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July 16, 1999

IN REPLY REFER TO:

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VIA FEDERAL EXPRESS

Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

990935-GW

Re: Petition for approval of experimental Rider FTA-2 (Firm Transportation Aggregation Service 2), and modifications to imbalance cashout provisions of Rider FTA program, by Peoples Gas System

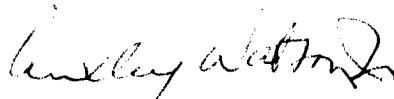
Dear Ms. Bayo:

Enclosed for filing in the above docket on behalf of Peoples Gas System, please find the original and 15 copies of the petition referenced above, together with 20 copies of the new and revised tariff sheets for which the petition seeks the Commission's approval.

Please acknowledge your receipt of the enclosures, the date of their filing, and the docket number assigned to the proceeding, on the duplicate copy of this letter enclosed for that purpose, and return the same to me in the preaddressed envelope also enclosed herewith.

Thank you for your usual assistance.

Sincerely,



ANSLEY WATSON, JR.

AWjr/a
Enclosures

cc: Mrs. Cheryl R. Bulecza-Banks

Petition + attached tariffs
DOCUMENT NUMBER-DATE 08544 JUL 19 99

08544 JUL 19 99

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL
JUL 13 10 41 AM '99
DOCKET NO. 990935-GU

In Re: Petition for approval of experimental)
Rider FTA-2 (Firm Transportation)
Aggregation Service 2), and modifications)
to imbalance cashout provisions of Rider)
FTA program, by Peoples Gas System.)
_____)

Submitted for Filing:
7-19-99

PETITION OF PEOPLES GAS SYSTEM

Peoples Gas System ("Peoples" or the "Company"), by its undersigned attorneys, files its petition for an order approving (A) Rider FTA-2 (Firm Transportation Aggregation Service 2), which would make transportation of gas purchased from third parties available on an experimental basis to additional customers, and (B) modifications to the imbalance cashout compensation under the Firm Delivery and Operational Balancing Agreement applicable under both the proposed Rider FTA-2 and Peoples' existing experimental Firm Transportation Supplier Aggregation Service Rider ("Rider FTA"), and in support thereof says:

1. The name of the petitioner and the mailing address of its principal office are:

Peoples Gas System
702 North Franklin Street, 7th Floor
Tampa, Florida 33602

2. The names and mailing addresses of the persons authorized to receive notices and communications with respect to this petition are:

Ansley Watson, Jr., Esquire
Macfarlane Ferguson & McMullen
P. O. Box 1531
Tampa, Florida 33601-1531

and

DOCUMENT NUMBER-DATE

08544 JUL 19 99

FPSC-RECORDS/REPORTING

Angela Llewellyn
Peoples Gas System
P. O. Box 2562
Tampa, Florida 33601-2562

BACKGROUND

3. By its Order No. PSC-99-0487-FOF-GU, issued on March 8, 1999, the Commission approved an extension of Peoples' experimental Rider FTA program through May 31, 2001, together with modifications to the program designed to permit increased customer and Pool Manager participation, simplify the paperwork associated with the program, and expand the availability of the experimental program to all geographic areas served by Peoples. Service under the modified program commenced on June 1, 1999. The experimental Rider FTA program is designed to permit firm, commercial customers who do not otherwise qualify for transportation on the Company's system to transport gas purchased from third-party suppliers as part of a Customer Pool administered by a Pool Manager.

4. The modified Rider FTA initially provided for participation by no more than 1,000 Customer accounts. However, as of April 30, 1999 (the date by which applications were required to be received by the Company for a customer to participate at the inception of the modified program on June 1, 1999), Peoples had qualified 12 Pool Managers and had received applications from approximately 2,700 Customer accounts -- nearly three times the number permitted to participate in the modified program. Peoples filed revisions to the modified program (pursuant to Special Condition 2 of the rider) deleting the 1,000-customer limit on participation, and replacing it with a provision limiting participation to the Customer accounts from which requests for service under the program had been received as of April 30, 1999, thus permitting all customers that had applied by

the deadline to participate in the program. As a result of the recently approved modifications to the experimental program, approximately 3,000 of Peoples' customers currently receive transportation service from the Company. Transportation service now accounts for approximately seventy-five percent of the total throughput of gas on Peoples' distribution system.

5. City Gas Company of Florida also has a program to provide transportation service to small commercial customers who would not otherwise be eligible therefor. City Gas' Small Commercial Transportation Service (SCTS) program was initially approved on an experimental basis by Order No. PSC-97-1536-FOF-GU, issued December 8, 1997, and was made permanent by the Commission's Order No. PSC-99-0484-FOF-GU, issued March 8, 1999. A valuable feature of the City Gas SCTS program is the eligibility provision. The program permits a supplier or marketer to convert existing commercial customers to transportation when the supplier or marketer brings an equivalent volume of incremental load to the City Gas system. The proposed Rider FTA-2 is a blend of the features of Peoples' previously approved Rider FTA with the eligibility provisions of the approved City Gas SCTS.

