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FILED 11/30/2017
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Public Service Commission

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

DATE: November 30, 2017

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Ollila) *l.o. ESD PA [Signature], WLF RD*
Office of the General Counsel (Trierweiler, Dziechciarz) *[Signature] TR*

RE: Docket No. 20170206-GU – Petition for approval of tariff modifications to accommodate receipt and transportation of renewable natural gas from customers, by Peoples Gas System.

AGENDA: 12/12/17 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 8-Month Effective Date: 5/19/18 (60-day suspension date waived by the utility)

SPECIAL INSTRUCTIONS: None

Case Background

Peoples Gas System (Peoples or company) is a local distribution company subject to the regulatory jurisdiction of the Commission pursuant to Chapter 366, Florida Statutes (F.S.), and serves approximately 365,000 natural gas customers across Florida. On September 19, 2017, Peoples filed a petition for approval of tariff modifications to accommodate the receipt of renewable natural gas (RNG) on the company’s distribution system. RNG is biogas that has been processed to meet pipeline quality standards. Biogas sources include wastewater treatment plants, landfills, municipal solid waste, livestock manure, agricultural residues, and energy crops.

According to Peoples, local distribution companies in other states, e.g., SoCalGas in California, have begun to accept natural gas into their systems from customers who produce pipeline-quality natural gas from renewable biomass sources. Exhibit A attached to the petition contains an

article discussing RNG and its applications in other states and Europe. This is the first tariff filing by a Florida natural gas utility giving biogas producers the option of delivering RNG into the utility's distribution system.

In an email, the company waived the 60-day suspension deadline pursuant to Section 366.06(3), F.S. On October 20, 2017, the company filed responses to staff's first data request, including a modification to its proposed new tariff sheet No. 7.404-1. In response to staff's data request, Peoples also withdrew its proposed revisions to tariff sheet Nos. 7.101-5 and 7.101-6 as the changes were not necessary. The proposed tariff sheets are contained in Attachment A. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, F.S.

Discussion of Issues

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

Recommendation: Yes, the Commission should approve Peoples' proposed tariff modifications, as revised on October 20, 2017, effective December 12, 2017. (Ollila)

Staff Analysis:

Background

In its petition, Peoples stated that it has been approached by potential customers (e.g., landfill operators and wastewater treatment plant owners) who wish to deliver RNG into Peoples' distribution system. The potential projects are waste-to-energy requests for proposals (RFPs) issued by local governments including Hillsborough, Polk, and Volusia Counties, as well as the City of St. Petersburg. According to Peoples, the potential projects would reuse waste gas that now escapes into the atmosphere or is flared (burned off).

The biogas producer could use the RNG onsite or contract with a customer who will purchase the RNG from the biogas producer. Potential customers may include compressed natural gas (CNG) fill stations and industrial customers, or Peoples could purchase the RNG, thus displacing a portion of traditional (geologic) natural gas with RNG.

Proposed Tariff Modifications

Peoples proposed two tariff modifications: (1) modifications to current tariffs to accommodate the receipt of RNG from biogas producers and (2) a proposed new rate schedule for Renewable Natural Gas Service (RNGS) for conditioning services. The two modifications are discussed below.

Modifications to Current Tariffs

Peoples is proposing to modify Rate Schedules GS-3 (50,000 – 249,999 therms per year), GS-4 (250,000 – 499,999 therms per year), and GS-5 (500,000+ therms per year) to add provisions related to Peoples' receipt of RNG into its system. Biogas producers, who contract with Peoples to deliver RNG into Peoples' distribution system, would be billed by Peoples the otherwise applicable base rates for the use of Peoples' distribution system to transport the RNG. While biogas producers would pay tariffed base rates, biogas producers would not pay the company's purchased gas adjustment clause and the energy conservation cost recovery clause. If the RNG is used on-site only by the biogas producer, the biogas producer would not pay Peoples' base rates (i.e., GS-3 through GS-5) since there is no transport of RNG on Peoples' system.

Other proposed modifications to Peoples' current tariffs address gas quality. Peoples describes these tariff modifications as relatively minor since the company believes that the tariff's existing provisions related to gas quality are sufficient. Peoples proposes to add a sentence stating that the company may refuse to accept any gas or RNG tendered by a biogas producer to Peoples if the gas does not meet the quality standards set out in the tariff. According to Peoples, the primary goal of these modifications is to ensure that any RNG delivered into the company's system by a biogas producer does not adversely affect the safety or operation of the system.

