

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition to amend provisions of Pool Manager Service Tariff by Florida Public Utilities Company. | DOCKET NO. 050583-GU
ORDER NO. PSC-05-1112-TRF-GU
ISSUED: November 3, 2005

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
RUDOLPH "RUDY" BRADLEY
LISA POLAK EDGAR

ORDER APPROVING TARIFF REVISION

BY THE COMMISSION:

Florida Public Utilities Company (FPUC) permits marketers and brokers to sell natural gas to its customers, while FPUC provides transportation of the gas to the customers. To set forth the responsibilities of the marketer or broker, FPUC has in place a tariff entitled "Pool Manager" Tariff, Rate Schedule PM. The tariff applies to each broker, marketer or other third party supplier of natural gas that wishes to act as an agent for the purpose of purchasing natural gas for FPUC's customers. Brokers and marketers are required to sign an agreement accepting the terms and conditions of Rate Schedule PM. The Pool Manager is responsible for purchasing and delivering natural gas to FPUC's city gate station for FPUC's transportation customers. To qualify as a Pool Manager, the marketer or broker must meet FPUC's standards for creditworthiness, and provide documentation of its ability to hold transportation capacity on Florida Gas Transmission's Pipeline (FGT) system.

FPUC calculates the daily delivery requirements of each customer served by the Pool Manager based on historic usage, and informs the Pool Manager via e-mail of the Pool Manager's daily delivery requirement, by city gate, for the upcoming month. The Pool Manager is responsible for delivering this amount of gas to FGT's pipeline system for delivery into FPUC's distribution system. FPUC assesses the Pool Manager a \$15.00 per MMBtu charge for each day when delivery to FPUC by the Pool Manager differs from the Pool Manager's daily delivery requirement. The charge also serves as the final resolution between FPUC and the Pool Manager for such variances.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION OF FLORIDA

On September 2, 2005, FPUC filed a petition to increase the existing penalty provision in its Pool Manager Service Tariff Rate Schedule PM from \$15.00 to \$50.00 per MMBtu. Thereafter, on September 16, 2005, FPUC filed a revised petition to amend the penalty provisions from \$15.00, to "the maximum of \$15.00 per MMBtu or 200% of the highest weekly Alert Day price posted by FGT for each day when delivery to the company by the Pool Manager differs from the Pool Manager's daily delivery requirement during the said weekly period." We have jurisdiction over this matter by sections 366.04, 366.05, and 366.06, Florida Statutes.

The penalty provisions included in FPUC's Pool Manager Service Tariff help ensure that the Pool Managers deliver the required gas to FPUC's system for the benefit of its transportation customers. If penalties are not set high enough, marketers and brokers that do not have enough supply to fulfill all their obligations will have the incentive to deliver the gas they do have to those entities with higher penalty provisions, leaving the entities with lower penalty provisions without needed gas supply for their customers. With gas prices at historic high levels, some marketers and brokers have been having difficulty securing the total volumes of gas necessary to fulfill their contractual obligations. As marketers and brokers are typically serving many areas in Florida and outside the state, they have on occasion delivered gas to those companies that have the highest penalties first, to avoid paying the higher penalty. The companies with lower penalties are faced with purchasing gas at higher prices to cover the undelivered amount in order to fulfill the Pool Manager's contract obligation.

The modification to the penalty provision of the Pool Manager Service Tariff is consistent with the language and rate used by FGT. It is intended to ensure that FPUC's customers will receive the gas they require from Pool Managers. Therefore, we approve FPUC's revised petition to amend the penalty provision of the Pool Manager Service Tariff rate from \$15.00, to the maximum of \$15.00 or 200% of the highest weekly Alert Day price posted by FGT as recorded in Gas Daily.

Based on the foregoing, it is


ORDERED by the Florida Public Service Commission that Florida Public Utilities Company's Petition to amend provisions of its Pool Manager Service Tariff is granted. It is further

ORDERED that this Order shall become final upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that this tariff revision shall be effective as of October 18, 2005. If a protest to the tariff revision is filed, the revised tariff shall remain in effect with any revenues held subject to refund, pending resolution of the protest. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed upon issuance of a consummating order.

BY ORDER of the Florida Public Service Commission this 3rd day of November, 2005.



BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

MCB

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 the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on November 24, 2005.

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.