

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of City Gas) DOCKET NO. 940389-GU
Company of Florida for Approval) ORDER NO. PSC-94-0680-FOF-GU
of Load Development Natural Gas) ISSUED: June 6, 1994
Rate Schedules)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER GRANTING APPROVAL OF LOAD DEVELOPMENT
NATURAL GAS RATE SCHEDULES

BY THE COMMISSION:

On April 21, 1994, City Gas Company of Florida (City Gas) filed its original Petition for Approval of Load Development Natural Gas Rate Schedules. Based on discussions with staff, City Gas amended its petition on May 12, 1994, to provide that in the event the non-fuel energy charge of the proposed load development rate schedules is reduced below the charge of \$.0215 cents per therm, the Competitive Rate Adjustment Clause will not be applicable.

On March 17, 1994, City Gas entered into a contract with Orlando Utilities Commission (OUC) to share OUC's City Gate station on Florida Gas Transmission's (FGT) interstate pipeline. Use of OUC's City Gate station will provide City Gas a new point of delivery from which City Gas plans to construct a distribution main that will loop its existing Brevard County distribution system. The looping will enable City Gas to enhance the reliability and integrity of the Brevard County distribution system.

In conjunction with the OUC contract, City Gas filed its petition for approval of Load Development (LD) and Load Development Transportation Service (LDT) rate schedules to permit off system sales of either transportation service associated with City Gas' release of pipeline capacity, or gas from the company's system supply.

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The OUC contract contemplates that, when both parties agree, OUC may purchase a temporary release of City Gas' pipeline capacity on FGT's system, or it may buy system supply gas from City Gas. Under the contract, neither party committed to buy or sell pipeline capacity or system supply gas at specific times or in particular quantities. Instead, individual transactions are to be on a voluntary, as-available basis.

On those occasions when OUC purchases FGT pipeline capacity on a temporary basis from City Gas, FGT will deliver OUC's gas to City Gas' facility at the city gate station and OUC will pay the FGT reservation charges. Presently, the FGT reservation charge that customers pay through the PGA clause is \$.04331 cents per therm. OUC's payment of FGT reservation charges will reduce City Gas' PGA factor billed to its customers.

OUC and City Gas have agreed to the proposed non-fuel rate of \$.0215 cents per therm for the LD and LDT rate schedules. This is equal to one half of the reservation charge of FGT.

City Gas proposes that the amount of revenue received from as-available transactions from OUC under the LD and LDT rates, would relate to its earned rate of return for the month in which they are received. If City Gas is earning below the range authorized by the Commission, City Gas would retain those revenues necessary to enable it to earn at the bottom of the range. Any additional revenues would be shared with the customers on 50/50 basis until City Gas reaches its maximum authorized rate of return. 100% of any revenues beyond that point would be credited to the customers through a reduction in purchased gas expense.

In addition, the proposed LD and LDT rate schedules incorporate by reference the existing Competitive Rate Adjustment Clause that provides for flexing the non-fuel energy charge downward in order to meet competition from alternate fuel. Under that clause, any revenue loss due to flexing the rate downward would be borne by City Gas' other customers. However, based on discussions with Staff on the Competitive Rate Adjustment Clause, City Gas filed an amended petition to provide that in the event the non-fuel energy charge of the LD and LDT rate schedules is reduced below the \$.0215 cents per therm, the Competitive Rate Adjustment Clause will not be applicable. This ensures that City Gas' other customers will not be harmed by the operation of this tariff.

We approve the proposed LD and LDT rate schedules for several reasons. First, because City Gas will be sharing OUC's City Gate station on FGT's interstate pipeline and will not have to build a new gate station on FGT's pipeline, City Gas' customers will save

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over \$300,000 in construction costs. Second, this rate schedule enhances the reliability and integrity of the Brevard County distribution system. Third, if OUC purchases capacity that is not needed at the time by City Gas, the savings in FGT reservation charges (\$.04331 cents per therm) will flow directly to City Gas customers through the Purchased Gas Adjustment. Finally, this rate schedule will improve the system load factor and provide additional revenue which can be used to meet the company's revenue requirements.

It is therefore,

ORDERED that City Gas Company's Load Development Rate Schedules are approved. It is further

ORDERED that this docket shall be automatically closed if no person whose substantial interests are affected by the action proposed files a timely petition for a formal proceeding.

By ORDER of the Florida Public Service Commission, this 6th day of June, 1994.



BLANCA S. BAYO, Director
Division of Records and Reporting

(S E A L)
CAS:MCB

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 Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida

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Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on June 27, 1994.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

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 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 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 date this Order becomes final, 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.