New Rate Schedule RNGS

Peoples may provide the necessary services to condition or upgrade the biogas in order to convert the biogas into pipeline quality RNG. The company explained that each RNG project is expected to vary in scope, site conditions, and biogas characteristics such as methane content; the company anticipates that most biogas will require some processing prior to injection into Peoples' system. The upgrading services can also be provided by private companies; in that case, Peoples would only test the quality of the RNG before it enters its system. If a biogas producer contracts with a private entity to provide the upgrading services, the RNGS tariff would not apply.

The proposed new RNGS rate schedule will allow Peoples to recover from biogas producers the cost of upgrading the biogas. The RNGS rate schedule does not contain standard charges, as the services provided will vary based on the steps needed to upgrade the biogas to RNG. The monthly services charge would be equal to a mutually agreed upon percentage (between Peoples and the biogas producer) multiplied by Peoples' gross investment in the facilities necessary to provide biogas upgrading services. The gross investment may include facilities such as blowers, chillers, condensate removal equipment, quality monitoring equipment, etc. Peoples explained that the monthly services charge would be designed to recover the revenue requirement, including the operations and maintenance costs, associated with constructing and operating the biogas processing infrastructure.

Under Peoples' proposal, its RNG service would not include services related to capturing or producing biogas. In addition, title to the biogas, both before and after any conditioning necessary to transform it into RNG, would remain with the biogas producer.

Potential Benefits of RNG

In its petition, Peoples explained that its proposed tariff modifications address the needs of its customers and are responsive to inquiries from owners and developers of biogas sources. Peoples asserted that service under the proposed tariff modifications will cover costs and provide benefits to Peoples' system and its general body of ratepayers while maintaining current safety and operational requirements for the company's gas distribution system. Peoples stated that it believes its proposed tariff modifications are reasonable and consistent with the legislatively expressed state policy of encouraging the use of renewable fuels.

In response to staff's request to discuss the potential benefits to the general body of ratepayers of the proposed RNG tariffs, Peoples stated that the proposed tariff could provide improved environmental compliance and new revenue sources for owners and producers of biogas, which could in turn provide opportunities to stimulate local economies and create jobs. RNG is interchangeable with pipeline gas; therefore, opportunities may be available for Peoples to enhance the diversity of its gas supply. In addition, RNG used in natural gas vehicles furthers the goal of reducing reliance on traditional liquid fuel sources.

Conclusion

After review of the company's petition and its responses to staff's data request, staff believes that the proposed RNG program and tariff provisions are reasonable and will cover the associated cost; therefore, staff recommends approval of the proposed tariff modifications, as revised on October 20, 2017, effective December 12, 2017.

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Trierweiler)

Staff Analysis: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

~~Second-Third~~ Revised Sheet No. 4.101
Cancels ~~First-Second~~ Revised Sheet No. 4.101

TECHNICAL TERMS AND ABBREVIATIONS

ABSOLUTE PRESSURE. Atmospheric pressure of 14.73 p.s.i.a. plus gauge.

APPLICATION FOR GAS SERVICE. A request for Gas Service made to the Company by a prospective Customer. Applications for residential Gas Service may be made by telephone or in person at the office of the Company. An application for any other class of Gas Service offered by Company shall be submitted to the Company in writing on the Company's standard form of Application For Gas Service.

AUTHORIZED PAYMENT AGENT. A legal entity designated by the Company as authorized to receive, on behalf of the Company, payment of bills for Gas Service rendered by Company to Customers. A third party with which a Customer may enter into a payment processing arrangement (or to which a Customer may direct that bills for Gas Service be mailed or otherwise delivered) is not an Authorized Payment Agent unless the Company has entered into an agreement with such third party to act as an Authorized Payment Agent of the Company.

BILLING PERIOD. Bills are rendered each month, based on regularly scheduled Meter readings which are approximately 30 days apart.

BIOGAS. Untreated gas produced from agricultural, animal, or municipal waste.

BRITISH THERMAL UNIT. The quantity of heat required to raise the temperature of one pound of water from 59°F. to 60°F. at a constant pressure of 14.73 p.s.i.a.

BTU. British Thermal Unit.

COMMISSION. The Florida Public Service Commission.

COMPANY. Peoples Gas System, a division of Tampa Electric Company, a Florida Corporation.

