



DOCKET NO. 20250026-GU

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**VIA ELECTRONIC FILING**

Mr. Adam J. Teitzman  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Re: Docket No. \_\_\_\_\_  
Petition for Approval to Modify its Swing Service Charge, Individual Transportation Service Rider, and Off-System Service Rate Schedule.

Dear Mr. Teitzman:

Attached for filing on behalf of Peoples Gas System, Inc. is the company's Petition by for Approval to Modify its Swing Service Charge, Individual Transportation Service Rider, and Off-System Service Rate Schedule.

Thank you for your assistance in connection with this matter.

Sincerely,

A handwritten signature in blue ink that reads 'V. Ponder'.

Virginia Ponder

VLP/dh  
Attachment

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Peoples Gas System, Inc. for  
Approval to Modify its Swing Service Charge,  
Individual Transportation Service Rider, and  
Off-System Service Rate Schedule.

DOCKET NO. 2024 \_\_\_\_\_

FILED: January 13, 2025

**PETITION**

Pursuant to Section 366.06, Florida Statutes, and Rules 25-9.005 and 28-106.201, Florida Administrative Code, Peoples Gas System, Inc. ("Peoples" or the "company"), hereby petitions the Florida Public Service Commission ("Commission") for approval of tariff modifications related to the company's Swing Service Charge, Individual Transportation Service Rider, and Off-System Service rate schedule.

**I. INTRODUCTION**

1. Peoples is a natural gas distribution public utility that provides service to over 500,000 customers in 39 of Florida's 67 counties and is subject to the Commission's jurisdiction under Chapter 366, Florida Statutes.

2. Peoples is a wholly owned subsidiary of TECO Gas Operations, Inc., which is a subsidiary of TECO Holdings, Inc., which is an indirect wholly owned subsidiary of Emera United States Holdings, Inc., which is a wholly owned subsidiary of Emera Incorporated.

3. Peoples' address is 702 North Franklin Street, Tampa, Florida 33601. Correspondence, notices, orders, and other documents concerning this petition should be sent to:

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4. The company seeks Commission approval to (a) modify its Swing Service Charge methodology and associated service charge factors; (b) remove the Natural Gas Vehicle Service billing class from relevant Swing Service related tariff provisions; (c) modify the Individual Transportation Service rate schedule to increase the applicable therm threshold usage per year from 182,500 Therms to 500,000 Therms and to require customers not currently taking capacity release from the company to take a minimum of 25 percent, with a range extending up to a maximum of 40 percent upon proper notice, of their daily requirements as capacity release from Peoples; and (d) modify the sharing mechanism provided in Special Condition 3 of the company's Off System Service Rate Schedule from a 25/75 to a 50/50 sharing.

5. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes, which authorize the Commission to establish rates and charges for public utilities and to grant the relief requested herein.

## II. BACKGROUND

6. The proposed modifications are intended to align the company's transportation tariffs with those approved for Florida Public Utilities Company and Florida City Gas, to more fairly apportion capacity costs to customers, and to provide additional incentive to provide off-system service. These changes will benefit Peoples' customers by mitigating and reducing expenses attributable to the PGA. The history of the affected tariffs provides important context to the company's proposed changes, so the history is provided below.

### A. The Natural Choice Program

7. On July 3, 2000, the company filed a petition for approval of tariff modifications and a new transportation tariff – the Natural Choice Program – which was submitted pursuant to Rule 25-7.0335, Florida Administrative Code, Transportation Service (“Transportation Service Rule”).<sup>1</sup> Prior to that date, Peoples provided transportation service through various rate schedules, experimental programs, and tariff riders.<sup>2</sup> The Natural Choice Program was designed to “make it easier to obtain and employ transportation service for both the customer and gas marketers by consolidating and simplifying the existing programs.”<sup>3</sup>

8. The Commission approved the company's Natural Choice Program in Order No. PSC-00-1814-TRF-GU (“Natural Choice Order”). The proposed Natural Choice Program offered two types of transportation service: (a) a “pooled” service via the Natural Choice Transportation Service (“Rider NCTS”); and (b) an “individual” service via the Individual Transportation Service (“Rider ITS”).<sup>4</sup>

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<sup>1</sup> *Order Approving Modifications to Tariff Provisions Governing Transportation of Customer-Owned Gas and Tariff Provisions to Implement Rule 25-7.0335, Florida Administrative Code*, Order No. PSC-00-1814-TRF-GU, issued October 4, 2000, in Docket No. 20000810-GU (the “Natural Choice Order”) at 2-3.

<sup>2</sup> *Id.* at 2.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

9. The Natural Choice Order approved the company's proposed tariffs as submitted on June 30, 2000<sup>5</sup> with the exception of the Transition Cost Recovery Charge.<sup>6</sup> Peoples designed this temporary charge to recover the company's incremental expenses to make transportation service as required by the then newly adopted Transportation Service Rule. At the September 5, 2000, Agenda Conference,<sup>7</sup> Peoples agreed to amend the Transition Cost Recovery Charge to conform with Staff's recommended methodology which required transition costs to be recovered from "all non-residential customers" with a carrying charge based on Peoples "overall weighted cost of capital" and recovered "over a three-year period."<sup>8</sup> The Transition Cost Recovery Charge expired on or about December 31, 2003.

10. The tariffs approved in the Natural Choice Order also reflected provisions for recovery of more permanent costs associated with the provision of transportation service, including: (a) capacity costs; (b) the Pool Administrative Fee; (c) the Individual Transportation Administrative Fee; and (d) the Swing Service Charge.<sup>9</sup> The Pool Administrative Fee, the Individual Transportation Administrative Fee and Swing Service Charge are program specific fees and are discussed in more detail below.

11. Capacity costs are fuel related expenses that that are associated with interstate or intrastate upstream firm transportation charges paid by a Local Distribution Company ("LDC") – such as Peoples – for the amount of pipeline transportation capacity it reserves.<sup>10</sup> The Natural Choice Order approved the recovery of capacity costs via (a) the Swing Service Charge (see

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<sup>5</sup> See Proposed Tariff Sheets (DN 08105 in Docket No. 20000810-GU).

<sup>6</sup> Natural Choice Order at 6. See Pet. Pet., Exhibit G at 1-4. (DN 08104 in Docket No. 20000810-GU).

<sup>7</sup> *Id.* See September 5, 2000, Vote Sheet (DN 10990 in Docket No. 20000810-GU).

<sup>8</sup> Staff Recommendation, August 24, 2000 (DN 10451 in Docket No. 20000810-GU).

<sup>9</sup> Natural Choice Order at 3-4.

<sup>10</sup> See *Order Approving Tariff Modifications to Rider NCTS, the Firm Delivery and Operational Balancing Agreement, and Negative Imbalance Cash-Out Prices, By Peoples Gas System*, Order No. PSC-16-0503-TRF-GU, issued on October 31, 2016, in Docket No. 20160120-GU at 2.

discussion below); (b) a capacity release<sup>11</sup> service provided for by agreement; and (c) the Firm Transportation and Operational Balancing Agreement.<sup>12</sup>

**i. Pooled Transportation Service Under Rider NCTS**

12. The company's pooled transportation service allows small use commercial customers to secure gas supply from a gas marketer as part of the gas purchases for a group of customers.<sup>13</sup> The term "Pool Manager" is defined in the Rider NCTS to mean a person or entity which has: (a) entered into agreements to sell gas to, or procure gas for, the customer accounts comprising a "Customer Pool";<sup>14</sup> (b) executed and delivered an unmodified Firm Delivery and Operational Balancing Agreement for an initial term of not less than one year obligating such person or entity to deliver gas and resolve imbalances under certain terms; and (c) executed and delivered an unmodified Master Capacity Release Agreement.<sup>15</sup>

13. Under this service, the Pool Manager assumes responsibility for supplying and managing natural gas for its customer pool and must also acquire firm upstream capacity from the company. The company makes a monthly capacity release of upstream pipeline capacity to Pool Managers at the weighted average cost of capacity. Pool Manager transports the gas across the interstate pipeline system to deliver the gas to one or more of Peoples' receipt points. The company then receives the delivered gas and redelivers it to individual Rider NCTS customers' facilities.