REQUEST FOR APPROVAL OF NEW RIDER FTA-2

6. Peoples seeks the Commission's approval for new Rider FTA-2, which would result in the opportunity for participation in transportation service by additional Customers. Peoples seeks approval of this new rider on an experimental basis through May 31, 2001, the date when the Company's existing experimental Rider FTA program is scheduled to expire.

7. Peoples wants to be responsive to customer requests for transportation service on its distribution system and believes it has been a leader among Florida's natural gas utilities in making such service available. There remains a need to proceed with caution in the unbundling of services

while recognizing that further unbundling may be a tool to increase the throughput of gas on Peoples' system. Peoples believes that new experimental Rider FTA-2 can be effective in increasing the throughput on its system for the benefit of the Company and its customers. Rider FTA-2 will make transportation service immediately available to new customer accounts and to customers who add new load, and give suppliers and marketers the option to increase their gas sales while adding new customer load to the Peoples system. Thus, Peoples seeks, by publishing Rider FTA-2, to expand the future availability of aggregated transportation service to customers who add incremental gas load to the Company's system. Suppliers and marketers will be rewarded for bringing new load onto the system by becoming eligible to convert a like amount of sales service to transportation. Eligible customers under Rider FTA-2 are:

- A. "New" commercial customers (those to which Peoples first initiates gas service after the issue date of an order approving this petition and the new experimental rider);
- B. Existing commercial customers who qualify for the Company's Load Profile Enhancement Rider (Rider LE); and
- C. Existing commercial customers when their Pool Manager adds an equivalent volume of incremental load (*i.e.*, a "new" customer as in paragraph A above).

8. Peoples believes the growth of the Company's system throughput resulting from this incremental load will benefit the Company and all its customers, whether or not they participate in transportation service. Peoples' expansion of natural gas service throughout the state makes the timing of Rider FTA-2 extremely important. Significant numbers of potential new customers are available across the state, particularly in Southwest Florida, Tampa, Palm Beach, Jacksonville, Ocala, Orlando and Hernando County. Any incremental throughput achieved as a result of the

availability of Rider FTA-2 will help to keep the cost per unit of throughput lower for all of the Company's customers. While Peoples believes Rider FTA-2 will add load to its system, it does not believe the number of additional aggregating transportation service customers will be so great as to make administration of such service unmanageable. Previous expansions of the experimental Rider FTA aggregation program were accomplished by opening participation to a limited number of customers within a time certain. The implementation and administration of this "open season" approach has proven to be extremely difficult. While Rider FTA-2 places no limits on the number of customers or on the time frame within which customers can begin participation in aggregated transportation service, Peoples anticipates that it will be significantly easier to manage.

9. The Customer Pool qualifications of existing Rider FTA require at least 10 customers and 100,000 therms annually. Because these levels are necessary to support aggregated transportation service, they are continued in Rider FTA-2. Aggregation helps to reduce administrative efforts and costs associated with transportation service. These qualifications should not impact the availability of transportation service for new load, because Pool Managers operating under the Rider FTA program can simply add new customers to their existing qualified Customer Pool.

REQUEST FOR APPROVAL OF REVISED CASHOUT

10. The Firm Delivery and Operational Balancing Agreement ("Firm Delivery Agreement") for the current experimental Rider FTA program requires each Pool Manager to purchase from Peoples any gas taken by customers in excess of the aggregate quantities nominated for such customers during a month. Conversely, the Firm Delivery Agreement requires the Pool Manager to sell to Peoples any gas delivered to Peoples for the Pool Manager's customers' accounts

in excess of the aggregate quantities taken by such customers during a month. Under the current Firm Delivery Agreement, these purchases and sales are "cashed out."

Peoples seeks approval to modify the balancing provisions of the Firm Delivery Agreement, which would apply to both the existing Rider FTA program and the new experimental Rider FTA-2. The modifications remove a concern voiced by suppliers -- that Peoples' existing cashout relies on numbers internally generated by Peoples -- and replace those numbers with published market indices. The proposed modifications would change the cashouts by:

(A) changing the commodity rate reimbursed when customers burn less gas than was delivered to Peoples for their accounts during a month from (i) the lesser of the average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, or Peoples' lowest supplier commodity rate for the month, to (ii) the lowest of the average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*;

(B) changing the commodity rate charged by Peoples when customers burn more gas than was delivered to Peoples for their accounts during a month from (i) the greater of Peoples' applicable purchased gas adjustment charge, or the highest average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, and St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, for the month, to (ii) the highest average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, for the month; and

(C) changing the capacity rate charged by Peoples when customers burn more gas than was delivered to Peoples for their accounts during a month from (i) the FGT FTS-2 100% load factor rate for the transportation of such gas to (ii) the FGT FTS-1 100% load factor rate for the transportation of such gas.

