

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Peoples Gas )  
System, Inc. for approval of )  
experimental Rate Schedules NGVTS )  
and NGVSS for gas delivered for )  
compression and delivery into motor )  
vehicle fuel tanks )

Docket No. 930335-64  
Submitted for filing:  
3-29-93

PETITION OF PEOPLES GAS SYSTEM, INC.  
FOR APPROVAL OF EXPERIMENTAL RATE SCHEDULES

Peoples Gas System, Inc. ("Peoples" or "Petitioner"), by its undersigned attorneys, files this petition for approval (on the basis of "proposed agency action" and not under §366.06(4)) of new experimental Rate Schedules NGVTS and NGVSS, which would apply to transportation and sales, respectively of natural gas for compression and delivery into motor vehicle fuel tanks. In support of its petition, Peoples says:

1. The name and address of the Petitioner is:

Peoples Gas System, Inc.  
Post Office Box 2562  
Tampa, Florida 33601-2562

2. The name and address of the person authorized to receive notices and communications with respect to this petition is:

Ansley Watson, Jr., Esquire  
Macfarlane Ferguson  
Post Office Box 1531  
Tampa, Florida 33601-1531

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FISCAL RECORDS/REPORTING

PRESENT NATURAL GAS VEHICLE PROGRAM

3. Peoples' present natural gas vehicle ("NGV") program was approved by the Commission's Order No. 25626, issued in Docket No. 910942-EG on January 22, 1992. The program is designed to assist in establishing a natural gas fueling infrastructure to support conversions by individuals and fleet operators to vehicles which burn natural gas in lieu of conventional motor fuels (primarily gasoline). The salient points of the existing program are as follows:

- A. Peoples recovers the costs of compressors (used by program participants for the compression of natural gas for use as a motor fuel) through an NGV surcharge applied to the bills of program participants for each therm purchased for compression. True-ups for the surcharge will occur after the fourth year the program is in effect, and annually thereafter.
- B. In addition to the program surcharge, participants pay Peoples' General Service - Large Volume 1 (GSLV-1) Rate. At the time the program was approved the per-therm GSLV-1 rate was \$.18154. Of this amount, \$.13691 was credited to the NGV program and \$.04463 was credited to base rate revenues. Effective September 12, 1992, pursuant to the Commission's order in Docket No. 911150-GU, the GSLV-1 rate was increased to \$.21860 per therm, so that presently \$.08169 per therm is credited to base rate revenues.

C. The existing program is scheduled to be in effect for eight years, with participants being accepted only for the first two years.

D. At the end of seven years of participation in the program, title to the compressor unit is transferred from Peoples to the customer.

4. The Commission, in approving Petitioner's existing NGV program, found that while the program would be subsidized in the early years by non-participating customers, the net effect of the additional therm sales over a 20-year period was an increase in revenues of \$3,432,000, which would assist in postponing future rate cases and reduce overall rate increases since any deficiency would be spread over a larger number of billing determinants (therm sales). Peoples presently has two customers participating in the present program.

#### PROPOSED EXPERIMENTAL NGV RATES

5. Interest in the natural gas vehicle market in Florida is strengthening due to recent changes in technology, improving economic conditions and strong support for the NGV concept from the State of Florida and the new Clinton administration. However, the current pricing structure of natural gas as a transportation fuel in Florida is not competitive with gasoline, even if the customer purchases gas at the wellhead and uses Peoples to transport the gas to the customer's location for compression. This is due to the GSLV-1 rate level and recent higher levels of wellhead gas prices.

6. In order to make the pricing for natural gas for use as a motor fuel competitive with gasoline, Peoples seeks authority to offer Rate Schedule NGVTS (Natural Gas Vehicle Transportation Service) and Rate Schedule NGVSS (Natural Gas Vehicle Sales Service) on an experimental basis for an initial period of five years throughout the territory served by Peoples. The experimental rates would be applicable to all gas delivered to any customer through a separate meter for compression and delivery into motor vehicle fuel tanks or other transportation containers. The rates themselves would consist of a monthly Customer Charge of \$25.00 and a Non-Gas Energy Charge (or Transportation Charge) of \$.04518 per therm.

7. A more detailed description of the proposed experimental rates is contained in Attachment 1 to this petition, and in Exhibits A through H to that attachment.

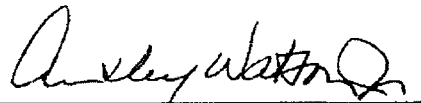
8. Contrary to Peoples' existing NGV program, a customer electing the new experimental NGV rates would be responsible for the initial capital cost of the compressor station. Peoples would provide traditional natural gas service -- through sales (Rate Schedule NGVSS) or transportation (Rate Schedule NGVTS) -- delivered via its distribution system without any additional compression. Peoples' only costs will be meters and service lines. There will be no additional advertising or personnel costs associated with the experimental rates or their implementation.

9. There will be no adverse impact to Peoples' existing ratepayers from the implementation of the experimental rate

schedules. While the proposed rates are significantly lower than the current level of the GSLV-1 rate, the availability will result in the net addition of incremental load on Peoples' system. Within the first five years of the availability of the experimental rates, Peoples' non-participating customers will begin receiving a net cumulative benefit, because revenues derived from the experimental rates will exceed the continuing cost of service. A cost of service study and a benefit/(cost analysis is contained in Exhibit E to Attachment 1 to this petition.

WHEREFORE, Peoples prays the Commission will approve experimental Rate Schedules NGVTS and NGVSS (Exhibits F and G, respectively, to Attachment 1) for publication to become effective on one (1) day's notice in order to assist in the development of a natural gas refueling infrastructure compatible with the goals of the Federal Energy Policy Act of 1992 and Governor Chiles' Executive Order No. 92-253 (October 8, 1991).

Respectfully submitted,



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System, Inc.

**PEOPLES GAS  
RATE SCHEDULE NGVTS/NGVSS**

**I. INTRODUCTION**

As stated in Peoples Natural Gas Vehicle (NGV) Program, "The essence of Peoples' program is based on developing a means by which the utility can provide refueling centers and recoup the investment within a reasonable time and then turn the ownership of such refueling stations over to the fleet operator or oil company operator at the conclusion of the program. The program provides a platform from which the private sector will be encouraged to launch into the natural gas refueling arena as the regulated utility moves back from the refueling business and into its more appropriate role as a wholesale supplier or transporter of natural gas to refueling suppliers."

The Natural Gas Vehicle market is emerging in the State of Florida with rapid changes in technology and market conditions. Two recent changes have been approved in the State of Florida that have encouraged the private sector to develop the NGV refueling infrastructure. These two changes are:

- 1) The Florida State Legislature approved the deregulation of natural gas resale as a motor fuel.
- 2) The Florida Public Service Commission recently approved (Order No. PSC-92-0806-PHO-GU) a reduced transportation rate threshold for the delivery of transportation gas to motor fuel customers to encourage third parties to enter the natural gas vehicle refueling market.

At the Federal level, the following recent changes have occurred:

- 1) The passage of the National Energy Policy Act of 1992 designed to increase the nation's "energy independence" by yearly purchase mandates for Federal, State, and Alternative Fuel provider fleets to acquire vehicles powered by non-petroleum-based fuels.
- 2) President Clinton has appointed Hazel O'Leary as Energy Secretary and indicated that bolstering the country's energy policy will be one of his top priorities.
- 3) President Clinton has appointed Thomas F. McLarty, former Chairman of the Natural Gas Company, Arkla, Inc. as White House Chief of Staff.

These important changes have caused major oil companies, natural gas marketing companies and natural gas refueling station purveyors to rethink their position on refueling station ownership in Florida. This group of potential customers perceives the NGV market as having profit center potential without the need for utility subsidization such as is included in Peoples presently approved FPSC NGV program.

The approved NGV program remains attractive to individual private service station owners and also fleet governments who can benefit from Federal subsidization of vehicle conversions. Currently we have two signed agreements under the program and anticipate that the program will continue to be available and successful.

The current pricing structure of natural gas as a transportation fuel in Florida is not competitive with gasoline. Currently NGV customers' fuel pricing is tied to the GSLV-1 rate. The three options available to enter the NGV fueling market today are as follows:

OPTION 1 - (GSLV-1) Customer finances and owns a fueling station on Peoples Gas lines and purchases gas from Peoples Gas at the GSLV-1 rate.

OPTION 2 - (GSLV-1) PSC PROGRAM Customer signs an agreement for Peoples Gas to install refueling station. Customer pays GSLV-1 rate plus a customer surcharge for the fueling station. Customer pays surcharge for seven (7) years at which time title of the station is turned over to the customer.

OPTION 3 - (TRANSPORTATION GAS) Customer finances and owns a fueling station on Peoples Gas lines and transports its own gas through the interstate pipeline and Peoples Gas lines. Customer pays GSLV-1 non-fuel rate, cost of gas, and pipeline transportation costs.

Currently the rate schedules available through Peoples Gas are not sufficiently competitive with gasoline to attract private investors to the Florida market. Exhibits A and B provide a five-year projection of the current GSLV-1 rate and the NGV PSC program rate compared to the predicted unleaded gasoline price. The analysis indicates that gasoline has a favorable advantage over natural gas.