CUBIC FOOT OF GAS. For Gas delivered at the Standard Delivery Pressure, a Cubic Foot of Gas is the volume of Gas which, at the temperature and pressure existing in the Meter, occupies one cubic foot. For Gas delivered at other than the Standard Delivery Pressure, a Cubic Foot of Gas is that volume of Gas which, at a temperature of 60°F. and at Absolute Pressure of 15.09 pounds per square inch for Panama City Operating Area and 14.98 pounds per square inch for the remainder of PGS's service territory, occupies one cubic foot.

CUSTOMER. Any person or prospective user (not limited to account holder or payor) of the Company's Gas Service, his authorized representative (builder, architect, engineer, electrical contractor, etc.), or others for whose benefit such Gas Service is or is proposed to be supplied (property owner, landlord, tenant, occupant, renter, etc.). When Gas Service is desired at more than one location, the Point of Delivery at each such location shall be considered as a separate Customer.

CUSTOMER'S INSTALLATION. All pipe, fittings, appliances and apparatus of every type (except metering, regulating and other similar equipment which remains the property of the Company) located on the Customer's side of the Point of Delivery and used in connection with or forming a part of an installation for utilizing Gas for any purpose.

FORCE MAJEURE. Any cause, whether of the kind herein enumerated or otherwise, and whether caused or occasioned by or happening on account of the act or omission of Company or Customer or any other person or concern, not reasonably within the control of the Company and which by the exercise of due diligence the Company is unable to prevent or overcome, and such causes shall include but not be limited to:

- (1) (a) in those instances where the Company, Customer or a third party is required to obtain servitudes, rights-of-way grants, permits or licenses to enable the Company to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitudes, rights-of-way grants, permits or licenses; and
- (b) in those instances where the Company, Customer or a third party is required to furnish

Issued By: ~~G. L. Gillette~~ T. J. Szelistowski, President
Issued On: ~~October 19, 2011~~

Effective: ~~March 13, 2012~~

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

~~Second-Third~~ Revised Sheet No. 4.101-1
Cancels ~~First-Second~~ Revised Sheet No. 4.101-1

TECHNICAL TERMS AND ABBREVIATIONS (Continued)

materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such part to fulfill its obligations hereunder, the inability of the party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions;

- (2) a hurricane, storm, heat wave, lightning, freeze, severe weather event, earthquake or other act of God; or
- (3) fire, explosion, war, riot, labor strike, terrorism, acts of the public enemy, lockout, embargo, civil disturbance, interference or regulation by federal, state or municipal governments, injunction or other legal process or requirement.

It is understood and agreed that the settlement of strikes, lockouts or other labor difficulties shall be entirely within the discretion of the party having the difficulty.

GAS. Natural Gas or a mixture of gases suitable for fuel, delivered through the Company's distribution system, having a heating value of not less than 1,000 BTU's per cubic foot.

GAS SERVICE. The supplying of Gas (or the transportation of Gas) by the Company to a Customer.

GAS SERVICE FACILITIES. The service line, Meter, and all appurtenances thereto necessary to convey Gas from the Company's Main to the Point of Delivery and which are owned by Company.

HIGH PRESSURE. Gas delivered at any pressure above the Standard Delivery Pressure.

MAIN. The pipe and appurtenances installed in an area to convey Gas to other Mains or to service lines.

METER. Any device or instrument used to measure and indicate volumes of Gas which flow through it.

METER READING DATE. The date upon which an employee of the Company reads the Meter of a Customer for billing purposes.

NORMAL BUSINESS HOURS. 8 a.m. to 5 p.m. Monday through Friday, excluding Federal holidays.

PANAMA CITY OPERATING AREA. The Panama City Operating Area consists of those Counties and Communities identified in Section 6.

POINT OF DELIVERY. The point at which Company's Gas Service facilities are connected to the Customer's Installation, and at which the Customer assumes responsibility for further delivery and use of the Gas. In all cases, the Point of Delivery for Gas to a Customer shall be at the outlet side of the meter or regulator, if any, whichever is farther downstream. The Point of Delivery shall be determined by Company.

RESIDENTIAL. When used to modify the term "Customer," means a Customer whose use of Gas is for residential purposes, regardless of the rate schedule pursuant to which such Customer receives Gas Service provided by Company.

RNG. Renewable Natural Gas, or gas produced from agricultural, animal or municipal or other waste that, with or without further processing, (a) has characteristics consistent with the Company's compositional and quality standards for Gas, and (b) in the sole view of the Company does not otherwise pose a hazard to inclusion in the Company's distribution lines when co-mingled with Gas.