At the time Peoples modified its tariff to adopt the current imbalance cashout provisions of the Firm Delivery Agreement, it intended to make similar changes to the imbalance cashout provisions applicable to the Company's other transportation customers who do not participate in the Rider FTA experimental program. However, based on feedback from transportation customers and further review of the costs incurred by Peoples as a result of transportation customer imbalances, Peoples has determined that the revised cashout procedures for which approval is sought herein address the concerns expressed by many of its transportation customers while adequately protecting its system supply customers. In essence, the changes delete from the possible choices of the commodity price to be paid by or reimbursed to a Pool Manager the use of what have been referred to as "internally generated numbers" (*i.e.*, the Company's lowest supplier commodity rate for the month, in the case of a positive imbalance cashout, and the Company's applicable Purchased Gas Adjustment Charge for the month, in the case of a negative imbalance cashout), thereby leaving the commodity price to be determined solely by published market indices.

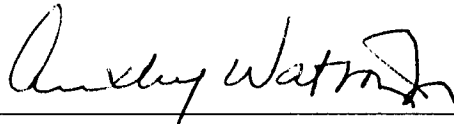
Revised Tariff Sheets

11. The changes proposed herein from the currently approved versions of the Firm Delivery Agreement are shown in legislative style on Exhibit A, and are the same for all areas served by the Company. The new tariff sheets containing Rider FTA-2, and the revised tariff sheets, with the modifications for which Peoples now seeks approval, are submitted herewith for Peoples Natural

Gas Tariffs Volume No. 1 (which applies in all of the Company's service areas except the West Florida Region) and Volume No. 2 (which applies in Peoples' West Florida Region).

WHEREFORE, Peoples respectfully requests that the Commission grant this petition, and issue its order (A) approving Rider FTA-2 for application on an experimental basis through May 31, 2001, and (B) approving the modifications to the Firm Delivery Agreement more particularly set forth on Exhibit A and in the revised tariff sheets submitted herewith, such new rate schedule and revised tariff sheets to become effective as of the date of the Commission's vote.

Respectfully submitted this 16TH day of July, 1999. .



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Attorneys for Peoples Gas System

FIRM DELIVERY AND OPERATIONAL BALANCING AGREEMENT
Experimental Tariffs
Riders FTA and FTA-2

Section 5.3 Correction of Imbalances. PGS and Pool Manager intend that all Monthly Imbalance Amounts shall be resolved as of the end of each Month. At the end of each Month, the Monthly Imbalance Amount (if any) incurred during such Month shall be resolved in cash as follows:

(a) Positive Imbalances. If a Monthly Imbalance Amount is Positive (i.e., the sum of the ADCQs of the Customer Pool for the Month exceeds the Actual Takes of the Customer Pool for such Month), PGS shall purchase from Pool Manager (and Pool Manager shall sell to PGS) such Monthly Imbalance Amount at a price per Therm (the "Unit Price") equal to the ~~lesser~~ lowest of the average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, ~~and~~ or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, ~~or PGS's lowest supplier commodity rate,~~ for the Month in which such Monthly Imbalance Amount was incurred, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20%	0.80

The total amount due Pool Manager pursuant to this paragraph (a) shall be the product of the Unit Price (calculated as set forth herein) and such Monthly Imbalance Amount.

(b) Negative Imbalances. If a Monthly Imbalance Amount is Negative (i.e., Actual Takes of the Customer Pool exceed the sum of the ADCQs of the Customer Pool for such Month), PGS shall sell to Pool Manager (and Pool Manager shall purchase from PGS) such Monthly Imbalance Amount at a price per Therm (the "Unit Price") equal to ~~the greater of (1) PGS's applicable Purchased Gas Adjustment Charge, multiplied by the applicable factor set forth below, or (2)~~ the sum of (i) the highest average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, ~~and~~ or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, for the Month in which such Monthly Imbalance Amount accumulated, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20%	1.20

plus (ii) the FGT FTS-1 100% load factor rate for the transportation of such Gas ~~an amount equal to the sum of (A) the FGT FTS-2 usage rate (including, but not limited to, reservation and usage charges, and surcharges, fuel reimbursement charges, and other applicable charges, taxes, assessments and fees) and (B) the 100% load factor equivalent of FGT's FTS-2 reservation charge.~~ The total amount due PGS pursuant to this paragraph (b) shall be the product of the Unit Price (calculated as set forth herein) and such Monthly Imbalance Amount.

FIRM TRANSPORTATION AGGREGATION SERVICE 2 (continued)

such program. Any such future modification by Company shall become effective 30 days after the later to occur of the aforesaid notice required of Company and the filing by Company of revised tariff sheets reflecting such modification.