## II. EXPERIMENTAL RATE

To be competitive in this emerging market, Peoples Gas requests that a Natural Gas Vehicle Transportation Service (NGVTS) and Natural Gas Vehicle Sales Service (NGVSS) rate schedule be approved on a five-year experimental basis. The availability of the services will be throughout the service areas of the company. These rates will be available for all gas delivered to any customer through a separate meter for compression and delivery into motor fuel tanks or other transportation containers.

The monthly rate for both schedules is:

Customer Charge - \$25.00  
Energy Charge Non-gas - \$.04518 per therm

A schedule of the proposed new rates and their competitiveness with gasoline is detailed in Exhibit C and D.

## III. COST OF SERVICE CALCULATIONS

Exhibit "E" provides cost of service calculations to support the proposed new experimental rate of \$.04518 per therm. The calculation for projected loads includes the following groups of customers:

Pre-existing NGV loads - customers previously operating NGV's.

NGV Program load - customers under the existing PSC approved NGV Program.

New NGV Rate - customers under the new NGV proposed experimental rate.

If existing NGV customers are forced to pay the current GSLV-1 rate, it is anticipated that loads will begin to diminish in years 1994 - 1997 as private fleet customers switch back to gasoline due to the unfavorable economics of natural gas. Government fleets will remain customers due to the pressure to use alternative fuels at the Federal and State levels.

## IV. RATE SCHEDULES

Exhibit "F" contains Rate Schedule NGVTS (Experimental Rate)

Exhibit "G" contains Rate Schedule NGVSS (Experimental Rate)



V. SUPPLEMENTAL INFORMATION

1. LOCATIONS of New Stations and/or Fleets

Peoples expects 54 new stations to be installed in addition to the 14 stations anticipated under the existing Peoples NGV Program. Attached as Exhibit H is a map which shows where these additional potential stations and/or fleets are located.

2. PUBLIC ACCESS

Of the 54 potential candidates, about 35 or approximately 65% are expected to be willing to allow public access to the natural gas refueling equipment.

3. STAFFING

Peoples does not plan to employ any additional personnel as a result of the implementation of the new NGV Rate over and above those already included in the existing NGV Program. Therefore, there will be no additional personnel costs associated with the New NGV Rate.

4. ADVERTISING

No new or additional advertising or advertising costs will be associated with the new NGV Rate.

5. COMPRESSOR STATION COSTS

Peoples will not provide any capital funding for the fueling stations served under the New NGV Rate, nor will Peoples maintain or provide any funding associated with the operation of the compressors or other components of the fueling stations other than Peoples' own meter sets and service lines.

6. BENEFIT/(COST) ANALYSIS

Attached as Exhibit E is a Benefit/(Cost) Analysis which shows the quantifiable dollar benefits that will accrue to the non-participating Peoples customers, including the effects of the phase out of pre-existing NGV customer loads which will be retained through the use of the New NGV Rate, the phase out of loads which will initially be served under Peoples' Existing NGV Program which will move to the New NGV Rate after the end of the seven year NGV Program, and the addition of new load under the New NGV Rate.

7. CONVERSION COSTS

Peoples will not assist the fleet owner with the vehicle conversion costs or in any actual conversion work (i.e. Peoples will not assist in obtaining, financing, absorbing or defraying any portions of these costs.) The New NGV Program is expected to provide sufficiently competitive pricing to permit fleet owners to provide their own assistance in these areas.

8. ACCOUNTING

Peoples plans to use separate sub-accounts to separate New NGV Program dollars from other funds.

9. FUEL STATION AND LOAD PROJECTION

These projections are new customer additions if the proposed rate is approved.

CUMULATIVE TOTALS

YEAR	PUBLIC		ON-SITE		TRANSIT		TOTAL	
	NO.	THERMS	NO.	THERMS	NO.	THERMS	NO.	THERMS
93	1	116,500	0	000,000	1	216,000	2	332,500
94	4	1,025,000	2	150,000	1	280,000	7	1,455,000
95	10	3,590,000	6	600,000	2	700,000	11	4,890,000
96	20	7,695,000	12	1,350,000	3	1,260,000	17	10,305,000
97	30	12,825,000	20	2,400,000	4	1,960,000	19	17,185,000
TOTAL	30	12,825,000	20	2,400,000	4	1,960,000	54	17,185,000

	Year 1	Year 2	Year 3	Year 4	Year 5
Base Rate	\$0.21860	\$0.22516	\$0.23191	\$0.23887	\$0.24604
Conservation Factor	0.01804	0.01858	0.01914	0.01971	0.02030
Competitive Rate Adj.	0.00100	0.00103	0.00106	0.00109	0.00113
Total Non-Fuel Rate	\$0.23764	\$0.24477	\$0.25211	\$0.25968	\$0.26747
PGA Factor	0.25799	0.26573	0.27370	0.28191	0.29037
Total per Therm	\$0.49563	\$0.51050	\$0.52581	\$0.54159	\$0.55784
<u>Taxes:</u>					
State Sales Tax	\$0.02974	\$0.03063	\$0.03155	\$0.03250	\$0.03347
Gross Receipts Tax	0.01271	0.01309	0.01348	0.01389	0.01430
Local Taxes	0.02974	0.03063	0.03155	0.03250	0.03347
Decal Taxes	0.05000	0.05000	0.05000	0.05000	0.05000
Total Taxes	\$0.12218	\$0.12435	\$0.12658	\$0.12888	\$0.13124
Total After Taxes	\$0.61781	\$0.63485	\$0.65239	\$0.67047	\$0.68908
Times BTU Factor	1.14	1.14	1.14	1.14	1.14
Gasoline Equivalent	\$0.70431	\$0.72373	\$0.74373	\$0.76433	\$0.78555
Capital Costs *	0.43988	0.43988	0.43988	0.43988	0.43988
Fully Loaded Gasoline Equivalent	\$1.14418	\$1.16360	\$1.18360	\$1.20421	\$1.22543
Price of Gasoline	\$1.07750	\$1.08900	\$1.15080	\$1.21280	\$1.27500
Favorable/(Unfavorable)	(\$0.06668)	(\$0.07460)	(\$0.03280)	\$0.00859	\$0.04957

\* Capital Cost Calculation:

Therms per Station:

Year 1	200,000
Year 2	450,000
Year 3	450,000
Year 4	450,000
Year 5	450,000
Total Therms	<u>2,000,000</u>

Capital Cost:

Compressor Station	\$225,000
Conversion of 150 Vehicles	525,000
Recertification of 150 Vehicles	<u>129,750</u>
Total Capital Cost	<u>\$879,750</u>
Divided by Therms	<u>2,000,000</u>
Capital Cost per Therm	<u>\$0.43988</u>

	Year 1	Year 2	Year 3	Year 4	Year 5
Base Rate	\$0.21860	\$0.22516	\$0.23191	\$0.23887	\$0.24604
Competitive Rate Adj.	0.00100	0.00103	0.00106	0.00109	0.00113
Total Non-Fuel Rate	\$0.21960	\$0.22619	\$0.23297	\$0.23996	\$0.24716
PGA Factor	0.25799	0.26573	0.27370	0.28191	0.29037
Total per Therm	\$0.47759	\$0.49192	\$0.50668	\$0.52188	\$0.53753
Compressor Surcharge	0.13191	0.13191	0.13191	0.13191	0.13191
<u>Taxes:</u>					
State Sales Tax	\$0.02866	\$0.02952	\$0.03040	\$0.03131	\$0.03225
Gross Receipts Tax	0.01225	0.01261	0.01299	0.01338	0.01378
Local Taxes	0.02866	0.02952	0.03040	0.03131	0.03225
Decal Taxes	0.05000	0.05000	0.05000	0.05000	0.05000
Taxes per Therm	\$0.11956	\$0.12164	\$0.12379	\$0.12601	\$0.12829
Total After Taxes	\$0.72906	\$0.74547	\$0.76238	\$0.77979	\$0.79773
Times BTU Factor	1.14	1.14	1.14	1.14	1.14
Gasoline Equivalent	\$0.83112	\$0.84984	\$0.86911	\$0.88896	\$0.90941
Capital Costs *	0.32738	0.32738	0.32738	0.32738	0.32738
Fully Loaded Gasoline Equivalent	\$1.15850	\$1.17721	\$1.19649	\$1.21634	\$1.23678
Price of Gasoline	\$1.07750	\$1.08900	\$1.15080	\$1.21280	\$1.27500
Favorable/(Unfavorable)	(\$0.08100)	(\$0.08821)	(\$0.04569)	(\$0.00354)	\$0.03822

\* Capital Cost Calculation:

Therms per Station:

Year 1	200,000
Year 2	450,000
Year 3	450,000
Year 4	450,000
Year 5	450,000
Total Therms	<u>2,000,000</u>

Capital Cost:

