

FLORIDA PUBLIC SERVICE COMMISSION  
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M E M O R A N D U M

November 20, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC & GAS (MAKIN, BULECZA-BANKS, GING, DILLMORE) *go*  
DIVISION OF LEGAL SERVICES (CULPEPPER) *RVE JDS*

RE: DOCKET NO. 961236-GU - PEOPLES GAS SYSTEM, INC. PETITION FOR APPROVAL OF FIRM TRANSPORTATION SUPPLIER AGGREGATION SERVICE RIDER (FTA).

AGENDA: 12/2/96 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: 12/14/96

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\961236GU.RCM

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CASE BACKGROUND

By Order No. PSC-95-1539-FOF-GU, issued in Docket No. 951210-GU, on December 13, 1995, the Commission approved Peoples Gas System, Inc's.' (Peoples) petition for a new optional tariff rider, Transportation Aggregation Rider TA. The rider made gas transportation service available to customers who, in the aggregate, used more than 500,000 therms per year of natural gas at multiple delivery points in Peoples' service area.

To qualify for this service, the facilities served had to be directly owned and operated in the name of a single customer of record of Peoples. The rates and charges under Rider TA are the same as those under the otherwise applicable rate schedules for sales service, except that the Purchased Gas Adjustment does not apply because the customer purchases his own gas.

This petition, filed October 14, 1996, is similar to the TA rider previously approved by the Commission, except that this petition does not require the facilities served to be directly owned and operated in the name of a single customer of record of Peoples.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

**DISCUSSION OF ISSUES**

**ISSUE 1:** Should the Commission approve Peoples's petition for a Firm Transportation Supplier Aggregation Service Rider (FTA)?

**RECOMMENDATION:** Yes. The Commission should approve Peoples's petition for a Firm Transportation Supplier Aggregation Service Rider (FTA) on a one-year experimental basis, effective the date of the Commission vote. However, the FTA rider is subject to change, consistent with any final order issued by the Commission in Docket No. 960725-GU, Unbundling Natural Gas Services.

Peoples should be required to file quarterly reports, with the Division of Records and Reporting, indicating, but not limited to, the number of customers and usage per customer, by month, per marketer/supplier, until the Commission issues its final order in Docket No. 960725-GU. If a final order is not issued prior to the expiration of the one-year experiment, Peoples must file a petition with the Commission to end the pilot, extend the program, or convert the pilot program to a full program.

**STAFF ANALYSIS:** On October 14, 1996, Peoples filed its petition for approval of a pilot program for a Firm Transportation Supplier Aggregation Service Rider (FTA) on an experimental basis. Unlike the Aggregation Tariff Rider (TA) approved by the Commission in Docket No. 951210-GU, this Rider (FTA), does not require the facilities served to be directly owned and operated in the name of a single customer of record of Peoples.

The purpose of the proposed FTA Rider is to test a transportation program on a pilot (limited in size) basis to demonstrate the feasibility of providing simplified transportation service to firm customers in a manner that will allow for future expansion of the program to a larger number of customers who are taking service under a firm rate schedule.

The rates and charges under Rider FTA are the same as those under the otherwise applicable rate schedules for sales service, except that the Purchased Gas Adjustment does not apply because customers purchase their own gas.

The Supplier Aggregation Program is intended for customers who can be served without remote telemetry of volumetric consumption data from the customers' meter to Peoples' Gas Control Office.

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Each firm customer enters into a short, simple, two-page agreement with Peoples in which the customer elects to receive transportation service and selects a marketer/aggregator to be the supplier for the first year of participation.

Although the initial term of service under Rider FTA will be one year, during the first year after the effective date of the Rider, each customer will have the right to discontinue service under the Rider any time upon 15 days notice to Peoples, and return to firm sales service provided by Peoples.

Peoples believes that it can provide transportation service under Rider FTA to most of the potential candidates presently seeking aggregated transportation service without incurring overly burdensome incremental costs. Should the additional transportation service load become unduly burdensome and present potential harm to Peoples's other customers, Peoples has reserved the right to deny service.

Peoples states in its petition, that it reserves the right, upon written notice 90 days prior to the end of the first year, to end the pilot program, extend it for another year, or convert the pilot program to a full program consistent with any final order issued by the Commission in Docket No. 960725-GU, Unbundling Natural Gas Services. Staff, however, believes that Peoples must petition the Commission for approval to end, extend, or convert the program.

Any number of marketers/suppliers wishing to aggregate firm transportation customers may participate, on an open non-discriminatory basis, by agreeing to sign and comply with Peoples's agreements relating to the program.

Each marketer may enroll up to ten customers, consisting of ten individual locations (one location equals one customer), at the beginning of each of the first two months of the program. At the beginning of the third and final month of the enrollment period, each marketer may enroll any number of customers, so long as the total number of locations does not exceed thirty customers.

Each supplier enters into a Firm Delivery and Operational Balancing Agreement with Peoples, and assumes the responsibility to resolve imbalances directly with Peoples, so that the customer is not involved in balancing matters.

Each supplier also enters into a Master Capacity Release Agreement, under which Peoples releases Primary Firm Transportation Capacity directly to the supplier to be used for the account of each firm customer participating in the aggregator's pool.

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Based on the foregoing, Staff recommends that Peoples's proposed Firm Transportation Supplier Aggregation Service Rider (FTA) be approved on an experimental basis, with the understanding that the FTA rider is subject to change, consistent with any final order issued by the Commission in Docket No. 960725-GU, Unbundling of Natural Gas Services.

Staff also recommends that Peoples file, on a quarterly basis, with the Division of Records and Reporting, a progress report indicating, but not limited to, the number of customers and usage per customer by month per marketer/supplier until the Commission issues its final order in Docket No. 960725-GU. In the event Peoples petitions the Commission to end, extend, or convert the pilot program to a full program before the Commission issues its final order in Docket No. 960725-GU, reporting requirements or changes to reporting requirements will be addressed in that order.

**ISSUE 2:** Should this Docket be closed?

**RECOMMENDATION:** No. The docket should remain open until the Commission issues its final order in Docket No. 960725-GU, Unbundling Natural Gas Services. If a final order is not issued prior to the expiration of the one-year pilot program, Peoples must file a petition in this docket to end, extend, or convert the pilot program to a full program.

**STAFF ANALYSIS:** The docket should remain open until the Commission issues its final order in Docket No. 960725-GU, Unbundling Natural Gas Services. If a final order is not issued prior to the expiration of the one-year pilot program, Peoples must file a petition in this docket to end, extend, or convert the pilot program to a full program.