

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review to determine cost effectiveness of conservation programs for City Gas Company of Florida.

DOCKET NO. 970478-GU
ORDER NO. PSC-98-0154-FOF-GU
ISSUED: January 27, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING CONSERVATION PROGRAMS

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

By Order No. PSC-96-0464-FOF-EG, issued April 3, 1996, in Docket No. 941104-EG, we approved Rule 25-17.009, Florida Administrative Code, which established the cost effectiveness methodology for natural gas utility conservation programs.

On August 22, 1996 Peoples became the first gas utility to file under the new methodology in Docket No. 960557-GU. Peoples conservation programs were approved by Order No. PSC-97-0042-FOF-GU, issued January 9, 1997.

Subsequently, Docket No. 970478-GU was opened requiring City Gas to refile its conservation programs using the new methodology required by Rule 25-17.009, Florida Administrative Code. As an investor-owned natural gas utility with annual sales greater than 100 million therms, City Gas is required by Section 366.82 (1),

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Florida Statutes, to offer cost-effective energy conservation programs.

On August 18, 1997, City Gas submitted its analysis of all existing and new conservation programs. Five programs filed by City Gas are existing programs and four are new programs. The five existing programs include the Residential Builder, Multi-Family Residential Builder, Residential Appliance Replacement, Gas Appliance in Schools, and Dealer Programs. City Gas is also seeking approval of four new programs which consist of the Residential Propane Conversion, Residential Cut and Cap Alternative, Commercial/Industrial Conversion, and the Commercial/Industrial Alternative Technology Incentive Programs. All programs were evaluated using a Participants Screening Test and a Gas Rim Test (G-RIM). Among the benefits included in the Rim test are: Base Rate revenues, Purchased Gas Adjustment (PGA) revenues, and customer charge revenues. Among the Costs included in the G-Rim Tests are: Supply Main, Development Main, Service line, Meter set, Utility Allowances, Administration, O & M, and Gas Supply costs.

On November 10, 1997, City Gas submitted additional information regarding usage estimates, cost estimates, and the methodology used to calculate general assumptions. City Gas also provided corrections for one of the programs due to a mathematical error.

In response to staff's concerns, City Gas amended its filing on December 10, 1997. City Gas modified the description of the Residential Appliance Replacement Program to include language stating that incentives for natural gas ranges and clothes dryers are available only when there is an existing line present, or at least one other qualified appliance is installed at the same time as the range or dryer. City Gas modified the Commercial/Industrial Conversion Program to exclude conversions from oil to natural gas. City Gas also withdrew the Dealer Program. In addition, City Gas agreed to file all costing models, RIM tests, and evaluations, with respect to individual projects in the Commercial/Industrial Alternative Technology Incentive Program, each year along with its annual Energy Conservation Cost Recovery (ECCR) Filing. This will allow Staff to analyze each project to ensure the appropriateness of any expenditures and determine cost-effectiveness before any cost are recovered through ECCR.

Based on our review of the Company's filing, as amended, we believe that City Gas' analysis is thorough, complete and

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consistent with the methodology required by Rule 25-17.009, F.A.C.. Accordingly, we find that City Gas' Conservation Programs, as amended, should be approved.

Based on the foregoing, it is


ORDERED by the Florida Public Service Commission that City Gas' Conservation Programs, as amended, are approved as cost-effective and eligible for cost recovery. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that if a protest is filed within 21 days from the issuance date of the order, the programs previously approved shall remain in effect, pending the resolution of the protest. Programs not previously approved shall not be implemented until after resolution of the protest.

ORDERED that in the event this Order becomes final, this Docket shall be closed.

By ORDER of the Florida Public Service Commission this 27th day of January, 1998.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

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 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on February 17, 1998.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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 the date described above, any party substantially 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 wastewater 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

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notice of appeal must be in the form specified in Rule 9.900(a),
Florida Rules of Appellate Procedure.