3. For purposes of this Rider, "Customer Pool" means a group of not less than 10 Customer accounts which, in the aggregate, have annual Gas consumption of at least 100,000 Therms, provided, however, that, subject to all other provisions hereof, (a) a group of Customer accounts served by a single supplier under the Company's Rider FTA prior to January 1, 1999 shall qualify as a Customer Pool hereunder, and (b) reduction in the number of Customer accounts comprising a Customer Pool shall not disqualify the Customer Pool for service hereunder as long as the Customer Pool met the foregoing definition at the time its service hereunder or under Rider FTA commenced. Company shall have the right at any time on written notice to the Commission, each then participating Pool Manager, and each Customer receiving service hereunder, to temporarily suspend initiation of service hereunder to additional Customer accounts and/or Pool Managers, and petition the Commission for authority to close this Rider to participation by additional Customer accounts. Any such notice by Company shall be effective as of the day following the day on which it is sent by Company provided Company's petition to the Commission is filed prior to, or within seven (7) days following, the day on which Company's notice is issued.
4. For purposes of this Rider, "Pool Manager" means a person or entity which has:
 - a. Entered into agreements to sell Gas to, or procure Gas for, Customer accounts desiring to receive service pursuant to this Rider or Rider FTA as part of a Customer Pool;
 - b. Executed and delivered to Company after January 1, 1999 an unmodified Firm Delivery and Operational Balancing Agreement (in the form set forth on Sheets 8.033 through 8.044 of this tariff) for an initial term of not less than one year, obligating such person or entity to deliver Gas to Company on a firm basis (in a minimum aggregate amount of 100,000 therms annually) for the accounts which are part of a Customer Pool, resolve directly with the Company imbalances between (i) the quantities of Gas delivered to Company for the accounts in the Customer Pool and (ii) the quantities of Gas taken by such Customer Pool, and establish and maintain credit pursuant to the terms of such agreement; and
 - c. Executed and delivered to Company after January 1, 1999 an unmodified Master Capacity Release Agreement providing for such person's or entity's acquisition from Company of primary firm interstate pipeline transportation capacity to be used for the transportation and delivery to Company of Gas purchased by a Customer Pool receiving service pursuant to this Rider and/or Rider FTA.

FIRM TRANSPORTATION AGGREGATION SERVICE 2
Experimental Tariff
Rider FTA-2

Availability:

Limited in time and scope, on an experimental basis during the period from the date on which this Rider initially becomes effective through May 31, 2001, and subject to the special conditions set forth herein, to any Customer account for which gas service is received from Company and (a) for which service hereunder is requested as a part of a Customer Pool (as herein defined), (b) for which Gas is purchased as a part of Gas purchased from or through a Pool Manager (as herein defined) for a Customer Pool administered by such Pool Manager, (c) which would otherwise qualify for service under Rate Schedule CS, LCS, FIS, TFIS or LCT, and (d) which either (1) first initiates gas service at a new Point of Delivery (or reactivates service at an existing Point of Delivery not served by Company during the preceding six months) after the initial effective date of this Rider, (2) qualifies for Company's Load Profile Enhancement Rider (Rider LE), or (3) is served by a Pool Manager which adds an equivalent volume of incremental load for transportation on Company's system. Service pursuant to this Rider is available throughout the service areas of the Company (including those served pursuant to the Company's Natural Gas Tariff, Original Volume No. 1) when such service can be made available without detriment to service to the Company's other customers.

Applicability:

To transportation of Gas delivered to Company by a Pool Manager for a Customer account pursuant to this Rider.

Monthly Rate:

The Monthly Rate for transportation service applicable to each individually billed Customer account shall be the Monthly Rate applicable to such individually billed account under Rate Schedule CS, LCS, FIS, TFIS or LCT based upon the annual therm usage of such separately metered account.

Special Conditions:

1. This Rider implements a pilot program designed to test the feasibility of providing simplified transportation service to firm customers in a manner that will permit monitoring, feedback and an opportunity to modify the terms and conditions of this Rider in order to determine whether to continue such service or expand its availability.
2. If Company determines that the pilot program implemented by this Rider is operating successfully, Company may, at any time after the effective date of this Rider, by providing written notice to the Commission, each then participating Pool Manager, and any other person who has notified the Company in writing that it desires to participate in the program, modify this Rider by increasing the number of Customer accounts and/or Pool Managers eligible to participate in

FIRM TRANSPORTATION AGGREGATION SERVICE 2 (continued)

A Pool Manager may be disqualified by Company from providing service hereunder in accordance with the Firm Delivery and Operational Balancing Agreement.

