

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** October 23, 2025

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Economics (Nguyen, Hampson) *EJD*  
Office of the General Counsel (Bloom) *JSC*

**RE:** Docket No. 20250107-GU – Petition for approval of swing service rider rates for January through December 2026, by Florida Public Utilities Company.

**AGENDA:** 11/04/25 – Regular Agenda – Tariff Filing – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** 05/02/26 (8-Month Effective Date)

**SPECIAL INSTRUCTIONS:** None

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## Case Background

On September 2, 2025, Florida Public Utilities Company (FPUC or utility) filed a petition for approval of revised swing service rider rates and associated tariffs for the period January through December 2026. The swing service rider is a cents per therm charge that is included in the monthly gas bill of transportation customers, who purchase gas from third party marketers, and therefore do not pay the Purchased Gas Adjustment (PGA) charge.<sup>1</sup> FPUC is a local natural gas distribution company (LDC) subject to the regulatory jurisdiction of the Commission pursuant to Chapter 366, Florida Statutes (F.S.).

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<sup>1</sup> The PGA charge is set by the Commission in the annual PGA cost recovery clause proceeding.

The Commission first approved FPUC's swing service rider tariff by Order No. PSC-16-0422-TRF-GU (2016 Order).<sup>2</sup> The swing service rider requires FPUC to file an annual petition to recalculate the swing service rider rates based on the utility's actual interstate capacity costs and the most recent 12 months of usage data. Furthermore, the swing service order requires FPUC to incorporate the calculated revenues from the swing service rider as a credit to the PGA proceeding for the concurrent year. The January through December 2025 swing service rider rates were approved in Order No. PSC-2024-0487-TRF-GU.<sup>3</sup> The proposed modifications to the swing service rider rate schedule are included in Attachment A to the recommendation.

During the October 2025 Agenda, the Commission voted to suspend the proposed swing service rider tariffs for further review by staff. During evaluation of the petition, staff issued one data request to the utility, for which responses were received October 1, 2025.<sup>4</sup> Staff also sent an email to ask follow up questions about the marginal increase from 2024 to 2025 for the Peninsula Pipeline contracts on October 14, 2025, after which the company sent a response on October 15, 2025.<sup>5</sup> This is staff's recommendation to approve the proposed 2026 swing service rider rates and associated tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.041, 366.05, and 366.06, F.S.

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<sup>2</sup> Order No. PSC-16-0422-TRF-GU, issued October 3, 2016, in Docket No. 160085-GU, *In re: Joint petition for approval of swing service rider, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.*

<sup>3</sup> Order No. PSC-2024-0487-TRF-GU, issued November 25, 2024, in Docket No. 20240135-GU, *In re: Petition for approval of swing service rider, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.*

<sup>4</sup> Document No. 14140-2025, filed October 1, 2025.

<sup>5</sup> Document No. 14637-2025, filed October 17, 2025.

## Discussion of Issues

**Issue 1:** Should the Commission approve the utility's proposed swing service rider rates and associated tariffs for the period January through December 2026?

**Recommendation:** Yes, the Commission should approve the proposed swing service rider rates for the period January through December 2026, as provided in Attachment A to the recommendation. FPUC's proposed swing service rider reflects the updated cost of swing service for transportation customers. Staff reviewed the total projected intrastate capacity costs and verified that the costs included are appropriate. Furthermore, the methodology for calculating the swing service rider rates is consistent with the 2016 Order. (Nguyen)

**Staff Analysis:** The utility incurs intrastate capacity costs when it transports natural gas on intrastate pipelines (i.e., pipelines operating within Florida only). The utility has two types of natural gas customers: sales and transportation. Sales customers are primarily residential and small commercial customers that purchase natural gas from an LDC and receive allocations of intrastate capacity costs through the PGA charge. Transportation customers receive natural gas from third party marketers, known as shippers and, therefore, do not pay the PGA charge to the LDC.<sup>6</sup> The swing service rider allows FPUC to recover allocations of intrastate capacity costs from transportation customers.

### Updated 2026 Swing Service Rider Rates

The updated 2026 swing service rider rates were calculated based on the same methodology approved in the 2016 Order. As stated in paragraph 7 of FPUC's petition, the intrastate capacity costs, other related costs, and LDC-LDC interconnects for the period July 2024 through June 2025 are \$37,509,443, compared to \$30,003,382, for the period July 2023 through June 2024.

The total intrastate capacity costs reflect payments by FPUC to intrastate pipelines for the transportation of natural gas, pursuant to Commission-approved transportation agreements. In addition, FPUC's other intrastate capacity cost changes include payments associated with legal and consulting fees, software to manage forecasting, usage tracking, and market tracking.<sup>7</sup> Of the intrastate pipeline costs, \$7,367,169 will be recovered through special contracts. The remaining costs of \$30,142,275 will be recovered during the period January 1, 2026 through December 31, 2026.