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<sup>11</sup> "Capacity release" describes transaction in which the holder of a contract for firm transport (the "releasing" shipper) sells that capacity to a "replacement" shipper. The releasing and replacement shippers may agree upon any price up to the applicable reservation charge—the maximum price per unit of firm capacity established in the pipeline's tariff. A shipper seeking to release capacity may either auction it to the highest bidder on a public bulletin board maintained by the pipeline or bypass the auction to contract at the reservation charge with a replacement shipper of its choosing. *See* 18 C.F.R. § 284.8(a)-(e).

<sup>12</sup> *See* Tariff Sheets (DN 08105 at 56-57, 61-65, in Docket No. 20000810-GU).

<sup>13</sup> *Id.*

<sup>14</sup> For purposes of Rider NCTS, "Customer Pool" means "a group of Customer Accounts for which Gas is delivered to Company by a Pool Manager for transportation service of the aggregated needs of the Customer accounts. The Company shall not be required to provide transportation service to more than 40 independent Customer Pools" *See* DN 08105 at 55-56, in Docket No. 20000810-GU.

<sup>15</sup> Tariff Sheets (DN 08105 at 55-56, in Docket No. 20000810-GU). *See* Eighth Revised Sheet No. 7.803-1, defining the term "Pool Manager" for purposes of Rider NCTS.

14. The Pool Administrative fee is a permanent monthly fee assessed to Pool Managers under Rider NCTS to recover expenses incurred by the company to support customer groups selecting Rider NCTS.<sup>16</sup> The Pool Managers Administrative fee consists of two components: (a) a fixed monthly fee of \$142.00 applicable to the Pool Manager regardless of the number of customers within its Customer Pool; and (b) a variable fee of \$0.91 per customer account within a pool per month.<sup>17</sup> This fee has not changed since the tariff was approved and is incorporated into the company's standard form Firm Delivery and Operational Balancing Agreement<sup>18</sup> that Pool Manager's must sign to participate in Rider NCTS.<sup>19</sup>

15. The Swing Service Charge applies to all Rider NCTS firm commercial transportation customers.<sup>20</sup> The Pool Manager delivers a fixed daily quantity of gas supply and interstate pipeline transportation capacity during the month even though the customer usage varies.<sup>21</sup> Thus, the level of gas delivered daily differs from the quantity actually consumed by the customer pool.<sup>22</sup> "To offset this daily difference, Peoples varies (swings) the level of gas and interstate pipeline capacity nominated for delivery to Peoples' system."<sup>23</sup> Peoples manages/balances the customer swing with operational purchases or sales. The Swing Service Charge is designed to recover the estimated costs incurred to provide this service. The "swing" adds costs to the Purchased Gas Adjustment ("PGA") paid by the company's non-transport customers; therefore the revenue derived from the charge is credited to the PGA.<sup>24</sup> The methodology for determining the level of the Swing Service Charge includes: (1) estimating the

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<sup>16</sup> Natural Choice Order at 3.

<sup>17</sup> Pet., Exhibit D at 1. (DN 08104 in Docket No. 20000810-GU).

<sup>18</sup> Sheet No. 8.119 through 8.119-8.

<sup>19</sup> See Sheet No. 7.803-1. See Sheet No. 7.101-3

<sup>20</sup> Natural Choice Order at 3.

<sup>21</sup> *Id.* at 3-4.

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> See *Order Approving Tariff Modifications to Rider NCTS, the Firm Delivery and Operational Balancing Agreement, and Negative Imbalance Cash-Out Prices, By Peoples Gas System*, Order No. PSC-16-0503-TRF-GU, issued on October 31, 2016, in Docket No. 20160120-GU at 2-3.

system balancing costs using six primary tools used by the company to balance its system; and (2) then allocating the system-wide balancing cost among the rate classes according to the relative variation in monthly consumption for each rate class.<sup>25</sup> The six primary tools used to estimate the system balancing costs are:

- Reserve Capacity (interstate and intrastate pipeline capacity contracted to be available when customer usage increases);
- Swing Gas Supply (typically purchased on the spot market at varying levels of quantity and price);
- No-Notice Transportation Service (purchased from interstate pipelines at tariffed rates and allows system imbalances to be absorbed by the interstate pipeline);
- Storage Contracts (scheduling of gas in or out of a storage facility (typically subterranean salt domes outside of Florida) to efficiently manage supply constraints, demand reductions, and price volatility);
- Swing Sale Agreements (agreements with large interruptible customers that have the ability to use alternative fuel to sell their gas supply to Peoples and switch to the customer's alternative fuel source); and
- Upstream Pipeline Park and Loan Services (an interruptible service which gives Peoples the flexibility of putting gas in an upstream pipeline's system for later use or borrowing gas from an upstream pipeline's system and paying back the volume at a later date).<sup>26</sup>

16. Rider NCTS currently applies to customers with annual consumption of 2,000 Therms or more and to non-residential firm customers using a Pool Manager. NCTS customers

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<sup>25</sup> Natural Choice Order at 4.

<sup>26</sup> See Pet., Exhibit E at 1-3. (DN 08104 in Docket No. 20000810-GU).



may choose from fifteen Pool Managers. As of November 30, 2024, the Rider NCTS had 27,547 customers.

## **ii. Individual Transportation Service Under Rider ITS**

17. Individual transportation service (“ITS”) allows commercial and industrial customers under certain rate schedules to take transportation service on an individual basis.<sup>27</sup> There are three important distinctions between Rider NCTS and Rider ITS. First, under Rider ITS *either* the ITS customer or an ITS Agent may deliver gas to the company’s distribution system.<sup>28</sup> Second, Rider ITS customers *may* but are not required to acquire upstream capacity from the company. Accordingly, a Rider ITS customer who elects not to acquire upstream capacity from the company does not participate in the recovery of the company’s fuel-related expenses attributable to pipeline capacity reservation charges. Third, the tariff provisions of Rider ITS provide operational controls<sup>29</sup> that keep supply and demand in a reasonable balance so the company is not required to provide a swing service.

18. The Individual Transportation Administrative Fee is a permanent monthly fee assessed to every customer selecting service under Rider ITS to offset the ongoing expenses with providing “individual” transportation service.<sup>30</sup> This fee has increased to \$216.00 per month per meter<sup>31</sup> from \$148.00 per month<sup>32</sup> as approved in the Natural Choice Order.

19. Rider ITS is currently applicable for large commercial customers who choose their own gas supplier and use 182,500 Therms or more per year.<sup>33</sup> As of November 30, 2024, Rider

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<sup>27</sup> *Id.*

<sup>28</sup> Sheet No. 7.805-3, Customer’s Responsibilities.