Compressor Station	\$0
Conversion of 150 Vehicles	525,000
Recertification of 150 Vehicles	129,750
Total Capital Cost	<u>\$654,750</u>
Divided by Therms	2,000,000
Capital Cost per Therm	<u>\$0.32738</u>

	Year 1	Year 2	Year 3	Year 4	Year 5
Base Rate	\$0.04518	\$0.04654	\$0.04793	\$0.04937	\$0.05085
Competitive Rate Adj.	0.00366	0.00377	0.00388	0.00400	0.00412
Cost of Gas	0.20000	0.20600	0.21218	0.21855	0.22510
FGT Trans. Cost	0.05500	0.05665	0.05835	0.06010	0.06190
Total per Therm	\$0.30384	\$0.31296	\$0.32234	\$0.33201	\$0.34197
<b>Taxes:</b>					
State Sales Tax	\$0.01823	\$0.01878	\$0.01934	\$0.01992	\$0.02052
Gross Receipts Tax	0.00779	0.00802	0.00826	0.00851	0.00877
Local Taxes	0.01823	0.01878	0.01934	0.01992	0.02052
Decal Taxes	0.05000	0.05000	0.05000	0.05000	0.05000
Taxes per Therm	\$0.09425	\$0.09558	\$0.09695	\$0.09835	\$0.09981
Total After Taxes	\$0.39809	\$0.40853	\$0.41929	\$0.43037	\$0.44178
Times BTU Factor	1.14	1.14	1.14	1.14	1.14
Gasoline Equivalent	\$0.45382	\$0.46573	\$0.47799	\$0.49062	\$0.50363
Capital Costs *	0.43988	0.43988	0.43988	0.43988	0.43988
Fully Loaded Gasoline Equivalent	\$0.89370	\$0.90560	\$0.91787	\$0.93050	\$0.94350
Price of Gasoline	\$1.07750	\$1.08900	\$1.15080	\$1.21280	\$1.27500
Favorable/(Unfavorable)	\$0.18380	\$0.18340	\$0.23293	\$0.28230	\$0.33150

\* Capital Cost Calculation:

Therms per Station:

Year 1	200,000
Year 2	450,000
Year 3	450,000
Year 4	450,000
Year 5	450,000
Total Therms	<u>2,000,000</u>

Capital Cost:

Compressor Station	\$225,000
Conversion of 150 Vehicles	525,000
Recertification of 150 Vehicles	<u>129,750</u>
Total Capital Cost	<u>\$879,750</u>
Divided by Therms	<u>2,000,000</u>
Capital Cost per Therm	<u>\$0.43988</u>

	Year 1	Year 2	Year 3	Year 4	Year 5
Base Rate	\$0.04518	\$0.04654	\$0.04793	\$0.04937	\$0.05085
Competitive Rate Adj.	0.00366	0.00377	0.00388	0.00400	0.00412
PGA Factor	0.25799	0.26573	0.27370	0.28191	0.29037
Total per Therm	\$0.30683	\$0.31603	\$0.32552	\$0.33528	\$0.34534
<b>Taxes:</b>					
State Sales Tax	\$0.01841	\$0.01896	\$0.01953	\$0.02012	\$0.02072
Gross Receipts Tax	0.00787	0.00810	0.00835	0.00860	0.00885
Local Taxes	0.01841	0.01896	0.01953	0.02012	0.02072
Decal Taxes	0.05000	0.05000	0.05000	0.05000	0.05000
Taxes per Therm	\$0.09469	\$0.09603	\$0.09741	\$0.09883	\$0.10030
Total After Taxes	\$0.49620	\$0.50809	\$0.52033	\$0.53294	\$0.54593
Times BTU Factor	1.14	1.14	1.14	1.14	1.14
Gasoline Equivalent	\$0.56567	\$0.57922	\$0.59318	\$0.60755	\$0.62236
Capital Costs *	0.48875	0.48875	0.48875	0.48875	0.48875
Fully Loaded Gasoline Equivalent	\$1.05442	\$1.06797	\$1.08193	\$1.09630	\$1.11111
Price of Gasoline	\$1.07750	\$1.08900	\$1.15080	\$1.21280	\$1.27500
Favorable/(Unfavorable)	\$0.02308	\$0.02103	\$0.06887	\$0.11650	\$0.16389

\* Capital Cost Calculation:

Therms per Station:

Year 1	150,000
Year 2	300,000
Year 3	450,000
Year 4	450,000
Year 5	450,000
Total Therms	<u>1,800,000</u>

Capital Cost:

Compressor Station	\$225,000
Conversion of 150 Vehicles	525,000
Recertification of 150 Vehicles	<u>129,750</u>
Total Capital Cost	<u>\$879,750</u>
Divided by Therms	<u>1,800,000</u>
Capital Cost per Therm	<u>\$0.48875</u>

**NGV COST OF SERVICE STUDY and BENEFIT/(COST) ANALYSIS**

The level of the NGVTS and NGVSS Base Rates of \$0.04518 per therm is significantly lower than Peoples' currently approved GTSLV-1 and GSLV-1 Non-Fuel Base Rates of \$0.21860 per therm. However, non-participating Peoples customers will not be adversely impacted by the lower rates offered under the NGVTS and NGVSS Rate Schedules.

While the New NGV Rates are lower than the GTSLV-1 and GSLV-1 rates, the availability of the rates will result in the net addition of new incremental load. The cost of service associated with this incremental load growth is small enough to justify the lower NGV rates. Within the first five years of availability of the New NGV Rates, non-participating customers will begin receiving a net cumulative benefit, because revenues from the New NGV Rates will exceed the continuing cost of service.

The following NGV Cost of Service Study and Benefit/(Cost) Analysis show the quantifiable dollar benefits that will accrue to non-participating Peoples customers, including the effects of the phase out of pre-existing NGV customer loads which will be retained through the use of the New NGV Rates, the phase out of loads which will initially be served under Peoples' Existing NGV Program which will move to the New NGV Rates after the end of the seven-year NGV Program, and the addition of new load under the New NGV Rates.

The cost of service calculations which follow support the proposed new experimental rate of \$.04518 per therm. The calculation for projected loads includes the following groups of customers:

Pre-existing NGV loads - customers previously operating NGV's.

NGV Program load - customers under the existing FPSC-approved NGV Program.

New NGV Rates - customers under the proposed experimental New NGV Rates.

If existing NGV customers are forced to pay the current GSLV-1 rate, it is anticipated that loads will begin to diminish in years 1994 - 1997 as private fleet customers switch back to gasoline due to the projected unfavorable economics of natural gas. Government fleets will likely remain customers due to the pressure to use alternative fuels at the Federal and State levels.

Within the first five years, a total annual throughput of 17,537,760 therms is expected to be delivered under the New NGV Rates. This includes 352,760 therms of preexisting NGV load which

was attached prior to the approval of the existing NGV Program, and which is expected to migrate to the New NGV Rates, as well as annual throughput of 17,185,000 therms which is new load attached as a direct result of the availability of the New NGV Rates. While the total cost of service under the program will exceed the revenues for the first three years, beginning in the fourth year of the program, there will be a net revenue benefit in excess of the cost of service in each year thereafter.

By the year 2000, a total of 17,800,260 annual sales therms are expected to be delivered under the New NGV Rates. This includes 352,760 therms of preexisting NGV load which was attached prior to the approval of the existing NGV Program, and 262,500 therms of load originally attached under the existing NGV Program, both of which are expected to migrate to the New NGV Rates, as well as annual throughput of 17,185,000 therms which is new load attached as a direct result of the availability of the New NGV Rates.

In the fifth year, the program is expected to achieve a positive cumulative revenue benefit of \$144,201, and in the sixteenth year of the program, that cumulative revenue benefit is expected to increase to \$1,206,616.

Page 1 of the Cost of Service Study is divided into three sections. Section 1 (LOADS) develops the total NGV load. Column (a) is the load from the preexisting NGV program. This load begins to migrate to the New NGV Rate Load (column (d)) in 1994. Column (b) is the existing NGV Program load, which begins to migrate to the New NGV Rate (column (d)) in the year 2000. The migration of columns (a) and (b) loads is due to expiring contracts. Column (e) is the total New NGV Rate load anticipated from the development of the new program and load migration. Column (f) is the total NGV load for all programs. Section 2 of Page 1 (PREEXISTING) develops the annual cost of discount associated with shifting load from the GSLV-1 rate to the new NGV rate. Column (g) ties to column (a). Column (h) is the GSLV-1 non-gas tariff rate. Column (i) is the New NGV Rate for which approval is sought. Column (k) is the annual cost of the discount associated with shifting load from the GSLV-1 rate to the New NGV Rate. Section 3 (NEW NGV RATE LOAD) develops the annual revenue from the New NGV Rate.

Page 2 of the Cost of Service Study calculates the total Operations and Maintenance (O & M) Expense and Meter and Service (M & S) Expense associated with the New NGV Rate. Columns (a) through (e) detail annual load additions and associated costs of the new program. The meter and service expense associated with each annual addition is depreciated at the currently approved 4% cumulative annual rate. Column (f) is a cumulative total of the depreciated M & S expense. Column (g) is the new program load from page 1 column (e). Column (h) is the O & M expense per therm, which is calculated on page 5. Column (k) is the total annual M & S and O



& M expense which is compared to the annual revenue from page 1 to determine the non-discounted benefit/(cost) (page 3, column (f) - (h)).

