in and contribute to research or demonstration projects as follows:

- Jointly with other Florida LDCs through the Associated Gas Distributors of Florida (AGDF).
- Jointly with other individual Florida LDCs, but not through the AGDF.
- Jointly with LDCs or other entities outside Florida so long as the research or demonstration conducted can be reasonably applied to Florida conditions.
- Jointly, or as a cost share participant, with research or testing entities (such as universities or test laboratories).

**Program Costs:** The total Florida City Gas CDD Program expenditures over the five-year period 2010 through 2015 shall not exceed \$500,000. In the event the cost for an individual or joint CDD project is estimated to exceed \$100,000, Florida City Gas shall seek administrative approval from the Commission staff prior to proceeding with the project.

### St. Joe Natural Gas Company

#### Program: Conservation Demonstration and Development (CDD) Program

**Program Description:** The CDD Program supports research, development, demonstration and monitoring projects designed to promote energy efficiency and conservation and reductions in climate change emissions. The information and data produced by CDD Program projects will be used to assess the technical and economic applicability of the energy measures evaluated under each project. CDD projects would be conducted to determine the impact of various energy measures on St. Joe Natural Gas Company and its ratepayers and to demonstrate the viability of such measures in field installed applications. A variety of activities may be performed under the CDD Program including engineering evaluations, cost benefits analyses, computer simulations, literature searches, field testing and data collection, product demonstrations, laboratory testing and building code analyses. The CDD project results may contribute to the development of new or modified energy conservation programs, program standards and/or incentive levels. Data collected shall, as applicable, be used in the Commission's G-Rim, Participant and TRC cost benefit tests.

**Program Authorization:** The CDD Program is consistent with the intent of ss. 366.80, F.S., the Florida Energy Efficiency and Conservation Act (FEECA), Commission Rule 25.17.001 (5), (f) F.A.C. and various Commission Orders (e.g. PSC Order No. 22176).

**Program Criteria:** CDD Program projects would be based on the following criteria, unless otherwise authorized by the Commission:

- CDD projects would be applicable to Florida residential, commercial or industrial energy use.
- Research or demonstration projects would be related to energy use in buildings and structures; process energy use applications; appliances, equipment or other energy consuming products.
- Sufficient, relevant data to evaluate the technical, economic or market potential of the measure(s) to be investigated is not currently available.

#### Eligible Measures:

- Existing, new and emerging building construction, appliance and equipment technologies such as, but not limited to: water heating, space conditioning (heating, cooling, dehumidification), hydronic systems, refrigeration, cooking, clothes drying, building thermal envelop construction, duct systems, fuel cells, cogeneration, thermal energy storage systems, heat recovery, pumps and industrial processes.

- Renewable and green energy building techniques, technologies and products.
- Other measures that meet the intent of FEECA and the above Program Criteria.

**Participation with Other Entities:** St. Joe Natural Gas Company may conduct CDD Program projects on an individual basis independent of other entities or may participate in and contribute to research or demonstration projects as follows:

- Jointly with other Florida LDCs through the Associated Gas Distributors of Florida (AGDF).
- Jointly with other individual Florida LDCs, but not through the AGDF.
- Jointly with LDCs or other entities outside Florida so long as the research or demonstration conducted can be reasonably applied to Florida conditions.
- Jointly, or as a cost share participant, with research or testing entities (such as universities or test laboratories).

**Program Costs:** The total St. Joe Natural Gas Company CDD Program expenditures over the five-year period 2010 through 2015 shall not exceed \$50,000. In the event the cost for an individual or joint CDD project is estimated to exceed \$10,000, St. Joe Natural Gas Company shall seek administrative approval from the Commission staff prior to proceeding with the project.

### Peoples Gas System

**Program:** Conservation Demonstration and Development (CDD) Program

**Program Description:** The CDD Program supports research, development, demonstration and monitoring projects designed to promote energy efficiency and conservation and reductions in climate change emissions. The information and data produced by CDD Program projects will be used to assess the technical and economic applicability of the energy measures evaluated under each project. CDD projects would be conducted to determine the impact of various energy measures on Peoples Gas and its ratepayers and to demonstrate the viability of such measures in field installed applications. A variety of activities may be performed under the CDD Program including engineering evaluations, cost benefits analyses, computer simulations, literature searches, field testing and data collection, product demonstrations, laboratory testing and building code analyses. The CDD project results may contribute to the development of new or modified energy conservation programs, program standards and/or incentive levels. Data collected shall, as applicable, be used in the Commission's G-Rlm, Participant and TRC cost benefit tests.

**Program Authorization:** The CDD Program is consistent with the intent of ss. 366.80, F.S., the Florida Energy Efficiency and Conservation Act (FEECA), Commission Rule 25.17.001 (5), (f) F.A.C. and various Commission Orders (e.g. PSC Order No. 22176).

**Program Criteria:** CDD Program projects would be based on the following criteria, unless otherwise authorized by the Commission:

- CDD projects would be applicable to Florida residential, commercial or industrial energy use.
- Research or demonstration projects would be related to energy use in buildings and structures; process energy use applications; appliances, equipment or other energy consuming products.
- Sufficient, relevant data to evaluate the technical, economic or market potential of the measure(s) to be investigated is not currently available.

