

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of energy conservation programs, by Indiantown Gas Company. | DOCKET NO. 070246-EG
ORDER NO. PSC-07-0531-TRF-EG
ISSUED: June 26, 2007

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

ORDER APPROVING ENERGY CONSERVATION PROGRAMS

BY THE COMMISSION:

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.

Rule 25-17.009, Florida Administrative Code, states that each natural 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/ECR 14-G (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, they are deemed cost effective and beneficial for a company to offer to its customers.

On April 5, 2007, Indiantown Gas Company ("Indiantown") petitioned for approval of four new Energy Conservation Cost Recovery (ECCR) programs: Residential New Construction Program, Residential Appliance Replacement Program, Residential Appliance Retention Program, and Conservation Education Program. We have jurisdiction pursuant to Sections 366.81 and 366.82, Florida Statutes.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Energy Conservation Programs

On April 5, 2007, Indiantown Gas Company submitted its analysis of its proposed ECCR programs. The analysis included the cost effectiveness test results for the appliances in the proposed residential conservation programs, the projected ECCR billing adjustment factors (which serve as the rate per therm charges from Indiantown to recover costs to implement these programs along with the proposed allowances), and the proposed tariff sheets. The proposed tariff sheets are attached to this Order as Attachment A. Indiantown would like to offer three new residential conservation programs: The Residential New Construction Program, Residential Appliance Replacement Program, and Residential Appliance Retention Program. The proposed programs were evaluated by staff using the Participants Screening Test and the Gas Ratepayer Impact Test (G-RIM) as required by Rule 25-17.009, Florida Administrative Code. The residential conservation programs will allow the company to offer rebates for the purchase of energy efficient appliances to current and future residential customers.

Below are descriptions of each of the proposed ECCR programs along with the results from the Participants and G-RIM Tests (if applicable). Also included are charts of the proposed rebates of each residential conservation program.

Proposed Residential New Construction Program:

The proposed Residential New Construction Program is designed to increase the overall penetration of natural gas in the residential single and multi-family new construction market throughout Indiantown's service area. The objective is to reduce the growth rate of electric consumption, increase the conservation and efficient use of energy resources, and minimize ratepayers' total energy cost. The program will increase overall energy efficiency in the new home construction market through the installation of efficient natural gas appliances. The rebates offered to homebuilders are designed to assist in defraying the cost of gas piping, venting, appliance installation, and other costs associated with residential gas service. Participation in this program would be open to a home builder or developer of homes who installs energy-efficient natural gas heating, natural gas storage and tankless water heating, cooking, and provides piping stub-outs for natural gas clothes drying. Each appliance passed the Participants Test with scores in the range of 1.08 to 1.51. Each appliance passed the G-Rim Test with scores in the range of 1.14 to 1.21.

Indiantown's Residential New Construction Cash Allowances

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

Proposed Residential Appliance Replacement Program:

The Residential Appliance Replacement Program 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 Indiantown is able to extend service under its extension of facilities policy. The program will provide incentives for the replacement of non-natural gas water heating, cooking, clothes drying or space heating appliances with energy efficient natural gas appliances. Each appliance passed the Participants Test with scores in the range of 1.09 to 1.50. Each appliance passed the G-Rim Test with scores in the range of 1.07 to 1.19.

Indiantown's Residential Appliance Replacement Cash Allowances

	<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 Residential Appliance Retention Program:

The Residential Appliance Retention Program will encourage homeowners to replace inefficient natural gas storage tank and tankless water heaters, heating systems, cooking, and clothes drying appliances with newer efficient natural gas models. The rebates under this program should strengthen Indiantown's ability to retain existing natural gas customers and avoid the cost of meter removal and cost of cutting and capping service lines. When a customer is lost, the typical cost to remove the meter and cut and cap the service is estimated at \$350 to

\$500. Retaining a customer also enhances Indiantown's ability to spread its fixed operating costs over a greater number of customers, thereby assisting in mitigating the need for future rate adjustments. Each proposed appliance passed the Participants Test with scores in the range of 1.12 to 1.56. Each appliance passed the G-Rim Test with scores in the range of 1.33 to 1.42.