Page 3 of the Cost of Service Study provides a cost/benefit analysis for the New NGV Rates. Each column has a source reference directly beneath the column title. Columns (h), (i), (j), and (k) are unique to this schedule. Column (h) is the non-discounted benefit/(cost) which is the annual revenue of the new program (page 1, column (n)) less the total cost (page 2, column (k) plus page 1, column (k)) of the new program. Column (i) is the annual discount factor used to calculate the benefit/(cost) of the New NGV Rates. Column (j) calculates the discounted benefit/(cost) of the new program. Column (k) is a cumulative total or breakeven analysis of the benefit/(cost) for the new program. Non-participating ratepayers begin receiving a cumulative benefit in 1997. This analysis represents the program breakeven point in the year 1997.

Page 4 of the Cost of Service Study (Phase Out Summary) details the phase out of therms from the NGV Program Load to the New NGV Rates. Columns (a) through (d) illustrate the phase out for M & S expense calculation purposes exclusively. See page 2 columns (a) through (f) for the amortization of these costs. Columns (e) through (h) illustrate the phase out of the NGV program load.

Page 5 calculates the O & M and M & S cost factors. Column (a) is the GSLV-1 allocation factors from the Cost of Service Study (COSS) used in Peoples' most recent rate case for each cost component. Column (b) is the total applicable cost from the COSS for each component. Column (b) line 5 is the annual sales volume for the GSLV-1 rate class from the COSS. Column (c) line 4 is the total allocated O & M expense. This expense is divided by the therms on line 5 to calculate column (c) line 6. Column (c) line 7 was the M & S expense from the NGV program load and is maintained as a constant rate. Column (c) lines 6 and 7 are added together to develop the total cost factor. These per therm factors are used on page 2 to calculate the total applicable O & M and M & S expense.

Page 6 details the load migration represented on page 1 column (d). Below each column title is a source reference. Columns (a) through (c) represent additions under the New NGV Rate. Column (d), Cumulative Total New NGV Rate Load, agrees with column (e) on page 1.

Page 1 of 6:

column (a) - Preexisting NGV load from original NGV program. This load begins to migrate to the NEW NGV Rate Load in the year 1994. See page 6.

- column (b) - Existing NGV Program Load. This load begins to migrate to the New NGV Rate Load in the year 2000. See page 6.
- column (c) - Load from New NGV Rate program.
- column (d) - Migration of load from column (a) and column (b) to the New NGV Rate Program. See page 6.
- column (h) - GSLV-1 tariff rate.
- column (i) - New NGV Rate Load per therm rate. See page 5 for details.
- column (j) - Net cost of loosing the preexisting GSLV-1 load and replacing it with the New NGV Rate Load.
- column (k) - Annual cost of discount associated with shifting load from GSLV-1 to New NGV.
- column (m) - New NGV Rate Load per therm rate. See page 5 for details.
- column (n) - Annual revenue from the New NGV Rate Load program.

Page 2 of 6:

- column (a - e) - Meter and Service expense amortized over 5 years. Each load addition is detailed in a separate column to see the effect of the amortization. Columns (a - d) on page 4 provides detail of the therm phase-out. The average per therm rate for meter and service line expenses was calculated in the previous NGV proposal present to the FPSC.
- column (f) - This is the total annual Meter & Service expense applicable.
- column (h) - O&M rate applicable to the New NGV Rate Load. This rate is detailed on page 5.
- column (i) - Total annual O&M expense.
- column (k) - Total annual O&M and M&S expense.

Page 3 of 6:

- column (h) - Non-discounted Benefit/(Cost) of the New NGV Rate Load.

column (k) - Cumulative discounted benefit/(cost). Breakeven occurs in 1997. The payback period is 4.06 years.

Page 4 of 6:

column (a - d) - Therms phased-out under the New NGV rate load for M&S cost purposes. See page 2 columns (a - f).

column (e - h) - Phase-out of the existing NGV program load after 7 years. Each contract runs for approximately 7 years, therefore this load will phase-out into the new load at the end of its contract period.

Page 5 of 6:

column (a) - Allocation factors from the PGS 1992 Cost of Service Study(COSS), page 55.

column (b) - Applicable costs from the PGS 1992 COSS, page 53.

column (c) - Allocated costs divided by therms provides the Total O&M Expense per Therm of Annual Sales.

Page 6 of 6:

column (d) - See page 1,e. Total New NGV Rate Load. This load includes all migration from the other 2 programs.

NGV COST OF SERVICE STUDY  
EXHIBIT "E"

LOADS		(a)	(b)	(c)	(d)	(e)	(f)
		PREEXISTING NGV LOAD	NGV PROGRAM LOAD	* NEW NGV RATE LOAD	LOAD MIGRATION (RETENTION) (page 6, b & c)	TOTAL NEW NGV RATE LOAD (c+d)	TOTAL NGV LOAD (a+b+e)
FISCAL	1993	455,000	262,500	332,500	0	332,500	1,050,000
FISCAL	1994	366,810	787,500	1,455,000	88,190	1,543,190	2,697,500
FISCAL	1995	278,620	1,312,500	4,890,000	176,380	5,066,380	6,657,500
FISCAL	1996	190,430	1,837,500	10,305,000	284,570	10,589,570	12,597,500
FISCAL	1997	102,240	2,100,000	17,185,000	352,760	17,537,760	19,740,000
FISCAL	1998	102,240	2,100,000	17,185,000	352,760	17,537,760	19,740,000
FISCAL	1999	102,240	2,100,000	17,185,000	352,760	17,537,760	19,740,000
FISCAL	2000	102,240	1,837,500	17,185,000	615,260	17,800,260	19,740,000
FISCAL	2001	102,240	1,312,500	17,185,000	1,140,260	18,325,260	19,740,000
FISCAL	2002	102,240	787,500	17,185,000	1,665,260	18,850,260	19,740,000
FISCAL	2003	102,240	262,500	17,185,000	2,190,260	19,375,260	19,740,000
FISCAL	2004	102,240	0	17,185,000	2,452,760	19,637,760	19,740,000
FISCAL	2005	102,240	0	17,185,000	2,452,760	19,637,760	19,740,000
FISCAL	2006	102,240	0	17,185,000	2,452,760	19,637,760	19,740,000
FISCAL	2007	102,240	0	17,185,000	2,452,760	19,637,760	19,740,000
FISCAL	2008	102,240	0	17,185,000	2,452,760	19,637,760	19,740,000

PREEXISTING		(g)	(h)	(i)	(j)	(k)
		PREEXISTING NGV LOAD	GSLV-1 NON-FUEL RATE	NEW NGV RATE (page 5.c)	COST OF DISCOUNT (h-i)	ANNUAL COST OF DISCOUNT (g*k)
FISCAL	1993	455,000	0.21860	0.04518	0.17342	(\$78,905)
FISCAL	1994	366,810	0.21860	0.04518	0.17342	(\$83,611)
FISCAL	1995	278,620	0.21860	0.04518	0.17342	(\$48,317)
FISCAL	1996	190,430	0.21860	0.04518	0.17342	(\$33,024)
FISCAL	1997	102,240	0.21860	0.04518	0.17342	(\$17,730)
FISCAL	1998	102,240	0.21860	0.04518	0.17342	(\$17,730)
FISCAL	1999	102,240	0.21860	0.04518	0.17342	(\$17,730)
FISCAL	2000	102,240	0.21860	0.04518	0.17342	(\$17,730)
FISCAL	2001	102,240	0.21860	0.04518	0.17342	(\$17,730)
FISCAL	2002	102,240	0.21860	0.04518	0.17342	(\$17,730)
FISCAL	2003	102,240	0.21860	0.04518	0.17342	(\$17,730)
FISCAL	2004	102,240	0.21860	0.04518	0.17342	(\$17,730)
FISCAL	2005	102,240	0.21860	0.04518	0.17342	(\$17,730)
FISCAL	2006	102,240	0.21860	0.04518	0.17342	(\$17,730)
FISCAL	2007	102,240	0.21860	0.04518	0.17342	(\$17,730)
FISCAL	2008	102,240	0.21860	0.04518	0.17342	(\$17,730)

2,517,740

(\$436,619)

I - PREEXISTING NGV LOAD BEGINS TO DIMINISH.

