



ORIGINAL  
Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

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**DATE:** June 3, 1999  
**TO:** Craig B. Hewitt, Economic Analyst, Division of Research & Regulatory Review  
**FROM:** Mary Anne Helton, Senior Attorney, Division of Appeals *net*  
**RE:** Docket No. 960725-GU - Proposed Amendments to Rule 25-7.0335, F.A.C., Transportation Service

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Attached is a revised Rulemaking Request Form and a consensus draft of Rule 25-7.0335, F.A.C. As we discussed at our last meeting, you will send out a data request and then prepare a SERC by July 29, 1999.

Please let me know if you have any questions.

cc: Cheryl Banks  
Wayne Makin  
Hurd Reeves  
Docket File

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FPSC-RECORDS/REPORTING

State of Florida



**Public Service Commission**

**- M-E-M-O-R-A-N-D-U-M-**

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**DATE:** June 2, 1999  
**TO:** Christiana T. Moore (RULES COORDINATOR, APPEALS)  
**FROM:** Bob Trapp (RULES COORDINATOR, TECHNICAL DIVISION)  
**RE:** RULEMAKING REQUEST (Revised)

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1. The following rule(s) should be (adopted/amended/repealed):  

*25-7.0335, Part III, Florida Administrative Code*
2. Name of person originating rules/other staff assigned:  

*Cheryl R. Bulecza-Banks, Wayne R. Makin,*
3. Other divisions affected:  

*None*
4. Other rules affected:  

*There are no other rules affected.*
5. a. What is the specific legal authority for the rule, i.e., what statute says you can adopt rules?  

*Section 366.05(1), 350.127(2), F.S.*

b. What law is being implemented, interpreted, or made specific?  

*Law 366.03*

6. Summary of Rules:

*The rule requires the Investor Owned Natural Gas Utilities provide for transportation service to all non-residential customers. The utility is not responsible for providing natural gas molecules to a customer that elects service under the transportation service tariff. The utility must provide a historical monthly usage summary with sufficient detail so that the customer can calculate its maximum daily transportation quantity. The utility must apply its transportation service tariff provision in the same manner to all similarly situated affiliated and non-affiliated marketer/brokers, or agents.*

7. Are any forms or other material such as statutes or rules referenced in the rules?

*No.*

8. Purpose and effect of the rule adoption/amendment/peal:

*The purpose and effect of the rule is to require Investor owned Natural Gas Companies to provide transportation service to all nonresidential customers, thereby offering more consumers the option of selecting from among different suppliers who will offer various prices and services, which is currently offered to large industrial customers.*

9. Facts and circumstances justifying rule:

*Under the FERC Order No. 636, a restructured natural gas industry is paving the way for more consumers to take an active role in their energy decisions. The process is often referred to as "unbundling", meaning the separation of the actual cost of gas from other services, such as the local delivery of the fuel to customers. In this case, more consumers will have the option of selecting from among different suppliers who will offer various prices and services, which is currently offered to large industrial customers. Gas utilities will continue to be responsible for the safe and reliable delivery of the fuel to the customer's facilities through its distribution system.*

10. Will these rules affect small businesses as defined in Section 288.703(1) F.S.?

*Yes. Four natural gas utilities are small businesses as defined in Section 288.703(1) F.S. (Sebring Gas System, South Florida Natural Gas, Indiantown Gas Company, and St. Joe Natural Gas)*

11. Identify the benefits that should result from the rule adoption/amendment/peal to:

a. utilities: *Utility would be held harmless, (cost of gas supply is a direct pass through to the customer). However, by offering transportation service to smaller customers, it may increase throughput (increase base rate revenue to utility) since their customers can buy cheaper gas supply.*

- b. **ratepayers:** *The smaller customers will have the ability to directly purchase their own gas supply at lower cost, which is currently afforded the large industrial customers.*
  - c. **Commission Staff:** *There is no known benefit to commission staff.*
  - d. **small business:** *There are two ways to look at this. (1) Small Business Utility - by offering transportation service to smaller customers, it may increase throughput (increase revenue to utility) since their customers can buy cheaper gas supply. (2) Small Commercial Customers - can buy cheaper gas supply, thereby lowering their cost.*
  - e. **state and local government entities, small counties (unincarcerated population of less than 75,000) and cities (unincarcerated population of less than 10,000):** *They too can buy their own gas supply.*
  - f. **other parties directly affected:** *Natural Gas Marketers and Brokers, by providing additional opportunities to enter the market place.*
12. Identify the number of individuals and entities affected and the types of costs associated with the rule adoption/amendment/repeal:
- a. **utilities:** *8 total, Central Florida Gas Company, City Gas Company, Florida Public Utilities, Indiantown Gas Company, Peoples Gas System, Sebring Gas System, St. Joe Natural Gas Company, and South Florida Natural Gas Company. 4 utilities are small businesses as defined in Section 288.703(1) F.S. (Sebring Gas System, South Florida Natural Gas, Indiantown Gas Company, and St. Joe Natural Gas)-administrative cost of implementing policy and customer billing.*
  - b. **ratepayers:** *None.*
  - c. **Commission staff:** *One time review of tariff filing and perhaps subsequent review.*
  - d. **small business:** *Not known, other than 4 utilities (listed above) with administrative cost of implementing policy and customer billing.*
  - e. **state and local government entities, small counties (unincarcerated population of less than 75,000) and cities (unincarcerated population of less than 10,000):** *None*
  - f. **other parties directly affected:** *Natural Gas Marketers and Brokers, if so inclined to participate.*

13. a. Describe reasonable lower cost alternative methods for achieving the purpose of the rule, and explain why each alternative was rejected.