STANDARD DELIVERY PRESSURE. The Standard Delivery Pressure for Panama City Operating Area shall be 10 inches of water column (.36 p.s.i.g.). The Standard Delivery Pressure for the remainder of PGS service territory shall be 7 inches of water column (.25 p.s.i.g). No adjustment will be made for variations from the normal atmospheric pressure at the Customer's Meter. Gas delivered at Standard Delivery Pressure may vary from three inches to 15 inches of water column.

Issued By: ~~C. L. Gillette~~ T. J. Szelistowski, President
Issued On: ~~October 19, 2011~~ Effective: ~~March 13, 2012~~

Peoples Gas System ~~Second-Third~~ Revised Sheet No. 5.501-3
a Division of Tampa Electric Company Cancels ~~First-Second~~ Revised Sheet No. 5.501-3
Original Volume No. 3

MEASUREMENT (Continued)

- e. Unless determined to be otherwise by a gravity balance the specific gravity of the flowing Gas shall be assumed to be 0.6.
 - f. When sales or transportation volumes are metered at pressures of 10 p.s.i.g. (pounds per square inch gauge) and over, and where such volumes are also corrected for flowing temperatures other than assumed 60 degrees Fahrenheit, such volumes shall be corrected for deviations from Boyles Law by use of the appropriate supercompressibility factor.
3. Sales and Transportation Unit
- a. The sales and transportation unit of the Gas shall be the Therm, being 100,000 BTUs. The number of Therms billed to a Customer shall be determined by multiplying the number of Cubic Feet of Gas delivered at the Standard Delivery Pressure and 60 degrees Fahrenheit, by the total heating value of such gas in BTUs per cubic foot and dividing the product by 100,000.
 - b. The total heating value of the Gas delivered to the Customer shall be determined as that reported monthly by the Company's Gas transporters, provided such value is applicable to the Gas delivered to the Customer, or such value shall be determined by the Company by use of a calorimeter or other instrument suitable for heating value determination. The total heating value shall be corrected to and expressed as that contained in the Unit of Sales and Transportation Volume defined above.
4. Quality
- All Gas delivered or caused to be delivered into the Company's facilities shall conform to the Gas quality specifications set forth in the FERC ~~or FPSC~~ Tariff of the ~~interstate~~ pipeline company that delivers such Gas to a Delivery Point on the Company's system or in the event Gas is delivered to the Company's facilities other than by a ~~an interstate~~ pipeline company, such Gas shall be merchantable and
- a. be free of objectionable liquids and solids and be commercially free from dust, gums, gum-forming constituents, or other liquid or solid matter which might become separated from the Gas in the course of transportation through the interstate ~~or intrastate~~ pipeline or the Company's system or which could cause inaccurate measurement;
 - b. be free from noxious and harmful fumes when burned in a properly designed and adjusted burner;
 - c. not contain more than 20 grains of total sulfur or 0.25 grains of hydrogen sulfide per 100 cubic feet of Gas;
 - d. not contain more than 3% by volume of carbon dioxide or nitrogen;

Issued By: ~~William N. Centre~~ T. J. Szelistowski, President
Issued On: ~~May 10, 2000~~

Effective: ~~June 18, 2000~~

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

First Revised Sheet No. 5.501-4
~~Original-Cancels Original~~ Sheet No. 5.501-4

MEASUREMENT (Continued)

- e. not contain more than 1% by volume of oxygen;
- f. not contain more than 7 pounds of water per 1,000 MCF;
- g. have a temperature of not more than 120 degrees Fahrenheit, nor less than 40 degrees Fahrenheit;
- h. have a maximum Wobbe value of 1,396
- i. have a gross heating value of at least 1,000 BTU per ~~cubit-cubic~~ cubic foot of dry Gas but not higher than 1,075 BTU per cubic foot of dry Gas at 60 degrees Fahrenheit and at a pressure of 14.73 pounds per square inch absolute.

To the extent within its control, the Company shall deliver Gas which is free of dangerous or objectionable quantities of impurities such as hydrogen sulfide or other impurities which may cause excessive corrosion of Mains or piping or from noxious or harmful fumes when burned in a properly designed and adjusted burner. This provision is intended to protect the health and safety of the public and in no manner does it guarantee compatibility with the operation of delicate or sensitive machinery, instruments, or other types of apparatus which may be damaged by moisture, grit, chemicals or other foreign substances which may be present in the Gas but which are nevertheless within limits recognized as allowable in good practice.

