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June 6, 1988

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Mr. Steve C. Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301

Re: Conservation Programs of City Gas Company
of Florida; FPSC Docket No. 880267-EG

Dear Mr. Tribble:

Enclosed for filing in the above docket are the original and fifteen (15) copies of Supplement to City Gas Company of Florida's Petition for Approval of Conservation Programs.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning same to this writer.

Thank you for your assistance in connection with this matter.

Sincerely,

James D. Beasley
James D. Beasley

JDB/pp
encls.

cc: David Smith (w/enc.)
Ennis Jacobs (w/enc.)

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DM
DOCUMENT NUMBER-DATE

05707 JUN-6 1988

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Conservation Programs of)
City Gas Company of Florida.)

DOCKET NO. 880267-EG
Submitted for Filing 6/6/88

SUPPLEMENT TO CITY GAS COMPANY OF FLORIDA'S
PETITION FOR APPROVAL OF CONSERVATION PROGRAMS

City Gas Company of Florida ("City Gas" or "the Company") supplements its petition for approval of conservation programs, and says:

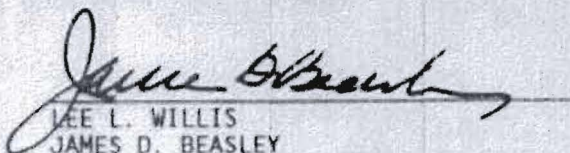
1. Subsequent to the February 16, 1988 filing of its petition in the above docket, the Commission's Staff reviewed the documents supporting such petition and requested additional information from the company.

2. Under a cover letter dated May 5, 1988 to the Chief of the Commission's Bureau of Gas Regulation, City Gas furnished the requested additional data in support of its petition. Attached hereto as Exhibit "A" is a copy of the materials supplied to the Staff. City Gas has responded to all inquiries made by the Staff and believes that its proposed conservation programs have been shown to be meritorious and in the public interest and should be approved.

WHEREFORE, City Gas supplements its petition in this docket with the materials attached hereto as Exhibit "A".

DATED this 6th day of June, 1988.

Respectfully submitted,



LEE L. WILLIS
JAMES D. BEASLEY
Ausley, McMullen, McGehee,
Carothers and Proctor
Post Office Box 391
Tallahassee, Florida 32302
(904) 224-9115


Attorneys for City Gas Company of Florida

FILED NUMBER-DATE
05707 JUN -6 1988
TSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by hand delivery on this 6th day of June, 1988, to the following:

Mr. David Smith
Mr. Ennis Jacobs
Staff Counsel
Division of Legal Services
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32301



ATTORNEY



CITY GAS COMPANY OF FLORIDA

955 EAST 25th STREET / HIALEAH, FLORIDA 33013 / PHONE (305) 691-8710

Federal Express

May 5, 1988

RECEIVED
FLORIDA PUBLIC SERVICE COMMISSION

MAY 11 1988

ELECTRIC AND GAS

Mr. Joseph W. McCormick, Chief
Bureau of Gas Regulation
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0868

Re: Docket No. 880267-EG

Dear Mr. McCormick:

Listed below are our responses to your information requests 1, 4, 6, 7 and 14 which were not included in my letter of May 4, 1988.

1. Request: Basis for dollar values of all allowances.

Response:

A. Programs One and Two:

The cash allowances offered in Programs One and Two are intended to encourage builders to choose natural gas by defraying additional construction cost. These additional costs include labor and materials for:

Interior galvanized piping and stub outs
Appliance installations and gas connections
Venting
Permits
Meter connects

The allowance does not apply to helping offset the purchase of appliances, as erroneously stated in the program descriptions originally submitted. The Company feels the builder would incur this cost whether the appliance is gas or electric, therefore we don't consider it an added cost of construction and removed it from the programs.

The maximum allowance dollar values are set to accommodate the varied styles and sizes of the residential dwellings constructed in our service areas. The allowances are roughly based on the Company's current cost experiences with plumbers and contractors.

The Company strongly believes the maximum cash allowances offered in these two Programs are necessary to attract builders.

We have, in our Dade and Broward County service areas, an additional obstacle in promoting the use of natural gas. South Florida is experiencing an ever increasing growth in its Hispanic population. Unlike the new residents of years ago who moved to South Florida from the northeast and were in most cases familiar with natural gas, the current influx does not as readily accept natural gas as a residential energy source.

The conservation efforts and achievements of our other Programs would be negated if all new residential construction is allowed to go all-electric.

Hispanic builders and developers must be informed of the conservation benefits of natural gas and, most important to them, be given an incentive allowance to help offset the added construction costs. The allowance is especially important because of the introduction of another trade on the job, therefore causing more of a problem with the builder.

