

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by City Gas  
Company of Florida to amend  
Small Commercial Transportation  
Service Rate Schedule.

DOCKET NO. 991564-GU  
ORDER NO. PSC-99-2399-TRF-GU  
ISSUED: December 7, 1999

The following Commissioners participated in the disposition of this matter:

JOE GARCIA, Chairman  
J. TERRY DEASON  
SUSAN F. CLARK  
E. LEON JACOBS, JR.

ORDER APPROVING AMENDMENTS TO CITY GAS COMPANY'S  
SMALL COMMERCIAL TRANSPORTATION SERVICE RATE SCHEDULE

BY THE COMMISSION:

On August 21, 1997, City Gas Company of Florida (City Gas) filed a petition for approval to implement an experimental Small Commercial Transportation Service Rate Schedule (SCTS). Under the SCTS rate schedule, small commercial customers meeting a threshold level of 120,000 therms annually, would be granted the opportunity to transport gas on City Gas's system and purchase their natural gas supplies directly from third party suppliers. By Order No. PSC-97-1536-FOF-GU, issued December 8, 1997, we approved City Gas's petition for the experimental program.

On December 29, 1998, City Gas petitioned to amend the experimental Small Commercial Transportation Service and make the SCTS rate schedule permanent. City Gas's petition was approved by Order No. PSC-99-0484-FOR-GU, issued March 8, 1999.

On October 12, 1999, City Gas filed a petition to amend its SCTS rate schedule. The proposed amendments remove the limitations placed on transportation service and allow all non-residential customers the opportunity to transport gas on City Gas's system. This Order addresses City Gas's request.

The SCTS rate schedule was originally intended to allow a controlled number of City Gas's small commercial customers to

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purchase gas directly from third party suppliers in a manner that would not cause remaining sales customers to incur a greater share of capacity costs. To accomplish this purpose, service under the SCTS rate schedule was limited to: 1) customers with multiple meters at a single location with annual aggregate usage of 120,000 therms; 2) customers qualifying for City Gas's Load Profile Enhancement Rider; or, 3) commercial customers who otherwise would not qualify, whose third party supplier adds incremental load to City Gas's system equivalent to the customer's annual consumption.

Under the proposed amendment, all commercial customers will qualify for transportation service in the SCTS rate schedule. City Gas's amendment removes all threshold requirements as well as the other limitations addressed above. A marketer will no longer be required to add incremental SCTS load to NUI/City Gas's system, or to add load in a class other than SCTS and accept an assignment of interstate pipeline capacity for the equivalent volume.

The company is also eliminating the requirement of mandatory capacity assignment. By doing this, third party suppliers will now be allowed to purchase capacity in the secondary market. The only requirement will be that the secondary market capacity must be comparable firm interstate pipeline capacity for placement into City Gas's distribution system.

With respect to the potential for stranded capacity costs, City Gas believes it should be able to mitigate the potential effect of increased capacity costs to its sales customers because a large portion of its holdings with Florida Gas Transmission are expiring and must be renewed. Since the effects of these capacity decisions are currently unknown, City Gas has proposed a Transition Charge in the SCTS rate schedule. In this petition, City Gas has proposed to set the Transition Charge at zero. However, should City Gas find it necessary to mitigate the effects of cost shifts between, or among the customer classes, and/or provide recovery of stranded capacity costs once the capacity decisions become effective, City Gas would petition the Commission for approval of a Transition Charge greater than zero.

As proposed by City Gas, adjustments to the Transition Charge will be made at the Commission's Purchased Gas Adjustment (PGA) proceeding or between PGA proceedings, as necessary, to mitigate the effects of cost shifts. If necessary, City Gas may seek to modify the tariff to mitigate the effects of cost shifts.

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City Gas's petition will allow all non-residential customers the opportunity to purchase their own gas supply from third party marketers. Customers will be given the opportunity to buy their gas supply from entities other than City Gas. Customers will be entitled to evaluate offers from competing third party marketers and determine which offer would best suit their needs. By this proposal, City Gas is expanding its transportation service offerings to a level we believe is necessary to further unbundling in Florida. For these reasons, we find that City Gas Company of Florida's proposed amendments to its Small Commercial Transportation Service Rate Schedule are approved, effective November 16, 1999.

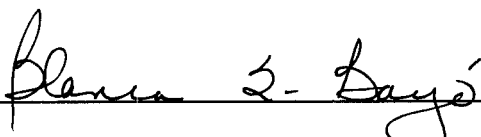
Based on the foregoing, it is therefore

ORDERED by the Florida Public Service Commission that the Petition by City Gas Company to amend its Small Commercial Transportation Service Rate Schedule is hereby granted, effective November 16, 1999. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariff shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 7th day of December, 1999.

  
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BLANCA S. BAYÓ, Director  
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), 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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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 proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 28, 1999.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

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.