NEW NGV RATE LOAD	(l)	(m)	(n)	
	PROJECTED LOAD (e)	# NEW NGV RATE (l)	ANNUAL REVENUE (lxm)	
FISCAL	1993	332,500	0.04518	\$15,023
FISCAL	1994	1,543,190	0.04518	\$69,726
FISCAL	1995	5,066,380	0.04518	\$228,915
FISCAL	1996	10,589,570	0.04518	\$477,566
FISCAL	1997	17,537,760	0.04518	\$792,411
FISCAL	1998	17,537,760	0.04518	\$792,411
FISCAL	1999	17,537,760	0.04518	\$792,411
FISCAL	2000	17,800,260	0.04518	\$804,272
FISCAL	2001	18,325,260	0.04518	\$827,993
FISCAL	2002	18,850,260	0.04518	\$851,714
FISCAL	2003	19,375,260	0.04518	\$875,435
FISCAL	2004	19,637,760	0.04518	\$887,296
FISCAL	2005	19,637,760	0.04518	\$887,296
FISCAL	2006	19,637,760	0.04518	\$887,296
FISCAL	2007	19,637,760	0.04518	\$887,296
FISCAL	2008	19,637,760	0.04518	\$887,296
TOTAL BENEFIT		242,664,760		\$10,964,358

\* - SEE PAGE 6.

# - SEE PAGE 5.

**METER & SERVICE EXPENSES**

RATE = \$.01229/therm

(COST DEPRECIATED @ 4% PER YEAR)

	(a)	(b)	(c)	(d)	(e)	(f)
	1993	1994	1995	1996	1997	TOTAL
	ADDITION	ADDITION	ADDITION	ADDITION	ADDITION	AMORTIZED
						M & S EXP.
						(a+b+c+d+e)
THERMS	332,500	1,122,500	3,435,000	5,415,000	6,880,000	
TOTAL COST	\$20,432	\$68,978	\$211,081	\$332,752	\$422,776	
FISCAL 1993	(\$817)	\$0	\$0	\$0	\$0	(\$817)
FISCAL 1994	(\$817)	(\$2,759)	\$0	\$0	\$0	(\$3,576)
FISCAL 1995	(\$817)	(\$2,759)	(\$8,443)	\$0	\$0	(\$12,020)
FISCAL 1996	(\$817)	(\$2,759)	(\$8,443)	(\$13,310)	\$0	(\$25,330)
FISCAL 1997	(\$817)	(\$2,759)	(\$8,443)	(\$13,310)	(\$16,911)	(\$42,241)
FISCAL 1998	(\$817)	(\$2,759)	(\$8,443)	(\$13,310)	(\$16,911)	(\$42,241)
FISCAL 1999	(\$817)	(\$2,759)	(\$8,443)	(\$13,310)	(\$16,911)	(\$42,241)
FISCAL 2000	(\$817)	(\$2,759)	(\$8,443)	(\$13,310)	(\$16,911)	(\$42,241)
FISCAL 2001	(\$817)	(\$2,759)	(\$8,443)	(\$13,310)	(\$16,911)	(\$42,241)
FISCAL 2002	(\$817)	(\$2,759)	(\$8,443)	(\$13,310)	(\$16,911)	(\$42,241)
FISCAL 2003	(\$817)	(\$2,759)	(\$8,443)	(\$13,310)	(\$16,911)	(\$42,241)
FISCAL 2004	(\$817)	(\$2,759)	(\$8,443)	(\$13,310)	(\$16,911)	(\$42,241)
FISCAL 2005	(\$817)	(\$2,759)	(\$8,443)	(\$13,310)	(\$16,911)	(\$42,241)
FISCAL 2006	(\$817)	(\$2,759)	(\$8,443)	(\$13,310)	(\$16,911)	(\$42,241)
FISCAL 2007	(\$817)	(\$2,759)	(\$8,443)	(\$13,310)	(\$16,911)	(\$42,241)
FISCAL 2008	(\$817)	(\$2,759)	(\$8,443)	(\$13,310)	(\$16,911)	(\$42,241)
TOTAL COST	(\$13,077)	(\$41,387)	(\$118,205)	(\$173,031)	(\$202,932)	(\$548,632)

\* - (Page 4,a)

**O & M EXPENSES**

	(g)	(h)	(i)	(j)	(k)
	TOTAL NEW NGV	# O & M	ANNUAL	TOTAL	TOTAL O & M
	RATE LOAD	RATE	O & M EXP.	AMORTIZED	& M & S
				M & S EXP.	EXPENSE
	(page 1,e)	(page 5,c)	(gxh)	(f)	(l+i)
FISCAL 1993	332,500	0.02888	(\$9,602)	(\$817)	(\$10,420)
FISCAL 1994	1,543,190	0.02888	(\$44,566)	(\$3,576)	(\$48,142)
FISCAL 1995	5,066,380	0.02888	(\$148,313)	(\$12,020)	(\$158,332)
FISCAL 1996	10,569,570	0.02888	(\$305,240)	(\$25,330)	(\$330,570)
FISCAL 1997	17,537,760	0.02888	(\$506,476)	(\$42,241)	(\$548,716)
FISCAL 1998	17,537,760	0.02888	(\$506,476)	(\$42,241)	(\$548,716)
FISCAL 1999	17,537,760	0.02888	(\$506,476)	(\$42,241)	(\$548,716)
FISCAL 2000	17,800,260	0.02888	(\$514,057)	(\$42,241)	(\$556,297)
FISCAL 2001	18,325,260	0.02888	(\$529,218)	(\$42,241)	(\$571,459)
FISCAL 2002	18,850,260	0.02888	(\$544,380)	(\$42,241)	(\$586,620)
FISCAL 2003	19,375,260	0.02888	(\$559,541)	(\$42,241)	(\$601,782)
FISCAL 2004	19,637,760	0.02888	(\$567,122)	(\$42,241)	(\$609,363)
FISCAL 2005	19,637,760	0.02888	(\$567,122)	(\$42,241)	(\$609,363)
FISCAL 2006	19,637,760	0.02888	(\$567,122)	(\$42,241)	(\$609,363)
FISCAL 2007	19,637,760	0.02888	(\$567,122)	(\$42,241)	(\$609,363)
FISCAL 2008	19,637,760	0.02888	(\$567,122)	(\$42,241)	(\$609,363)
TOTAL COST	242,664,760		(\$7,007,954)	(\$548,632)	(\$7,556,586)

# - SEE PAGE 5.

**COST BENEFIT ANALYSIS**

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
	PREEXISTING NGV LOAD	TOTAL NEW NGV RATE LOAD	TOTAL LOAD UNDER NEW RATE	COST OF DISCOUNT (ANNUAL)	TOTAL O & M & M & S EXPENSE	TOTAL COST	ANNUAL REVENUE	NON DISCOUNTED BENEFIT(COST)	DISCOUNT FACTOR	DISCOUNTED BENEFIT(COST)	CUMM. DISC. BENEFIT(COST) BREAK-EVEN
	(PAGE 1,a)	(PAGE 1,e)	(A+B)	(PAGE 1,x)	(PAGE 2,x)	(D+E)	(PAGE 1,n)	(G-F)		(F+I)	
FISCAL 1993	455,000	332,500	787,500	(\$78,905)	(\$10,420)	(\$89,324)	\$15,023	(\$74,301)	1	(\$74,301)	(74,301)
FISCAL 1994	366,810	1,543,190	1,910,000	(\$63,611)	(\$48,142)	(\$111,753)	\$69,726	(\$42,027)	0.90736	(\$38,134)	(112,435)
FISCAL 1995	278,620	5,086,380	5,345,000	(\$48,317)	(\$158,332)	(\$206,650)	\$228,915	\$22,265	0.82330	\$18,331	(\$4,104)
FISCAL 1996	190,430	10,589,570	10,780,000	(\$33,024)	(\$330,570)	(\$363,594)	\$477,566	\$113,973	0.74703	\$85,141	(\$,963)
FISCAL 1997	102,240	17,537,780	17,640,000	(\$17,730)	(\$548,716)	(\$566,447)	\$792,411	\$225,965	0.67782	\$153,164	144,201
FISCAL 1998	102,240	17,537,780	17,640,000	(\$17,730)	(\$548,716)	(\$566,447)	\$792,411	\$225,965	0.61503	\$138,975	283,176
FISCAL 1999	102,240	17,537,780	17,640,000	(\$17,730)	(\$548,716)	(\$566,447)	\$792,411	\$225,965	0.55805	\$126,100	409,275
FISCAL 2000	102,240	17,800,280	17,902,500	(\$17,730)	(\$556,287)	(\$574,027)	\$804,272	\$230,244	0.50635	\$118,585	525,860
FISCAL 2001	102,240	18,325,280	18,427,500	(\$17,730)	(\$571,459)	(\$589,189)	\$827,983	\$238,804	0.45944	\$109,717	635,577
FISCAL 2002	102,240	18,850,280	18,952,500	(\$17,730)	(\$586,620)	(\$604,351)	\$851,714	\$247,364	0.41888	\$103,121	738,888
FISCAL 2003	102,240	19,375,280	19,477,500	(\$17,730)	(\$601,782)	(\$619,512)	\$875,435	\$255,923	0.37826	\$96,805	835,504
FISCAL 2004	102,240	19,637,780	19,740,000	(\$17,730)	(\$609,363)	(\$627,093)	\$887,296	\$260,203	0.34322	\$89,306	924,810
FISCAL 2005	102,240	19,637,780	19,740,000	(\$17,730)	(\$609,363)	(\$627,093)	\$887,296	\$260,203	0.31142	\$81,033	1,005,842
FISCAL 2006	102,240	19,637,780	19,740,000	(\$17,730)	(\$609,363)	(\$627,093)	\$887,296	\$260,203	0.28257	\$73,526	1,079,368
FISCAL 2007	102,240	19,637,780	19,740,000	(\$17,730)	(\$609,363)	(\$627,093)	\$887,296	\$260,203	0.25639	\$66,714	1,146,082
FISCAL 2008	102,240	19,637,780	19,740,000	(\$17,730)	(\$609,363)	(\$627,093)	\$887,296	\$260,203	0.23284	\$60,534	1,206,616
				<u>(\$436,619)</u>	<u>(\$7,556,586)</u>	<u>(\$7,993,204)</u>	<u>\$10,964,368</u>	<u>\$2,971,154</u>		<u>\$1,206,616</u>	

