

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for Closure of) DOCKET NO. 951211-GU
Small Interruptible Service and) ORDER NO. PSC-95-1435-FOF-GU
Small Interruptible) ISSUED: November 27, 1995
Transportation Service Rate)
Schedules by Peoples Gas System,)
Inc.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING CLOSURE OF RATE SCHEDULES

BY THE COMMISSION:

In its last rate case, Docket No. 911150-GU, we allowed Peoples Gas System, Inc. (Peoples) to expand the availability of two rates, Small Interruptible Service, Rate Schedule SIS, and Small Interruptible Transportation Service, Rate Schedule SITS. Prior to our approval of these tariff modifications, interruptible service was only available to customers using 1,000,000 or more therms per year.

The SIS and SITS have a usage threshold of 500,000 therms per year, rather than the 1,000,000 therms per year required for large interruptible customers. Customers in the General Service Large Volume - 2 (GSLV-2) firm rate class consuming between 500,000 and 1,000,000 therms per year were the main beneficiaries of the new SIS and SITS rate schedules. With previous access limited to only those customers using more than a 1,000,000 therms or more per year, only a few of the largest customers were able to take advantage of the interruptible service rate schedules. Migration of the GSLV-2 customers to the interruptible rate classes was intended to improve Peoples' operational system integrity and incrementally improve service reliability to Peoples' firm service customers.

DISCUSSION

Peoples received approval for these new rate schedules in Order No. PSC-92-0924-FOF-GU, issued on September 9, 1992. At that time, Peoples expected to transfer 17 customers using 12,331,852

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therms per year from Rate Schedule GSLV-2 to Rate Schedules SIS and SITS. The actual number of transfers from GSLV-2 to SIS and SITS was 37 customers using 21,954,062 therms per year.

The approval of the lower threshold for availability of interruptible service has resulted in a level of interruptible load that exceeds Peoples' requirements for operational reliability. Improved operational integrity is demonstrated by the fact that the company has not instituted a system-wide curtailment or interruption since December, 1989. Since then, Peoples has acquired substantial additional firm pipeline capacity, including capacity in Florida Gas Transmission Company's (FGT's) Phase III expansion, that was placed in service March, 1995.

The increase in firm pipeline capacity, together with substantial increases in Peoples' level of interruptible service load, make further increases in the SIS and SITS loads, in many cases, unnecessary and inconsistent with Peoples' efforts to provide adequate, reliable service, in a cost-effective manner.

Existing customers served under Rate Schedules SIS and SITS will not be affected by these changes. Closing the availability of the interruptible schedules will benefit ratepayers by reducing their future exposure to the allocation of additional fixed costs where additional interruptible service does not provide significant additional operational benefits.

Based on the foregoing, it is therefore

ORDERED by the Florida Public Service Commission that Peoples Gas System, Inc.'s petition for approval to close its Small Interruptible Service Rate Schedule and its Small Interruptible Transportation Service Rate Schedule is, hereby, approved. It is further

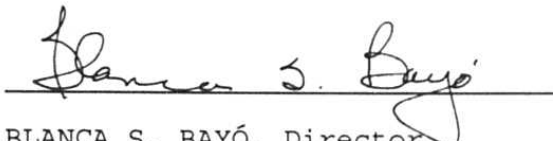
ORDERED that the effective date for these tariff modifications is November 21, 1995. It is further

ORDERED that if a protest is filed in accordance with the requirements set forth below, the tariff modifications shall remain in effect, with any increase in revenue held subject to refund, pending resolution of the protest. It is further

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ORDERED that if no protest is filed in accordance with the requirements set forth below, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 27th day of November, 1995.

A handwritten signature in cursive script, reading "Blanca S. Bayó", is written over a horizontal line.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

BC