### Updated Swing Service Costs

The increase in cost recovered for the swing service rider can be mainly contributed to the addition of an increase in operational projects undertaken by Peninsula and two new contracts. In the response to staff's first data request, FPUC states Peninsula pipeline provides gas transportation services to FPUC. FPUC then explained in the response received on October 15, 2025, that five Commission-approved pipeline expansion projects became operational in the current year, causing a \$5.2 million increase. Another \$1.2 million is due to three other Peninsula

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<sup>6</sup> The Commission does not regulate the shippers or their charges for the gas commodity.

<sup>7</sup> See direct testimony of witness Diana Williams on behalf of FPUC, filed on September 2, 2025, Document No. 08618-2025, in Docket No. 20250107-GU, Page 4.

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projects being in-service for a full year, rather than the partial year in-service from July 2023 to June 2024.

One of the new contracts was to Nassau County Tampa Electric Company, which FPUC clarified is for Peoples Gas to provide firm transportation capacity service for a limited duration allowing FPUC access to potentially cheaper, less volatile and more liquid gas supply at an alternate receipt location.<sup>8</sup> The second new contract reflects renewable natural gas (RNG) purchases from BP RNG. FPUC entered into an agreement with BP to buy RNG that has been stripped of its environmental attributes. The gas supply is purchased at prevailing commodity market index pricing.

### ***Calculation of Swing Service Charges***

The utility used actual therm usage data for the period July 2024 through June 2025 to allocate the intrastate capacity costs. Based on the usage data, staff agrees that the appropriate split for allocating the cost is 68.14 percent, or \$20,538,170, to transportation customers and 31.86 percent, or \$9,604,104, to PGA customers, as demonstrated on page 3 of the instant petition. The sales customers' share of the cost of \$9,604,104 is embedded in the PGA.

The transportation customers' share of \$20,538,170 is allocated to the various transportation rate schedules based on the percent of peak and average usage.<sup>9</sup> These costs were then divided by the rate schedule's actual billed volumes to calculate the cost recovery factor to be billed directly to the transportation customers as the swing service rider rates.

### **Credit to the PGA**

The total intrastate capacity costs are embedded in the PGA with the projected 2026 swing service rider revenues incorporated as a credit in the calculation of the 2026 PGA. On page 3 of the instant petition, FPUC states, the amount credited to the 2026 PGA is \$20,538,170 plus \$7,367,169 received from special contract customers, for a total of \$27,905,339.

### **Conclusion**

After reviewing the information provided in the petition and in response to staff's data request, staff recommends that the Commission should approve the proposed swing service rider rates for the period January through December 2026, as provided in Attachment A to the recommendation. FPUC's proposed swing service rider reflects the updated cost of swing service for transportation customers. Staff reviewed the total projected intrastate capacity costs and verified that the costs included are appropriate. Furthermore, the methodology for calculating the swing service rider rates is consistent with the 2016 Order.

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<sup>8</sup> Document No. 14140-2025, filed October 1, 2025.

<sup>9</sup> See direct testimony of witness Diana Williams on behalf of FPUC, filed on September 2, 2025, Document No. 08618-2025, in Docket No. 20250107-GU, Page 3, line 13 through 18.

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

**Recommendation:** Yes. If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Bloom)

**Staff Analysis:** Yes. If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

~~Second-Third~~ Revised Sheet No. 7.407  
Cancels ~~First-Second~~ Sheet No. 7.407

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**SWING SERVICE RIDER**

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Applicability:

The bill for Transportation Service supplied to a Customer in any Billing Period shall be adjusted as follows:

The Swing Service factors for the period from the first billing cycle for each Company Operating Unit for the period of January 202~~6~~<sup>5</sup> through the last billing cycle for December 202~~6~~<sup>5</sup> are as follows:

<u>Rate Schedule</u>	<u>Rates per Therm</u>
REST-1	\$0. <del>1952</del> <u>2663</u>
REST-2	\$0. <del>2000</del> <u>2779</u>
REST-3	\$0. <del>2324</del> <u>3148</u>
GTS-1	\$0. <del>1738</del> <u>2499</u>
GTS-2	\$0. <del>1780</del> <u>2391</u>
GTS-3	\$0. <del>1773</del> <u>2369</u>
GTS-4	\$0. <del>1783</del> <u>2409</u>
GTS-5	\$0. <del>1768</del> <u>2392</u>
GTS-6	\$0. <del>1664</del> <u>2355</u>
GTS-7	\$0. <del>1694</del> <u>1760</u>
GTS-8A	\$0. <del>1568</del> <u>2148</u>
GTS-8B	\$0. <del>1574</del> <u>2079</u>
GTS-8C	\$0. <del>1634</del> <u>2074</u>
GTS-8D	\$0. <del>1639</del> <u>2266</u>
COM-OLT	\$0. <del>1367</del> <u>2226</u>

Definitions

This surcharge allocates a fair portion of Upstream Capacity Costs and expenses associated with the provision of Swing Service to transportation Customers in accordance with FPSC approval.

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Issued by: Jeffrey Sylvester, Chief Operating Officer  
Florida Public Utilities Company

Effective: JAN 01 2026