

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for modifications to approved energy conservation programs and adoption of new energy conservation programs, by St. Joe Natural Gas Company, Inc.	DOCKET NO. 070237-EG ORDER NO. PSC-07-0495-PAA-EG ISSUED: June 11, 2007
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The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman  
MATTHEW M. CARTER II  
KATRINA J. McMURRIAN  
NANCY ARGENZIANO  
NATHAN A. SKOP

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, known as 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 the cost effectiveness test results of the Participants Test and the Gas Rate Impact Measure (G-RIM) Test in the format set forth in Form 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 pass the Participants and G-RIM Tests with a score of one or greater, they are deemed cost effective for a company to offer and beneficial for customers.

On April 3, 2007, St. Joe Natural Gas Company, Inc. ("St. Joe") petitioned for approval of modifications to its approved energy conservation programs. St. Joe is seeking Commission

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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 Single and Multi-Family Residential Homebuilder Program and the Electric Resistance Appliance Replacement Program. St. Joe is also seeking approval for two new programs: the Residential Appliance Retention and the Energy Conservation Education Programs. We have jurisdiction pursuant to Sections 366.81 and 366.82, Florida Statutes.

Modifications to energy conservation programs

The proposed modifications are:

- 1) Change the program name of the Single and Multi-Family Residential Homebuilder Program to the Residential New Construction Program and provide allowances for cooking and clothes drying appliances.
- 2) Change the program name of the Electric Resistance Appliance Replacement Program to the Residential Appliance Replacement Program and provide allowances for cooking and clothes drying appliances.
- 3) Establish a tankless natural gas water heater allowance for the residential programs.
- 4) Increase the allowances St. Joe provides to potential customers when purchasing appliances under the new modified programs.

In addition, St. Joe is proposing two new programs: the Residential Appliance Retention and the Energy Conservation Education Programs. The proposed Residential Appliance Retention Program will provide allowances for customers who choose to replace their natural gas storage tank and tankless water heaters, heating systems, cooking and clothes drying appliances with newer efficient models. St. Joe states that the proposed Consumer Education Program will allow the company the opportunity to recover its costs of promoting conservation programs to eligible consumers.

The proposed allowances and Residential Appliance Retention Program 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 for the conservation programs directed towards the homebuilding industry, residential appliance replacement, and residential appliance retention programs. 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. Furthermore, 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. This Commission recently approved similar program modifications.<sup>1</sup> The modified and proposed programs are discussed further below.

Modification of Single and Multi-Family Residential Homebuilder Program:

The Single and Multi-Family Residential Homebuilder 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. The program will provide increased incentives for natural gas cooking, clothes drying, and tankless water heating appliances in new construction homes. St. Joe proposes no changes to the approved allowances for natural gas cooling and dehumidification systems installed under this program. Participation in the program is offered to any home builder or developer who installs the aforementioned energy efficient appliances. Each appliance passed the Participants Test with scores in the range of 1.29 to 1.91. Each appliance passed the G-Rim Test with scores in the range of 1.20 to 1.30. Finally, St. Joe proposes to re-title the program the Residential New Construction Program.

**St. Joe's Residential New Construction Cash Allowances**

	<u>Current Allowances</u>	<u>Approved Allowances</u>
Gas Storage Tank Water Heating	\$175	\$350
Gas Tankless Water Heating	-	\$450
Gas Heating	\$250	\$350
Gas Cooking	-	\$100
Gas Clothes Drying	-	\$100
Gas Cooling and Dehumidification	\$1,400	\$1,400

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<sup>1</sup> 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, 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, Order No. PSC-07-0122-PAA-EG, issued February 12, 2007, in Docket No. 060746-EG, In re: Petition for approval of modifications to approved energy conservation programs by Florida City Gas, and Order No. PSC-07-0197-PAA-EG, issued March 5, 2007, in Docket No. 060772-EG, In re: Petition for approval of modifications to approved energy conservation programs by Florida Division of Chesapeake Utilities Corporation.

Modification of Electric Resistance Replacement Program:

The Electric Resistance Replacement Program will be renamed the Residential Appliance Replacement Program and will encourage the replacement of inefficient electric residential appliances with new natural gas appliances. Participation in the program is open to current residential customers and to homeowners converting a residence to natural gas where St. Joe is able to extend service under its extension of facilities policy. The program will provide increased incentives for the replacement of non-gas water heating, heating appliances, and new incentives for gas cooking, clothes drying, and tankless water heating appliances. Each appliance passed the Participants Test with scores in the range of 1.30 to 1.89. Each appliance passed the G-Rim Test with scores in the range of 1.09 to 1.27.

**St. Joe's Residential Appliance Replacement Cash Allowances**

	<u>Current Allowances</u>	<u>Approved Allowances</u>
Gas Storage Tank Water Heating	\$225	\$525
Gas Tankless Water Heating	-	\$525
Gas Heating	\$450	\$625
Gas Cooking	-	\$100
Gas Clothes Drying	-	\$100
Gas Cooling and Dehumidification	\$1,500	\$1,500

Proposed Residential Appliance Retention Program:

The proposed Residential Appliance Retention Program will provide allowances for customers who choose to replace their existing natural gas storage tank and tankless water heaters, heating systems, cooking and clothes drying appliances with newer efficient natural gas models. Each proposed appliance passed the Participants Test with scores in the range of 1.35 to 1.99. Each appliance passed the G-Rim Test with scores in the range of 1.33 to 1.46.

**St. Joe's Residential Appliance Retention Cash Allowances**

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

Proposed Energy Conservation Program:

The new Energy Conservation Program will serve as an outlet to inform consumers of general energy conservation information and allowance programs using various advertising media such as direct mail, bill messages, and signage at the local office and local appliance dealers.

Based upon the information submitted, we approve St. Joe's petition for modification to its Residential New Construction Program and Residential Appliance Replacement Program. In addition, we approve St. Joe's petition for its new Residential Appliance Retention Program and Consumer Education Program. The program modifications and new programs are hereby approved because the appliances that were tested passed the G-RIM and Participants Test with a score greater than one and because each program promotes the goals of energy conservation. The reasonable and prudent costs of these programs are appropriate for recovery through the Energy Conservation Cost Recovery Clause. The modifications will include: renaming the Single and Multi-Family Residential Homebuilder Program to the Residential New Construction Program; renaming the Electric Resistance Program to the Residential Appliance Replacement Program, developing a Residential Appliance Retention and Consumer Education Program, increasing the current allowances for some appliances and developing a tankless water heater allowance for all three programs.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that St. Joe Natural Gas Company, Inc.'s 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 Office of Commission Clerk, 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 11th day of June, 2007.



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ANN COLE  
Commission Clerk

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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.

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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 Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 2, 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.