

State of Florida



Public Service Commission

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COMMISSION
CLERK

DATE: February 16, 2006

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Office of the General Counsel (Moore)
Division of Competitive Markets & Enforcement (Bulecza-Banks) *CTM*
Division of Regulatory Compliance & Consumer Assistance (Fletcher) *CFB*
AWA *WNS*

RE: Docket No. 060035-GU – Petition to initiate rulemaking to amend Rule 25-7.037, F.A.C., Change in Character of Service, by Associated Gas Distributors of Florida, Inc.

AGENDA: 02/28/06 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All

PREHEARING OFFICER: Deason

CRITICAL DATES: 30-day statutory deadline of February 11, 2006, has been waived by the petitioner

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\GCL\WP\060035.RCM.DOC

Case Background

On January 12, 2006, Associated Gas Distributors of Florida, Inc., ("AGDF") filed a Petition to Initiate Rulemaking with the Commission. AGDF proposes a modification to Rule 25-7.037, Florida Administrative Code, titled "Change in Character of Service." AGDF's members are investor-owned natural gas local distribution companies ("LDCs") that sell and provide transportation delivery of natural gas in Florida. Each member is a public utility subject to the Commission's regulatory jurisdiction under Chapter 366, Florida Statutes.

DOCUMENT NUMBER-DATE

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Pursuant to subsection 120.54(7), Florida Statutes, the Commission must act on a petition to initiate rulemaking within 30 days of its filing. AGDF waived the 30-day period in order for the petition to be considered at the Commission's February 28, 2006, agenda conference.

Discussion of Issues

Issue 1: Should the Commission grant the petition and initiate rulemaking to amend Rule 25-7.037, Florida Administrative Code?

Recommendation: Yes.

Staff Analysis: Rule 25-7.037, Florida Administrative Code, places limitations and requirements on making changes to the condition or characteristics of gas that would affect a customer's appliances without approval of the Commission and notice to the customer. The rule implements the Commission's jurisdiction under section 366.05(1), Florida Statutes, to insure that a utility provides reasonably sufficient, adequate, and efficient service upon terms as required by the commission, and to adopt service rules and regulations to be observed by each public utility. The rule was first adopted in 1959, and was last amended in 1975.

AGDF asks the Commission to amend Rule 25-7.037 as follows:

25-7.037 Change in Character of Service. A utility shall not make
~~a~~Any changes in heating value, pressure, specific gravity, gas
composition, or other condition or characteristic of the gas it
delivers which would impair the safe, efficient utilization of the gas
in customers' ~~the customer's~~ appliances ~~shall not be made~~ without
tariff revisions setting forth the changes, the prior approval of the
Commission, and ~~without~~ adequate notice to the customers. Any
such change by the utility shall be accompanied by a general
inspection and adjustment of all appliances that would be affected
thereby to the extent necessary that such appliances ~~the appliance~~
may operate as efficiently and give as good service as was possible
before the change. This shall be done promptly, without direct
charge, and with a minimum of inconvenience to the customer.

AGDF asks for this change to limit the scope of the rule so as not to impose responsibility on an LDC for matters over which it has no control. AGDF asserts that the quality and other characteristics of the gas received by Florida LDCs from the interstate pipeline are beyond the LDCs' control, and that only in circumstances where the LDC has control or when the LDC takes some action to change the character of its service should it be held responsible. As proposed, responsibility to obtain Commission approval and notify the customers will be placed on the utility that makes a change.

Staff believes AFDF's proposal is reasonable, and recommends that the Commission initiate rulemaking. If the Commission approves staff's recommendation, then a Notice of Rule

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Development will be issued and a workshop will be offered. This will also give staff an opportunity to collect additional information to evaluate the proposed change and provide further background and analysis in a recommendation to the Commission about whether to propose changes to the rule.

Issue 2: Should this docket be closed?

Recommendation: No.

Staff Analysis: If the Commission accepts staff's recommendation to grant the Petition to Initiate Rulemaking, this docket should remain open.