Company, at its sole option, may refuse to accept any Gas or RNG tendered to Company by a Customer or for its account if such Gas or RNG does not meet the requirements of this paragraph 4 at the time of such tender.

Issued By: ~~William N. Cantrell~~ T. J. Szelistowski, President
Issued On: ~~May 10, 2000~~

Effective: ~~June 12, 2000~~

Peoples Gas System ~~Third-Fourth~~ Revised Sheet No. 7.303-2
a Division of Tampa Electric Company Cancels ~~Second-Third~~ Revised Sheet No. 7.303-2
Original Volume No. 3

GENERAL SERVICE - 3
Rate Schedule GS-3

Availability:

Throughout the service areas of the Company.

Applicability:

Gas delivered to any Customer (except a Customer whose only Gas-consuming appliance or equipment is a standby electric generator) using and RNG delivered into Company's system by any Customer delivering 50,000 through 249,999 Therms per year. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under Rider NCTS and may be eligible for transportation service under Rider ITS.

Monthly Rate:

Customer Charge: \$150.00 per month
Distribution Charge: \$0.19670 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider NCTS or Rider ITS. Company's Purchased Gas Adjustment Clause shall not apply to bills for Therms of RNG delivered into Company's system.

Minimum Bill: The Customer charge.

Special Conditions:

1. When the Customer receives service under the Company's Natural Choice Transportation Service Rider (Rider NCTS), the rates set forth above shall be subject to the operation of the Company's Swing Service Charge set forth on Sheet No. 7.101-3.
2. Except in the case of Therms of RNG delivered into the Company's system, ~~the~~ rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2.
3. A contract for an initial term of one year may be required as a condition precedent to service under this schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
4. The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.

Issued By: ~~William N. Cantrell~~ T. J. Szelistowski, President Effective: ~~June 18, 2009~~
Issued On: ~~May 19, 2009~~

Peoples Gas System ~~Third-Fourth~~ Revised Sheet No. 7.303-4
a Division of Tampa Electric Company Cancels ~~Second-Third~~ Revised Sheet No. 7.303-4
Original Volume No. 3

**GENERAL SERVICE - 4
Rate Schedule GS-4**

Availability:

Throughout the service areas of the Company.

Applicability:

Gas delivered to any Customer (except a Customer whose only Gas-consuming appliance or equipment is a standby electric generator) using and RNG delivered into Company's system by any Customer delivering 250,000 through 499,999 Therms per year. A Customer eligible for service pursuant to this rate schedule is eligible for transportation service under Rider NCTS or Rider ITS.

Monthly Rate:

Customer Charge:	\$250.00 per month
Distribution Charge:	\$0.15215 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under the Company's Rider NCTS or Rider ITS. Company's Purchased Gas Adjustment Clause shall not apply to bills for Therms of RNG delivered into Company's system.

Minimum Bill: The Customer charge.

Special Conditions:

1. When the Customer receives service under the Company's Natural Choice Transportation Service Rider (Rider NCTS), the rates set forth above shall be subject to the operation of the Company's Swing Service Charge set forth on Sheet No. 7.101-3.
2. Except in the case of Therms of RNG delivered into the Company's system, the rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2.
3. A contract for an initial term of one year may be required as a condition precedent to service under this schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
4. The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.

Issued By: ~~William N. Cantrell~~ T. J. Szelistowski, President Effective: ~~June 18, 2009~~
Issued On: ~~May 19, 2009~~

Peoples Gas System ~~Seventh-Eighth~~ Revised Sheet No. 7.304
a Division of Tampa Electric Company Cancels ~~Sixth-Seventh~~ Revised Sheet No. 7.304
Original Volume No. 3

**GENERAL SERVICE - 5
Rate Schedule GS-5**

Availability:

Throughout the service areas of the Company.

Applicability:

Gas delivered to any Customer (except a Customer whose only Gas-consuming appliance or equipment is a standby electric generator) using and RNG delivered into Company's system by any Customer delivering, a minimum of 500,000 Therms per year or more at one billing location.

A Customer eligible for service under this rate schedule is eligible for transportation service under either Rider NCTS or Rider ITS.