<sup>29</sup> Sheet No. 7.805-7, Allocations and Penalties.

<sup>30</sup> *See* Pet., Exhibit F at 1. (DN 08104 in Docket No. 20000810-GU).

<sup>31</sup> Peoples Gas System, Inc.’s Fourth Revised Sheet No. 7.805. (The modification to “per meter” was made in the company’s 2003 Rate Case, Docket No. 20020384, and approved by Order No. PSC-2003-0038-FOF-GU, issued on January 6, 2003).

<sup>32</sup> Tariff Sheets (DN 08105 at 60, in Docket No. 20000810-GU).

<sup>33</sup> Sheet No. 7.805.

ITS had 212 customers.<sup>34</sup> Thirteen percent of Rider ITS customers currently take capacity release from the company.

**iii. Substantive Commission Approved Modifications to Rider NCTS and Rider ITS**

20. The Commission approved the following modifications to the Swing Service Charge on December 17, 2015:<sup>35</sup> (a) updated no-notice transportation service charges from Florida Gas Transmission Company; (b) updated costs associated with reserved upstream pipeline capacity that Peoples holds to ensure enough upstream capacity to meet customer demand during peak months; and (c) updated calculations of the Swing Service Charge to include additional storage contracts, swing sale agreements from interruptible customers, and park and loan services provided by upstream. The company's Swing Service Charge has not been updated since 2015.

21. In Docket No. 20160120-GU, Peoples requested approval of tariff modification to: (a) Rider NCTS to increase the rate at which the company releases upstream capacity to Rider NCTS Pool Managers; (b) the Firm Delivery and Operational Balancing Agreement; and (c) the cashout process for negative imbalances in Rider NCTS and Rider ITS. The Commission approved each of the proposed changes in Order No. PSC-16-0503-TRF-GU, issued on October 31, 2016, reasoning that the proposed changes were reasonable given the increase in NCTS customers and that PGA customers alone had paid the cost of reserving upstream capacity for "peaking and future demand which benefit[ed] both PGA and NCTS customers."<sup>36</sup>

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<sup>34</sup> The company notes that this is a per customer count and does not include multiple locations/meters that can fall under a particular customer account.

<sup>35</sup> See *Order Approving Modifications to Swing Service Charge*, Order No. PSC-15-0570-TRF-GU, issued on December 17, 2015, in Docket No. 20150220-GU.

<sup>36</sup> *Order Approving Tariff Modifications to Rider NCTS, the Firm Delivery and Operational Balancing Agreement, and Negative Imbalance Cash-Out Prices, By Peoples Gas System*, Order No. PSC-16-0503-TRF-GU, issued on October 31, 2016, in Docket No. 20160120-GU at 5.

## **B. Off-System Sales**

22. On September 28, 1994, the Commission approved the company's first tariff allowing interruptible sales of gas for non-residential use to any person not connected to the company's distribution system - Rate Schedule Off-System Sales<sup>37</sup> ("OSS").<sup>38</sup> The Commission noted the following reasons for its approval of Rate Schedule OSS, effective September 6, 1994:

1). If any person not directly connected to Peoples Gas' distribution system purchases capacity that is not needed at the time by Peoples Gas, the savings in FGT, Southern Natural and South Georgia reservation charges will flow directly to Peoples Gas customers through the Purchased Gas Adjustment Clause;

2) Fifty percent of any gas revenues Peoples Gas derives from off-system or opportunity sales under the OSS rate schedule will be credited to the firm sales customers as a credit to the cost of purchased gas. Fifty percent would be retained by Peoples Gas above the line;

3) The Off-System Sales will improve system load factor and provide additional revenue with which to meet the company's revenue requirements.<sup>39</sup>

23. In the company's 2002 Rate Case, the sharing mechanism - was amended from a 50/50 basis to a 25/75 basis – 25 percent of net revenues to be retained by the company and 75 percent of net revenues going to offset expenses recovered through the PGA clause.<sup>40</sup>

24. The 25/75 sharing mechanism is in place today, as reflected in Rate Schedule OSS, Sheet No. 7, Special Condition 3 which states:

Disposition of Net Revenues and Transaction Charges. For purposes of this paragraph 3, "net revenues" shall mean the total Distribution Charges received by the Company for service pursuant to this rate schedule. Twenty-five percent (25%) of all net revenues shall be retained by the Company above the line as regulated revenues, and

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<sup>37</sup>On or about August 13, 2004, the company administratively changed the name of the rate schedule from "Off-System Sales" to "Off-System Service." (emphasis added).

<sup>38</sup> *Order Approving Off-System Sales Rate Schedule by Peoples Gas System*, Order No. PSC-94-1187-FOF-GU, issued on September 28, 1994, in Docket No. 940856-GU.

<sup>39</sup> *Id.* at 2.

<sup>40</sup> *Order Granting Rate Increase for Peoples Gas System*, Order No. PSC-03-0038-FOF-GU, issued on January 6, 2003, in Docket No. 020384-GU.

the remaining seventy-five percent (75%) of such net revenues (and all Transaction Charges) shall be used to reduce Company's cost of Gas recovered through the Purchased Gas Adjustment Clause.

25. This table shows the total off-system sales, the costs associated with off-system sales, the margins flowed through to ratepayers, and the margins retained by the company since 2021.

<b>YEAR</b>	<b>TOTAL OSS SALES</b>	<b>COST OF OSS</b>	<b>MARGIN TO RATEPAYERS</b>	<b>MARGIN TO COMPANY</b>
<b>2024 (YTD NOV)</b>	\$34,075,028	\$16,193,488	\$13,411,155	\$4,470,385
<b>2023</b>	\$31,741,620	\$20,971,192	\$8,077,821	\$2,692,607
<b>2022</b>	\$97,628,548	\$79,787,964	\$13,380,440	\$4,460,146
<b>2021</b>	\$22,575,965	\$18,493,121	\$3,062,133	\$1,020,711

Off-system sales are characteristically unpredictable and opportunistic, offering advantages to customers when opportunities arise to optimize available capacity. The availability of open capacity is highly dependent on the daily and seasonal fluctuations in the company's customers' gas requirements.

### **III. PROPOSED MODIFICATIONS**

#### **A. The Swing Service Charge – Modifications to the System Balancing Tools**

26. As explained in paragraph 14, the methodology for determining the Swing Service Charge involves two steps: (a) determining the swing service cost on a system-wide basis based on an estimation of cost associated with six tools; and (b) allocating that cost among the rate classes. The company seeks to update and make substantive modifications to the calculation of costs related to *four* of the six original tools used to estimate the system balancing costs: reserve capacity; swing gas supply, no notice transportation service, and storage contracts. The current methodology is out of date and these updates and modifications are needed to more fairly allocate

costs. Additionally, updating the Swing Charge costs and methodology as well as aligning costs between sales and transportation customers will benefit residential customers by lowering purchased gas adjustment expenses. These modifications are similar to those approved by the Commission for other LDCs.<sup>41</sup> The modifications described above are explained further below.

