



Public Service Commission  
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RECORDS AND REPORTING

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**DATE:** AUGUST 17, 2000

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYÓ)

**FROM:** DIVISION OF COMPETITIVE SERVICES (MAKIN, BULECZA-BANKS) *UBW*  
DIVISION OF LEGAL SERVICES (STERN) *MKS RVE* *(RBB)*

**RE:** DOCKET NO. 000717-GU - PETITION FOR AUTHORITY TO IMPLEMENT CONTRACT TRANSPORTATION SERVICE BY CITY GAS COMPANY OF FLORIDA.

**AGENDA:** AUGUST 29, 2000 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** 60-DAY SUSPENSION DATE: AUGUST 15, 2000

**SPECIAL INSTRUCTIONS:** COMPANY WAIVES THE 60-DAY SUSPENSION

**FILE NAME AND LOCATION:** S:\PSC\CMP\WP\000717.RCM

DISCUSSION OF ISSUES

**ISSUE 1:** Should the Commission Approve City Gas Company of Florida's petition for authority to implement contract transportation service?

**RECOMMENDATION:** Yes. The Commission should approve City Gas Company of Florida's petition for authority to implement contract transportation service, effective thirty-days after the Commission vote. (MAKIN)

**STAFF ANALYSIS:** On June 15, 2000, City Gas Company of Florida, a Division of NUI Corporation, (City Gas or the Company) filed its petition for approval to implement a Contract Transportation Service Rate Schedule KTS. The proposed tariff has been designated

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Rate Schedule KTS, since the Company already has a Rate Schedule Commercial Transportation Service (CTS). Jurisdiction over this matter is vested in the Commission by Sections 366.04, 366.05, and 366.06, Florida Statutes. The proposed tariff is designed to meet the Company's need to compete for potential customers who have viable energy options. Under the proposed KTS tariff, the negotiated rate may not be less than \$0.01 per therm and will not be set lower than the incremental cost the Company incurs to serve the customer.

The proposed KTS Rate Schedule would apply to new and existing customers who bring 250,000 therms per year of incremental load onto the Company's natural gas distribution system.

The Commission has recognized the competitive pressures faced by electric and natural gas utilities by providing them with a degree of flexibility in entering into contracts with large customers. The Commission approved Gulf Power's Commercial Industrial Service Rider (CISR), Order No. PSC-96-1219-FOF-EI, Tampa Electric's (CISR), Order NO. PSC-98-1081-FOF-EI, Florida Power & Light and Florida Power Corp's Economic Development Rider Rate Schedule(EDR), Order No. PSC-98-1222-FOF-EI and Order No. PSC-98-0603-FOF-EI, respectively, and Peoples Gas Contract Transportation Service tariff (CTS), Order No. 20529-A. All of these riders allow the utility to enter into negotiated contracts with customers meeting a minimum threshold of new or retained/added load.

The Commission's basis for allowing these utilities the ability to negotiate a contract rate, is that a large volume usage customer can have a substantial impact on the financial viability of the utility.

Under the proposed contract transportation service, the Company's existing customers will not be adversely affected. The Company will not require the use of its competitive rate adjustment clause in the proposed tariff, since it is the Company's intention that projects under KTS pay for themselves without contributions from the general body of ratepayers.

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

**RECOMMENDATION:** Yes. If no protest is filed within 21 days of the issuance of the order, this docket should be closed upon the issuance of a Consummating Order. (STERN)

**STAFF ANALYSIS:** If a protest is filed within 21 days of the Commission order approving this tariff, the tariff should remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket should be closed upon the issuance of a Consummating Order.