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GENERAL COUNSEL
(850) 413-6199
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Public Service Commission

May 19, 2006

Mr. Scott Boyd, Executive Director
Joint Administrative Procedures
Committee
Room 120 Holland Building
Tallahassee, FL 32399-1300

RE: Docket No. 060035-GU - Rule No. 25-7.037

Dear Mr. Boyd:

Enclosed is an original copy of the following materials concerning the above referenced proposed rule:

- 1. A copy of the rule.
- 2. A copy of the F.A.W. notice.
- 3. A statement of facts and circumstances justifying the proposed rule.
- 4. A federal standards statement.
- 5. A statement of estimated regulatory costs.

If there are any questions with respect to this rule, please do not hesitate to call

CMP _____
 COM _____
 CTR _____
 ECR _____
 GCL _____
 OPC _____
 RCA _____
 SCR _____
 SGA _____
 SEC 1
 OTH _____

Sincerely,

Christiana T. Moore
Associate General Counsel

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Enclosures
cc: ~~Division of the Commission Clerk~~
~~and Administrative Services~~

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25-7.037 Change in Character of Service.

A utility shall not make ~~a~~Any changes in heating value, pressure, specific gravity, gas composition, or other condition or characteristic of the gas it delivers which would impair the safe, efficient utilization of the gas in customers' ~~the customer's~~ appliances ~~shall not be made~~ without tariff revisions setting forth the changes, the prior approval of the Commission, and ~~without~~ adequate notice to the customers. Any such change by the utility shall be accompanied by a general inspection and adjustment of all appliances that would be affected thereby to the extent necessary that such appliances ~~the appliance~~ may operate as efficiently and give as good service as was possible before the change. This shall be done promptly, without direct charge, and with a minimum of inconvenience to the customer.

Specific Authority 366.05 FS.

Law Implemented 366.05(1), 366.03 FS.

History—Repromulgated 1-8-75, 5-4-75, Formerly 25-7.37, Amended.

NOTICE OF PROPOSED RULEMAKING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 060035-GU

RULE TITLE: RULE NO.:

Change in Character of Service 25-7.037

PURPOSE AND EFFECT: To state clearly that where a local distribution company makes certain changes to the character of its service it must revise its tariffs, obtain Commission approval and notify the customers.

SUMMARY: The rule contains the requirement that a regulated natural gas utility may not make any change in the character of the gas it provides for customers' appliances without prior approval of the Commission and adequate notice. The proposed rule amendments would clarify that a Florida regulated gas utility is only responsible for changes made by itself to the characteristics of the gas it delivers to its customers and is not responsible for the characteristics of the gas it receives from interconnecting interstate pipelines.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COST: There should be no additional costs to the regulated companies, the public, or the Commission.

Any person who wishes to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

SPECIFIC AUTHORITY: 366.05 FS

LAW IMPLEMENTED: 366.05(1), 366.03 FS

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE SUBMITTED TO THE FPSC, DIVISION OF THE COMMISSION CLERK AND

ADMINISTRATIVE SERVICES, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE SCHEDULED AND ANNOUNCED IN THE FAW.

THE PERSON TO BE CONTACTED REGARDING THE THESE PROPOSED RULE IS:

Christiana Moore, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399-0862, (850) 413-6098.

THE FULL TEXT OF THE PROPOSED RULE IS:

25-7.037 Change in Character of Service.

A utility shall not make ~~a~~Any changes in heating value, pressure, specific gravity, gas composition, or other condition or characteristic of the gas it delivers which would impair the safe, efficient utilization of the gas in customers' ~~the customer's~~ appliances ~~shall not be made~~ without tariff revisions setting forth the changes, the prior approval of the Commission, and ~~without~~ adequate notice to the customers. Any such change by the utility shall be accompanied by a general inspection and adjustment of all appliances that would be affected thereby to the extent necessary that such appliances ~~the appliance~~ may operate as efficiently and give as good service as was possible before the change. This shall be done promptly, without direct charge, and with a minimum of inconvenience to the customer.

Specific Authority 366.05 FS.

Law Implemented 366.05(1), 366.03 FS.

History—Repromulgated 1-8-75, 5-4-75, Formerly 25-7.37, Amended _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Ed Mills

NAME OF SUPERVISOR OR PERSONS WHO APPROVED THE PROPOSED RULE:

Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: May 16, 2006

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAW: Volume 32,
Number 11, March 17, 2006.

STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE

Associated Gas Distributors of Florida, Inc., ("AGDF") petitioned the Commission to initiate rulemaking to amend this rule. The changes to the rule limit its scope so as not to impose responsibility on a natural gas local distribution companies ("LDCs") for matters over which it has no control. AGDF asserted in its petition that the quality and other characteristics of the gas received by an LDC from the interstate pipeline are beyond the LDC's control. Only in circumstances where the LDC has control or when the LDC takes some action to change the character of its service, such as when a utility temporarily switches from natural gas to liquefied petroleum gas during periods of high demand or in order to make extensive repairs to gas mains, should it be held responsible under the rule. As proposed, responsibility to obtain Commission approval and notify the customers will be placed on the utility that makes a change.

STATEMENT ON FEDERAL STANDARDS

There is no federal standard on the same subject.

State of Florida



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FLA PUBLIC SERVICE COMM.
OFFICE OF THE
GENERAL COUNSEL

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

DATE: April 14, 2006

TO: Office of General Counsel (Moore)

FROM: Division of Economic Regulation (Hewitt) *B.A. II*

RE: Statement of Estimated Regulatory Costs for Proposed Amendments to Rule 25-7.037, F.A.C., Change in Character of Service; Docket No. 060035-GU

SUMMARY OF THE RULE

Rule 25-7.037, F.A.C, contains the requirement that a regulated natural gas utility may not make any change in the character of the gas it provides for customers' appliances without prior approval of the Commission and adequate notice.

The proposed rule amendments would clarify that a Florida regulated gas utility is only responsible for changes made by itself to the characteristics of the gas it delivers to its customers and is not responsible for the characteristics of the gas it receives from interconnecting interstate pipelines.

ESTIMATED NUMBER OF ENTITIES REQUIRED TO COMPLY AND GENERAL DESCRIPTION OF INDIVIDUALS AFFECTED

The seven local distribution companies (LDCs) gas utilities would be affected by the proposed rule changes. These gas utilities distribute natural gas through their systems to local users. The gas is obtained from interstate pipelines that are under the jurisdiction of the Federal Energy Regulatory Commission and arrives at their systems with some (but not all) major characteristics measured by the pipeline delivering the gas into the LDC's distribution system.

RULE IMPLEMENTATION AND ENFORCEMENT COST AND IMPACT ON REVENUES FOR THE AGENCY AND OTHER STATE AND LOCAL GOVERNMENT ENTITIES

There should be no significant implementation or enforcement costs for the Commission. The Commission would benefit by the proposed rule amendments if the changes prevented a possible misinterpretation of the rule in the future that could lead to litigation before the Commission. There should be no impact on agency revenues.

There should be no negative impact on other state and local government entities.

ESTIMATED TRANSACTIONAL COSTS TO INDIVIDUALS AND ENTITIES

The LDCs should have no transactional costs from the proposed changes to the rule. There could be significant benefits if future litigation is prevented by clarification of the rule's intent.

IMPACT ON SMALL BUSINESSES, SMALL CITIES, OR SMALL COUNTIES

There could be a benefit to the LDCs' customers if future litigation costs are prevented. There should be no negative impact on small businesses, cities, or counties.

CH:kb

cc: Mary Andrews Bane
Chuck Hill
Edward Mills
Hurd Reeves