DISCOUNT RATE = 10.21%

**PHASE OUT SUMMARY**

		(a)	(b)	(c)	(d)
		ADDITIONS	TOTAL	PHASE OUT *	NET
		UNDER NEW NGV	NEW NGV	(AFTER 5 YEARS)	NEW NGV
		RATE LOAD	RATE LOAD		RATE LOAD
FISCAL	1993	332,500	332,500	0	332,500
FISCAL	1994	1,122,500	1,455,000	0	1,455,000
FISCAL	1995	3,435,000	4,890,000	0	4,890,000
FISCAL	1996	5,415,000	10,305,000	0	10,305,000
FISCAL	1997	6,880,000	17,185,000	0	17,185,000
FISCAL	1998	0	17,185,000	332,500	16,852,500
FISCAL	1999	0	16,852,500	1,122,500	15,730,000
FISCAL	2000	0	15,730,000	3,435,000	12,295,000
FISCAL	2001	0	12,295,000	5,415,000	6,880,000
FISCAL	2002	0	6,880,000	6,880,000	0
FISCAL	2003	0	0	0	0
FISCAL	2004	0	0	0	0
FISCAL	2005	0	0	0	0
FISCAL	2006	0	0	0	0
FISCAL	2007	0	0	0	0
FISCAL	2008	0	0	0	0

\* - SUBTRACTED FROM COST (M & S Expense) BASIS THERMS IN YEAR 1998.

		(e)	(f)	(g)	(h)
		ADDITION	TOTAL	PHASE OUT *	NET
		UNDER NGV	NGV PROGRAM	(AFTER 7 YEARS)	NGV PROGRAM
		PROGRAM LOAD	LOAD		LOAD
FISCAL	1993	262,500	262,500	0	262,500
FISCAL	1994	525,000	787,500	0	787,500
FISCAL	1995	525,000	1,312,500	0	1,312,500
FISCAL	1996	525,000	1,837,500	0	1,837,500
FISCAL	1997	262,500	2,100,000	0	2,100,000
FISCAL	1998	0	2,100,000	0	2,100,000
FISCAL	1999	0	2,100,000	0	2,100,000
FISCAL	2000	0	2,100,000	262,500	1,837,500
FISCAL	2001	0	1,837,500	525,000	1,312,500
FISCAL	2002	0	1,312,500	525,000	787,500
FISCAL	2003	0	787,500	525,000	262,500
FISCAL	2004	0	262,500	262,500	0
FISCAL	2005	0	0	0	0
FISCAL	2006	0	0	0	0
FISCAL	2007	0	0	0	0
FISCAL	2008	0	0	0	0

\* - ADDED TO NEW RATE IN YEAR 2000.

# COST FACTOR CALCULATION

<u>O &amp; M EXPENSES</u>	<u>(a) ALLOCATION FACTORS</u>	<u>(b) COSTS</u>	<u>(c) ALLOCATED COSTS</u>
1 CUSTOMER COSTS	0.02433	20,986,822	510,693
2 CAPACITY COSTS	0.34581	7,507,769	2,596,232
3 COMMODITY COSTS	0.17073	<u>455,083</u>	<u>77,696</u>
4 TOTAL O & M EXPENSE		<u>28,949,674</u>	<u>3,184,621</u>
5 THERMS		<u>110,274,019</u>	
6 TOTAL O & M EXPENSE PER THERM OF ANNUAL SALES			0.02888
7 METER & SERVICE COSTS			<u>0.01229</u>
8 TOTAL COST FACTOR			<u>0.04117</u>
9 REVENUE (@ 9.75% RR)			<u>0.04518</u>

NOTE - COLUMN (a) AND COLUMN (b) ARE FROM THE PGS 1992 COSS.



**LOAD MIGRATION SUMMARY**

	(a)	(b)	(c)	(d)
	<b>NEW NGV RATE LOAD</b>	<b>PREEXISTING NGV LOAD PHASE OUT</b>	<b>NGV PROGRAM LOAD PHASE OUT</b>	<b>CUMMULATIVE TOTAL NEW NGV RATE LOAD</b>
	<u>(page 1,c)</u>	<u>(page 1,d)</u>	<u>(page 1,d)</u>	<u>(page 1,e)</u>
FISCAL 1993	332,500	0	0	332,500
FISCAL 1994	1,122,500	88,190	0	1,543,190
FISCAL 1995	3,435,000	88,190	0	5,066,380
FISCAL 1996	5,415,000	88,190	0	10,569,570
FISCAL 1997	6,880,000	88,190	0	17,537,760
FISCAL 1998	0	0	0	17,537,760
FISCAL 1999	0	0	0	17,537,760
FISCAL 2000	0	0	262,500	17,800,260
FISCAL 2001	0	0	525,000	18,325,260
FISCAL 2002	0	0	525,000	18,850,260
FISCAL 2003	0	0	525,000	19,375,260
FISCAL 2004	0	0	262,500	19,637,760
FISCAL 2005	0	0	0	19,637,760
FISCAL 2006	0	0	0	19,637,760
FISCAL 2007	0	0	0	19,637,760
FISCAL 2008	0	0	0	19,637,760

**NATURAL GAS VEHICLE TRANSPORTATION SERVICE  
Rate Schedule NGVTS  
(Experimental Rate)**

**Availability:**

Throughout the service area of the Company.

**Applicability:**

Transportation service for gas delivered to any Customer through a meter for compression and delivery into motor vehicle fuel tanks or other transportation containers, which Customer owns gas that is made available for transportation service on the Company's system. Company shall transport gas made available by Customer from a designated point of receipt to a designated point of delivery.

Service will be provided by the Company based on the Customer delivering suitable gas into the Company's distribution system.

**Monthly Rate:**

Customer Charge: \$25.00 per month.

Transportation Charge: \$.04463 per therm.

Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.102 shall not apply to transportation service rendered under this schedule.

Minimum Bill: The Customer Charge.

**Special Conditions:**

1. A Transportation Service Agreement accepted by the Company is a condition precedent for service under this schedule.
2. Each prospective customer must submit a written application, in a form acceptable to the Company, prior to the initiation of any transportation service. Upon receipt of a completed application, and if the Company determines it is able to provide the service requested, the applicant and Company will enter into a Transportation Service Agreement (which a condition precedent for service under this schedule).
3. With respect to gas received by Company from customer for transportation, Customer bears sole responsibility for all costs incurred up to the designated point of receipt on Company's system.
4. Interruption and Curtailment. Company shall have the right to reduce or completely curtail deliveries to Customer pursuant to this rate schedule if, in Company's opinion, Customer will overrun the volume of gas to which it is entitled from its supplier (or overrun the volume of gas being delivered to Company for Customer's account).

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Issued On:

Effective:

NATURAL GAS VEHICLE TRANSPORTATION SERVICE (CONTINUED)

5. Company shall be entitled to retain at no cost to Company a percentage of the quantity of gas delivered by or for the account of Customer at each Receipt Point for transportation to Customer, as gas which shall be deemed to be an allowance for transportation shrinkage in the performance of service under this rate schedule. Such percentage shall be 0.5 percent (0.5%), provided that Company shall have the right to adjust from time to time such percentage to reflect the actual operating experience of Company and/or any change in the methodology used by Company to calculate the amount of gas deemed as transportation shrinkage. Upon request, Company shall furnish to Customer information to support any such adjustment to such percentage.

6. NOMINATION AND SCHEDULING OF RECEIPTS AND DELIVERIES

Quantities nominated and scheduled shall be reflected in MMBtu.

Customer shall nominate gas for transportation hereunder by notifying Company's Gas Transportation Department in writing of the daily quantity of gas Customer has available for transportation at each Receipt Point specified in the Transportation Service Agreement and of the quantity of gas it desires to have delivered at each Delivery Point named in such Agreement, before 11:00 a.m. Eastern time at least seven (7) business days prior to the first day of any month in which Customer desires transportation services under this Rate Schedule. Nominations shall include, at a minimum, the following information:

- (A) The contract number under which service is being nominated;
- (B) The quantity in MMBtu of gas to be tendered to Company for Customer's account at each receipt point;
- (C) The quantity in MMBtu of gas to be delivered by Company at each Delivery Point; and
- (D) The estimated term of the nomination

The total receipt nominations must equal the total delivery nominations, with the exception of quantities nominated to correct an imbalance and any quantities retained by Company as transportation shrinkage.