5. To initiate service pursuant to this Rider, a Customer shall execute and deliver to a Pool Manager (for delivery by such Pool Manager to Company) (i) a letter of authorization in the form set forth on Sheets 8.031 through 8.032 of this tariff and (ii) a copy of a recent Company invoice for service for each account for which the Customer desires to receive service pursuant to this Rider. Service by Company to a Customer account pursuant to this Rider will commence on the first day of the month following (but not less than 30 days after) the Pool Manager's delivery to Company of a properly completed letter of authorization and the required invoice(s). Company will provide written notice, not less than two weeks prior to the scheduled commencement of service hereunder, to each Pool Manager, and to each Customer having an account to be served hereunder by such Pool Manager, regarding their respective eligibility to participate in service pursuant to this Rider.
6. Subject to the terms hereof, the initial period of service to each Customer account hereunder shall be one year from the date such service commences.
7. Company shall have the right, exercisable on written notice to the Commission, each participating Pool Manager, and each Customer receiving service hereunder, given not less than 90 days prior to the date on which this Rider has been in effect for one year, to terminate this Rider as it applies to each participating Customer account (effective as of the end of the initial period of service hereunder to such Customer account). Thereafter, Company shall also have the right, exercisable on written notice to the Commission, each participating Pool Manager, and each Customer receiving service hereunder, to terminate this Rider as it applies to each participating Customer account, to extend the effectiveness of this Rider on an experimental basis, to expand or reduce the scope of (or otherwise modify) this Rider, or to make this Rider permanent, any such action by Company to become effective as of the date specified in an order of the Commission approving such action.
8. A Customer account receiving service under this Rider may terminate service hereunder by its then serving Pool Manager and commence service hereunder (within the time and in the manner provided in Special Condition 5) by a different Pool Manager. There shall be no charge by Company to Customer for the first such change of Pool Managers for an account within a 12-month period. A Customer shall pay to Company for each subsequent change in Pool Managers for any account an administrative fee of \$10.00.
9. A Customer receiving service under this Rider may at any time discontinue service hereunder by giving Company 90 days written notice.
10. For purposes of curtailment or interruption by Company, each individually billed account receiving service hereunder shall be treated by the Company in

FIRM TRANSPORTATION AGGREGATION SERVICE 2 (continued)

accordance with the curtailment provisions found in the rate schedule (i.e., CS, LCS, FIS, TFIS or LCT) otherwise applicable to such account.

11. Amounts payable to Company by Customer pursuant to the rate schedule applicable to each individually billed account shall be subject to the operation of the Company's Tax and Fee Adjustment Clause (set forth on Sheet No. 7.102), Energy Conservation Cost Recovery Clause (set forth on Sheet No. 7.103), and Firm Rate Adjustment (set forth on Sheets Nos. 7.103 through 7.105).
12. If requested by a Customer account and the Pool Manager administering service hereunder to such account, Company will bill the Pool Manager's charges for service provided hereunder to such account. Company shall charge a Pool Manager \$5.00 per bill for such optional service.
13. Except as modified by the provisions set forth above, service under this Rider shall be subject to the Rules and Regulations set forth in this tariff.

FIRM TRANSPORTATION AGGREGATION SERVICE 2
Experimental Tariff
Rider FTA-2

Availability:

Limited in time and scope, on an experimental basis during the period from the date on which this Rider initially becomes effective through May 31, 2001, and subject to the special conditions set forth herein, to any Customer account for which gas service is received from Company and (a) for which service hereunder is requested as a part of a Customer Pool (as herein defined), (b) for which Gas is purchased as a part of Gas purchased from or through a Pool Manager (as herein defined) for a Customer Pool administered by such Pool Manager, (c) which would otherwise qualify for service under Rate Schedule SGS, GS, CSLS, GSLV-1, GSLV-2, GTSLV-2, NGVSS or NGVTS, and (d) which either (1) first initiates gas service at a new Point of Delivery (or reactivates service at an existing Point of Delivery not served by Company during the preceding six months) after the initial effective date of this Rider, (2) qualifies for Company's Load Profile Enhancement Rider (Rider LE), or (3) is served by a Pool Manager which adds an equivalent volume of incremental load for transportation on Company's system Service pursuant to this Rider is available throughout the service areas of the Company (including those served pursuant to the Company's Natural Gas Tariff, Original Volume No. 2) when such service can be made available without detriment to service to the Company's other customers.

Applicability:

To transportation of Gas delivered to Company by a Pool Manager for a Customer account pursuant to this Rider.

Monthly Rate:

The Monthly Rate for transportation service applicable to each individually billed Customer account shall be the Monthly Rate applicable to such individually billed account under Rate Schedule SGS, GS, CSLS, GSLV-1, GSLV-2, GTSLV-2, NGVSS or NGVTS, based upon the annual therm usage of such separately metered account.