**i. Reserve Capacity – Modify Calculation**

27. The two key components of the Reserve Capacity calculation include: the swing capacity quantity of the system and the annual weighted average cost of upstream capacity or Weighted Average Cost of Capacity (“WACC”). The swing capacity quantity equals the difference between the peak month throughput by rate class for firm customers and the minimum monthly throughput by rate class. The WACC is calculated as follows:

$$\text{WACC} = \frac{\text{Interstate Capacity Cost} + \text{Intrastate Capacity Cost} - \text{ITS Capacity Release Credits}}{\text{Interstate Capacity Quantity} + \text{Intrastate Capacity Quantity} - \text{ITS Capacity Release Quantity}}$$

28. The amount of swing capacity quantity is then multiplied by the WACC to arrive at the Reserve Capacity cost.

29. Peoples proposes to modify the WACC formula as shown below by removing the intrastate capacity *quantity* from the denominator because including the intrastate *quantity* in both the numerator and denominator of duplicates the determinants and distorts the WACC calculation. The proposed WACC formula is as follows:

$$\text{WACC} = \frac{\text{Interstate Capacity Cost} + \text{Intrastate Capacity Cost} - \text{ITS Capacity Release Credits}}{\text{Interstate Capacity Quantity} - \text{ITS Capacity Release Quantity}}$$

**ii. Swing Gas Supply – Update to Conform to Company Practices**

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<sup>41</sup> See *Order Approving Swing Service Rider Tariff*, Order No. PSC-16-0422-TRF-GU, issued on October 3, 2016, in Docket No. 20160085-GU (approving the expansion of the allocation of intrastate and LDC-to-LDC unreleased capacity-related components of certain mechanisms to include customers not subject to those mechanisms, achieving a more equitable allocation of costs across customer classes).

30. Swing Gas Supply is currently calculated based on a 30-day rolling average of Platts Gas Daily Florida Gas Transmission (“FGT”) Zone 3 prices for the year. The calculated price is then multiplied by the average of the difference between the swing quantities for the peak month and the swing quantities for lowest throughput month, and then multiplied by 12 to develop the annual expense.

31. The company proposes updating the Swing Gas Supply index to include the swing supply index for 30-day rolling average from FGT Zone 3 to the higher of FGT Zone 3 or Transco Zone 5 to be more consistent with the manner in which the company purchases the Swing Gas Supply. For example, in addition to swing supply purchases made at FGT Zone 3 receipt points, the company frequently purchases Swing Gas Supply with a firm receipt location at the Southern Natural Gas Pipeline and Elba Express Pipeline which typically transacts at the Transco Zone 5 index. This modification will ensure the costs calculated for Swing Gas Supply incurred by the company will more closely reflect actual costs.

**iii. No Notice Transportation Service – Update Rates**

32. Currently, the cost associated with the no-notice transportation service is calculated by multiplying the contracted quantity by the upstream pipeline's tariff rate. While the company does not seek to modify how this cost is calculated, it requests approval for the rates associated with the No Notice Transportation Service to be updated pursuant to FGT's most recently Federal Energy Regulatory Commission (“FERC”) approved rate case.<sup>42</sup> The Commission should approve this change to allow the company to conform the No Notice Transportation Service charge to the rate recently approved by FERC.

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<sup>42</sup> *Fla. Gas Transmission Co., LLC*, 179 FERC ¶ 61,172, 62,231 (2022).

#### iv. Storage Contracts – Modify to Add Gas Commodity Cost

33. Storage Contracts are another tool that allows Peoples to schedule gas in or out of a storage facility to efficiently manage supply constraints, demand reductions, and price volatility.<sup>43</sup> Storage facilities are a critical resource when the company's territory experiences an extreme weather event such as a named storm or below freezing temperatures.

34. A natural gas storage contract includes provisions governing the volume of gas that can be injected and withdrawn, the time frame for storage, and associated fees. Traditionally, storage contracts include the following fees or associated costs: (a) injection costs (charges associated with physically pumping a certain quantity of natural gas into the storage facility); (b) withdrawal costs (charges associated with withdrawing certain quantities of gas); and (c) capacity reservation fees (charges for securing storage space).

35. The current methodology for calculating the Storage Contracts cost is to multiply the contracted quantity by the storage rate or capacity reservation fee. Under this methodology, the company has collected *only* the fixed cost to secure storage space within the storage facility since the inception of the Swing Service Charge in 2000.

36. The company seeks to modify the calculation for Storage Contracts to include the commodity injection expense to fill the storage facility in addition to the capacity reservation fee. This modification will allow the company to more fully recover the actual Storage Contract expenses it incurs.

37. The proposes to calculate commodity expense by adding three components included with "one turn of storage." The term "one turn of storage" generally refers to a complete cycle of injecting and withdrawing natural gas from a storage facility, usually

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<sup>43</sup> Pet. for approval of tariff modifications related to the Swing Service Charge, DN 06400-15 in Docket No. 20150220-GU, at 5.

occurring over a year, where gas is injected during period of low demand and withdrawn during high demand periods.

38. The company proposes to calculate the projected expense associated with one turn of storage by adding three components: the projected cost of natural gas to fill the storage, the injection costs, and the withdrawal cost. The company proposes to calculate the cost to fill storage by multiplying the storage capacity by the projected natural gas price at FGT Z3. The company proposes to calculate the projected natural gas price at FGT Z3 for each month in 2025 by first averaging the projections from five consecutive weekdays for the Henry Hub price and the FGT Z3 Basis for each month. The average Henry Hub and FGT Z3 Basis projections for each month are then added to estimate the projected FGT Z3 price for each month in 2025. The company proposes to calculate injection and withdrawal costs by multiplying the storage capacity by the injection and withdrawal rates. Confidential Exhibit A attached hereto demonstrates this updated methodology for calculating the Storage Contracts cost.

**B. The Swing Service Charge Tariff Sheet**

39. The company proposes to remove the Natural Gas Vehicle Service (NGVS) billing class from the listing of rate classes in the Swing Service Charge Tariff Sheet 7.101-3 and NCTS Rider Tariff Sheet 7.803, because this billing class was removed from the company's tariff in Docket 20200051.<sup>44</sup>

**C. Rider ITS**

40. The company proposes making two modifications to Rider ITS that will mitigate the impact of the majority of Rider ITS customers taking capacity from a third party

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<sup>44</sup> Order approving joint motion for approval of settlement agreement submitted by PGS, OPC and FIPUG, Order No. PSC-2020-0485-FOF-GU, issued on December 10, 2020, in Docket Nos. 20200051-GU, 20200166-GU and 20200178-GU at 5, 13 and 156.



and not Peoples, which causes a larger percentage of overall capacity costs being allocated to the PGA. The company has communicated these proposed changes to the affected customers prior to the filing of this petition.

41. First, Peoples proposes changing the applicable threshold of therms per year from 182,500 Therms to 500,000 Therms. This increase will shift firm transportation customers from Rider ITS to the Rider NCTS transportation program. This will impact less than 30 percent of Rider ITS customers. The company has provided the impacted customers with advance notice of this proposed modification and the filing of this petition. As part of this modification, the company proposes providing impacted Rider ITS customers a minimum of 12 months' written notice prior to the effective date of this tariff change and will continue to communicate with these customers throughout the period leading up to the change.

42. Second, with only 13 percent of Rider ITS customers taking capacity release from Peoples, the company proposes modifying Rider ITS to require those customers that are *not* currently taking capacity release from Peoples to take a minimum percentage of their daily requirements from the company. The company proposes providing impacted customers with a minimum of 12 months' written notice prior to changing the minimum daily requirement. The company proposes that the minimum daily capacity take begin at 25 percent and that it may be increased by the company upon 12 months written notice, but in no event shall the daily minimum capacity requirement exceed 40 percent.

