

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of Energy)	DOCKET NO. 900089-EG
Conservation Plan by PEOPLES GAS)	ORDER NO. 23462
SYSTEM, INC.)	ISSUED: 9-11-90
_____)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 FRANK S. MESSERSMITH

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING PEOPLES GAS SYSTEM, INC'S
CONSERVATION PROGRAMS

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 adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On February 12, 1990, Peoples Gas Systems, Inc. (PGS or Peoples) filed with this Commission a petition seeking approval of its conservation programs. Subsequently, Peoples revised and supplemented on April 27, and July 11, 1990, its filing.

PGS's original filing exhibited cost-effectiveness to the State as a whole through savings realized by avoiding the building of new power plants and generating fuel savings. A short-coming in that filing was that it presented no direct benefits flowing to Peoples' ratepayers who would be paying for the programs. The supplemental information filed July 11, 1990, shows a direct benefit to Peoples' ratepayers for each of the programs, benefits not previously considered by Peoples. Those direct benefits were calculated by adding the incremental revenue effect on existing ratepayers from added customer charge revenues; the contribution to gross margin from increased commodity-related sales; the spreading of a fixed

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demand charges over a larger number of therms sold; and, where applicable, any savings associated with not cutting and capping existing dormant service lines.

Appendix I to this Order shows a direct benefit to gas ratepayers of \$98,545,677, less program cost of \$34,899,340 to be paid by the gas utility ratepayers for a net direct benefit to those ratepayers of a \$63,646,337 (present value). Added to this is the total benefit to electric ratepayers of \$165,414,314 for a total net benefit to the State, projected by Peoples at a net present value of \$229,060,651 in benefits over twenty (20) years.

Peoples' revised conservation plan is similar to its existing programs for residential customers. New programs were added to help eliminate inefficiencies by the commercial customers. These programs include: (1) Small Package Cogeneration and Feasibility Study; (2) the Gas Space Conditioning Allowance; and (3) the Commercial Electric Resistance Replacement Program.

Peoples outlined a monitoring plan in its supplemental filing. The information in that plan, unless filed more often, should be filed with our Staff by March 31st of each year for the preceding calendar year.

In order to establish adequate auditing information, we are requiring that PGS' system of internal accounting controls for each conservation program shall be adequate to provide Peoples and the Commission with the reasonable assurance that conservation program assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with the Commission's authorization and are recorded properly to prevent the preparation of financial conservation cost recovery exhibits in accordance with generally accepted principles.

To ensure compliance, we are requiring that Peoples shall obtain an opinion from a certified public accountant licensed to practice in Florida, that the conservation system of internal controls meets the above objective for each of its programs.

In consideration of the foregoing, it is

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ORDERED by the Florida Public Service Commission that Peoples Gas System, Inc.'s petition for approval of its conservation programs is granted with the conditions and requirements as set forth in the body of this Order. It is further

ORDERED that this Order shall become final unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 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 11th day of SEPTEMBER, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MRC

by: Kay Slynn
Chief, Bureau of Records

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

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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 October 2, 1990.

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, and as reflected in a subsequent order.

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 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 sewer 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.

August 16, 1990

Peoples Gas System, Inc.
Energy Conservation and Promotional Programs

<u>Program Name</u>	<u>Benefit To Electric Ratepayers</u>	<u>Benefit To Gas Ratepayers</u>	<u>Program Cost Gas Utility Ratepayers</u>	<u>Net Benefit Gas Utility Ratepayers</u>	<u>Approval Yes/No</u>
Residential Electric Resistance Appliance Replacement	\$49,662,486	\$41,677,359	\$21,465,082	\$20,212,277	Yes
Commercial Electric Resistance Appliance Replacement	\$61,556,425	\$22,224,652	\$4,315,678	\$17,908,974	Yes
Residential Home Builder Gas Space Conditioning Allowance	\$19,633,353	\$5,229,422	\$2,382,449	\$2,846,973	Yes
Small Package Cogeneration and Feasibility Study	\$15,550,252	\$7,859,801	\$2,598,481	\$5,261,320	Yes
Gas Water Heater Load Retention	\$8,525,425	\$18,461,736	\$2,093,856	\$16,367,880	Yes
Residential Conservation Service Audits	\$3,236,683	\$1,080,947	\$231,671	\$849,276	Yes
Oil heating Replacement	\$625,019	\$0	\$96,304	(\$96,304)	Yes
Advertising and Promotion	\$6,624,671	\$2,011,760	\$1,119,728	\$892,032	Yes
Energy Conservation Incentive (Program Deleted)	\$0	\$0	\$0	\$0	N/A
Monitoring/Demonstration (Added)	0	0	\$596,091	(\$596,091)	Yes
TOTAL PROGRAM BENEFIT (COST)	\$165,414,314	\$98,545,677	\$34,899,340	\$63,646,337	

APPENDIX I

Revised: August 16, 1990
NOTE: All benefit and cost figures in present value.