Special Conditions:

1. This Rider implements a pilot program designed to test the feasibility of providing simplified transportation service to firm customers in a manner that will permit monitoring, feedback and an opportunity to modify the terms and conditions of this Rider in order to determine whether to continue such service or expand its availability.
2. If Company determines that the pilot program implemented by this Rider is operating successfully, Company may, at any time after the effective date of this Rider, by providing written notice to the Commission, each then participating Pool Manager, and any other person who has notified the Company in writing that it desires to participate in the program, modify this Rider by increasing the number of Customer accounts and/or Pool Managers eligible to participate in such program. Any such future modification by Company shall become effective 30 days after the later to occur of the aforesaid notice required of Company and the filing by Company of revised tariff sheets reflecting such modification.
3. For purposes of this Rider, "Customer Pool" means a group of not less than 10 Customer accounts which, in the aggregate, have annual Gas consumption of at least 100,000 Therms, provided, however, that, subject to all other provisions hereof, (a) a group of Customer accounts served by a single supplier under The Company's Rider FTA prior to January 1, 1999 shall qualify as a Customer Pool hereunder, and (b) reduction in the number of

FIRM TRANSPORTATION AGGREGATION SERVICE 2 (continued)

Customer accounts comprising a Customer Pool shall not disqualify the Customer Pool for service hereunder as long as the Customer Pool met the foregoing definition at the time its service hereunder or under Rider FTA commenced. Company shall have the right at any time on written notice to the Commission, each then participating Pool Manager, and each Customer receiving service hereunder, to temporarily suspend initiation of service hereunder to additional Customer accounts and/or Pool Managers, and petition the Commission for authority to close this Rider to participation by additional Customer accounts. Any such notice by Company shall be effective as of the day following the day on which it is sent by Company provided Company's petition to the Commission is filed prior to, or within seven (7) days following, the day on which Company's notice is issued.

4. For purposes of this Rider, "Pool Manager" means a person or entity which has:
 - a. Entered into agreements to sell Gas to, or procure Gas for, Customer accounts desiring to receive service pursuant to this Rider or Rider FTA as part of a Customer Pool;
 - b. Executed and delivered to Company after January 1, 1999 an unmodified Firm Delivery and Operational Balancing Agreement (in the form set forth on Sheets 8.119 through 8.119-9 of this tariff) for an initial term of not less than one year, obligating such person or entity to deliver Gas to Company on a firm basis (in a minimum aggregate amount of 100,000 therms annually) for the accounts which are part of a Customer Pool, resolve directly with the Company imbalances between (i) the quantities of Gas delivered to Company for the accounts in the Customer Pool and (ii) the quantities of Gas taken by such Customer Pool, and establish and maintain credit pursuant to the terms of such agreement; and
 - c. Executed and delivered to Company after January 1, 1999 an unmodified Master Capacity Release Agreement providing for such person's or entity's acquisition from Company of primary firm interstate pipeline transportation capacity to be used for the transportation and delivery to Company of Gas purchased by a Customer Pool receiving service pursuant to this Rider and/or Rider FTA.

A Pool Manager may be disqualified by Company from providing service hereunder in accordance with the Firm Delivery and Operational Balancing Agreement.

5. To initiate service pursuant to this Rider, a Customer shall execute and deliver to a Pool Manager (for delivery by such Pool Manager to Company) (i) a letter of authorization in the form set forth on Sheets 8.118 through 8.118-1 of this tariff and (ii) a copy of a recent Company invoice for service for each account for which the Customer desires to receive service pursuant to this Rider. Service by Company to a Customer account pursuant to this Rider will commence on the first day of the month following (but not less than 30 days after) the Pool Manager's delivery to Company of a properly completed letter of authorization and the required invoice(s). Company will provide written notice, not less than two weeks prior to the scheduled commencement of service hereunder, to each Pool Manager, and to each Customer having an account to be served hereunder by such Pool Manager, regarding their respective eligibility to participate in service pursuant to this Rider.

FIRM TRANSPORTATION AGGREGATION SERVICE 2 (continued)

6. Subject to the terms hereof, the initial period of service to each Customer account hereunder shall be one year from the date such service commences.
7. Company shall have the right, exercisable on written notice to the Commission, each participating Pool Manager, and each Customer receiving service hereunder, given not less than 90 days prior to the date on which this Rider has been in effect for one year, to terminate this Rider as it applies to each participating Customer account (effective as of the end of the initial period of service hereunder to such Customer account). Thereafter, Company shall also have the right, exercisable on written notice to the Commission, each participating Pool Manager, and each Customer receiving service hereunder, to terminate this Rider as it applies to each participating Customer account, to extend the effectiveness of this Rider on an experimental basis, to expand or reduce the scope of (or otherwise modify) this Rider, or to make this Rider permanent, any such action by Company to become effective as of the date specified in an order of the Commission approving such action.
8. A Customer account receiving service under this Rider may terminate service hereunder by its then serving Pool Manager and commence service hereunder (within the time and in the manner provided in Special Condition 5) by a different Pool Manager. There shall be no charge by Company to Customer for the first such change of Pool Managers for an account within a 12-month period. A Customer shall pay to Company for each subsequent change in Pool Managers for any account an administrative fee of \$10.00.
9. A Customer receiving service under this Rider may at any time discontinue service hereunder by giving Company 90 days written notice.
10. For purposes of curtailment or interruption by Company, each individually billed account receiving service hereunder shall be treated by the Company in accordance with the curtailment provisions found in the rate schedule (i.e., SGS, GS, CSLS, GSLV-1, GSLV-2, GTSLV-2, NGVSS or NGVTS) otherwise applicable to such account.
11. Amounts payable to Company by Customer pursuant to the rate schedule applicable to each individually billed account shall be subject to the operation of the Company's Tax and Fee Adjustment Clause (set forth on Sheet No. 7.101-1), Energy Conservation Cost Recovery Clause (set forth on Sheet No. 7.101-1), and Competitive Rate Adjustment Clause (set forth on Sheets Nos. 7.101-1 through 7.101-3).
12. If requested by a Customer account and the Pool Manager administering service hereunder to such account, Company will bill the Pool Manager's charges for service provided hereunder to such account. Company shall charge a Pool Manager \$5.00 per bill for such optional service.
13. Except as modified by the provisions set forth above, service under this Rider shall be subject to the Rules and Regulations set forth in this tariff.

