

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

MEMORANDUM

October 23, 1997

RECEIVED

OCT 23 1997

11:35
FPSC - Records/Reporting

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

FROM: DIVISION OF ELECTRIC & GAS (BULECZA-BANKS, MAKIN, DILLMORE, LOWERY) *DBB*
DIVISION OF LEGAL SERVICES (KEATING) *WCC RVE JDS*

RE: DOCKET NO. 971084-GU - CITY GAS COMPANY OF FLORIDA - REQUEST FOR APPROVAL OF TARIFF FILING TO IMPLEMENT EXPERIMENTAL SMALL COMMERCIAL TRANSPORTATION SERVICE RATE SCHEDULE SCTS AND STANDARDS FOR THIRD PARTY SUPPLIER RATE SCHEDULE TPS

AGENDA: 11/04/97 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: 12/03/97

SPECIAL INSTRUCTIONS: S:\PSC\EAG\WP\971084GU.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve City Gas' request to implement an experimental Small Commercial Transportation Service Rate Schedule SCTS?

RECOMMENDATION: Yes. The Commission should approve City Gas' request to implement an experimental Small Commercial Transportation Service Rate Schedule SCTS.

STAFF ANALYSIS: City Gas filed its request for approval to implement an experimental Small Commercial Transportation Service Rate Schedule SCTS and Standards for Third Party Suppliers on August 21, 1997. On October 3, 1997, City Gas Amended its petition.

City Gas seeks to further unbundle its system by making the option to purchase natural gas, directly from third party suppliers, available to additional qualifying customers for one year. This service would be limited to (a) customers with multiple meters at one contiguous location, provided that in the aggregate,

DOCUMENT NUMBER-DATE

10924 OCT 23 97

FPSC-RECORDS/REPORTING

DOCKET NO. 971084-GU
DATE: October 23, 1997

the consumption is equal to or greater than the minimum needed (120,000 therms annually) to qualify for transportation under the Company's tariffs; (b) customers who install gas equipment to qualify for the Company's Load Profile Enhancement Discount; and (c) small commercial customers who do not meet minimum threshold requirements for transportation service or qualify for the Load Profile Enhancement Rider, provided that their third party supplier adds incremental load in an equivalent volumetric amount to the customer's annual consumption.

Currently, to qualify for transportation service, the throughput of each meter must meet or exceed the 120,000 therm threshold. Under this program, customers having multiple meters would be given the opportunity to purchase natural gas directly from Third Party Suppliers for all their gas needs, even though, on an individually metered basis, some meters would fail to meet the threshold. These customers will not be charged to designate their initial Third Party Supplier. However, these customers will be charged a \$50.00 fee to cover administrative costs if their Third Party Supplier is changed during a twelve month period.

The purpose of the proposed experimental SCTS rate schedule is to allow a limited number of customers to accept transportation service as the next step in the Company's unbundling process, without the requirement of purchasing expensive telemetering equipment.

The proposed experimental SCTS rate schedule will have the same customer charge and non-fuel energy charge as the CS rate schedule, unless a meter qualifies individually for another rate schedule. The SCTS rate will be the same as the customer's bundled rate for that particular meter devoid of the purchased gas adjustment.

ISSUE 2: Should the Commission approve City Gas' request to implement Standards for Third Party Suppliers (Rate Schedule TPS)?

RECOMMENDATION: Yes. The Commission should approve City Gas' request to implement Standards for Third Party Suppliers (Rate Schedule TPS).

STAFF ANALYSIS: The provisions of this schedule will apply to brokers, marketers, and other third party suppliers of natural gas

DOCKET NO. 971084-GU
DATE: October 23, 1997

that wish to act as agents for transportation customers, or deliver natural gas to the Company's city gate for transportation customers.

Under proposed rate schedule TPS, creditworthiness or financial standards are necessary to ensure that suppliers and marketers who may be liable for imbalance or nonperformance penalties are financially sound and able to meet their financial responsibilities. The proposed tariff provision establishes such financial capability and creditworthiness standards for third party suppliers.

ISSUE 3: Should City Gas be required to file, on a quarterly basis, monitoring data on the experimental Small Commercial Transportation Service Rate Schedule SCTS?

RECOMMENDATION: Yes. City Gas should be required to file, on a quarterly basis, monitoring data on the experimental Small Commercial Transportation Service Rate Schedule SCTS.

STAFF ANALYSIS: To enable the Commission to evaluate the success of the experimental rate schedule, City Gas, at a minimum, should file quarterly with the Commission the following information:

- Number of Customers in each of the three groups eligible for the experimental SCTS rate schedule.
- Number of Third Party Suppliers.
- Volumes of gas being transported under each of the three programs, in therms.
- Narrative of any problem in implementation.
- Monthly adjustments between receipts and deliveries for the customer's average daily delivered quantity.

City Gas should also file a final report within 90 days of the conclusion of the experiment.

If, as a result of the final outcome of this experimental rate schedule, City Gas desires to implement the Small Commercial Transportation Rate Schedule on a permanent basis, it must petition for approval from the Commission.

DOCKET NO. 971084-GU
DATE: October 23, 1997

ISSUE 4: Should this docket be closed?

RECOMMENDATION: Yes. If no person, whose substantial interests are affected by the Commission's order in this docket timely files a protest within 21 days of the issuance of the order, this docket should be closed. If a protest is timely filed, the tariff should remain in effect with any revenue increase held subject to refund, pending resolution of the protest.

STAFF ANALYSIS: If no person, whose substantial interests are affected by the Commission's order in this docket timely files a protest within 21 days of the issuance of the order, this docket should be closed. If a protest is timely filed, the tariff should remain in effect with any revenue increase held subject to refund, pending resolution of the protest.