



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-6850

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RECORDS & REPORTING

DATE: FEBRUARY 4, 1999

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

FROM: DIVISION OF ELECTRIC AND GAS (LOWERY, MAKIN, BOLECZA-BANKS)
DIVISION OF LEGAL SERVICES (JAYE) *RVE RT*

RE: DOCKET NO. 982003-GU - PETITION FOR APPROVAL TO AMEND EXPERIMENTAL SMALL COMMERCIAL TRANSPORTATION SERVICE AND FOR PERMANENT APPROVAL OF TARIFF BY CITY GAS COMPANY OF FLORIDA.

AGENDA: 02/16/99 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: 02/27/99

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\LEG\WP\982003.RCM

CASE BACKGROUND

On August 21, 1997, City Gas Company of Florida (City Gas) filed a request for approval to implement an Experimental Small Commercial Transportation Service Rate Schedule (SCTS). On October 3, 1997, City Gas amended the portion of the petition relating to customer qualification. By Order No. PSC-97-1536-FOR-GU, issued December 8, 1997, in Docket No. 971084-GU, the Commission approved City Gas' request for the experimental program.

On December 29, 1998, City Gas petitioned the Commission to amend the Experimental Small Commercial Transportation Service and make the SCTS Rate Schedule permanent. On January 14, 1999, City Gas filed an amendment to the petition to correct errors in the originally-filed exhibits.

DOCUMENT NUMBER-DATE

01432 FEB 4 99

FPSC-RECORDS/REPORTING

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve City Gas' amended petition for approval to amend the Experimental Small Commercial Transportation Service (SCTS) Rate Schedule?

RECOMMENDATION: Yes. The Commission should approve City Gas' amended petition for approval to amend its Experimental Small Commercial Transportation Service Rate Schedule.

STAFF ANALYSIS: Prior to the implementation of the experimental SCTS Rate Schedule, only customers who consumed 120,000 therms or more, annually, at one billing location, were allowed to purchase their own gas supplies. To allow additional customers the opportunity to purchase natural gas directly from third party suppliers, City Gas filed a petition requesting approval of an Experimental Small Commercial Transportation Service program. The Commission approved City Gas' petition on an experimental basis for a one year period. Under City's program, small commercial customers gained the opportunity to purchase their own gas supplies without having to purchase additional metering equipment. Only City Gas and Peoples Gas System offer small commercial aggregation programs.

After a year of experience with the program, City Gas has concluded that the program is effective, but needs to be modified. City Gas is seeking modifications to prevent costs from being shifted from participating customers to nonparticipating customers.

The modification proposed requires third party suppliers to add incremental load in an amount equivalent to the consumption of the small commercial customers that the third party supplier has obtained. The additional load will offset the capacity City Gas currently holds for system growth. Requiring this load results in a reduction to the capacity costs borne by the firm, nontransporting customers.

ISSUE 2: Should the Commission approve City Gas' request for permanent approval of the Small Commercial Transportation Service (SCTS) Rate Schedule and the elimination of its experimental status?

RECOMMENDATION: Yes. The Commission should approve City Gas' request for permanent approval of the Small Commercial Transportation Service (SCTS) Rate Schedule and the elimination of its experimental status.

STAFF ANALYSIS: As of November 1998, two hundred and nineteen customers, and six marketers are participating in the program. A total volume of 282,000 therms of natural gas has been delivered under the program for November 1998. The SCTS Rate Schedule will continue to have the same customer charge and transportation charge as the Commercial Sales (CS) Rate Schedule unless the individual customer qualifies for another rate class, in which case the customer charge and transportation charge for that class will apply. The SCTS rate will be the same as the customer's bundled rate, absent the purchased gas adjustment charge.

Customers will not be charged to designate their original third party supplier under the SCTS Rate Schedule. However, customers will be charged a \$50.00 fee to cover administrative costs for each time they elect to change their third party supplier.

After a review of the petition and the quarterly reports submitted by City Gas, staff found that the experimental status should be removed from the Small Commercial Transportation Service (SCTS) Rate Schedule, as amended by City Gas.

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ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes. If no substantially affected person files a protest within 21 days of issuance of the order, the docket should be closed. If a protest is filed within 21 days from the issuance of the order, the tariff should remain in effect with any increase held subject to refund, pending resolution of the protest.

STAFF ANALYSIS: If no substantially affected person files a protest within 21 days of issuance of the order, the docket should be closed. If a protest is filed within 21 days from the issuance of the order, the tariff should remain in effect with an increase held subject to refund, pending resolution of the protest.