

BY THE FLORIDA PUBLIC SERVICE COMMISSION

In re: West Florida Natural Gas)
Company, Petition for Approval of)
Conservation Plan)

DOCKET NO. 910086-EG
ORDER NO. 24536
ISSUED: 5/15/91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
J. TERRY DEASON
GERALD L. GUNTER
MICHAEL MCK. WILSON

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING CONSERVATION PLAN

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 adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On January 25, 1991, West Florida Natural Gas Company (West Florida or the Company) submitted its proposed conservation plan, with certain modifications. The plan is entitled Energy Conservation and Promotional Program. On February 12, 1991, Commission Staff requested additional information and clarification. West Florida filed the additional information and clarifications on March 5, 1991.

In the past, we have recognized that the benefit of gas utility conservation inures to gas ratepayers because they also use electricity. That remains true, but demands further analysis as we decide whether to approve new conservation programs that can be expected to be in place for several years. The Florida Energy Efficiency and Conservation Act (FEECA), Sections 366.80-366.85, Florida Statutes, addresses the efficient use of electricity and natural gas.

We find that West Florida's plan meets our established criteria for conservation plans. These criteria are policy objectives, monitorability, and cost-effectiveness. In fact, the plan is cost-effective for the state as a whole through savings realized by avoiding the building of new power plants and generating fuel savings.

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West Florida's modified conservation plan is made up of the following six programs:

- Residential Electric Resistance Appliance & Oil Heating Replacement
- Residential Home Builder
- Gas Appliance Energy Savings Payback
- Gas Water Heater Load Retention
- Gas Space Conditioning Allowance
- Commercial Electric Resistance Appliance Replacement

The component programs of West Florida's modified Conservation Plan are similar to existing programs in the residential sector. New programs were added to attack inefficiencies in the commercial sector. These new programs include the Gas Space Conditioning Allowance Program and the Commercial Electric Resistance Appliance Replacement Program.

The Company's analysis shows benefits of \$72,029,695 (present value) flowing to electric utility ratepayers. The Company's analysis further shows direct benefits of \$15,957,142 (present value) flowing to the Company's gas customers.

The direct benefits to gas ratepayers were calculated by adding the incremental revenue effect on existing ratepayers from added customer charge revenues, by contributing to gross margin from increased commodity-related sales, by spreading fixed demand charges over a larger number of therms sold, and, where applicable, by any savings associated with not having to cut and cap existing dormant service lines. Costs of new service lines and meter sets are applied as offsets against the projected direct savings, even though the Company's practice is to capitalize service lines. Also, the company calculated the net present value of twenty years of benefits. Although West Florida projects the programs to be in effect for only ten years, the benefits are presumed to continue.

West Florida projects a direct benefit to gas ratepayers of \$22,537,141, less program costs of \$6,579,999 which will be borne by gas utility ratepayers, resulting in a net direct benefit for gas utility ratepayers of \$15,957,142. By adding the total benefit to electric ratepayers of \$72,029,695 to this sum, the Company calculates a total net benefit to the state of Florida of \$87,986,837 (present value) over twenty years.

We approve West Florida's conservation plan as originally filed on January 25, 1991, and as modified by the clarifying wording provided in a letter from Patti Smith, West Florida's Controller, dated March 5, 1991, responding to a Staff inquiry, and

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as modified by the revised conservation program schedules compiled by Cindy Arnold, West Florida's Conservation Clerk, on March 5, 1991.

In addition, we approve the monitoring plan, filed by the Company on April 4, 1991 (Document No. 3307). The Company filed the outline of this monitoring plan at Staff's request. We find that unless a Commission rule or order specifies otherwise, the information specified in the monitoring plan shall be filed with Commission Staff by March 31 of each year, for the preceding calendar year, in a format to be agreed upon by Staff and the Company.

The system of internal accounting controls for each conservation program shall be adequate to provide the Company and the Commission with reasonable assurance that conservation program assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with the Commission's authorization and are recorded properly to permit the preparation of financial conservation cost recovery exhibits in accordance with generally accepted accounting principles. Further, West Florida shall obtain an opinion from a Florida CPA firm that the conservation system of internal controls meets the above objective for each of its programs.

Finally, we find that this docket shall be closed if no protest or notice of appeal is timely filed.

It is, therefore,

ORDERED by the Florida Public Service Commission that West Florida Natural Gas Company's Energy Conservation and Promotional Program, as discussed in the body of this Order, is hereby approved. It is further

ORDERED that West Florida Natural Gas Company shall file a monitoring plan annually, as discussed in the body of this Order. It is further

ORDERED that West Florida Natural Gas Company shall contact a Florida CPA firm to study the Company's conservation plan, as discussed in the body of this Order. It is further

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ORDERED that this Order shall become final and this docket shall be closed unless an appropriate petition for a formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission, this
15th day of MAY, 1991.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

by Kay Hegan
Chief, Bureau of Records

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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

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Reporting at his office at 101 East Gaines Street, Tallahassee,
Florida 32399-0870, by the close of business on
June 05, 1991

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 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.

MEMORANDUM

May 14, 1991

TO : DIVISION OF RECORDS AND REPORTING
FROM : DIVISION OF LEGAL SERVICES (BIRCHFIELD) *MAB MP*
RE : DOCKET NO. 910086-EG - WEST FLORIDA NATURAL GAS COMPANY,
PETITION FOR APPROVAL OF CONSERVATION PLAN.

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- Attached please find a NOTICE OF PROPOSED AGENCY ACTION - ORDER APPROVING CONSERVATION PLAN in the above referenced docket which is ready to be issued.

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Attachment
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