*The proposed is the lowest cost method for achieving the purpose of the rule.*

- b. What are the probable costs and benefits of not having this policy?

*There are no known probable costs or benefits of not having this rule.*

- c. In order to reduce the impact on small businesses, small counties, and small cities, did Staff consider the methods listed in Section 120.54(3)(b)2.a(l) through (v)?

Yes.

- I. Could less stringent compliance or reporting requirements be implemented?

*Less stringent compliance or reporting requirements could not be implemented. One time filing.*

- II. Could there be less stringent schedules or deadlines for compliance or reporting requirements?

*There could not be any less stringent schedules or deadlines for compliance or reporting schedules. The only requirement is a one time filing.*

- III. Could the rule's compliance or reporting requirements be consolidated or simplified?

*The rule's compliance or reporting requirements could not be consolidated or simplified.*

- IV. Could performance standards or best-management practices be established to replace design or operational standards in the rule?

*Performance standards or best-management practices could not be established to replace design or operational standards in this rule.*

- V. Could small businesses, small counties, or small cities be exempted from any or all requirements of the rule?

*No, it would be discriminatory.*

14. To whom will the rule apply?

- |   |  |
|---|--|
| <input type="checkbox"/> Electric IOU's         | <input type="checkbox"/> Local Exch. Telephone Co's. |
| <input type="checkbox"/> Electric Co-op & Muni. | <input type="checkbox"/> Interexch. Telephone Co's.  |
| <input type="checkbox"/> Electric Safety        | <input type="checkbox"/> Pay Telephone Co's.         |
| <input checked="" type="checkbox"/> Gas IOU's   | <input type="checkbox"/> Shared Ten. Telephone Co's. |
| <input type="checkbox"/> Gas Safety             | <input type="checkbox"/> Alternative Access Vendors  |
| <input type="checkbox"/> Wastewater Utilities   | <input type="checkbox"/> Other:                      |

15. Are there any federal standards or rules on the subject? If so, are these rules less restrictive, more restrictive, or substantively similar to the federal rules?

*Yes. Similar to the Federal Energy Regulatory Commission Order No. 636.*

16. Does this rule relate exclusively to the Commission's organization, procedure, or practice?

*This rule does not relate exclusively to the Commission's organization, procedure, or practice.*

17. If emergency rulemaking is recommended, describe the specific facts and reasons why the Commission should find an immediate danger to the public health, safety, or welfare which requires emergency action.

*Emergency rule making is not needed.*

18. Do you recommend a rule development workshop? If so, do you recommend that the workshop be conducted by a neutral third person?

*A rule development workshop was held on March 24, 1999.*

19. Do you recommend negotiated rulemaking? If so, whom do you recommend to sit on this committee that negotiates the rule?

*Negotiated rulemaking would not expedite the process.*

**Attachments:**

Draft of the rules

Copy of any forms or material referenced in the rules

Copy of applicable federal standards

Copy of any Commission orders that the rule is codifying or that are helpful in understanding the basis of the rule.

WP file location and name: [i:PSC\EAG\WP\rule25-7.0335]

xc: Dan Hoppe  
Noreen Davis  
Mary Bane

1 RULES OF THE FLORIDA PUBLIC SERVICE COMMISSION

2  
3 5/25/99

4 CHAPTER 25-7

5 PART III - GENERAL SERVICE PROVISIONS

6  
7 25-7.0335 Transportation Service

8 (1) Each utility must offer the transportation of natural gas  
9 to all non-residential customers. Each utility may offer the  
10 transportation of natural gas to residential customers.

11 (2) In order to meet the objective set out in subsection (1),  
12 each utility must file a transportation service tariff with the  
13 Commission by March 31, 2000. Each tariff must include in its  
14 rules and regulations the utility's policy governing the  
15 transportation of natural gas. Each tariff must also comply with  
16 Rule 25-7.033, F.A.C. In addition, each tariff must set out the  
17 following terms and conditions:

18 (a) The utility is responsible for the transportation of  
19 natural gas purchased by the customer. The utility is not  
20 responsible for providing natural gas to a customer that elects  
21 service under the transportation service tariff. If the customer's  
22 marketer, broker, or agent fails to provide the customer with  
23 natural gas, the utility may disconnect service to the customer or  
24 provide natural gas under its otherwise applicable tariff  
25 provision.

CODING: Words underlined are additions; words in  
~~struck through~~ type are deletions from existing law.



1        (b) For customers that engage a marketer, broker, or agent to  
2 arrange and oversee the customer's gas purchase, the utility must  
3 obtain from that customer a statement that identifies the legal  
4 name, street address, mailing address if different from street  
5 address, and phone number of the marketer, broker, or agent.

6        © At the customer's request, the utility must provide an  
7 historical monthly usage summary with sufficient detail so that the  
8 customer can calculate its Maximum Daily Transportation Quantity  
9 (MDTO). The utility may charge a cost-based fee for this summary.

10       (3) The utility must apply its transportation service tariff  
11 provisions in the same manner to all similarly situated affiliated  
12 and non-affiliated marketer/brokers, or agents.

13  
14 Specific Authority: 350.127(2), 366.05(1), F.S.

15 Law Implemented: 366.03, F.S.

16 History: New  
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~~struck through~~ type are deletions from existing law.