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# West Florida Natural Gas Co.

*"energy for all seasons"*

J.E. McIntyre  
President

Caller Box 1460  
301 Maple Avenue  
Panama City, FL 32402  
(904) 872-6100

January 18, 1996

Ms. Blanca S. Bayo  
Florida Public Service Commission  
Division of Records and Reporting  
2540 Shumard Oaks Drive  
Tallahassee, Florida 32399-0850

Dear Ms. Bayo:

RE: Docket No. <sup>960002</sup> ~~950002~~-EG -- West Florida Natural Gas Company  
Conservation Audit Report - Period Ended September 30, 1995  
Audit Control #95-223-1-2

Audit Disclosure No. 2 in the above referenced report included the following  
Statement of Fact:

- ACK \_\_\_\_\_
- ATA \_\_\_\_\_
- APP \_\_\_\_\_
- CAF \_\_\_\_\_
- CMH \_\_\_\_\_
- CTB \_\_\_\_\_
- EAG *Hoff-1* \_\_\_\_\_
- LEG *1* \_\_\_\_\_
- LIN *3* \_\_\_\_\_
- CPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC *1* \_\_\_\_\_
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

" The Residential Electric Appliance Replacement Program offers customers an installation incentive to assist in defraying the additional costs of gas piping and appliance venting required when converting from electric to energy conserving natural gas appliances. During the review of customer incentive vouchers for December 1994, the audit staff found numerous instances where the customer incentive was not supported by a check to the customer. Upon further review, the audit staff found that these customers had signed an authorization which allowed the conservation payment to be applied against their non-regulated account.

Utility personnel represent that the non-regulated entity is providing water heaters to customers at no charge in exchange for the conservation payment."

Subsequent to the audit the company discussed this practice with Commission staff. The staff expressed concern that the practice could provide the company with a sales advantage not available to other firms competing for water heater

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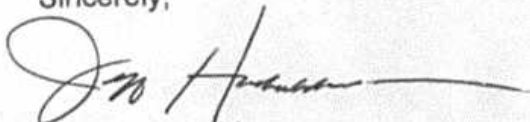
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sales in the company's service territory. Based on our discussion with staff, the company has decided to terminate the water heater incentive practice identified in the audit effective January, 1996.

The incentive was offered exclusively in our Ocala Division in conjunction with a promotional effort to increase main saturation in several areas in the community. The program has been generally inactive for several months. The Ocala marketing staff report that no new incentives of this type have been offered since July, 1995. However, based on prior customer commitments several conservation incentives have been applied against non-regulated accounts after July, 1995. At this point, all such commitments have been satisfied. No additional incentives of this type will be processed after January, 1996.

Please let me know if you need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Householder", with a long horizontal flourish extending to the right.

Jeff Householder  
Vice President