



Public Service Commission

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SEP 24 11:44 AM '98
REC'D LEG
PSC
RUE JRJ

DATE: SEPTEMBER 24, 1998

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

FROM: DIVISION OF ELECTRIC AND GAS (BULECZA-BANKS, LOWERY, MAKIN) *WMA*
DIVISION OF LEGAL SERVICES (KEATING) *wck RUE JRJ*

RE: DOCKET NO. 981037-GU - PETITION BY TAMPA ELECTRIC COMPANY D/B/A PEOPLES GAS SYSTEM TO MAKE PERMANENT ITS EXPERIMENTAL RATE SCHEDULES NGVTS AND NGVSS FOR GAS DELIVERED FOR COMPRESSION AND DELIVERY INTO MOTOR VEHICLE FUEL TANKS.

AGENDA: 10/06/98 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\LEG\WP\981037.RCM

CASE BACKGROUND

Peoples Gas System (Peoples) offers two rate schedules, Natural Gas Transportation Service (NGVTS) and Natural Gas Vehicle Sales Service (NGVSS), relating to natural gas vehicles. These two rate schedules were approved on an experimental basis by Commission Order No. PSC-93-1179-FOR-GU, dated August 11, 1993. Under these rate schedules, Peoples provides natural gas service to the customer's compressor. A customer served under Rate Schedules NGVTS or NGVSS is responsible for the initial capital cost of equipment required to compress the gas for use in natural gas vehicles (NGV's). Peoples' costs consist only of meters and service lines needed to provide service to the customer's compressor station.

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PSC-RECORDS/REPORTING

According to Peoples, the company initially submitted Rate Schedules NGVTS and NGVSS for approval to make the pricing for compressed natural gas more competitive with conventional motor fuels (primarily gasoline and diesel fuel), and because interest in the NGV market in Florida appeared to be strengthening due to changes in technology and improving economic conditions.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve Peoples' petition to make permanent its experimental Rate Schedules NGVTS and NGVSS for gas delivered for compression and delivery into motor vehicle fuel tanks?

RECOMMENDATION: Yes. The Commission should approve Peoples' petition to make permanent its experimental Rate Schedules NGVTS and NGVSS for gas delivered for compression and delivery into motor vehicle fuel tanks. (Lowery)

STAFF ANALYSIS: There is a total of thirty-three compressor stations (vehicle refueling stations) in Peoples' service area. Of these, seven are owned by Peoples for refueling its fleet of service vehicles. The remaining twenty-six are either governmental facilities or commercial businesses. Presently, there are two additional stations proposed and one under construction. Eight compressor stations are accessible to the general public in Peoples' service area.

In approving Rate Schedules NGVTS and NGVSS in Order No. PSC-93-1179-FOR-GU, the Commission stated that when the experimental period expired, Peoples anticipated petitioning the Commission to either continue the rates as originally requested or to make modifications based on the first five years of the program. According to Peoples' petition, the only modification sought by the company is the removal of the designation, "experimental." All current charges will remain the same. Peoples believes that removing the "experimental" designation may encourage further investment in and construction of compressor stations to take service under the new rate schedules.

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Under the Energy Policy Act of 1992, implemented by the President's Executive Order No. 13031, dated December 13, 1996, increases were made to the percentages of fleet vehicles that must be acquired by federal agencies and certain other groups in 1998 and 1999. Also, the Governor's Executive Order 92-253, dated October 8, 1991, proposed the use of alternate-fueled fleet vehicles in 1992 and 1993, with the ultimate goal of operating all possible state fleet vehicles with alternate fuels. According to Peoples, making Rate Schedules NGVTS and NGVSS permanent would reinforce the Company's commitment to assist in the development of a refueling infrastructure for natural gas vehicles.

Accordingly, staff recommends that Peoples' current experimental Rate Schedules NGVTS and NGVSS be made permanent and continue to have a cost-based rate of a \$25.00 customer charge and an energy charge of 6.62 cents per therm.

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ISSUE 2: What is the appropriate effective date for making Peoples' experimental Rate Schedules NGVTS and NGVSS permanent?

RECOMMENDATION: The effective date for making Peoples' experimental Rate Schedules NGVTS and NGVSS permanent should be the date of the Commission vote. (Lowery)

STAFF ANALYSIS: Staff believes the effective date for making Peoples' experimental Rate Schedules NGVTS and NGVSS permanent should be the date of the Commission vote.

ISSUE 3: Should this docket be closed?

RECOMMENDATION: This docket should be closed if no person whose substantial interests are affected by the proposed action files a protest within the 21-day protest period. (C. Keating)

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, this docket should be closed.