- B. Program Three:
Cash allowances offered in Program Three are to assist in defraying the additional costs required for the conversion to gas. These additional costs may include labor and materials for:

- Interior galvanized piping and stub outs
- Venting
- Setting and connection of appliances
- Upgrade to code
- Permits

In addition to the above, the water heater allowance of \$400 includes the cost of an energy efficient unit.

The maximum allowance dollar values are set to allow costs ranging from a simple installation with existing piping and stub out, up to the higher costs of converting the on-main non-customer from electric to natural gas. The dollar values are roughly based on the Company's current cost experience with plumber, contractors, and sellers of appliances.

- C. Program Four:
Cash allowances offered in Program Four are to encourage dealers/contractors to promote the sale of natural gas appliances. The allowance is basically a "commission" paid to dealers for sales of gas appliances to existing or potential City Gas customers. The dollar values are roughly based on City Gas' internal commission payments.

D. Program Five:

The cash allowance offered to schools in Program Five are to assist in defraying the cost of replacing all-electric appliances. At this time only ranges are being addressed. These additional costs for existing schools include labor and materials for:

Commercial-type interior piping
Venting if necessary
Appliance cost
Appliance installation and gas connection
Permits
Meter connects

The dollar value of the allowance is based on the Company's current cost experience with contractors and sellers of appliances.

4. Request: Breakdown of personnel costs and advertising cost.

Response:

A. Program One:

1. Personnel costs - \$50,000:

Two Builder Representative, one per division
Approximate annual salary plus overheads - \$42,720
Approximate vehicle expense (two cars) - 7,280

2. Advertising costs - \$50,000

The Company plans to produce high-quality informational packages promoting natural gas and the Builder Program. These packets will be distributed to builders throughout our service areas.

In addition, the Company will advertise the Program in building trade publications.

Due to South Florida's large Hispanic population and a very strong Latin Builders Association, it is necessary to produce a great portion of our advertising in English and Spanish. Though it's an additional cost, bilingual presentations are important if the advertising is to be effective.

Program Two:

Personnel and advertising costs are the same as Program One. See above for breakdown and explanation.

C. Program Three and Four:

1. Personnel costs:

Program Three - \$30,000
Program Four - 15,000
\$45,000

Two Dealer Representatives, one per division
Approximate annual salary plus overheads - \$37,720
Approximate vehicle expense (two cars) - \$ 7,280

Note: One representative in each division will be responsible for both Program Three and Program Four. For the cost benefit analysis it was assumed Program Three would require about 67% (\$30,000) of the representatives time. The remaining time of 33% (\$15,000) would be spent on Program Four.

2. Advertising costs for Program Three - \$30,000

The Company plans to do bilingual advertising in the form of bill stuffers, door hangers, brochures, and in some print media.

3. Advertising costs for Program Four - \$15,000

The Company plans to produce promotional and informational materials to inform existing and potential customers of our various conservation programs from which they might benefit.

These materials will be supplied to participating dealers for distribution.

D. Program Five

1. Personnel costs - \$60,000:

Two full time home economists, one per division
Approximate salary plus overheads - \$52,720
approximate vehicle expense (two cars) - 7,280

6. Request: Basis for projected new customer appliance installations by appliance for each program.

Response: The Company's previous experience in Energy Conservation Programs and management's judgement were used in determining new customer appliance installations and projected converted customers.

Mr. Joseph W. McCormick
May 5, 1988

Page 5

The Company believes these numbers to be reasonable considering our current trends in appliance installations and conversions without Conservation programs. There is also considerable new construction going on in the service areas of our two divisions that affords the potential for added natural gas users. With the approval of our proposed programs, the Company believes these projections to be realistic and obtainable at this time.

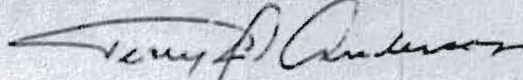
Individual programs and appliance types are not addressed separately in this response since they were all determined through the same method and considerations described above.

7. Request: Basis for projected converted customers by appliance.
Response: See Response to Request 6.
14. Request: Breakdown of all allowances (Purchasing piping, venting and installation).
Response: See Response to Request 1.

I hope you find our responses satisfactory and helpful in presenting your recommendation for the approval of our programs. If you have any additional questions, please do not hesitate to contact me.

Sincerely,

CITY GAS COMPANY OF FLORIDA



Terry Anderson
General Accounting Manager

TDA/sw

enclosures

cc: Jack Langer
J. A. Wutzler
Wayne Makin
Jim Beasley, Esq.