

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for approval of energy conservation programs, by Sebring Gas System, Inc. | DOCKET NO. 070339-EG  
| ORDER NO. PSC-07-0693-TRF-EG  
| ISSUED: August 24, 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, we 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.

Sebring Gas System, Inc. (Sebring or Company) has never offered conservation programs. On May 25, 2007, Sebring petitioned for approval of four new conservation programs: Residential New Construction Program, Residential Appliance Replacement Program, Residential Appliance Retention Program, and Conservation Education Program. These proposed new programs are similar to those offered by Florida's other local distribution companies and previously approved by this Commission.<sup>1</sup> We have jurisdiction pursuant to Sections 366.81 and 366.82, Florida Statutes.

<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

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

### Energy Conservation Programs

On May 25, 2007, Sebring submitted its analysis of its proposed new conservation programs. The analysis included cost effectiveness tests for the appliances in the proposed residential conservation programs, projected Energy Conservation Cost Recovery (ECCR) billing adjustment factors, and proposed tariff sheets. The proposed tariff is attached hereto as Attachment A. Sebring would like to offer four new residential conservation programs: The Residential New Construction Program, Residential Appliance Replacement Program, Residential Appliance Retention Program and Consumer Education Program. The proposed programs were evaluated by our 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. We recently approved a similar petition for approval to offer new conservation programs by Indiantown Gas Company.<sup>2</sup>

Below are descriptions of each of the proposed conservation 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 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 the Company'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 will be open to a home builder or developer of homes who installs energy-efficient natural gas heating, natural gas storage tank water heating, natural gas tankless water heating, and natural gas 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 1.50. Each appliance passed the G-Rim Test with scores in the range of 1.22 to 1.30.

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Docket No. 060772-EG, In re: Petition for approval of modifications to approved energy conservation programs by Florida Division of Chesapeake Utilities Corporation.

<sup>2</sup> Order No. PSC-07-0531-TRF-EG, issued June 26, 2007, in Docket No. 070246-EG, In re: Petition for approval of energy conservation programs, by Indiantown Gas Company.

**Sebring'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 this program is open to current residential customers and to homeowners converting a residence to natural gas where Sebring 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 1.07 to 1.45. Each appliance passed the G-Rim Test with scores in the range of 1.18 to 1.32.

**Sebring'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 Sebring'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 Sebring'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 1.10 to 1.51. Each appliance passed the G-Rim Test with scores in the range of 1.49 to 1.57.

**Sebring'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 Sebring'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 Sebring'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. Sebring shall be allowed to petition for recovery of expenditures for these new programs through the Energy Conservation Cost Recovery Clause.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Sebring Gas System'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 as of September 14, 2007. It is further

ORDERED that if a timely protest is filed within 21 days from the 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 24th day of August, 2007.



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ANN COLE  
Commission Clerk

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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 September 14, 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 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.

Sebring Gas System  
Original Volume No. 2

Original Sheet No. 32.1

**BILLING ADJUSTMENTS**  
(continued)

4. **ENERGY CONSERVATION COST RECOVERY CHARGE**

Each bill for Transportation Service supplied to a 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.

The Energy Conservation Cost Recovery charges for meter readings taken on or after September 14, 2007 through the last billing cycle of December 2007 are as follows:

<b><u>Rate Class</u></b>	<b><u>Recovery Factor</u></b>
TS-1	\$0.1058 per therm
TS-2	\$0.0438 per therm
TS-3	\$0.0513 per therm
TS-4	\$0.0385 per therm

Issued by: Jerry Melendy, Vice President

Effective: September 14, 2007