

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for Approval of) DOCKET NO. 931027-GU
Tariff Modification for 100%) ORDER NO. PSC-93-1697-FOF-GU
Transportation of Natural Gas) ISSUED: November 23, 1993
under FERC Order 636 by Florida)
Public Utilities.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

ORDER APPROVING MODIFICATION
OF NATURAL GAS TRANSPORTATION TARIFF

BY THE COMMISSION:

BACKGROUND

On April 8, 1992, the Federal Energy Regulatory Commission (FERC) issued Order No. 636, which required significant changes in the structure of service provided by interstate natural gas pipelines. FERC intended Order No. 636 to complete the transition to a competitive natural gas industry, which had been initiated by the Natural Gas Policy Act of 1978, and which had been continued by FERC Order No. 436 and the Natural Gas Wellhead Decontrol Act of 1989.

FERC indicated in its order that it saw the traditional role of pipelines as gas merchants (purchasing gas at the wellhead and selling it in a "bundled" sales service to local distribution companies (LDCs) at the city gate) as a hindrance to the development of a competitive gas market. FERC intends that its Orders 636, 636-A and 636-B will resolve the competitive transportation issues by requiring all interstate pipelines to restructure their service and eliminate their role as gas merchants.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

Florida Gas Transmission's (FGT's) restructuring proceeding before the FERC concluded with the issuance of FERC's Second Order on Compliance Filing on September 19, 1993. FGT submitted its revised FERC Gas Tariff in response to that order on September 22, 1993. The tariff makes numerous and significant changes in the operation of FGT's pipeline system, and the rights of FGT's customers. The tariff changes are effective with service provided by FGT on and after November 1, 1993.

Customers of the FGT, local distribution companies (LDC) like Florida Public Utilities and to some extent end-use transportation customers of the LDC, will have to go out into the market place and buy their own gas. The pipeline will no longer sell gas. The pipeline will only transport gas. The LDC's will no longer be able to rely on the pipeline as they once did for all their needs. All of the liabilities that once were incurred by the pipeline, (purchasing, transporting, balancing, interrupting customers' gas, etc.), are now the LDCs' responsibilities.

To the extent that end-use transportation customers of the LDCs purchase their own gas, they will now face the responsibility of purchasing, transporting, balancing and scheduling the service they desire to receive on each day, in order to maintain a balance between receipts into and deliveries out of both FGT's and the serving LDC's system. The LDC will assign responsibility for any imbalance (difference between scheduled quantities and actual gas taken for each day) created by a particular customer to that customer and no others. That is, the customer responsible for the creation of an imbalance on the LDC system will be required to resolve it with the LDC at the end of the billing period.

In response to these major changes in the natural gas industry, and in particular the restructuring of FGT, Florida Public Utilities (FPUC) filed this request for approval of the modifications it has made to its natural gas tariff.

FPUC'S TARIFF MODIFICATIONS

Beginning on November 1, 1993, FPUC will complete the process of converting all remaining FGT sales service to transportation service. The revised tariff sheets for which FPUC seeks Commission approval will govern service on FPUC's distribution system.

The major changes to FPUC's tariffs are as follows:

Technical Terms and Abbreviations - This section of the revised tariffs sets forth general provisions that describe the receipt and delivery gas day for transportation service customers. This coincides with the twenty-four consecutive hour period used by the company's pipeline supplier to determine receipts and deliveries of gas supplies.

Billing Adjustments - This section sets forth general provisions with respect to nominating and scheduling service, and it provides that quantities of gas nominated by the customer and confirmed by FPUC for delivery will be deemed to be Scheduled Quantities. The section provides the times when customers' nomination for service are due to FPUC in order for FPUC to provide its own nominations to the pipeline for its system supply. Any difference between Scheduled and Actual for each customer will be resolved by the Imbalance Billing Adjustments.

Imbalance Billing Adjustments - This section provides that at the end of each billing period the customer's operational imbalance amount will be determined by subtracting the actual takes from the scheduled quantities for each day, and summing the difference. The result is the monthly imbalance amount. FPUC will purchase any long (scheduled quantities exceeding actual takes) monthly imbalance amount from the customer. FPUC will sell any short (actual takes exceeding scheduled quantities) monthly imbalance amount to the customer.

We believe that the revisions to FPUC's natural gas tariff are fair and reasonable responses to the restructuring of FGT and the fundamental changes in the natural gas industry. Accordingly, we approve the changes to FPUC's tariff, effective November 9, 1993. It is therefore,

ORDERED that Florida Public Utilities' modifications to its natural gas tariff are approved. It is further

ORDERED that the tariff modifications will be effective November 9, 1993. It is further

ORDERED that this docket should be automatically closed if no person whose substantial interests are affected by the action proposed files a timely petition for a formal proceeding.

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By ORDER of the Florida Public Service Commission, this 23rd
day of November, 1993.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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 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 Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), 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 December 14, 1993.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

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 on the date described above, any party adversely affected may request judicial review by the Florida

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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 date this Order becomes final, 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.