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August 25, 1998

IN REPLY REFER TO:

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VIA FEDERAL EXPRESS

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

1018-GU

Re: Petition for authority to cancel Rider WNA (Weather Normalization Adjustment), by Peoples Gas System

Dear Ms. Bayo:

Enclosed for filing with the Commission on behalf of Peoples Gas System, a division of Tampa Electric Company, please find the original and 15 copies of Peoples' petition for authority to cancel Rider WNA (Weather Normalization Adjustment).

I also enclose a diskette containing the petition in Wordperfect 5.1 format.

Please acknowledge your receipt and the date of filing of the enclosures on the duplicate copy of this letter and return the same to the undersigned in the enclosed preaddressed envelope.

Thank you for your usual assistance.

RECEIVED & FILED

Sincerely,

[Signature]
FPSC BUREAU OF RECORDS

[Signature]

ANSLEY WATSON, JR.

AWjr/a
Enclosures

DO NOT WRITE IN THESE SPACES

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Blanca S. Bayo
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cc: Mrs. Cheryl Bulecza-Banks, Bureau of Gas Regulation
Mr. J. Brent Caldwell, Peoples Gas System

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

971618-GU

In Re: Petition for authority to
cancel Rider WNA (Weather
Normalization Adjustment), by
Peoples Gas System

DOCKET NO.

Submitted for Filing:
8-26-98

PETITION

Peoples Gas System ("Peoples"), by its undersigned attorneys, files its petition for an order approving the cancellation of the Weather Normalization Adjustment (Rider WNA) set forth in Peoples' Natural Gas Tariff, Original Volume No. 2, and in support thereof says:

- 1. The name of the petitioner and the mailing address of its principal office is:

Peoples Gas System
P. O. Box 2562
Tampa, Florida 33601-2562

- 2. The name and mailing address of the person authorized to receive notices and communications with respect to this petition are:

Ansley Watson, Jr., Esq.
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

BACKGROUND

3. Peoples' Natural Gas Tariff, Original Volume No. 2, contains a Weather Normalization Adjustment (Rider WNA) which applies to the bill of a customer served by the Company under its Rate Schedules RS (Residential Service) and CS (Commercial Service). The adjustment reflects the impact of degree day variations from normal levels (as determined on a

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revenue month basis) for the months of November through April, inclusive.¹

4. Rider WNA was approved as an experimental tariff for an initial three-year period by the Commission's Order No. PSC-96-1192-FOF-GU, issued September 23, 1996 in Docket No. 960381-GU. The petition for approval of the adjustment was filed by West Florida Natural Gas Company ("West Florida"), which was merged into Peoples effective June 30, 1997. Peoples adopted and republished the tariff of West Florida in effect at the time of the merger as Peoples' Natural Gas Tariff, Original Volume No. 2.

5. West Florida's petition for approval of Rider WNA stated that the adjustment was intended to "incorporate a formula in the tariff which, when applied to customers' bills, would adjust the bill for variances in consumption caused by weather fluctuations." *See* West Florida's Petition in Docket No. 960381-GU, p. 2.

6. In its order approving Rider WNA, the Commission stated that "[t]he typical adjustment to a customer's bill is expected to be less than two dollars, therefore the WNA rider is not expected to significantly effect market signals." During the winter of 1996-1997, the Commission received approximately 10 complaints from customers stating that the Weather Normalization Adjustment on their bills was excessive.

7. By its Order No. PSC-98-0326-FOF-GU, issued on February 24, 1998, the Commission granted Peoples' petition to modify Rider WNA to provide for a maximum on the adjustments to customers bills under the rider. The modifications are more particularly described

¹ The adjustment is not applied to a customer's bill in a revenue month in which the cumulative actual degree day total falls within the Degree Day Dead Band (a range equal to two percent (2%) above or below the cumulative Normal Heating Degree Day total for a revenue month).

in the following excerpt from the Commission's order (as amended by Order No. PSC-98-0326A-FOF-GU, issued March 3, 1998):

For the period November 1997, through April 1998, Peoples proposed to limit the amount of any additional WNA charge to ten dollars. However, the revision would not limit the amount of any credit. Therefore, if it was abnormally cold, Peoples would give back the entire calculated WNA, no matter what the amount was. For the final period of the experiment (November 1998 through April 1999), Peoples proposed to have a cap of ten dollars for both credits and charges. We find that these proposed tariff revisions are in the best interest of Peoples and its ratepayers.

8. Finally, Order No. PSC-98-0326-FOF-GU required that Peoples file a petition, by no later than December 1, 1998, to either end, extend or convert the experimental program to a full program.

REQUEST TO CANCEL RIDER WNA

9. Peoples seeks an order of the Commission permitting the cancellation of Rider WNA. West Florida sought the Commission's approval of the weather normalization adjustment in response to dramatic fluctuations in earnings due to unusually cold or warm winter weather. As a stand-alone company, West Florida was particularly sensitive to winter weather because of its relatively small size, high percentage of residential customers, and location of the majority of its load in the northern part of the state (Panama City). West Florida's consolidation with Peoples diminished the company's financial sensitivity to weather fluctuations. With operations throughout most of the State of Florida, Peoples' combined revenues are not as subject to fluctuations in temperature because colder than average temperatures in Panama City or Jacksonville may well be offset by warmer than average temperatures in Miami and Tampa.

10. Through the first two years of the experimental weather normalization program

(the second year of which ended on April 30, 1998), the aggregate of the adjustments to customers' bills has been a cumulative *credit* of \$69,123.24. That is, as of the end of the second year of the experimental program, Peoples has received \$69,123.24 less revenue from the classes of customers to which Rider WNA applies than it would have received absent the rider. Peoples does not seek herein to recover this cumulative differential in revenue credited to customers' bills by Rider WNA.

11. Although the experimental program is not scheduled to end until April 30, 1999, Peoples believes it is in the best interests of the Company and its customers to terminate the program early, and is therefore seeking an order permitting such termination by the cancellation of Rider WNA. Termination at this time will eliminate the pilot program before adjustments begin in November 1998. Continuation of the program for its scheduled final year (November 1998 through April 1999) would place customers at risk of further billing adjustments pursuant to the weather normalization rider. A warm winter could result in weather normalization adjustments increasing customers' bills in the aggregate by more than the current cumulative credit of \$69,123.24.

12. Upon the Commission's grant of this petition, Peoples will submit revised tariff pages reflecting the deletion of Rider WNA, and will notify affected customers that weather normalization adjustments will no longer be made pursuant to the rider.

WHEREFORE, Peoples respectfully requests that the Commission enter its order approving the cancellation of Peoples' Rider WNA, such approval to be effective upon the vote of the Commission.

Respectfully submitted,



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