

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of SOUTHERN GAS) DOCKET NO. 881411-EG
COMPANY for approval of energy) ORDER NO. 20955
conservation program.) ISSUED: 3-29-89

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD
BETTY EASLEY
GERALD L. GUNTER
JOHN T. HERNDON

PROPOSED AGENCY ACTION

ORDER APPROVING CERTAIN ENERGY CONSERVATION
PROGRAMS AND GRANTING COST RECOVERY TO
SOUTHERN GAS COMPANY

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 formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

On February 2, 1989, Southern Gas Company (Southern or utility) filed a petition seeking our approval of certain energy conservation programs, the cost of which the utility plans to recover through its Conservation Cost Recovery Clause. The utility says that the proposed programs provide incentives to builders, homeowners, and dealers to install and promote efficient gas appliances. The utility further contends that the programs meet our three previously approved criteria, in that: 1) They contribute to the achievement of conservation goals; 2) They can be monitored; and 3) They are cost effective. The specific programs for which approval is sought, are as follows:

Single and Multi-Family Residential Home Builder Program

The utility contends that this program provides incentives to home builders and developers in an effort to overcome the objections to the additional construction costs involved with the installation of gas appliances. The program pays incentives for the installation of gas furnaces (\$100), gas water heaters (\$150), gas ranges (\$25), and gas dryers (\$25). Incentives are only paid to builders of new homes that have an Energy Performance Index rating of 75 points or less. The program period is five years with anticipated net benefits of \$4,297,308 and a cost effectiveness ratio of 19.26:1.

Electric Resistance Appliance Replacement Program

The utility says this program promotes the replacement of all types of electric appliances with energy efficient gas appliances. The program offers

DOCUMENT NUMBER-DATE
03185 MAR 29 1989
FPSC-RECORDS/REPORTING

homeowners cash incentives to help defray the additional costs involved with the purchase, piping, installation, and venting of gas furnaces (\$450), gas water heaters (\$400), gas ranges (\$75), gas dryers (\$75), and gas space heaters (\$65). The program period is five years with anticipated net benefits of \$939,703 and a cost effectiveness ratio of 3.17:1.

Dealer/Contractor Appliance Program

Southern says this program offers dealers and contractors incentives for promotion of the sale of natural gas appliances. It is designed to help overcome the predisposition of appliance dealers to sell electric appliances as opposed to energy efficient natural gas appliances. The incentives are paid to dealers and contractors for the sale of gas furnaces (\$30), gas water heaters (\$25), gas ranges (\$15), gas dryers (\$15), and gas space heaters (\$15). The program's anticipated net benefit over a five-year program period is \$1,097,409, resulting in a cost effectiveness ratio of 63.11:1.

Modern Appliance Replacement Program

The utility advises that this program is designed to encourage customers to replace existing natural gas appliances with new, modern, energy efficient natural gas appliances. The program offers allowances to customers to assist in defraying the additional cost of more expensive energy efficient appliances. Cash incentives are paid for the replacement of gas furnaces (\$50), gas water heaters (\$50), gas ranges (\$50), gas dryers (\$50), and gas space heaters (\$50). This program has a period of five years with anticipated net benefits of \$526,742 and a cost effectiveness ratio of 29.22:1.

Replacement of Electric Strip and Oil Heating Program

Southern says this program is designed to encourage customers to convert their existing electric or oil heating system to energy efficient natural gas heating systems. The program pays cash incentives to customers for the installation of gas furnaces (\$300), and the conversion of oil burners (\$300). The program's anticipated net benefit over a five-year period is \$388,487, resulting in a cost effectiveness ratio of 15.99:1.

We find that the above Energy Conservation Programs are reasonable and are hereby approved. Southern Gas Company is hereby authorized to recover the cost of such programs through its Conservation Cost Recovery Clause.

The utility's petition also contained a request for approval of a Short Main and Service Line Extension Program. However, at the March 7, 1989 Agenda Conference, the utility withdrew its request for our approval of this particular

ORDER NO. 20955
DOCKET NO. 881411-EG
PAGE 3

program with the understanding that it could resubmit its request at a later date.

Based on the foregoing, it is therefore,

ORDERED by the Florida Public Service Commission that the petition of Southern Gas Company for approval of certain proposed energy conservation programs is approved as indicated in the body of this order. It is further,

ORDERED that the provisions of this order, issued as a proposed agency action, shall become final unless an appropriate petition in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on April 18, 1989. It is further

ORDERED that this docket shall be closed if no timely protests are received.

By ORDER of the Florida Public Service Commission
this 29th day of MARCH, 1989.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

JRF

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on April 18, 1989. In the absence of such a

ORDER NO. 20955
DOCKET NO. 881411-EG
PAGE 4

petition, this order shall become effective April 19, 1989 as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent 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.

If this order becomes final and effective on April 19, 1989, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.