If Customer fails to comply with provisions (A) through (D) above, Company shall not be required to schedule the commencement of service or to change a prior nomination. Any written nominations received after the above stated deadlines may result in a delay in receipts and deliveries.

Company shall notify Customer of the quantities of gas scheduled for receipt from a delivery to or for the account of Customer.

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**NATURAL GAS VEHICLE TRANSPORTATION SERVICE (CONTINUED)**

Customer shall promptly notify Company in writing of any change in the quantities nominated for transportation, and Company will use its best efforts to accept any requested change as soon as practicable after notification. Company and Customer may establish a uniform daily transportation quantity in which instance Customer shall not be required to daily nominate quantities of gas for transportation hereunder until further notice of change in such uniform daily quantity.

Deliveries shall, to the extent possible, be made at the scheduled delivery points, and shall approximate as nearly as possible deliveries to Company by Customer or for its account, less any quantities retained by Company as transportation shrinkage.

Deliveries of gas to Company for transportation hereunder shall be made at existing points on Company's distribution system, and deliveries of gas from Company to or for the account of Customer shall be made at points on Company's distribution system, as specified in the executed Transportation Service Agreement.

Company shall not carry forward nominations from month to month. Each month Customer shall furnish a separate written monthly nomination for each transportation contract.

Nominations shall not become effective until Company has confirmed the nominated receipts and deliveries with the upstream and downstream parties. If such confirmation cannot be obtained, transportation service will be delayed until such confirmation is obtained.

In the event capacity remains available after gas has been scheduled or as a result of an operational or weather situation, then Company may accept nominations or schedule service after the time deadline set forth above.

Upon request by Company, Customer shall from time to time submit estimates of daily, monthly and annual quantities of gas to be transported, including peak day requirements.

**7. PENALTIES**

Subject to the receipt of any necessary regulatory authorization, Company shall not be required to continue to perform service for Customer if Customer fails to pay the penalties imposed pursuant to the provisions set forth below.

Company may require Customer to reimburse penalties paid by Company which are directly attributable to Customer's monthly cumulative scheduling imbalance on upstream pipeline.

**8. BALANCING RECEIPTS AND DELIVERIES**

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## NATURAL GAS VEHICLE TRANSPORTATION SERVICE (CONTINUED)

It is the intention of the Company that actual daily receipts of natural gas by the Company for transportation less retainage for transportation shrinkage, shall be equal to the actual daily deliveries by Company to Customer. Company and Customer agree that imbalance between such receipts, less retainage for transportation shrinkage, and deliveries shall be adjusted or corrected as soon as operating conditions permit. Company shall have the right to curtail service to ensure deliveries on a uniform basis and to correct any imbalances.

If during any billing month the sum of the actual daily receipts ("Actual Monthly Receipts") of natural gas under Customer's Transportation Service Agreement, less retainage for transportation shrinkage, varies from the sum of the actual daily deliveries ("Actual Monthly Deliveries") of natural gas under such Transportation Service Agreement, then Company shall resolve the imbalance as follows:

- (A) For imbalances which result from undertenders (i.e., Actual Monthly Deliveries exceed Actual Monthly Receipts), then the excess of deliveries minus receipts shall be deemed as purchases of natural gas by the Customer from the Company, and shall be billed by the Company to the Customer at the otherwise applicable sales rate schedule of the Company's currently effective tariff. So long as an imbalance due to undertenders by Customer does not result in a net undertender by the Company to the pipeline, the Company, at its sole option may, if requested by Customer, permit undertender imbalances not in excess of 5% of deliveries to be carried forward to the following month. Unless otherwise agreed to by Company and Customer, no gas shall be billed by the Company to the Customer until the Customer has been given an opportunity to bring the imbalance within the tolerance level. The make-up period shall be the earlier of (i) 45 days after Customer notification, or (ii) the end of the subsequent billing month after which the imbalance first appeared.
- (B) For imbalances which result from overtenders (i.e., Actual Monthly Receipts exceed Actual Monthly Deliveries), then the excess of Receipts minus deliveries shall be carried forward to the following month. The Company, at its sole option, may purchase overtender imbalances in excess of 5% of deliveries at the price at which the gas was acquired by the Customer, including third party transportation charges incurred by the Customer. Unless otherwise agreed to by Company and Customer, no gas shall be purchased by the Company from the customer until the customer has been given an opportunity to bring the positive balance within the specified tolerance limit. The make-up period shall be the earlier of (i) 45 days commencing with customer notification, or (ii) the end of the subsequent billing month after which the imbalance first appeared.

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**NATURAL GAS VEHICLE TRANSPORTATION SERVICE (CONTINUED)**

The price at which the Customer acquired the gas will be determined from the Customer's contract with the supplier. The Customer will be required to furnish a copy of this contract or other suitable evidence of price to the Company upon request.

**9. STANDBY SALES SERVICE**

To the extent that Customer elects to utilize transportation service available under this rate schedule in lieu of service provided from system gas supply, the Company has no duty to provide retail sales service to a transportation customer who declines to elect Standby Sales Service.

The Standby Charge for any transportation customer requesting backup sales service shall be determined at the time of Customer's request for transportation and shall be based on an annual charge, billed monthly, which shall be equal to the sum of: The average demand component of the Company's pipeline supply sources; any fixed charges; any take-or-pay funding requirements; or any other charges associated with the level of standby service requested.

Monthly Standby Service Charge applicable in any given billing month shall be calculated by multiplying the charge per therm per day of peak day demand times the number of days in the billing month.

The Monthly Standby Charge is subject to revision based on changes in pipeline supplier tariffs.

Standby Sales Service to Customer will be billed at the otherwise applicable tariff rates. Such sales under full service tariff rates will receive a credit for the Standby Service Charge per therm.

In order for a Customer to discontinue standby service, notice must be provided to the Company at least twelve months prior to the expiration date of the Service Agreement.

**10. FACILITIES**

In order for Company to provide transportation pursuant to this Rate Schedule, facilities sufficient to provide accurate and instantaneous communication of volumes and, at Points of Receipt only, Btu content of natural gas flowing through such points, may be required. Company shall not be obligated to, but may, at its sole discretion on a non-discriminatory basis, construct or acquire new facilities, or expand existing facilities, in order to perform service requested under this Rate Schedule. If in Company's reasonable judgement it is necessary to construct or acquire new facilities, or to expand existing facilities, to enable Company to receive or deliver Customer's gas at the Points of Receipt and Delivery requested, and Company determines in its sole discretion to construct, acquire, or expand such facilities, then Company shall notify Customer of the additional cost required, and such facilities

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**NATURAL GAS VEHICLE TRANSPORTATION SERVICE (CONTINUED)**

shall, subject to the receipt and acceptance of any necessary regulatory approval, be constructed, acquired or expanded by Company in accordance with the terms of the executed Service Agreement. Prior to the initial receipt of service hereunder, Shipper shall reimburse Company in accordance with the terms of the Transportation Service Agreement, for the cost of any facilities, other than existing electronic measurement and data communications equipment for existing meters, which are constructed, acquired, or expanded by Company to receive or deliver Shipper's gas.

All facilities required to provide service under this Rate Schedule shall be designed, constructed, installed, operated, and owned by Company, unless otherwise agreed to by Company.

Company's execution of a Transportation Service Agreement under this Rate Schedule may be conditioned on Customer's agreement to pay the total incremental cost of such facilities as specified herein and in the Service Agreement.

11. As between Company and Customer, Customer shall be deemed to be in control and possession of the gas until it has been delivered to Company for transportation at the Receipt Point(s) (PgS Gate Station). Company shall thereupon be deemed to be in control and possession of the gas until the gas shall have been delivered to Customer at the Delivery Point (Customer's Meter), after which Customer shall be deemed to be in control and possession. Customer shall have no responsibility with respect to any gas after it has been delivered to Company at the Receipt Point(s) (PgS Gate Station) on account of anything which may be done, happen or arise with respect to said gas, until said gas is delivered to Customer at the Delivery Point (Customer's Meter). Company shall have no responsibility with respect to said gas prior to its delivery to Company at the Receipt Point(s) (PgS Gate Station), or after its delivery to Customer at the Delivery Point (Customer's Meter), or on account of anything which may be done, happen or arise with respect to said gas prior to such receipt or after such delivery. Company shall not be liable for curtailment or interruption of service under this schedule or loss of gas of the Customer as order of any governmental agency with jurisdiction to regulate, allocate or control, gas supplies or the rendition of service or order. Gas delivered to Company by Customer for transportation hereunder shall be and remain the property of the Customer. Company reserves the right to commingle gas delivered to it for the account of Customer with Company's other gas supplies. No agreement with Customer by which Company takes title to gas owned by Customer for the sole purpose of permitting transportation of Customer's gas over the Florida Gas Transmission Company System shall divest Customer of beneficial interest in such gas or any legal rights of ownership, and Company agrees to cooperate with Customer as necessary to protect, at Customer's expense, such rights.

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**NATURAL GAS VEHICLE TRANSPORTATION SERVICE (CONTINUED)**

12. The rates set forth in this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.103.
13. The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet Nos. 7.104 and 7.105.
14. Service under this schedule (unless otherwise indicated herein) shall be subject to the Rules and Regulations set forth in this tariff.

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**NATURAL GAS VEHICLE SALES SERVICE  
Rate Schedule NGVSS  
(Experimental Rate)**

**Availability:**

Throughout the service areas of the Company.

**Applicability:**

Gas delivered to any Customer through a separate meter for compression and delivery into motor vehicle fuel tanks or other transportation containers.

**Monthly Rate:**

Customer Charge: \$25.00 per month

Energy Charge: \$.04463 per therm  
Non Gas

The bill for the therms billed at the above rates shall be increased in accordance with the provision of the Company's Purchased Gas Adjustment Clause set forth on Sheet 7.102.

Minimum Bill: The Customer charge.

**Special Conditions:**

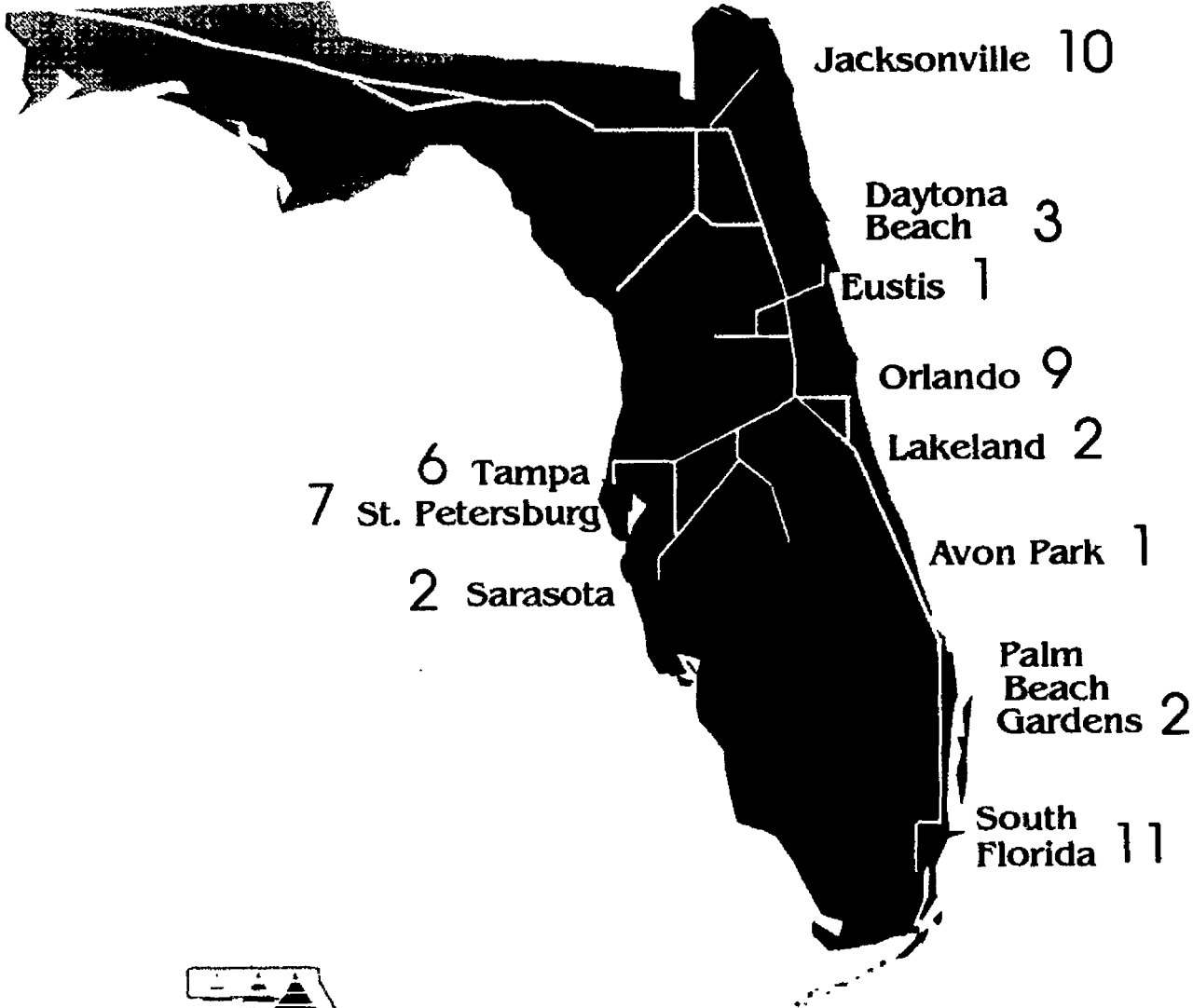
1. The rates set forth above shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.103.
2. The rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth of Sheet No. 7.103.
3. A contract for an initial term of \_\_\_\_\_ year(s) may be required as a condition precedent to service under this rate schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
4. The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheets Nos. 7.104 and 7.105.
5. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.

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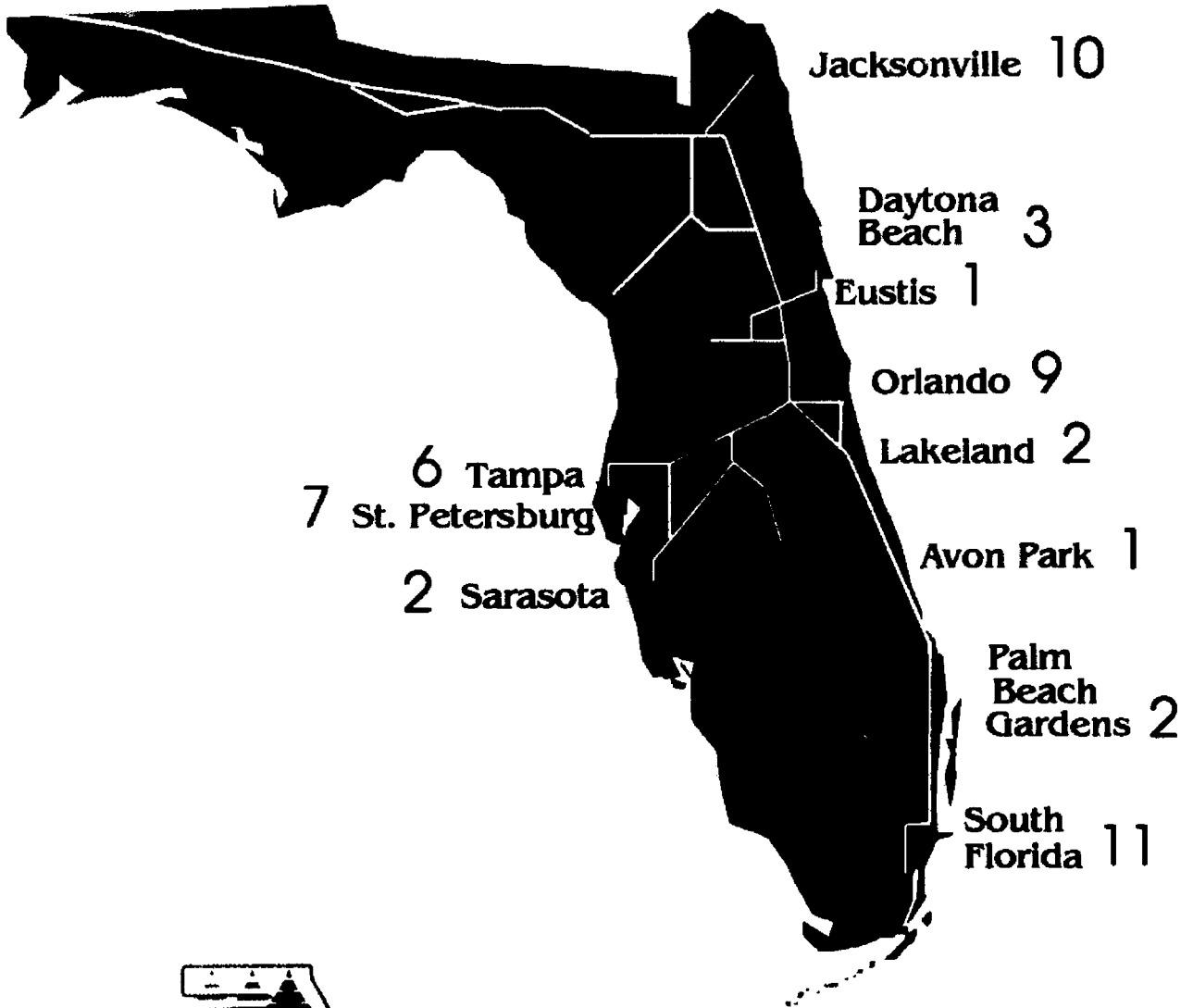
Effective:

**EXHIBIT "H"  
SERVICE AREA**



**Peoples Gas**

# EXHIBIT 'H' SERVICE AREA



# *Peoples Gas*