

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition of Peoples Gas) DOCKET NO. 930335-GU
System, Inc. for approval of) ORDER NO. PSC-93-1179-FOF-GU
experimental rate schedules) ISSUED: August 11, 1993
NGVTS and NGVSS for gas)
delivered for compression and)
delivery into motor vehicle fuel)
tanks.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
THOMAS M. BEARD
SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING EXPERIMENTAL
RATE SCHEDULES OF PEOPLES GAS SYSTEM

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission (PSC) that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Peoples Gas System's (Peoples) existing natural gas vehicle (NGV) program was approved by Commission Order No. 25626, Docket No. 910942-EG on January 22, 1992. The existing NGV 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 gasoline. Peoples recovers the cost of compressors through an NGV surcharge of 13.191 cents per therm applied to the bills of program participants. In addition to the program surcharge, participants pay Peoples' General Service - Large Volume 1 (GSLV-1) Rate.

The existing NGV program is scheduled to be in effect for seven years. At the end of seven years of participation in the program, title to the compressor unit is transferred from Peoples to the customer at no further charge. At the present time, Peoples has two customers participating in the existing NGV program.

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11.00-RECORDS/DATE/INITIALS

Under the new NGV program, Peoples would provide traditional natural gas service to the compressor through its proposed Natural Gas Vehicle Transportation Service (NGVTS) and Natural Gas Vehicle Sales Service (NGVSS) rate schedules. Unlike Peoples' existing NGV program, a customer electing the experimental NGV rates will be responsible for the initial capital cost of the compressor station. Consequently, Peoples' only costs will be meters and service lines. Peoples' existing ratepayers will suffer no adverse impact from the implementation of the experimental rate schedules.

The GSLV-1 rate schedule, which would be Peoples Gas appropriate rate schedule for today's volumes, is not sufficiently competitive with gasoline to attract private investors to the Florida market, as indicated below:

<u>Existing NGV program:</u>	GSLV-1 Rate Schedule
Customer Charge	\$25.00
Energy Charge	21.860 cents/therm
Surcharge	13.191 cents/therm

<u>New NGV program:</u>	NGVSS and NGVTS Rate Schedule
	(as proposed by Peoples)
Customer Charge	\$25.00
Energy Charge	4.518 cents/therm

We approve the NGVTS and NGVSS rate schedules, for a five-year experimental period as requested by Peoples. When that period ends and the experimental rates expire, Peoples expects to petition the Commission to continue the new rates, either as originally requested or with modifications based on the first five years of experience with the program. This effort to expand the use of natural gas as an environmentally beneficial alternate fuel for motor vehicles is consistent with the efforts of both the federal government and the State of Florida.

The proposed rate represents only the incremental additional costs which will be incurred by Peoples to provide service to new customers under the new NGV program. By not including their pro-rata portion of a fully allocated cost of service study, Peoples' customers would be supporting the effort.

Peoples did not conduct a total cost of service study at the time Peoples filed its petition for the new NGV rate. At the request of the PSC Staff, the company conducted a fully allocated cost of service study based on the 1993 projected test year data

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used in its last rate case. The fully allocated cost of service study supports an energy charge of 6.62 cents per therm with a \$25.00 customer charge.


We find that the proposed experimental NGV program shall have a cost-based rate of a \$25.00 customer charge and an energy charge of 6.62 cents per therm. The use of a cost-based rate at the start of the NGV program, will ensure that the rate will be sufficient to cover the costs and reduce or minimize the possibility of a substantial increase in the rate at the end of the experimental period as opposed to an initial rate that is not cost-based.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the experimental Rate Schedules NGVTS and NGVSS of Peoples Gas System are approved, except that the program shall have a 6.62 cents per therm energy charge.

ORDERED that this Order shall become final and this docket shall be closed unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission this 11th day of August, 1993.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)
MAA:bmi

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

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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 action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), 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 September 1, 1993.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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 and effective 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 effective date of this order, 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.