

State of Florida



# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

**DATE:** May 19, 2010

**TO:** Office of Commission Clerk (Cole)

**FROM:** Division of Economic Regulation (Draper, Kummer) *FKD*  
Office of the General Counsel (Sayler) *AKC*

**RE:** Docket No. 100178-GU – Petition for approval of tariff modifications required to comply with FERC Order 720 data-posting requirements, by Peoples Gas System.

**AGENDA:** 06/01/10 – Regular Agenda – Tariff Filing – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** 06/12/10 (60-Day Suspension Date)

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\ECR\WP\100178.RCM.DOC

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### Case Background

On April 12, 2010, Peoples Gas System (PGS) filed a petition for approval of modifications to its tariff to comply with data-posting requirements adopted by the Federal Energy Regulatory Commission (FERC). The new FERC regulations are applicable to PGS and are designed to facilitate price transparency in markets for the sale or transportation of natural gas in interstate commerce. The FERC regulations will require PGS to post daily information regarding scheduled gas volumes at specified points of receipt and delivery.

The Commission has jurisdiction pursuant to Section 366.06, Florida Statutes (F.S.).

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### Discussion of Issues

**Issue 1:** Should the Commission approve PGS' proposed tariff modifications?

**Recommendation:** Yes. PGS' proposed tariff revisions are designed to comply with FERC's new posting requirements. (Draper, Kummer)

**Staff Analysis:** FERC's new posting requirements are set forth in Order 720, issued on November 20, 2008, and Order on Rehearing and Clarification 720-A, issued on January 21, 2010. Orders 720 and 720-A (FERC orders) implement the goals set forth by Congress in Section 23 of the Natural Gas Act, which authorized FERC to obtain information from any market participant for the purpose of promoting price transparency in the natural gas market. The FERC orders apply to major non-interstate pipelines that deliver more than 50 million MMBtu per year. PGS deliveries are larger than the 50 MMBtu threshold, and PGS is therefore subject to the new posting requirements. The information must be posted on a publicly-accessible internet website. PGS must comply no later than July 1, 2010.

Pursuant to Rule 25-7.0335, Florida Administrative Code, each gas utility must offer transportation service to its non-residential customers. In a transportation service environment, PGS does not purchase gas for its customers. Rather, customers purchase their natural gas from a pool manager or a shipper rather than from PGS. Individual transportation customers, which are typically large commercial accounts, can opt to purchase their own gas directly from the supplier. The interstate pipelines, such as Florida Gas Transmission (FGT), transports the gas to PGS' receipt points. PGS then transports the gas to the customer account using its distribution system.

PGS' tariff implements the terms and conditions under which individual transportation customers or pool managers purchase and transport gas. Specifically, the Gas Transportation Agreement and Firm Delivery and Operational Balancing Agreement contained in PGS' tariff, require each transportation customer or pool manager to nominate gas for delivery. A nomination specifies the nature of service requested (firm or interruptible), quantity of gas, and the receipt and delivery points. Currently, PGS' tariff does not require an individual transportation customer or pool manager to provide PGS all the information needed to comply with the FERC orders. PGS' proposed tariff revisions will require customer and pool manager nominations to include all information required by PGS to make the daily internet postings in a timely manner as required by the FERC orders. The FERC orders only require PGS to post scheduled volume information and to post information for each receipt and delivery point with a design capacity greater than 15,000 MMBtu per day.

On April 27, 2010, PGS held a meeting with its pool managers and transportation service customers to provide an overview of the FERC orders and PGS' proposed changes to the tariff to comply with the FERC orders. On May 3, 2010, PGS also separately notified, by letter, all pool managers and individual transportation service customers affected by PGS' proposed tariff changes. PGS stated that most of its pool managers and individual transportation customers already provide the information required to comply with the new FERC orders.

Conclusion. Staff recommends that PGS proposed tariff revisions be approved. The revisions are designed to implement the FERC Orders. PGS' pool managers and transportation customers have been notified through the April 27, 2010 meeting, and through letters of the proposed changes.

**Issue 2:** Should this docket be closed?

**Recommendation:** Yes. If Issue 1 is approved, this tariff should become effective on June 1, 2010. If a protest is filed by a substantially affected person within 21 days of the issuance of the order, this tariff should remain in effect pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Sayler)

**Staff Analysis:** If Issue 1 is approved, this tariff should become effective on June 1, 2010. If a protest is filed by a substantially affected person within 21 days of the issuance of the order, this tariff should remain in effect pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.