**Eligible Measures:**

- Existing, new and emerging building construction, appliance and equipment technologies such as, but not limited to: water heating, space conditioning (heating, cooling, dehumidification), hydronic systems, refrigeration, cooking, clothes drying, building thermal envelop construction, duct systems, fuel cells, cogeneration, thermal energy storage systems, heat recovery, pumps and industrial processes.
- Renewable and green energy building techniques, technologies and products.

- Other measures that meet the intent of FEECA and the above Program Criteria.

**Participation with Other Entities:** Peoples Gas may conduct CDD Program projects on an individual basis independent of other entities or may participate in and contribute to research or demonstration projects as follows:

- Jointly with other Florida LDCs through the Associated Gas Distributors of Florida (AGDF).
- Jointly with other individual Florida LDCs, but not through the AGDF.
- Jointly with LDCs or other entities outside Florida so long as the research or demonstration conducted can be reasonably applied to Florida conditions.
- Jointly, or as a cost share participant, with research or testing entities (such as universities or test laboratories).

**Program Costs:** The total Peoples Gas CDD Program expenditures over the five-year period 2010 through 2015 shall not exceed \$750,000. In the event the cost for an individual or joint CDD project is estimated to exceed \$150,000, Peoples Gas shall seek administrative approval from the Commission staff prior to proceeding with the project.

### Sebring Gas System

**Program: Conservation Demonstration and Development (CDD) Program**

**Program Description:** The CDD Program supports research, development, demonstration and monitoring projects designed to promote energy efficiency and conservation and reductions in climate change emissions. The information and data produced by CDD Program projects will be used to assess the technical and economic applicability of the energy measures evaluated under each project. CDD projects would be conducted to determine the impact of various energy measures on Sebring Gas System and its ratepayers and to demonstrate the viability of such measures in field installed applications. A variety of activities may be performed under the CDD Program including engineering evaluations, cost benefits analyses, computer simulations, literature searches, field testing and data collection, product demonstrations, laboratory testing and building code analyses. The CDD project results may contribute to the development of new or modified energy conservation programs, program standards and/or incentive levels. Data collected shall, as applicable, be used in the Commission's G-Rim, Participant and TRC cost benefit tests.

**Program Authorization:** The CDD Program is consistent with the intent of ss. 366.80, F.S., the Florida Energy Efficiency and Conservation Act (FEECA), Commission Rule 25.17.001 (5), (f) F.A.C. and various Commission Orders (e.g. PSC Order No. 22176).

**Program Criteria:** CDD Program projects would be based on the following criteria, unless otherwise authorized by the Commission:

- CDD projects would be applicable to Florida residential, commercial or industrial energy use.
- Research or demonstration projects would be related to energy use in buildings and structures; process energy use applications; appliances, equipment or other energy consuming products.
- Sufficient, relevant data to evaluate the technical, economic or market potential of the measure(s) to be investigated is not currently available.

**Eligible Measures:**

- Existing, new and emerging building construction, appliance and equipment technologies such as, but not limited to: water heating, space conditioning (heating, cooling, dehumidification), hydronic systems, refrigeration, cooking, clothes drying, building thermal envelop construction, duct systems, fuel cells, cogeneration, thermal energy storage systems, heat recovery, pumps and industrial processes.



- Renewable and green energy building techniques, technologies and products.
- Other measures that meet the intent of FEECA and the above Program Criteria.

**Participation with Other Entities:** Sebring Gas System may conduct CDD Program projects on an individual basis independent of other entities or may participate in and contribute to research or demonstration projects as follows:

- Jointly with other Florida LDCs through the Associated Gas Distributors of Florida (AGDF).
- Jointly with other individual Florida LDCs, but not through the AGDF.
- Jointly with LDCs or other entities outside Florida so long as the research or demonstration conducted can be reasonably applied to Florida conditions.
- Jointly, or as a cost share participant, with research or testing entities (such as universities or test laboratories).

**Program Costs:** The total Sebring Gas System CDD Program expenditures over the five-year period 2010 through 2015 shall not exceed \$50,000. In the event the cost for an individual or joint CDD project is estimated to exceed \$10,000, Sebring Gas System shall seek administrative approval from the Commission staff prior to proceeding with the project.

### Florida Public Utilities Company

#### Program: Conservation Demonstration and Development (CDD) Program

**Program Description:** The CDD Program supports research, development, demonstration and monitoring projects designed to promote energy efficiency and conservation and reductions in climate change emissions. The information and data produced by CDD Program projects will be used to assess the technical and economic applicability of the energy measures evaluated under each project. CDD projects would be conducted to determine the impact of various energy measures on Florida Public Utilities Company (FPUC) and its ratepayers and to demonstrate the viability of such measures in field installed applications. A variety of activities may be performed under the CDD Program including engineering evaluations, cost benefits analyses, computer simulations, literature searches, field testing and data collection, product demonstrations, laboratory testing and building code analyses. The CDD project results may contribute to the development of new or modified energy conservation programs, program standards and/or incentive levels. Data collected shall, as applicable, be used in the Commission's G-Rim, Participant and TRC cost benefit tests.

