

State of Florida



Public Service Commission

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RECORDS AND REPORTING

DATE: DECEMBER 7, 2000

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

FROM: DIVISION OF COMPETITIVE SERVICES (MAKIN, BULECZA-BANKS) *WMM*
DIVISION OF LEGAL SERVICES (C. KEATING, K. WALKER) *CRSB* *RUE*

RE: DOCKET NO. 000795-GU - PETITION BY FLORIDA PUBLIC UTILITIES FOR APPROVAL OF UNBUNDLED TRANSPORTATION SERVICE

AGENDA: DECEMBER 19, 2000 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: SEPTEMBER 30, 2000
COMPANY WAIVES THE 60-DAY SUSPENSION DATE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMP\WP\000795.RCM

CASE BACKGROUND

On April 4, 2000, the Commission issued Order No. PSC-00-0630-FOF-GU, adopting Rule 25-7.0335, Florida Administrative Code, (F.A.C.) Transportation Service. The rule requires Florida's investor-owned natural gas utilities to offer transportation service to all non-residential customers and file a transportation service tariff with the Commission by July 1, 2000. In accordance with Rule 25-7.0335, F.A.C, Florida Public Utilities Company (Florida Public or Company) filed a petition to approve modifications to its current transportation tariff. This recommendation addresses Florida Public's petition.

Jurisdiction over this matter is vested in the Commission by Sections 366.04, 366.05, and 366.06, Florida Statutes.

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DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant Florida Public Utilities Company's petition for approval of unbundled transportation service?

RECOMMENDATION: Yes. The Commission should approve Florida Public Utilities Company's petition for approval of unbundled transportation service effective August 1, 2001. (MAKIN, BULECZA-BANKS)

STAFF ANALYSIS: On June 30, 2000, Florida Public filed a petition for approval of unbundled transportation service to implement Rule 25-7.0335, F.A.C. Rule 25-7.0335, F.A.C., which became effective on April 23, 2000, requires all natural gas utilities to offer the transportation of natural gas to all non-residential customers and file a transportation service tariff by July 1, 2000.

Florida Public's proposed transportation tariff filed in compliance with Rule 25-7.0335, F.A.C., makes transportation service available to all non-residential customers beginning August 1, 2001. Currently, Florida Public provides transportation service through various rate schedules, Large Volume Transportation (LVTS), Interruptible Transportation Service (ITS), Large Volume Interruptible Transportation Service (LVITS), and various transportation imbalance billing adjustments.

The Company's proposed transportation tariff includes four rate schedules under which it would provide unbundled transportation service to its non-residential customers on an equal basis, regardless of size. Large Volume Transportation (LVTS), Interruptible Transportation Service (ITS), Large Volume Interruptible Transportation Service (LVITS) and, General Service Transportation Service (GSTS). The GSTS rate schedule corresponds to the Company's existing General Service (GS) rate schedule. Under this schedule, no electronic measurement equipment would be required.

Under these proposals, customers must select a Pool Manager that would be responsible for the purchasing and scheduling of natural gas for the customers' accounts. Rate Schedule LVITS and special contract customers are excluded from this requirement because they are large enough to purchase their own gas directly. Each proposed transportation rate schedule corresponds to an existing sales service rate schedule.

As these transportation changes are implemented, additional expenses are going to be incurred in administering the overall offering of transportation services to non-residential customers. The Company developed several charges applicable to various programs as follows:

Pool Administrative Fee: The Pool Administrative Fee is a permanent monthly fee assessed to Pool Managers under Rate Schedule PM, Pool Manager Service. The fee offsets ongoing expenses incurred by the Company to support Pool Managers in providing transportation service to aggregated customer groups. Pool Managers aggregate the small use customers and supply natural gas on their behalf. The administration fee is a flat monthly fee of \$100 applicable to each Pool Manager regardless of the number of customers in the pool. Staff finds the Pool Administrative Fee to be reasonable. The Commission has approved a Pool Administrative Fee in the Peoples Gas System and Florida Division of Chesapeake Utilities Corporations' recent transportation tariff filing to implement Rule 25-7.0335, F.A.C.

Transportation Cost Recovery Clause: The Transportation Cost Recovery Clause proposed by Florida Public is a temporary fee to recover incremental expenses incurred by the Company to make transportation service available to all non-residential customers pursuant to Rule 25-7.0335, F.A.C. The recovery of expenses would be over four years. At the end of the recovery period, any over or under recovery would be trued-up. The total period for collection of the Transportation Cost Recovery Clause would not exceed five years from the effective date of August 1, 2001. The Company will petition the Commission for recovery of those actual expenses at a future date. At that time, staff will review the costs, and will file a recommendation on the appropriate amount of costs to be recovered. Staff finds the Transportation Cost Recovery Clause to be reasonable. The Commission has approved a Transportation Cost Recovery Clause in the Peoples Gas System and Florida Division of Chesapeake Utilities Corporation's recent transportation tariff filing to implement Rule 25-7.0335, F.A.C.

Non-monitored Transportation Administration Charge: The Non-monitored Transportation Administration Charge shall apply to all non-residential customers not subject to the present Transportation Administrative Charge. Such customers will not be required by the Company to have electronic measurement equipment for the monitoring of their gas usage. The Non-monitored Transportation Administration Charge shall be billed on a cents-per-therm basis. The Non-monitored Transportation Administration Charge is a fee to recover incremental expenses beyond those expenses covered through

the Transportation Cost Recovery Clause on a going forward basis. The Company will petition the Commission for recovery of those expenses at a future date. At that time, staff will review the costs, and will file a recommendation on the appropriate amount of costs to be recovered. Staff finds the Non-monitored Transportation Administration Charge method to be reasonable. The Commission has approved various administrative charges in the Peoples Gas System and Florida Division of Chesapeake Utilities Corporation's recent transportation tariff filing to implement Rule 25-7.0335, F.A.C.

The proposed charges when filed, will be designed to recover incremental cost incurred by the Company and should have no impact on the Company's earnings.

Accordingly, staff recommends Florida Public's proposed unbundled transportation tariff be approved for the following reasons:

- Provides transportation service to all non-residential customers either on an aggregated basis pursuant to rate schedule PM or as an individual customer.
- Increases flexibility to participating customers and Pool Managers.
- Provides unbundled transportation service on an equal basis, regardless of size.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. (C. KEATING, K. WALKER)

STAFF ANALYSIS: If a protest is filed by a person whose substantial interests are affected within 21 days of the Commission Order approving this tariff, the tariff should remain in effect pending resolution of the protest, with any charges held subject to refund

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pending resolution of the protest. If no protest is filed, this docket should be closed upon the issuance of a Consummating Order.