to PGS pursuant to this section, PGS shall pay to Pool Manager an amount per MMBtu equal to the sum of (a) the price for spot Gas delivered to FGT at Vermillion Parish, Louisiana, as reported in the "Daily Price Survey" in *Gas Daily* for the Day in which PGS purchased the Gas, and (b) the 100% load factor rate at which Pool Manager acquired the Transporter Capacity (as defined in the Capacity Release Agreement) from PGS pursuant to the Capacity Release Agreement. PGS warrants that it will not at any time exercise its right to interrupt deliveries of Gas to the Customer Pool pursuant to PGS's FPSC Tariff based solely on a determination that Gas being delivered by Pool Manager to the Primary FGT Delivery Point(s) is less expensive than Gas which is, at the time of PGS's exercise of such right, otherwise available to PGS. For any Month in which PGS purchases Gas from Pool Manager pursuant to this section, PGS shall make payment of the amount payable to Pool Manager on or before the last Day of the Month following the Month in which PGS purchased such Gas.

Section 5.2 Rights of PGS. Pool Manager shall use its best efforts to achieve a balance between deliveries pursuant to Article IV and the Actual Takes of the Customer Pool on a monthly basis. PGS reserves the right to require Pool Manager to balance such deliveries and Actual Takes, or to require a reasonably uniform daily delivery rate of Gas which, at the end of a Month, will equal the Actual Takes of the Customer Pool for such Month.

Section 5.3 Correction of Imbalances. PGS and Pool Manager intend that all Monthly Imbalance Amounts shall be resolved as of the end of each Month. At the end of each Month, the Monthly Imbalance Amount (if any) incurred during such Month shall be resolved in cash as follows:

(a) Positive Imbalances. If a Monthly Imbalance Amount is Positive (*i.e.*, the sum of the ADCQs of the Customer Pool for the Month exceeds the Actual Takes of the Customer Pool for such Month), PGS shall purchase from Pool Manager (and Pool Manager shall sell to PGS) such Monthly Imbalance Amount at a price per Therm (the "Unit Price") equal to the lowest of the average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, for the Month in which such Monthly Imbalance Amount was incurred, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20%	0.80

The total amount due Pool Manager pursuant to this paragraph (a) shall be the product of the Unit Price (calculated as set forth herein) and such Monthly Imbalance Amount.

(b) Negative Imbalances. If a Monthly Imbalance Amount is Negative (*i.e.*, Actual Takes of the Customer Pool exceed the sum of the ADCQs of the Customer Pool for such Month), PGS shall sell to Pool Manager (and Pool Manager shall purchase from PGS) such Monthly Imbalance Amount at a price per Therm (the "Unit Price") equal to

the sum of (i) the highest average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, for the Month in which such Monthly Imbalance Amount accumulated, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20%	1.20

plus (ii) the FGT FTS-1 100% load factor rate for the transportation of such Gas (including, but not limited to, reservation and usage charges and surcharges, fuel reimbursement charges, and other applicable charges, taxes, assessments and fees). The total amount due PGS pursuant to this paragraph (b) shall be the product of the Unit Price (calculated as set forth herein) and such Monthly Imbalance Amount.

(c) Failure to Acquire Sufficient Capacity. For any Month in which the Actual Takes of the Customer Pool exceed 105% of the product of (i) the quantity of the Released Capacity (as defined in the Capacity Release Agreement) and (ii) the number of Days in such Month, Pool Manager shall pay to PGS a sum equal to the amount of such excess times the FGT FTS-2 maximum reservation charge.

(d) For any Month in which a Monthly Imbalance Amount is required by paragraph (a) to be purchased by PGS, PGS shall make payment of the amount payable to Pool Manager on or before the last Day of the Month following the Month in which the Monthly Imbalance Amount accumulated. For any Month in which an Operational Imbalance Amount is required by paragraph (b) to be purchased by Pool Manager, or in which Pool Manager is required to make payment to PGS pursuant to paragraph (c), the amount payable to PGS shall be billed by PGS and paid by Pool Manager pursuant to Article VI.