43. Both modifications will permit a more equitable recovery of capacity expenses. The company allocates capacity expenses through: (a) the PGA; (b) the Rider NCTS' capacity release provisions; and (c) capacity releases to those Rider ITS customers electing to receive the *company's* pipeline capacity versus that of a third-party. The remaining capacity expenses are assigned to the PGA. Thus, expenses associated with any contracted for capacity not released to a

Rider NCTS or Rider ITS transporter are recovered from the company's sales customers through the PGA.

44. Increasing the threshold under Rider ITS will move customers to Rider NCTS which will (a) increase the number of customers and associated determinants subject to the Swing Service Charge; and (b) increase the amount of capacity released at the company's WACC (thereby reducing third-party (secondary) capacity delivered to the company's system). Additionally, implementing a daily minimum capacity release requirement for customers not currently taking capacity from the company allows for recovery of more of the overall capacity costs from those customers utilizing such capacity. Any capacity costs recovered through capacity release will be directly credited to PGA.

**D. Rate Schedule OSS – Modification to Special Condition 3**

45. The company proposes to modify the sharing mechanism provided in Special Condition 3, Disposition of Net Revenues and Transaction Charges, of Rate Schedule OSS, from a 22/75 basis to a 50/50 basis as originally approved by the Commission. The change back to a 50/50 sharing will align the company with the off-system sales sharing mechanisms used by Florida Public Utilities Company<sup>45</sup> (Sheet No. 6.029) and Florida City Gas<sup>46</sup> (Sheet No. 71), both of whom have maintained a 50/50 sharing since the inception of their OSS rate schedule in 1994 and 1996, respectively.

46. The company's request to require ITS customers to obtain a minimum of 25 percent of their daily requirements from the company as capacity release compliments the modification

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<sup>45</sup> *Amendatory Order Approving Off-System Sales Rate Schedule*, Order No. PSC-94-1215A-FOF-GU, issued November 10, 1994, in Docket No. 19940881-GU.

<sup>46</sup> *Order Approving City Gas Company of Florida's Off-System Sales Rate Schedule*, Order No. PSC-96-0482-FOF-GU, issued April 5, 1996, in Docket No. 19960185-GU.

to Rate Schedule OSS in that the ITS modification reduces the capacity available for off-system sales.

#### **IV. OTHER**

47. Confidential Exhibit A to this Petition demonstrates the updated methodology for calculating the Storage Contracts cost.

48. Exhibit B to this Petition reflects the calculation of the Swing Service Charge and the development of the recovery factor for each rate class. The billing factors for the Swing Service Charge reflected on Exhibit B are based on the best available data and cost estimates, are a reasonable estimate of the costs incurred by rate class and are designed to recover costs from customers who cause the company to incur such costs.

49. Exhibit C to this Petition is the clean and legislative version of Fourth Revised Sheet No. 7.101-3 that contains the requested modifications in the Swing Service Charge.

50. Exhibit D to this Petition is the clean and legislative version of Fourth Revised Sheet No. 7.805 and 7.805-9 that contains the requested modifications to Rider ITS.

51. Exhibit E to this Petition is the clean and legislative version of the Fourth Revised Sheet No. 7.702 that contains the requested modifications to Rate Schedule OSS.

52. This Petition represents an original pleading and is not in response to any proposed action by the Commission. Accordingly, the company is not responding to any proposed agency action.

53. The ultimate facts that entitle Peoples to the relief requested herein are set forth in paragraphs one through 51, above.

54. Peoples is not aware of any disputed issues of material fact relative to the relief requested herein.

55. Peoples is entitled to the relief requested pursuant to Chapters 366 and 120, Florida Statutes.

**WHEREFORE**, for the reasons stated above, Peoples Gas System, Inc. respectfully requests the Commission issue an order:

- A. Approving the company's modifications to the Swing Service Charge methodology as specified herein.
- B. Approving the company's modifications to the Swing Service Charge factors as specified herein and in Exhibit B to this Petition.
- C. Approving proposed revisions to Rider ITS changing the applicable therm usage per year from 182,500 Therms to 500,000 Therms per year and requiring Rider ITS customers not currently taking capacity release from the company to take a minimum of 25 percent of their daily requirements as capacity release from Peoples, with a mechanism for the company to raise this daily requirement up to a maximum of 40 percent upon 12 months written notice.
- D. Approving the modifications to the company's Rate Schedule OSS amending the sharing mechanism to a 50/50 basis.
- E. Granting other such relief as may be reasonable and proper.

DATED this 13th day of January 2025.

Respectfully submitted,



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## **Exhibit A**

**Storage Contracts Calculation**

The total projected expense associated with one turn of storage is calculated by adding three components:

1. Projected cost of natural gas to fill the storage
2. Projected injection cost
3. Projected withdrawal cost

The projected cost to fill the storage is calculated by multiplying the total storage capacity by the projected natural gas price at Florida Gas Transmission Zone 3 (FGT Z3). The injection and withdrawal cost are calculated by multiplying the total storage capacity by the injection and withdrawal rates, respectively.

The projected natural gas price at FGT Z3 for 2025 was calculated by first averaging the projections from five consecutive weekdays (September 11 - 17, 2024) for the Henry Hub price (*Table 1*) and the FGT Z3 basis (*Table 2*), as posted on S&P Global. The two averages were then added to calculate the projected FGT Z3 full price for each term (*Table 3*).

	Henry Hub (USD per MMBtu)							
Term	9/17/2024	9/16/2024	9/15/2024	9/14/2024	9/13/2024	9/12/2024	9/11/2024	Average
Jan-25	\$3.3270	\$3.3390			\$3.3010	\$3.3680	\$3.3540	\$3.3378
Feb-25	\$3.2050	\$3.2110			\$3.1780	\$3.2430	\$3.2360	\$3.2146
Mar-25	\$2.9150	\$2.9160			\$2.8880	\$2.9350	\$2.9300	\$2.9168
Apr-25	\$2.7980	\$2.7920			\$2.7670	\$2.8080	\$2.8000	\$2.7930
May-25	\$2.8370	\$2.8310			\$2.8100	\$2.8470	\$2.8390	\$2.8328
Jun-25	\$2.9710	\$2.9680			\$2.9530	\$2.9930	\$2.9810	\$2.9732
Jul-25	\$3.1240	\$3.1240			\$3.1120	\$3.1500	\$3.1340	\$3.1288
Aug-25	\$3.1590	\$3.1570			\$3.1500	\$3.1880	\$3.1710	\$3.1650
Sep-25	\$3.1400	\$3.1360			\$3.1310	\$3.1690	\$3.1530	\$3.1458
Oct-25	\$3.2240	\$3.2220			\$3.2160	\$3.2490	\$3.2350	\$3.2292
Nov-25	\$3.4940	\$3.4910			\$3.4800	\$3.5030	\$3.4750	\$3.4886
Dec-25	\$3.8830	\$3.8810			\$3.8630	\$3.8770	\$3.8400	\$3.8688

**Table 1: Henry Hub projections**

	FGT Z3 Basis (USD per MMBtu)							
Term	9/17/2024	9/16/2024	9/15/2024	9/14/2024	9/13/2024	9/12/2024	9/11/2024	Average
Jan-25								
Feb-25								
Mar-25								
Apr-25								
May-25								
Jun-25								
Jul-25								
Aug-25								
Sep-25								
Oct-25								
Nov-25								
Dec-25								

