

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for authority to implement)
Good Cents Conversion Program)
by Gulf Power Company.)
_____)

Docket No. 981591-EG

Submitted for Filing:
11-9-99

POST-HEARING STATEMENT OF PEOPLES GAS SYSTEM

Pursuant to the Commission's Order No. PSC-99-1801-PHO-EG, Peoples Gas System, by its undersigned attorneys, submits the following Post-Hearing Statement of Issues and Positions in this docket:

PEOPLES' STATEMENT OF BASIC POSITION:

The Commission should deny Gulf Power Company's (Gulf's) petition to implement the Good Cents Conversion Program. Gulf's proposed program does not meet the letter or intent of the Florida Energy Efficiency and Conservation Act (FEECA). Consistent with prior Commission findings, the Commission should affirm its decision in Order No. PSC-99-0684-FOF-EG and deny Gulf's petition including its request to recover program costs through the Energy Conservation Cost Recovery (ECCR) Clause.

STATEMENT OF ISSUES AND POSITIONS:

1. **ISSUE: Is Gulf Power Company's proposed Good Cents Conversion Program cost-effective?**

Peoples: No. Gulf's analysis showing the program to be cost-effective is flawed by erroneous and incomplete input assumptions. Certain assumed benefits are overstated. If these shortcomings are corrected,

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the proposed program will not meet established cost-effectiveness criteria.

2. **ISSUE:** **Is Gulf Power Company's cost-effectiveness analysis based on accurate assumptions?**

Peoples: No. Gulf has not incorporated reasonable summer peak demand, winter peak demand, annual energy usage or per-unit natural gas price assumptions in its cost-effectiveness analysis. Assumed benefits associated with summer electric peak demand reduction and annual electric energy consumption are overstated by ignoring existing building code requirements. The proposed program will dramatically increase weather-sensitive winter electric peak demand. Finally, the overstated cost of natural gas, the presence of free riders, and consequential conversion of additional gas appliances to electric ones will erode any possible cost-effectiveness.

3. **ISSUE:** **Under Gulf Power Company's proposed Good Cents Conversion Program, are customers likely to replace existing inefficient heating, ventilating, and air conditioning (HVAC) equipment only if it fails?**

Peoples: Gulf's analysis indicates that the program is designed to replace electric air conditioning equipment at or near the end of its useful life.

4. **ISSUE:** **Is Gulf Power Company's proposed Good Cents Conversion Program an energy conservation program, or, rather, electricity competing with natural gas?**

Peoples: No position.

5. **ISSUE:** **Is Gulf Power Company's proposed Good Cents Conversion Program consistent with the Florida Energy Efficiency and Conservation Act?**

Peoples: No. The program, if approved, would significantly increase winter peak demand, significantly increase annual electricity consumption, and only minimally decrease summer peak demand, violating both the letter and intent of FEECA. Additionally, when appropriate input assumptions are used, the proposed program is not cost-effective.

6. **ISSUE:** **Should the Commission approve Gulf Power Company's proposed Good Cents Conversion Program, including approval for cost recovery through the Energy Conservation Cost Recovery (ECCR) Clause?**

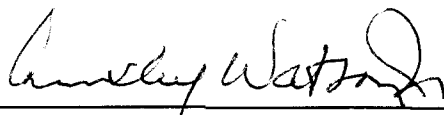
Peoples: No.

7. **ISSUE:** **Should the docket be closed?**

Peoples: Yes.

Dated this 31st day of August, 1999.

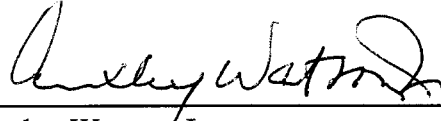
Respectfully submitted,



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Attorneys for Peoples Gas System

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Post-Hearing Statement of Peoples Gas System has been furnished this 8th day of November, 1999, via Federal Express, to Jeffrey A. Stone, Esquire, and Russell A. Badders, Esquire, Beggs & Lane, 700 Blount Building, 3 West Garden Street, Pensacola, Florida 32501; and Tiffany R. Collins, Staff Counsel, Florida Public Service Commission, Capitol Circle Office Center, 2450 Shumard Oak Boulevard, Tallahassee, Florida 32399-0863.



Ansley Watson, Jr.