Indiantown's Residential Appliance Retention Cash Allowances

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

Proposed Consumer Education Program:

The new Consumer Education Program will serve as an outlet to inform consumers of general energy conservation strategies and the opportunity to participate in Indiantown's proposed 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 Indiantown's petition for its new energy conservation programs: Residential New Construction Program, Residential Appliance Replacement Program, Residential Appliance Retention Program, and Consumer Education Program. The 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.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Indiantown Gas Company's energy conservation programs are hereby approved as set forth herein. It is further

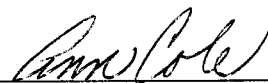
ORDERED that all attachments appended hereto are incorporated herein by reference. It is further

ORDERED that the tariff is hereby approved June 5, 2007. It is further

ORDERED that if a timely protest is filed within 21 days from issuance of this Order, the tariff shall remain in effect with any revenues held subject to refund, pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 26th day of June, 2007.



ANN COLE
Commission Clerk

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), 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.

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 Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files 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 17, 2007.

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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 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.

Indiantown Gas Company, Inc.
Original Volume No. 2

First Revised Original Sheet No. 35
Cancels Original Sheet No. 35

BILLING ADJUSTMENTS
(Continued)

- (e) In the event Company experiences unaccounted for Gas on its distribution system, Company shall be entitled to recover the cost of such unaccounted for Gas. Costs associated with transportation shrinkage shall be based upon Company's operating experience, and Company shall have the right to adjust such cost from time to time to reflect operating experience and/or any change in methodology used by Company to calculate the amount of Gas deemed as transportation shrinkage. Upon request, Company shall furnish to Customer, Customer's Agent or Pool Manager information to support such cost allocation.
- (f) This mechanism should not be considered to preclude the Company from recovering other penalties and charges from its customers as defined in the Terms and Conditions for Transportation Service of this Tariff, the Transportation Service Agreement or Aggregated Transportation Service Agreement.

3. TAXES AND OTHER ADJUSTMENTS APPLICABLE TO ALL RATE SCHEDULES:

There shall be added to all bills rendered, all applicable local utility and franchise taxes and state gross receipts and sales taxes presently assessed by governmental authority; as well as future changes or new assessments by any governmental authority subsequent to the effective date of this tariff. All such assessments as described above shall be shown on Customer or Shipper bills, as applicable.

4. ENERGY CONSERVATION COST RECOVERY CHARGE:

Each bill for Transportation Service supplied to a retail customer shall be adjusted as follows:

Except as otherwise provided herein, each rate schedule shall be increased or decreased to the nearest \$0.00001 per therm and shall include the tax expansion factor of 1.00503 for each therm of gas transported by the Company to recover the Company's energy conservation related expenditures. The Company shall record both projected and actual expenses and revenues associated with the implementation of the Company's Energy Conservation Plan as authorized by the Commission. The procedure for review, approval, recovery, and recording of such costs and revenues is set forth in Commission Rule 25-17.015, F.A.C.

Issued by: Brian J. Powers, President

Effective: June 1, 2007

Indiantown Gas Company, Inc.
Original Volume No. 2

Original Sheet No. 35.1

The Energy Conservation Cost Recovery charges for meter readings taken on or after June 20, 2007 through the last billing cycle of December 2007 are as follows:

<u>Rate Class</u>	<u>Recovery Factor</u>
<u>TS-1</u>	<u>\$ 0.1430 per therm</u>
<u>TS-2</u>	<u>\$ 0.0218 per therm</u>
<u>TS-3</u>	<u>\$ 0.0151 per therm</u>
<u>TS-4</u>	<u>\$ 0.0026 per therm</u>

Issued by: Brian J. Powers, President

Effective: June 1, 2007