**Program Authorization:** The CDD Program is consistent with the intent of ss. 366.80, F.S., the Florida Energy Efficiency and Conservation Act (FEECA), Commission Rule 25.17.001 (5), (f) F.A.C. and various Commission Orders (e.g. PSC Order No. 22176).

**Program Criteria:** CDD Program projects would be based on the following criteria, unless otherwise authorized by the Commission:

- CDD projects would be applicable to Florida residential, commercial or industrial energy use.
- Research or demonstration projects would be related to energy use in buildings and structures; process energy use applications; appliances, equipment or other energy consuming products.
- Sufficient, relevant data to evaluate the technical, economic or market potential of the measure(s) to be investigated is not currently available.

#### Eligible Measures:

- Existing, new and emerging building construction, appliance and equipment technologies such as, but not limited to: water heating, space conditioning (heating, cooling, dehumidification), hydronic systems, refrigeration, cooking, clothes drying, building thermal envelop construction, duct systems, fuel cells, cogeneration, thermal energy storage systems, heat recovery, pumps and industrial processes.

- Renewable and green energy building techniques, technologies and products.
- Other measures that meet the intent of FEECA and the above Program Criteria.

**Participation with Other Entities:** FPUC may conduct CDD Program projects on an individual basis independent of other entities or may participate in and contribute to research or demonstration projects as follows:

- Jointly with other Florida LDCs through the Associated Gas Distributors of Florida (AGDF).
- Jointly with other individual Florida LDCs, but not through the AGDF.
- Jointly with LDCs or other entities outside Florida so long as the research or demonstration conducted can be reasonably applied to Florida conditions.
- Jointly, or as a cost share participant, with research or testing entities (such as universities or test laboratories).

**Program Costs:** The total FPUC CDD Program expenditures over the five-year period 2010 through 2015 shall not exceed \$300,000. In the event the cost for an individual or joint CDD project is estimated to exceed \$60,000, FPUC shall seek administrative approval from the Commission staff prior to proceeding with the project.

**St. Joe Natural Gas Company**

**Program: Conservation Demonstration and Development (CDD) Program**

**Program Description:** The CDD Program supports research, development, demonstration and monitoring projects designed to promote energy efficiency and conservation and reductions in climate change emissions. The information and data produced by CDD Program projects will be used to assess the technical and economic applicability of the energy measures evaluated under each project. CDD projects would be conducted to determine the impact of various energy measures on St. Joe Natural Gas Company (SJNG) and its ratepayers and to demonstrate the viability of such measures in field installed applications. A variety of activities may be performed under the CDD Program including engineering evaluations, cost benefits analyses, computer simulations, literature searches, field testing and data collection, product demonstrations, laboratory testing and building code analyses. The CDD project results may contribute to the development of new or modified energy conservation programs, program standards and/or incentive levels. Data collected shall, as applicable, be used in the Commission's G-Rim, Participant and TRC cost benefit tests.

**Program Authorization:** The CDD Program is consistent with the intent of ss. 366.80, F.S., the Florida Energy Efficiency and Conservation Act (FEECA), Commission Rule 25.17.001 (5), (f) F.A.C. and various Commission Orders (e.g. PSC Order No. 22176).

**Program Criteria:** CDD Program projects would be based on the following criteria, unless otherwise authorized by the Commission:

- CDD projects would be applicable to Florida residential, commercial or industrial energy use.
- Research or demonstration projects would be related to energy use in buildings and structures; process energy use applications; appliances, equipment or other energy consuming products.
- Sufficient, relevant data to evaluate the technical, economic or market potential of the measure(s) to be investigated is not currently available.

**Eligible Measures:**

- Existing, new and emerging building construction, appliance and equipment technologies such as, but not limited to: water heating, space conditioning (heating, cooling, dehumidification), hydronic systems, refrigeration, cooking, clothes drying, building thermal envelop construction, duct systems, fuel cells, cogeneration, thermal energy storage systems, heat recovery, pumps and industrial processes.

- Renewable and green energy building techniques, technologies and products.
- Other measures that meet the intent of FEECA and the above Program Criteria.

**Participation with Other Entities:** SJNG may conduct CDD Program projects on an individual basis independent of other entities or may participate in and contribute to research or demonstration projects as follows:

- Jointly with other Florida LDCs through the Associated Gas Distributors of Florida (AGDF).
- Jointly with other individual Florida LDCs, but not through the AGDF.
- Jointly with LDCs or other entities outside Florida so long as the research or demonstration conducted can be reasonably applied to Florida conditions.
- Jointly, or as a cost share participant, with research or testing entities (such as universities or test laboratories).

**Program Costs:** The total SJNG CDD Program expenditures over the five-year period 2010 through 2015 shall not exceed \$50,000. In the event the cost for an individual or joint CDD project is estimated to exceed \$10,000, SJNG shall seek administrative approval from the Commission staff prior to proceeding with the project.