

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:** January 20, 2005

**TO:** Director, Division of the Commission Clerk & Administrative Services (Bayó)

**FROM:** Office of the General Counsel (Vining)  
Division of Competitive Markets & Enforcement (Bulecza-Banks, Makin)  
Division of Regulatory Compliance & Consumer Assistance (Mills)

**RE:** Docket No. 041385-GU – Joint petition for approval of amendment to territorial agreement in Pasco County, by Peoples Gas System and Clearwater Gas System, a department of the City of Clearwater.

**AGENDA:** 02/01/05 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\GCL\WP\041385.RCM.DOC

---

**Case Background**

In 1994, Peoples Gas System (Peoples Gas) initiated a territorial dispute against Clearwater Gas System (Clearwater Gas) because both parties planned to expand their natural gas distribution facilities in Pasco County. The parties ultimately were able to resolve that territorial dispute through a comprehensive agreement defining the service areas of the parties within Pasco County.

The Commission approved the Agreement in Order No. PSC-95-0620-AS-GU, issued May 22, 1995, in Docket No. 940660-GU, In re: Petition to Resolve Territorial Dispute with Clearwater Gas System, a Division of the City of Clearwater, by Peoples Gas System, Inc., finding that the 1995 territorial agreement is in the public interest, and adoption of the agreement will further the Commission's longstanding policy of avoiding unnecessary and uneconomic duplication of facilities.

Docket No. 041385-GU  
Date: January 20, 2005

On December 8, 2004, Peoples Gas and Clearwater Gas filed a Joint Petition requesting approval of the First Amendment to the 1995 Agreement. This recommendation addresses the proposed amendment.

Jurisdiction over this matter is vested in the Commission by Sections 366.04, 366.05, and 366.06, Florida Statutes.

### **Discussion of Issues**

**Issue 1:** Should the Commission approve the joint petition for approval of the amendment to the territorial agreement in Pasco County filed by Peoples Gas and Clearwater Gas ?

**Recommendation:** Yes. The Commission should approve the joint petition filed by Peoples Gas and Clearwater Gas for approval to amend their existing territorial agreement. The amendment should become effective 30 days from the issuance of the Consummating Order in this docket. **(Vining, Bulecza-Banks, Makin, Mills)**

**Staff Analysis:** Natural gas service has been requested by the developer of Connerton, a 4,800 acre planned community in Central Pasco County that neither Peoples Gas nor Clearwater Gas are currently serving. Per the 1995 Agreement, Peoples Gas was allocated this territory; however, the territory is also adjacent to territory allocated to Clearwater Gas. The parties agree that because of the way that Peoples Gas and Clearwater Gas have developed their gas systems, it would be more economical for Clearwater Gas to provide service to the area.

Peoples Gas and Clearwater Gas have agreed to amend the 1995 agreement to permit Clearwater Gas to provide natural gas service to the area. Peoples Gas and Clearwater Gas agree that approval and implementation of the First Amendment to the 1995 Agreement (attached) will not cause a decrease in the availability or reliability of natural gas service to existing or future rate payers of either company.

The First Amendment meets the requirements set forth in Rule 25-7.0471, Territorial Agreements for Natural Gas Utilities, Florida Administrative Code. Approval of the First Amendment will permit the parties to continue to avoid uneconomic duplication of facilities, and will permit the party best suited to providing service to the developments to provide such service. There is also no reasonable likelihood that the First Amendment will cause a decrease in the reliability of gas service to existing or future ratepayers of Peoples Gas or Clearwater Gas. Therefore, staff believes the First Amendment is in the public interest and should become effective 30 days from the issuance of the Consummating Order in this docket.

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

**Recommendation:** Yes. If no protest is filed, this docket should be closed upon the issuance of a Consummating Order. If a protest is filed by a person whose substantial interests are affected within 21 days of the Commission Order approving this amendment, the docket should remain open. **(Vining)**

**Staff Analysis:** If no protest is filed, this docket should be closed upon the issuance of a Consummating Order. If a protest is filed by a person whose substantial interests are affected within 21 days of the Commission Order approving this amendment, the docket should remain open.