**Table 2: FGT Z3 basis projections**

EXHIBIT A

Forecast As of September 17, 2024 (USD per MMBtu)			
Term	Henry Hub	FGT Z3 Basis	FGT Z3 Full Price
Jan-25			
Feb-25			
Mar-25			
Apr-25			
May-25			
Jun-25			
Jul-25			
Aug-25			
Sep-25			
Oct-25			
Nov-25			
Dec-25			
			2025 Average

Table 3: FGT Z3 full price projections

Storage Capacity (MMBtu)	
2025 Projected FGT Z3 Price (\$/MMBtu)	
Injection Rate (\$/MMBtu)	
Withdrawal Rate (\$/MMBtu)	
Expense to Fill (storage capacity * FGT Z3)	
Injection Expense (storage capacity * injection rate)	
Withdrawal Expense (storage capacity * withdrawal rate)	
<b>Total 2025 Projected Expense</b>	

Table 4: Storage expense projection for 2025

Sources

<https://www.capitaliq.spglobal.com/web/client?auth=inherit#markets/energyMarketsNaturalGasSummary?key=982fafdb-b14f-4c18-b151-75be96d6c2c5>



**Exhibit B**

Exhibit B

Calculation of Swing Service Charge

Expense

RowID	Expense Type	Amount	Formula	Description
1	Reserve Capacity	\$9,903,429.46	$(\text{Total Swing Therm} / 2) * \text{row}(10) * 12$	Average cost of capacity to serve swing load
2	Swing Gas Supply	\$1,885,336.65	$\text{Average annual swing purchase quantity} * \text{natural gas price}^1$	<sup>1</sup> - natural gas price is the annual average of the difference between the actual and 30 day rolling average
3	NN Transportation Service	\$458,809.65		
4	Storage Contracts	\$586,250.00		Storage expenses including monthly fees, injection/withdrawal fees, and injection overruns
5	Swing Sale Agreements	\$1,240,000.08		
6	Park and Loan Services	\$0.00		
7	Pipeline Penalties	\$0.00		
8	Storage Turn	\$969,005.42	$(\text{Storage capacity} * 2025 \text{ forecasted FGT Z3 natural gas price}^{21} + (\text{Storage capacity} * \text{injection rate}) * (\text{Storage capacity} * \text{withdrawal rate}))$	<sup>2</sup> - 2025 forecasted FGT Z3 natural gas price is the 2025 average Henry Hub plus the 2025 average Z3 basis
9	<b>Total 2023 Expense</b>	<b>\$15,042,831.26</b>		
10	2025 WACOC After Release (\$/therm)	\$0.0662	$\text{Total cost after release} / (\text{total capacity after release} - \text{total interstate capacity})$	Average cost of capacity after long term committed releases

Exhibit B

Allocation & Rates

ColumnID	A	B	C	D	E	F	G	H	I	J	K	L	M
Formula					col(C) - col(D)	col(E) / Total 2023 Swing Therm	col(F) * 2023 Total Expense	col(G) / col(B)	Current regulatory assessment fee	col(H) * col(I)	Existing swing rate	Rate change in USD	Rate change in percent
Description	Firm Billed Rate Classes	Billed therms	Billed therms	Billed therms	Difference between Max & Min (in therms)	Percent of total swing	Expense allocation based on swing percent	Cost allocation rate	Regulatory Assessment fee	New swing rate with regulatory assessment fee	Current Swing Charge per Therm	Change (\$)	Change (%)
RowID	Rate Class	2023 Annual Therm	2023 Max Therm	2023 Min Therm	2023 Swing Therm	2023 Swing Percent	Cost Allocation	Cost per Therm	Regulatory Assessment Fee	New Swing Charge per Therm	Current Swing Charge per Therm	Change (\$)	Change (%)
1	Residential	99,069,060	15,338,545	4,490,250	10,848,295	43.519%	\$6,546,454.54	\$0.0661	\$1.00503	\$0.0664	\$0.0388	\$0.0664	
2	RS-GHP	7,175	805	327	478	0.002%	\$288.33	\$0.0402	\$1.00503	\$0.0404	\$0.0388	\$0.0016	4.09%
3	CS-GHP	21,168	3,162	851	2,310	0.009%	\$1,394.16	\$0.0659	\$1.00503	\$0.0662	\$0.0208	\$0.0454	218.24%
4	CSLS	480,504	44,359	34,417	9,942	0.040%	\$5,999.55	\$0.0125	\$1.00503	\$0.0125	\$0.0071	\$0.0054	76.74%
5	CS-SG	457,317	49,783	28,647	21,136	0.085%	\$12,754.32	\$0.0279	\$1.00503	\$0.0280	\$0.0208	\$0.0072	34.76%
6	GS-1	87,875,129	8,816,737	6,307,222	2,509,515	10.067%	\$1,514,378.74	\$0.0172	\$1.00503	\$0.0173	\$0.0208	-\$0.0035	-16.73%
7	GS-2	131,792,004	13,926,771	9,125,190	4,801,582	19.262%	\$2,897,537.03	\$0.0220	\$1.00503	\$0.0221	\$0.0217	\$0.0004	1.83%
8	GS-3	73,381,201	7,706,322	5,027,183	2,679,140	10.748%	\$1,616,739.44	\$0.0220	\$1.00503	\$0.0221	\$0.0234	-\$0.0013	-5.37%
9	GS-4	61,531,243	5,969,733	4,431,416	1,538,317	6.171%	\$928,304.60	\$0.0151	\$1.00503	\$0.0152	\$0.0079	\$0.0073	91.93%
10	GS-5	161,860,933	14,364,502	12,582,596	1,781,907	7.148%	\$1,075,299.89	\$0.0066	\$1.00503	\$0.0067	\$0.0058	\$0.0009	15.12%
11	SGS	9,411,040	1,081,597	574,818	506,779	2.033%	\$305,817.94	\$0.0325	\$1.00503	\$0.0327	\$0.0388	-\$0.0061	-15.83%
12	WHS	2,617,239	368,969	140,513	228,456	0.916%	\$137,862.73	\$0.0527	\$1.00503	\$0.0529	\$0.0000	\$0.0529	
13	<b>TOTAL</b>	<b>628,504,012</b>			<b>24,927,854</b>	<b>100.000%</b>	<b>\$15,042,831.26</b>						

## **Exhibit C**

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**GENERAL APPLICABILITY PROVISIONS (Continued)**

**D. SWING SERVICE CHARGE**

The Pool Manager of a Customer receiving aggregated transportation service from Company under the Natural Choice Transportation Service Rider (Rider NCTS) provides a fixed daily quantity of Gas supply and interstate pipeline transportation capacity throughout each month. The Company must increase or reduce the system's Gas supply and use of interstate pipeline capacity in an effort to balance the actual daily consumption of a Rider NCTS Customer as it differs from the fixed daily quantity of Gas being delivered by the Customer's Pool Manager during the month. The Swing Service Charge is assessed to firm Rider NCTS Customers to cover the costs incurred by the Company to maintain the above-described balance and distribution system integrity.

