

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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RECORDS AND REPORTING

DATE: FEBRUARY 8, 2001

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

FROM: DIVISION OF COMPETITIVE SERVICES (MAKIN, BULECZA-BANKS)
DIVISION OF SAFETY AND ELECTRIC RELIABILITY (MILLS)
DIVISION OF ECONOMIC REGULATION (L. ROMIG)
DIVISION OF LEGAL SERVICES (C. KEATING)

Handwritten notes: @WJ, RULE RMD, 100, 100

RE: DOCKET NO. 010099-GU - PETITION FOR APPROVAL OF SPECIAL TRANSPORTATION SERVICE AGREEMENT WITH MONTENAY POWER CORP. BY CITY GAS COMPANY OF FLORIDA

AGENDA: FEBRUARY 20, 2001 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMP\WP\010099.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission approve City Gas Company of Florida's (City Gas or Company) petition for a special transportation service agreement with Montenay Power Corp. (Montenay)?

RECOMMENDATION: Yes, the Commission should approve City Gas' petition for a special transportation service agreement with Montenay Power Corp., effective February 20, 2001, the date of the Commission's vote in this matter. (MAKIN, BULECZA-BANKS, L. ROMIG, MILLS)

STAFF ANALYSIS: On January 24, 2001, City Gas filed a petition for approval of a special gas transportation service agreement with

DOCUMENT NUMBER-DATE

01839 FEB-8

FPSC-RECORDS/REPORTING

DOCKET NO. 010099-GU
DATE: FEBRUARY 8, 2001

Montenay Power Corp. Jurisdiction over this matter is vested in the Commission by several provisions of Chapter 366, Florida Statutes, including Sections 366.04, 366.05, and 366.06, Florida Statutes.

Montenay is Dade County's exclusive contractor for the operation and management of a waste recovery facility (garbage burner) owned by Dade County and located in Miami, Florida. The facility currently uses propane as a supplemental fuel. Montenay and Dade County have requested City Gas to extend its existing gas distribution system to serve the facility's full natural gas requirements.

City Gas and Montenay have entered in an Agreement, in which City Gas would receive up to 5,480 therms per day of natural gas for Montenay's account at a point of receipt at a new gate station in Miami, Florida, and redeliver the gas to Montenay's facility. In order to provide service under the Agreement, City Gas will construct three miles of 8" main line extension of its distribution system at an estimated cost of \$810,000: \$710,000 for service to Montenay, and \$100,000 for system improvement.

The initial term of the Agreement will end at the earlier of 10 years from the date City Gas is ready to place the system extension in service, or when Montenay has paid for a total of 9,000,000 therms of gas under City Gas' applicable CTS rate schedule.

Based on City Gas' CTS tariff rate of 17.847 cents per therm approved by the Commission in City Gas' most recent rate case, Docket No. 000768-GU, the Agreement's take-or-pay provision will result in revenues to City Gas of \$160,623 per year, or over \$960,000 during the first six years of the Agreement. Since this amount exceeds the cost of the required distribution system extension, no contribution-in-aid-of-construction is required under the provisions of City Gas' tariff. Therefore the Agreement will have no adverse effect on City Gas' general body of ratepayers.

The primary provisions of the Agreement which are not specifically covered by City Gas' approved rate schedules, and therefore require Commission approval as a special contract under Rule 25-9.034, Florida Administrative Code, are:

(a) the provisions requiring Montenay to take-or-pay for a minimum of 900,000 therms per year, compared to the CTS rate schedule provision for a minimum of 120,000 therms a year; and

DOCKET NO. 010099-GU
DATE: FEBRUARY 8, 2001

(b) the provision requiring Montenay to secure its obligations under the Agreement by a performance bond.

Staff believes that City Gas' proposed special gas transportation service agreement is reasonable and should be approved. The Agreement should become effective February 20, 2001.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed upon issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action. (C. KEATING)

STAFF ANALYSIS: If no timely protest to the proposed agency action is filed within 21 days of the date of issuance of the Consummating Order, this docket should be closed upon the issuance of the Consummating Order.