ARTICLE VI - BILLING AND PAYMENT

Section 6.1 Amounts Due PGS. When any amounts are payable by Pool Manager pursuant to Articles IV or V, PGS shall, as soon as practicable after such amounts are determined, deliver a bill to Pool Manager for such amounts. Pool Manager shall pay any such bill rendered by PGS, minus any disputed amounts, to PGS at the address specified in the invoice on or before the twentieth Day following the date of PGS's mailing or other delivery of such bill. If Pool Manager fails to make any payment to PGS when due and such failure is not remedied by or on behalf of Pool Manager within five (5) Days after written notice by PGS of such default in payment, then PGS, in addition to any other remedy it may have, may, without incurring any liability to Pool Manager and without terminating this Agreement, suspend further deliveries of Gas to the Customer Pool until such amount is paid; provided, however, that PGS shall not do so if (i) Pool Manager's failure to pay is the result of a bona fide billing dispute, (ii) Pool Manager has paid all

Section 5.2 Rights of PGS. Pool Manager shall use its best efforts to achieve a balance between deliveries pursuant to Article IV and the Actual Takes of the Customer Pool on a monthly basis. PGS reserves the right to require Pool Manager to balance such deliveries and Actual Takes, or to require a reasonably uniform daily delivery rate of Gas which, at the end of a Month, will equal the Actual Takes of the Customer Pool for such Month.

Section 5.3 Correction of Imbalances. PGS and Pool Manager intend that all Monthly Imbalance Amounts shall be resolved as of the end of each Month. At the end of each Month, the Monthly Imbalance Amount (if any) incurred during such Month shall be resolved in cash as follows:

(a) Positive Imbalances. If a Monthly Imbalance Amount is Positive (i.e., the sum of the ADCQs of the Customer Pool for the Month exceeds the Actual Takes of the Customer Pool for such Month), PGS shall purchase from Pool Manager (and Pool Manager shall sell to PGS) such Monthly Imbalance Amount at a price per Therm (the "Unit Price") equal to the lowest of the average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, for the Month in which such Monthly Imbalance Amount was incurred, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20%	0.80

The total amount due Pool Manager pursuant to this paragraph (a) shall be the product of the Unit Price (calculated as set forth herein) and such Monthly Imbalance Amount.

(b) Negative Imbalances. If a Monthly Imbalance Amount is Negative (i.e., Actual Takes of the Customer Pool exceed the sum of the ADCQs of the Customer Pool for such Month), PGS shall sell to Pool Manager (and Pool Manager shall purchase from PGS) such Monthly Imbalance Amount at a price per Therm (the "Unit Price") equal to the sum of (i) the highest average of weekly prices for spot gas delivered to FGT at Mustang Island (Tivoli), Texas, Vermillion Parish, Louisiana, or St. Helena Parish, Louisiana, as reported in *Natural Gas Week*, for the Month in which such Monthly Imbalance Amount accumulated, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20%	1.20

plus (ii) the FGT FTS-1 100% load factor rate for the transportation of such Gas (including, but not limited to, reservation and usage charges and surcharges, fuel reimbursement charges, and other applicable charges, taxes, assessments and fees). The total amount due PGS pursuant to this paragraph (b) shall be the product of the Unit Price (calculated as set forth herein) and such Monthly Imbalance Amount.

(c) Failure to Acquire Sufficient Capacity. For any Month in which the Actual Takes of the Customer Pool exceed 105% of the product of (i) the quantity of the Released Capacity (as defined in the Capacity Release Agreement) and (ii) the number of Days in such Month, Pool Manager shall pay to PGS a sum equal to the amount of such excess times the FGT FTS-2 maximum reservation charge.

(d) For any Month in which a Monthly Imbalance Amount is required by paragraph (a) to be purchased by PGS, PGS shall make payment of the amount payable to Pool Manager on or before the last Day of the Month

STATE OF FLORIDA

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

DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770



Public Service Commission

July 21, 1999

Ansley Watson, Jr., Attorney
Macfarlane Ferguson & McMullen
Post Office Box 1531
Tampa, Florida 33601

Re: Docket No. 990935-GU

Dear Mr. Watson:

This will acknowledge receipt of a petition for approval of experimental Rider FTA-2 (Firm Transportation Aggregation Service 2) and modifications to imbalance cashout provisions of Rider FTA program, by Tampa Electric Company d/b/a Peoples Gas System, which was filed by this office on July 16, 1999 and assigned the above-referenced docket number. Appropriate staff members will be advised.

Mediation may be available to resolve any dispute in this docket. If mediation is conducted, it does not affect a substantially interested person's right to an administrative hearing. For more information, contact the Office of General Counsel at (850) 413-6078 or FAX (850) 413-6079.

Division of Records and Reporting
Florida Public Service Commission