The bill for aggregated transportation service provided by Company to a firm Customer pursuant to Rider NCTS in any Billing Period shall be adjusted as follows:

The monthly consumption of each Rider NCTS Customer shall be multiplied by the Swing

Service Charge factors listed below, each factor being increased or decreased to the nearest \$0.0001 per therm and include the regulatory assessment tax factor of 1.00503:

<b><u>Rate Class</u></b>	<b><u>Recovery Factor</u></b>
Residential Gas Heat Pump Service	\$0.0404 per Therm
Small General Service	\$0.0327 per Therm
Commercial Street Lighting	\$0.0125 per Therm
Commercial Standby Generator	\$0.0280 per Therm
Commercial Gas Heat Pump Service	\$0.0662 per Therm
General Service 1	\$0.0173 per Therm
General Service 2	\$0.0221 per Therm
General Service 3	\$0.0221 per Therm
General Service 4	\$0.0152 per Therm
General Service 5	\$0.0067 per Therm

Revenues derived from the Swing Service Charge are credited to the Purchased Gas Adjustment Clause to the extent applicable.

**GENERAL APPLICABILITY PROVISIONS (Continued)**

**D. SWING SERVICE CHARGE**

The Pool Manager of a Customer receiving aggregated transportation service from Company under the Natural Choice Transportation Service Rider (Rider NCTS) provides a fixed daily quantity of Gas supply and interstate pipeline transportation capacity throughout each month. The Company must increase or reduce the system's Gas supply and use of interstate pipeline capacity in an effort to balance the actual daily consumption of a Rider NCTS Customer as it differs from the fixed daily quantity of Gas being delivered by the Customer's Pool Manager during the month. The Swing Service Charge is assessed to firm Rider NCTS Customers to cover the costs incurred by the Company to maintain the above-described balance and distribution system integrity.

The bill for aggregated transportation service provided by Company to a firm Customer pursuant to Rider NCTS in any Billing Period shall be adjusted as follows:

The monthly consumption of each Rider NCTS Customer shall be multiplied by the Swing

Service Charge factors listed below, each factor being increased or decreased to the nearest \$0.0001 per therm and include the regulatory assessment tax factor of 1.00503:

<u>Rate Class</u>	<u>Recovery Factor</u>
Residential Gas Heat Pump Service	\$0. <del>04040388</del> per Therm
Small General Service	\$0. <del>03270388</del> per Therm
Commercial Street Lighting	\$0. <del>01250074</del> per Therm
<del>Natural Gas Vehicle Service</del>	<del>\$0.0435 per Therm</del>
Commercial Standby Generator	\$0. <del>02800208</del> per Therm
Commercial Gas Heat Pump Service	\$0. <del>06620208</del> per Therm
General Service 1	\$0. <del>01730208</del> per Therm
General Service 2	\$0. <del>02210217</del> per Therm
General Service 3	\$0. <del>02210234</del> per Therm
General Service 4	\$0. <del>01520079</del> per Therm
General Service 5	\$0. <del>00670058</del> per Therm

Revenues derived from the Swing Service Charge are credited to the Purchased Gas Adjustment Clause to the extent applicable.

## **Exhibit D**

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**INDIVIDUAL TRANSPORTATION SERVICE RIDER  
RIDER ITS**

**Availability:**

Throughout the service areas of the Company, subject to the Special Conditions set forth herein.

**Applicability:**

To firm or interruptible individual transportation service for any non-residential Customer who uses 500,000 therms per year or more and owns Gas that is made available for individual transportation service on the Company's system under Rate Schedules GS-5, WHS, SIS, IS, ISLV, and CIS.

**Monthly Rate:**

The Monthly Rate set forth in the applicable rate schedule, based on the annual Therm usage of, and character of service elected by, the Customer, plus an Individual Transportation Administration Fee of \$216.00 per month per meter.

**Special Conditions:**

1. Definitions: As used in this Rider or in a Gas Transportation Agreement, the following terms have the meanings set forth below:

"Actual Takes" means, for a specified period of time, the quantity of Gas passing through the meter(s) at the PGS Delivery Point(s) of Customer (as defined in the Customer's Gas Transportation Agreement).

"Customer" means the person or entity which executes a Gas Transportation Agreement providing for individual transportation service hereunder.

"Daily Imbalance Amount" means, for a Day, the positive or negative whole number determined by subtracting the Actual Takes for the Day from the Scheduled Quantities for the Day.

"Day" means a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

"FGT" means Florida Gas Transmission Company, a Delaware corporation, and its successors and assigns.

"Gas Transportation Agreement" means an agreement between Company and an individual transportation Customer, the basic form of which is set forth on Sheets Nos. 8.114 through 8.114-8, which specifies the term for which it is effective and contains such reasonable provisions for termination as to which Company and Customer may agree.



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**INDIVIDUAL TRANSPORTATION SERVICE RIDER  
RIDER ITS**

**Availability:**

Throughout the service areas of the Company, subject to the Special Conditions set forth herein.

**Applicability:**

To firm or interruptible individual transportation service for any non-residential Customer who uses ~~500,000~~~~182,500~~ therms per year or more and owns Gas that is made available for individual transportation service on the Company's system under Rate Schedules ~~GS-3, GS-4,~~ GS-5, ~~NGVS,~~ WHS, SIS, IS, ISLV, and CIS.

**Monthly Rate:**

The Monthly Rate set forth in the applicable rate schedule, based on the annual Therm usage of, and character of service elected by, the Customer, plus an Individual Transportation Administration Fee of \$216.00 per month per meter.

**Special Conditions:**

1. Definitions: As used in this Rider or in a Gas Transportation Agreement, the following terms have the meanings set forth below:

"Actual Takes" means, for a specified period of time, the quantity of Gas passing through the meter(s) at the PGS Delivery Point(s) of Customer (as defined in the Customer's Gas Transportation Agreement).

"Customer" means the person or entity which executes a Gas Transportation Agreement providing for individual transportation service hereunder.

"Daily Imbalance Amount" means, for a Day, the positive or negative whole number determined by subtracting the Actual Takes for the Day from the Scheduled Quantities for the Day.

"Day" means a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

"FGT" means Florida Gas Transmission Company, a Delaware corporation, and its successors and assigns.

"Gas Transportation Agreement" means an agreement between Company and an individual transportation Customer, the basic form of which is set forth on Sheets Nos. 8.114 through 8.114-8, which specifies the term for which it is effective and contains such reasonable provisions for termination as to which Company and Customer may agree.

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**INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)**