Monthly Rate:

Customer Charge: \$300.00 per month
Distribution Charge: \$0.11321 per Therm

The bill for the Therms billed at the above rates shall be increased in accordance with the provisions of the Company's Purchased Gas Adjustment Clause set forth on Sheet No. 7.101-1, unless Customer receives transportation service under either the Company's Rider NCTS or Rider ITS. Company's Purchased Gas Adjustment Clause shall not apply to bills for Therms of RNG delivered into Company's system.

Minimum Bill: The Customer charge.

Special Conditions:

1. When the Customer receives service under the Company's Natural Choice Transportation Service Rider (Rider NCTS), the rates set forth above shall be subject to the operation of the Company's Swing Service Charge set forth on Sheet No. 7.101-3.
2. Except in the case of Therms of RNG delivered into the Company's system, the rates set forth above shall be subject to the operation of the Energy Conservation Cost Recovery Adjustment Clause set forth on Sheet No. 7.101-2.
3. A contract for an initial term of one year may be required as a condition precedent to service under this schedule, unless an extension of facilities is involved, in which case the term of the contract shall be the term required under the agreement for the facilities extension.
4. The rates set forth in this schedule shall be subject to the operation of the Company's Competitive Rate Adjustment Clause set forth on Sheet No. 7.101-5.

Issued By: ~~William N. Cantrell~~ T. J. Szelistowski, President Effective: ~~June 18, 2009~~
Issued On: ~~May 19, 2009~~

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

Original Sheet No. 7.404

RENEWABLE NATURAL GAS SERVICE
Rate Schedule RNGS

Availability:

Throughout the service areas of the Company.

Applicability:

For biogas conditioning/upgrading services for RNG produced by eligible Customers, to be utilized onsite by Customer, or delivered into Company's distribution system for transportation and delivery pursuant to Rate Schedules GS-3, GS-4 or GS-5 to a compressed natural gas station or other point of delivery on Company's system, Renewable Natural Gas Service ("RNG Service") under this Schedule is contingent on arrangements mutually satisfactory to the Customer and Company for the design, location, construction, and operation of conditioning facilities required for the Company's provision of RNG Service.

Monthly Services Charge:

RNG Service is available under the rate schedules referenced under "Applicability" above based on Customer's annual deliveries of RNG into Company's distribution system as determined by Company. The charges, terms and conditions of the applicable rate schedule shall apply unless otherwise provided in this rate schedule. In addition to those charges provided by the rate schedule pursuant to which the Customer delivers RNG to Company, Customer shall pay a Monthly Services Charge, which shall be equal to a mutually agreed percentage multiplied by the Company's Gross Investment, as determined by the Company, in the facilities required to provide RNG Service to the Customer. As used in this schedule, "Gross Investment" means the total installed cost of such facilities, as determined by Company, which facilities may include but are not limited to blowers, chillers, condensate removal equipment, compressors, heat exchangers, driers, gas constituent removal equipment, quality monitoring equipment, storage vessels, controls, piping, metering, propane injection, and any other related appurtenances including any redundancy necessary to provide reliable RNG Service, before any adjustment for accumulated depreciation, a contribution in aid of construction, etc. The agreement between Company and Customer may require a commitment by the Customer to purchase RNG Service for a minimum period of time, to take or pay for a minimum amount of RNG Service, to make a contribution in aid of construction, to furnish a guarantee, such as a surety bond, letter of credit, other means of establishing credit, and/or to comply with other provisions as determined appropriate by the Company.

The Company's provision of RNG Service does not include the provision of electricity, natural gas, or any other fuels required to operate the Company's facilities or to be added to the RNG produced by Customer. Company-provided RNG Service shall not include services related to the capturing or production of biogas or RNG. Ownership of RNG produced by Customer shall remain with Customer before, during and after Company's provision of RNG Service, and Customer shall remain solely responsible for determining the end-user of such RNG.

Issued By: T. J. Szelistowski, President
Issued On:

23

Effective:

Peoples Gas System Original Sheet No. 7.404-1
a Division of Tampa Electric Company
Original Volume No. 3

RENEWABLE NATURAL GAS SERVICE (continued)

If a Customer desires to phase in its deliveries of RNG into Company's system over a period of years the Monthly Services Charge may, in the discretion of Company, be phased-in over the term of the agreement between Customer and Company. The terms of any such phase-in shall be included in the agreement between Customer and Company.

Issued By: T. J. Szelistowski, President Effective:
Issued On: