

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: February 20, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (McClelland) *EJD*
Office of the General Counsel (Sandy) *JSC*

RE: Docket No. 20250026-GU – Petition for approval to modify swing service charge, individual transportation service rider, and off-system service rate schedule, by Peoples Gas System, Inc.

AGENDA: 03/04/25 – Regular Agenda – Tariff Suspension – Participation is at the Commission’s Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 03/14/25 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On January 13, 2025, Peoples Gas System, Inc. (Peoples or utility) filed a petition for approval of modifications to the Swing Service Charges applicable to transportation customers, Individual Transportation Service (ITS), and Off System Service (OSS).

In 2000, the Commission approved Peoples’ Natural Choice Program, which enabled customers to more easily receive transportation service from the utility by consolidating and simplifying the existing transportation programs.¹ The Natural Choice Program offered two types of transportation service: a “pooled” service through the Natural Choice Transportation Service

¹ Order No. PSC-00-1814-TRF-GU, issued October 4, 2000, in Docket No. 000810-GU, *In re: Petition for approval of modifications to tariff provisions governing transportation of customer-owned gas and tariff provisions to implement Rule 25-7.0335, F.A.C., Tampa Electric Company d/b/a Peoples Gas System.*

(NCTS) and “individual” service through the ITS Rider. NCTS customers are pooled together in groups and are supplied gas by a Pool Manager, which is a third-party natural gas marketer.

The Pool Manager is responsible for supplying and managing natural gas for its customer pool as well as acquiring firm upstream capacity from Peoples. While Pool Managers deliver a fixed daily quantity of gas supply and capacity, the amount of gas actually consumed by NCTS customers varies. As a result, Peoples varies (or swings) the level of gas and capacity delivered to the utility’s system through operational purchases and sales in order to balance the system. The cost to swing gas adds costs to the Purchased Gas Adjustment (PGA) clause, paid for by Peoples’ sales customers.

The Swing Service Charge is designed to recover the cost to swing gas for transportation customers and is credited to the PGA clause. The Swing Service Charge is a cents per therm charge applicable to NCTS customers, who purchase gas from third party marketers, and therefore do not pay the PGA charge. In 2015, the Commission approved updated calculations for the Swing Service Charges to reflect Peoples’ then-current cost of providing swing service.² In the instant petition, Peoples is proposing to update the methodology and calculations of the costs included in estimating system balancing costs, resulting in revised Swing Service Charges.

With respect to the ITS Rider, Peoples is proposing to increase the eligibility threshold from 182,500 to 500,000 annual therms and to add a requirement to receive a certain minimum daily pipeline capacity from Peoples (vs. receiving capacity from a third party). Currently, ITS customers are not required to acquire pipeline capacity from Peoples.

Finally, Peoples proposed a change to the sharing mechanism contained in its OSS tariff, which was first approved in 1994. The OSS tariff allows Peoples interruptible sales of gas to commercial customers not connected to the utility’s distribution system. Currently, the tariff provides that 25 percent of net revenues are retained by Peoples and 75 percent credited to the PGA. Peoples is proposing to change the sharing to 50/50.

This is staff’s recommendation to suspend the proposed tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes (F.S.).

² Order No. PSC-15-0570-TRF-GU, issued December 17, 2015, in Docket No. 150220-GU, *In re: Petition for approval of tariff modifications related to the swing service charge, by Peoples Gas System.*

Discussion of Issues

Issue 1: Should the Commission suspend Peoples' proposed revisions to the tariffs associated with its Swing Service Rider, Individual Transportation Service Rider, and Off System Service?

Recommendation: Yes. Staff recommends that Peoples' proposed tariffs associated with its Swing Service Rider, Individual Transportation Service Rider, and Off System Service be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals. (McClelland)

Staff Analysis: Staff recommends that Peoples' proposed revisions to the tariffs associated with its Swing Service Rider, Individual Transportation Service Rider, and Off System Service be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change, a reason, or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission decision on the proposed revised tariffs. (Sandy)

Staff Analysis: This docket should remain open pending the Commission decision on the proposed revised tariffs.