

FLORIDA PUBLIC SERVICE COMMISSION  
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M E M O R A N D U M

March 7, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC & GAS (GING, MAKIN, BULECZA-BANKS) *gjm (llm) (PBB)*  
DIVISION OF LEGAL SERVICES (JOHNSON) *JO'S RVE* *JDJ*

RE: DOCKET NO. 960185-GU - CITY GAS COMPANY OF FLORIDA -  
PETITION FOR APPROVAL OF OFF-SYSTEM SALES RATE SCHEDULE  
(RATE SCHEDULE OSS)

AGENDA: 3/19/96 AGENDA - TARIFF FILING - INTERESTED PERSONS MAY  
PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: 4/16/96

SPECIAL INSTRUCTIONS: I:\PSC\EAG\WP\960185GU.RCM

CASE BACKGROUND

On, June 6, 1994 the Commission approved a Load Development Tariff for City Gas in Order No. PSC-94-0680-FOF-GU. The tariff allows City Gas to reduce its reservation charges by sales of natural gas and available pipeline capacity to Orlando Utilities Commission. City Gas now proposes to augment the benefits available under this tariff by allowing the opportunity for additional sales to any customer not connected to the Company's distribution system.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve City Gas Company of Florida's (City Gas) petition for approval of an Off-System Sales Rate Schedule (Rate Schedule OSS)?

RECOMMENDATION: Yes. The Commission should approve City Gas' petition for Off-System Sales Rate Schedule (OSS), to become effective March 19, 1996 the day of the Commission vote.

DOCUMENT NUMBER-DATE

02810 MAR-78

FPSC-RECORDS/REPORTING

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**STAFF ANALYSIS:** City Gas filed its petition on February 15, 1996 for approval of its Rate Schedule OSS. This tariff would provide for interruptible sales of gas for any person not connected to the Company's distribution system.

At various times, the demands of City Gas' customers are less than the total firm capacity reserved by City Gas on FGT. This takes place for two reasons. First, historically, the capacity of FGT's pipeline system has been constrained. City Gas can increase its capacity only when FGT expands its system. For this reason, City Gas has had to reserve sufficient capacity on the pipeline to provide for system growth during the periods between such expansions. Second, due to fluctuations in its customers' requirements for gas, coupled with the seasonal limitations FGT has placed on subscriptions of capacity, some of the capacity reserved by City Gas becomes available from time to time. Whether or not all of the reserved capacity is used by City Gas or its customers, the fixed reservation charges associated with all of that capacity must be paid to the pipeline. These reservation charges are borne by all of City Gas' sales customers through the Purchased Gas Adjustment (PGA) Clause.

Sales under Rate Schedule OSS would be made only when City Gas has available capacity on FGT. No minimum quantities would be required to be taken by a customer in order to participate in transactions under the new rate schedule.

In making sales under the OSS Rate Schedule, City Gas would recover all costs, including reservation charges associated with the quantities of gas sold.

In order to offset the administrative expense, City Gas proposes a \$100.00 charge for each transaction in lieu of a monthly customer charge. This charge would be credited to the PGA to ensure that City Gas' firm sales customers actually receive the benefits intended through the reduction in the PGA charges.

The Non Gas Energy Charge would be an amount determined by City Gas based on competitive conditions existing at the time of each transaction.

City Gas has incorporated a 50/50 sharing mechanism in Rate Schedule OSS. The sharing mechanism would allow City Gas and its customers to benefit from the non gas revenues generated from the Off-System or opportunity sales under the proposed Tariff. That is, City Gas would retain 50% of such revenues above the line, and the firm sales customers would receive 50% through a credit to the costs of purchases in the PGA docket.

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Staff recommends approval of the proposed Off-System Rate Schedule to become effective March 19, 1996 the day of the Commission vote for the following reasons:

- If any person not directly connected to City Gas' distribution system purchases capacity that is not needed at the time by City Gas, the savings in FGT reservation charges will flow directly to City Gas' customers through the Purchased Gas Adjustment Clause.
- Fifty percent of any gas revenues City Gas derives from Off-System or opportunity sales under the OSS Rate Schedule would be credited to the firm sales customers as a credit to the cost of purchased gas. Fifty percent would be retained by City Gas above the line.
- The Off-System sales will improve system load factor and provide additional revenue to meet the company's revenue requirements.

**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** Yes. If no timely protest is filed, this docket should be closed.

**STAFF ANALYSIS:** Yes, if issue 1 is approved, this tariff should become effective on (3/19/96). If a protest is filed within 21 days of the issuance of the Order, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, this docket should be closed.