

MEMORANDUM

OCTOBER 26, 1998

RECEIVED

OCT 26 AM 11:00

RECEIVED



TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (C. KEATING)

RE: DOCKET NO. 981087-GU - PETITION BY TAMPA ELECTRIC COMPANY  
D/B/A PEOPLES GAS SYSTEM FOR APPROVAL OF NATURAL GAS  
TRANSPORTATION AGREEMENT WITH SEBRING GAS SYSTEM, INC.

*RUE For Cost*

*PSC-98-1454 - FDF-GU*

Attached is an ORDER APPROVING NATURAL GAS TRANSPORTATION AGREEMENT to be issued in the above-referenced docket. (Number of pages in order - )

WCK/js  
 Attachment  
 cc: Division of Electric & Gas (Makin, Bulecza-Banks)  
 I:981087or.wck

*2/0*

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Tampa  
Electric Company d/b/a Peoples  
Gas System for approval of  
Natural Gas Transportation  
Agreement with Sebring Gas  
System, Inc.

DOCKET NO. 981087-GU  
ORDER NO. PSC-98-1454-FOF-GU  
ISSUED: October 26, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman  
J. TERRY DEASON  
SUSAN F. CLARK  
JOE GARCIA  
E. LEON JACOBS, JR.

ORDER APPROVING NATURAL GAS TRANSPORTATION AGREEMENT

BY THE COMMISSION:

In 1987, Sebring Utilities Commission (Sebring Utilities) owned and operated a six-inch natural gas pipeline extending from an interconnection with Florida Gas Transmission (FGT) at Avon Park, Florida, to Sebring Utilities' Dinner Lake Plant and on to its Park Street electric plant. On September 16, 1987, Sebring Utilities entered into a transportation agreement with Sebring Gas System, Inc. (Sebring Gas) to transport natural gas through the pipeline to Sebring Gas' gate station (Sebring Gas Transportation Agreement).

On February 28, 1991, Sebring Utilities and Tampa Electric Company (Tampa Electric) entered into a series of agreements concerning a transfer of Sebring Utilities' electric facilities to Tampa Electric. As part of this transaction, Sebring Utilities and Tampa Electric entered into an agreement providing for the transportation of natural gas through the six-inch pipeline by Sebring Utilities. The gas would be transported to the electric generating facilities acquired by Tampa Electric. In addition, Tampa Electric acquired from Sebring Utilities a vested right to take, at a future date, title to and ownership of the pipeline, as well as an assignment of Sebring Utilities' rights and obligations under the Sebring Gas Transportation Agreement.

DOCUMENT NUMBER DATE

11917 OCT 26 88

FLORIDA PUBLIC SERVICE COMMISSION

On July 26, 1993, the City of Sebring, by assignment, assumed Sebring Utilities' obligations to convey the pipeline and assign the Sebring Gas Transportation Agreement to Tampa Electric. On June 10, 1997, by bill of sale, the City of Sebring transferred its interest in the pipeline, and assigned the Sebring Gas Transportation Agreement, to Tampa Electric. Because Peoples Gas System (Peoples) is a division of Tampa Electric, Tampa Electric transferred ownership of the pipeline to Peoples and Peoples assumed the rights and obligations originally held by Sebring Utilities under the Sebring Gas Transportation Agreement. Thus, Peoples became obligated, in June 1997, to transport natural gas through the pipeline, for the benefit of Sebring Gas, at the rate of \$0.35 per MCF established in Article VII of the Sebring Gas Transportation Agreement.

Rule 25-9.034(2), Florida Administrative Code, requires a utility to file with the Commission a conformed copy of all special contracts which are currently in effect and which have not been previously filed. The transportation rate specified by the Sebring Gas Transportation Agreement differs from the rate set forth in Peoples' present Natural Gas Tariff, which would otherwise be applicable to transportation performed by Peoples for Sebring Gas. On August 31, 1998, Peoples filed its petition for approval of a Natural Gas Transportation Agreement with Sebring Gas.

We note that the Natural Gas Transportation Agreement with Sebring Gas should have been filed at or about the same time that Peoples' merger into Tampa Electric was consummated, in mid-June 1997. According to Peoples, this filing was inadvertently overlooked.

Peoples states in its petition that approval of the Natural Gas Transportation Agreement, as a special contract, is in the best interest of Peoples' customers and of Sebring Gas. The \$0.35 per MCF (3.5 cents per therm) rate charged by Peoples to Sebring Gas under the agreement since mid-June 1997, is the same rate that had been charged by Sebring Utilities to Sebring Gas since the Agreement was executed in 1987. In essence, the agreement provides for firm transportation service to Sebring Gas. Both Peoples and Sebring Gas agree to the current rate, which produces revenue to Peoples of almost \$2,000 per month, or about \$24,000 annually. The annual operating and maintenance expense associated with the pipeline is approximately \$2,500. Therefore, Peoples' customers benefit from the return derived from the rate provided in the agreement.

ORDER NO. PSC-98-1454-FOF-GU  
DOCKET NO. 981087-GU  
PAGE 3

Accordingly, we find that the Natural Gas Transportation Agreement should be approved as a special contract, effective as of October 6, 1998, the date of our vote on this matter.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the petition of Tampa Electric Company d/b/a Peoples Gas System for approval of its Natural Gas Transportation Agreement with Sebring Gas System, Inc., as a special contract, is granted. It is further

ORDERED that the Natural Gas Transportation Agreement between Tampa Electric Company d/b/a Peoples Gas System and Sebring Gas System, Inc., is approved effective October 6, 1998. It is further

ORDERED that if no substantially affected person files a protest within 21 days of issuance of this Order, this docket shall be closed. It is further

ORDERED that if a protest is filed within 21 days from issuance of this Order, the Natural Gas Transportation Agreement between Tampa Electric Company d/b/a Peoples Gas System and Sebring Gas System, Inc., shall remain in effect pending resolution of the protest, with any revenue increase held subject to refund.

By ORDER of the Florida Public Service Commission this 26th day of October, 1998.

  
\_\_\_\_\_

KAY FLYNN, Chief  
Bureau of Records

( S E A L )

WCK

ORDER NO. PSC-98-1454-FOF-GU  
DOCKET NO. 981087-GU  
PAGE 4

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on November 16, 1998.

In the absence of such a petition, this Order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.