- (e) No penalty debits will be assessed if they are less than \$5.00 in value.
- (f) If, on a Day on which a Customer or an ITS Agent for an ITS Customer Pool is subject to an Alert Day Notice issued pursuant to this Special Condition 12, Company orders such Customer or the Customers comprising such ITS Customer Pool to curtail or interrupt pursuant to Special Condition 3, such Customer or the ITS Agent for such ITS Customer Pool shall be subject to the greater of (i) any Alert Day Charges incurred by such Customer or by the ITS Agent for such ITS Customer Pool pursuant to this Special Condition 12 or (ii) any penalty payable by such Customer or by the Customers comprising such ITS Customer Pool for unauthorized overrun Gas pursuant to Special Condition 3.
- 12A. Correction of Imbalances at PGS Receipt Points that Are Gulfstream Delivery Points. If Company is the delivery point operator at a PGS Receipt Point that is a Gulfstream delivery point, Customer shall be subject to the provisions of Special Condition 12 above. In addition, Customer shall bear sole responsibility for, and all costs associated with, any penalties imposed by Gulfstream (except penalties imposed as the result of the acts or omissions of Company) resulting from Customer's nominations for deliveries of Gas at any such PGS Receipt Point. If Company is not the delivery point operator at a PGS Receipt Point that is a Gulfstream delivery point, the provisions of Special Condition 12 above shall not apply, and Customer shall bear sole responsibility for, and all costs associated with, any penalties imposed by Gulfstream (except penalties imposed as the result of the acts or omissions of Company) resulting from Customer's nominations for deliveries of Gas at any such PGS Receipt Point.
13. A Customer which provides a written request to discontinue service hereunder to return to sales service (if such service is then available from Company) will be required to remain on sales service for a period of not less than twelve (12) Months.
14. It is the Customer's obligation to make payments to the Company (or to an Authorized Payment Agent of the Company) of all bills rendered. Payment by a Customer to a third party (including a Third Party Gas Supplier) which has not been designated by Company as an Authorized Payment Agent will not satisfy the Customer's obligation to make payment of Company's bill for Gas Service.
15. Customers under this Rider ITS are required to take a minimum of twenty-five percent (25%) of their daily requirements from the Company. The Company will provide customers twelve (12) months' notice before implementing the 25% minimum daily requirement. The Company may increase the 25% minimum daily requirement to a maximum of forty (40%) percent upon twelve (12) months' written notice.

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**INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)**

- (e) No penalty debits will be assessed if they are less than \$5.00 in value.
- (f) If, on a Day on which a Customer or an ITS Agent for an ITS Customer Pool is subject to an Alert Day Notice issued pursuant to this Special Condition 12, Company orders such Customer or the Customers comprising such ITS Customer Pool to curtail or interrupt pursuant to Special Condition 3, such Customer or the ITS Agent for such ITS Customer Pool shall be subject to the greater of (i) any Alert Day Charges incurred by such Customer or by the ITS Agent for such ITS Customer Pool pursuant to this Special Condition 12 or (ii) any penalty payable by such Customer or by the Customers comprising such ITS Customer Pool for unauthorized overrun Gas pursuant to Special Condition 3.
- 12A. Correction of Imbalances at PGS Receipt Points that Are Gulfstream Delivery Points. If Company is the delivery point operator at a PGS Receipt Point that is a Gulfstream delivery point, Customer shall be subject to the provisions of Special Condition 12 above. In addition, Customer shall bear sole responsibility for, and all costs associated with, any penalties imposed by Gulfstream (except penalties imposed as the result of the acts or omissions of Company) resulting from Customer's nominations for deliveries of Gas at any such PGS Receipt Point. If Company is not the delivery point operator at a PGS Receipt Point that is a Gulfstream delivery point, the provisions of Special Condition 12 above shall not apply, and Customer shall bear sole responsibility for, and all costs associated with, any penalties imposed by Gulfstream (except penalties imposed as the result of the acts or omissions of Company) resulting from Customer's nominations for deliveries of Gas at any such PGS Receipt Point.
13. A Customer which provides a written request to discontinue service hereunder to return to sales service (if such service is then available from Company) will be required to remain on sales service for a period of not less than twelve (12) Months.
14. It is the Customer's obligation to make payments to the Company (or to an Authorized Payment Agent of the Company) of all bills rendered. Payment by a Customer to a third party (including a Third Party Gas Supplier) which has not been designated by Company as an Authorized Payment Agent will not satisfy the Customer's obligation to make payment of Company's bill for Gas Service.
15. Customers under this Rider ITS are required to take a minimum of twenty-five percent (25%) of their daily requirements from the Company. The Company will provide customers twelve (12) months' notice before implementing the 25% minimum daily requirement. The Company may increase the 25% minimum daily requirement to a maximum of forty (40%) percent upon twelve (12) months' written notice.

**Exhibit E**

### OFF-SYSTEM SERVICE (Continued)

Company's Purchased Gas Adjustment Clause, Energy Conservation Cost Recovery Clause and Competitive Rate Adjustment Clause shall not apply to purchases of Gas made by Customer pursuant to this rate schedule.

#### Special Conditions:

1. Neither Customer nor Company shall have any obligation to the other for any specific minimum quantity of Gas or pipeline capacity on any day or during any month, and deliveries pursuant to this rate schedule shall be subject to curtailment or interruption at any time in the sole discretion of Company.
2. Amounts payable to Company pursuant to this rate schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-4.
3. Disposition of Net Revenues and Transaction Charges. For purposes of this paragraph 3, "net revenues" shall mean the total Distribution Charges received by Company for service pursuant to this rate schedule. Fifty percent (50%) of all net revenues shall be retained by Company above the line as regulated revenues, and the remaining fifty percent (50%) of such net revenues (and all Transaction Charges) shall be used to reduce Company's cost of Gas recovered through the Purchased Gas Adjustment Clause.
4. Interruption and Curtailment. Company may notify Customer at any time to reduce or cease using Gas. Company will endeavor to give as much notice as possible to Customer.

Any gas taken in excess of the volume allocated to the Customer in an interruption or curtailment order shall be considered unauthorized overrun gas. Company may bill and Customer shall pay for such unauthorized overrun gas at the greater of (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-3 reservation, usage, fuel and applicable surcharges or (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken.

5. For each day on which Customer desires to receive service pursuant to this rate schedule, Customer shall provide a nomination to Company specifying the quantity of Gas it desires to receive at the specified point of delivery pursuant to this Agreement. Following receipt of a timely and complete nomination from Customer, Company will confirm the quantities of Gas to be made available for delivery to Customer at such point of delivery. Quantities confirmed by PGS for delivery shall be "Scheduled Quantities".
6. The point of delivery for all Gas sold pursuant to this rate schedule shall be the delivery point of the delivering Pipeline specified by Customer.
7. Except as modified by the provisions set forth above, service under this rate schedule shall be subject to the Rules and Regulations set forth in this Tariff.

### OFF-SYSTEM SERVICE (Continued)

Company's Purchased Gas Adjustment Clause, Energy Conservation Cost Recovery Clause and Competitive Rate Adjustment Clause shall not apply to purchases of Gas made by Customer pursuant to this rate schedule.

#### Special Conditions:

1. Neither Customer nor Company shall have any obligation to the other for any specific minimum quantity of Gas or pipeline capacity on any day or during any month, and deliveries pursuant to this rate schedule shall be subject to curtailment or interruption at any time in the sole discretion of Company.
2. Amounts payable to Company pursuant to this rate schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-4.
3. Disposition of Net Revenues and Transaction Charges. For purposes of this paragraph 3, "net revenues" shall mean the total Distribution Charges received by Company for service pursuant to this rate schedule. ~~FiftyTwenty-five~~ percent (~~5025~~%) of all net revenues shall be retained by Company above the line as regulated revenues, and the remaining ~~fiftyseventy-five~~ percent (~~5075~~%) of such net revenues (and all Transaction Charges) shall be used to reduce Company's cost of Gas recovered through the Purchased Gas Adjustment Clause.
4. Interruption and Curtailment. Company may notify Customer at any time to reduce or cease using Gas. Company will endeavor to give as much notice as possible to Customer.

Any gas taken in excess of the volume allocated to the Customer in an interruption or curtailment order shall be considered unauthorized overrun gas. Company may bill and Customer shall pay for such unauthorized overrun gas at the greater of (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-3 reservation, usage, fuel and applicable surcharges or (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken.

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7. Except as modified by the provisions set forth above, service under this rate schedule shall be subject to the Rules and Regulations set forth in this Tariff.