

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for expansion
of energy conservation programs
and factors by Florida Public
Utilities Company.

DOCKET NO. 020302-GU
ORDER NO. PSC-02-0908-PAA-GU
ISSUED: July 8, 2002

The following Commissioners participated in the disposition of
this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING FLORIDA PUBLIC UTILITIES COMPANY'S
EXPANSION OF ENERGY CONSERVATION PROGRAMS AND FACTORS

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.

BACKGROUND

By Order No. PSC-00-1663-PAA-EG, issued September 18, 2000, in
Docket 000721-EG, we approved energy conservation programs for
Florida Public Utilities Company (FPUC) together with the recovery
of costs associated with the approved programs. On December 14,
2001, FPUC completed a transaction whereby FPUC acquired the assets
and operations of South Florida Natural Gas (SFNG). SFNG provided
natural gas service to customers in Volusia County.

On March 21, 2002, FPUC filed a Petition for Expansion of
Energy Conservation Programs and Factors. In its petition, FPUC
projected the expenses that would be incurred by FPUC as a result

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of expanding the conservation program offerings to the former SFNG customers. As a result of the expansion, FPUC calculated a new set of conservation factors to be assessed on all customers.

On May 30, 2002, FPUC submitted an amended petition. Under the amended proposal, FPUC would assess the former SFNG customers the conservation factors that are currently being charged to FPUC's customers. The current factors were approved at the November 2001 Energy Conservation Cost Recovery hearings and codified in Order No. PSC-01-2388-FOF-GU, issued December 11, 2001, in Docket No. 010004-GU.

We have jurisdiction over this matter by several provisions of Chapter 366, Florida Statutes, including Sections 366.04, 366.05 and 366.06, Florida Statutes.

PETITION

SFNG had no conservation programs available to its customers. Since the completion of the acquisition of SFNG, FPUC has been providing service to the former SFNG customers in New Smyrna Beach and has begun to consolidate the operations of these two companies. As previously stated, FPUC submitted an amendment to its petition stating that the factors approved in Order PSC-01-2388-FOF-GU should be applied to all of FPUC's customers, including the former SFNG customers.

The factors currently in effect are:

<u>Rate Schedule</u>	<u>Conservation Factor</u>
Residential	.09068 cents per therm
Commercial Small	.03473 cents per therm
Commercial Lrg. Vol	.02324 cents per therm
Large Volume Transport	.02324 cents per therm

Included in FPUC's petition were the required cost effectiveness studies. The cost effectiveness tests submitted incorporated the projected impact of the additional customers obtained from the SFNG acquisition. We have analyzed the inputs and application of the Gas Ratepayer Impact Test (G-RIM) and the Participant's Screening Test for five of FPUC's conservation

programs. In evaluating the G-RIM cost effectiveness tests, we deem a program to be cost effective if a ratio of one or greater is achieved. To be deemed cost effective for a participant, the Participant's Screening Test would need to result in a number greater than zero. All five of FPUC's proposed programs were shown to be cost effective on a G-RIM basis and on a participant basis. In addition, we have evaluated FPUC's Conservation Education Programs. As in the original approval of these programs, no cost effective tests were required because these programs are evaluated on their perceived benefit.

We have also received additional data regarding FPUC's 2002 conservation expenses. FPUC submitted a spreadsheet that showed the actual expenditures incurred for the period January 2002 through April 2002, along with its current projection of expenses for the period May 2002 through December 2002. We have compared FPUC's original expense projection for the calendar year 2002 that was submitted in September 2001 and used to calculate FPUC's current conservation factors, with the actual and reprojected data submitted in regard to this filing. Based on our analysis, the revised projection for calendar year 2002 is approximately two percent different than FPUC's original projection. Our revised total true-up for calendar year 2002 is \$1,982,720, which is \$37,066 lower than FPUC's original projection of \$2,019,786. The difference of \$37,066 will not materially affect FPUC's current conservation factors. If the factors were adjusted for our projection, the conservation factor applied to the residential customers would decrease by approximately three tenths of one cent. The commercial classes would experience a decrease in the factor of approximately one tenth of one cent. As the factors are based on a projection which is subject to true-up, we do not find it appropriate to change the factors at this time.

Based on the above analysis, FPUC shall be allowed to offer its conservation programs to the former SFNG customers and shall be allowed to collect the conservation cost recovery factors approved for FPUC by this Commission in Order No. PSC-01-2388-FOF-GU. The offering of the programs to the SFNG customers shall be effective upon issuance of the Consummating Order in this docket.

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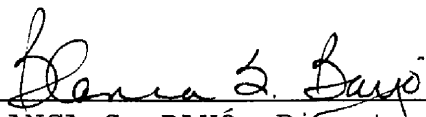
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Public Utilities Company's Petition for Expansion of Energy Conservation Programs and Factors is approved. Florida Public Utilities Company is authorized to offer its conservation programs to the former customers of South Florida Natural Gas and is authorized to collect the conservation cost recovery factors approved for FPUC by this Commission in Order No. PSC-01-2388-FOF-GU. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

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

By ORDER of the Florida Public Service Commission this 8th day of July, 2002.



BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

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LAH

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 that is available under Section 120.57, 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 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. Any person whose substantial interests are affected by the action proposed by this order may file 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 Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on July 29, 2002.

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/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.