

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of modifications to approved energy conservation programs, by Florida City Gas.

DOCKET NO. 060746-EG  
ORDER NO. PSC-07-0122-PAA-EG  
ISSUED: February 12, 2007

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
MATTHEW M. CARTER II  
KATRINA J. TEW

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING MODIFICATIONS TO ENERGY 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 substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

Section 366.81, Florida Statutes, of the Florida Energy Efficiency and Conservation Act (FEECA) gives the Commission authority to oversee electric and natural gas conservation programs. On March 20, 1996, the Commission adopted Rule 25-17.009, Florida Administrative Code, which sets forth the cost effectiveness methodology for natural gas conservation programs.

As stated in Rule 25-17.009, Florida Administrative Code, each gas utility that seeks to recover costs for an existing, new, or modified demand side management program shall file its cost effectiveness test results of the Participants Test and the Gas Rate Impact Measure (G-RIM) Test in the format set forth in PSC/EAG/18 (4/96), entitled the "Florida Public Service Commission Cost Effectiveness Manual for Natural Gas Utility Demand Side Management Programs." As long as the programs offered pass the Participants and G-RIM Tests with a score of one or greater, it is deemed cost effective for a company to offer and beneficial for customers.

On November 14, 2006, Florida City Gas (the "Company") petitioned for approval of modifications to its approved energy conservation programs. The Company is seeking Commission approval to rename certain programs, modify the allowances payable under some of its existing programs, and clarify the program eligibility standards and qualifying allowances under certain programs. Those programs are the Residential Builder, Multi-Family Residential Builder, Residential Appliance Replacement, and Residential Water Heater Retention Programs. We have jurisdiction pursuant to Sections 366.81 and 366.82, Florida Statutes.

DOCUMENT NUMBER DATE

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Modifications to energy conservation programs

The proposed modifications are:

- 1) Change the program name of the Residential Builder Program to the Residential New Construction Program;
- 2) Eliminate the Multi-Family Builder Program in order to include multi-family developments in the proposed Residential New Construction Program;
- 3) Change the name of the Triathlon appliance to the Gas Cooling and Dehumidification appliance;
- 4) Establish a tankless natural gas water heater allowance for the three residential programs;
- 5) Allow the Residential Appliance Retention Program to offer allowances for heating systems, cooking, and clothes drying appliances; and
- 6) Increase the allowances the Company provides to potential customers when purchasing appliances in the new modified programs.

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 towards 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 "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 Commission recently approved similar program modifications by Order No. PSC-06-0749-PAA-GU, issued September 5, 2006 in Docket No. 060415-GU, In re: Petition for modification of energy conservation plan of Florida Public Utilities Company, Inc., regarding Residential New Construction Program, Residential Appliance Replacement Program, and Residential Appliance Retention Program and by Order No. PSC-06-0816-PAA-GU, issued October 4, 2006, in Docket No. 060478-EG, In re: Petition for approval of modifications to approved energy conservation programs, by Peoples Gas System. A future petition from Chesapeake Utilities Corporation is expected to modify its natural gas programs to include similar appliance allowances. Each modified program, proposed new allowances, and results from the administered Participants and G-RIM Tests are discussed below.

Residential New Construction Program:

The objective of this program is to increase the conservation of energy resources in the single and multi-family residential new construction markets by promoting the installation of energy-efficient natural gas appliances. This program is designed to expand consumer energy options in new homes. Incentives in the form of cash allowances are provided to support the installation of natural gas including interior gas piping, venting, appliance purchase or lease, and other costs associated with residential gas service. Cash allowances are paid for water heating, space heating, clothes drying, and cooking equipment installations. 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 1.13 to 1.60. Each appliance passed the G-Rim Test with scores in the range of 1.11 to 1.19.

Residential Appliance Replacement Program:

This program encourages the replacement of inefficient non-natural gas residential appliances in existing residences. Participation in the program is open to current residential customers and to homeowners converting a residence to natural gas where the company is able to extend service under its extension of facilities policy. This program provides incentives for the replacement of non-gas water heating, heating, cooking, or clothes drying appliances through the purchase and/or lease of energy efficient natural gas appliances. 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 1.14 to 1.59. Each appliance passed the G-Rim Test with scores in the range of 1.04 to 1.16.

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, the company's Residential Appliance Retention Program only applies to natural gas water heater installations. However, in this proposal, the company 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 1.19 to 1.67. Each appliance passed the G-Rim Test with scores in the range of 1.37 to 1.48.

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

**Florida City Gas Residential New Construction Cash Allowances**

	<u>Current Allowances</u>	<u>Approved Allowances</u>
Gas Storage Tank Water Heating	\$350	No Change
Gas Tankless Water Heating	-	\$450
Gas Heating	\$350	No Change
Gas Cooking	\$100	No Change
Gas Clothes Drying	\$100	No Change

**Florida City Gas Residential Appliance Replacement Cash Allowances**

	<u>Current Allowances</u>	<u>Approved Allowances</u>
Gas Storage Tank Water Heating	\$525	No Change
Gas Tankless Water Heating	-	\$525
Gas Heating	\$625	No Change
Gas Cooking	\$100	No Change
Gas Clothes Drying	\$100	No Change

**Florida City Gas Residential Appliance Retention Cash Allowances**

	<u>Current Allowances</u>	<u>Approved Allowances</u>
Gas Storage Tank Water Heating	\$50	\$350
Gas Tankless Water Heating	-	\$450
Gas Heating	-	\$350
Gas Cooking	-	\$100
Gas Clothes Drying	-	\$100

Based upon the information submitted, we approve FCG's petition for modification to its Residential New Construction, Residential Appliance Replacement, and Residential Appliance Retention energy conservation programs. The program modifications are hereby approved

because each appliance passed the G-RIM and Participants Test with a score greater than one and because each program promotes the goals of energy conservation. The modifications will include renaming the Residential Builder Program to the Residential New Construction Program; eliminating the Multi-Family Residential Builder and include its description in the Residential New Construction Program; change the name of the Triathlon appliance to the Gas Cooling and Dehumidification appliance; increasing the current allowances for some appliances; an addition of a tankless water heater allowance for all three programs; and allowing the Residential Appliance Retention Program to offer allowances for heating systems, cooking, and clothes drying appliances.

Based on the foregoing, it is


ORDERED by the Florida Public Service Commission that Florida City Gas' modifications to its energy conservation programs 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 12th day of February, 2007.

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

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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 March 5, 2007.

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.