

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of a residential standby generator rate schedule, by Florida City Gas.

DOCKET NO. 120126-GU
ORDER NO. PSC-12-0397-TRF-GU
ISSUED: August 1, 2012

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER APPROVING TARIFFS

BY THE COMMISSION:

BACKGROUND

On April 20, 2012, Florida City Gas (FCG) filed a petition for approval of standby generator rate schedules. The proposed rate schedules are available to residential and commercial customers who wish to install a natural gas-fired electric generator to provide service when electric service to the customer's premises is interrupted and who have no other gas appliances. On May 11, 2012, FCG submitted responses to staff's first data request. By email dated June 8, 2012, FCG waived the 60-day statutory time frame for the Commission to take action on the utility's petition. In addition, on June 28, 2012, FCG submitted a letter clarifying that the proposed new rate schedules will only apply to new generator-only customers.

We have approved similar standby generator tariffs for Florida Public Utilities Company (FPUC)¹ and Peoples Gas System (PGS).²

As explained below, we approve FCG's proposed new Residential Standby Generator Service (RSG) and new Commercial Standby Generator Service (CSG) rates schedules. We have jurisdiction pursuant to Section 366.06, Florida Statutes, (F.S.).

¹ Order No. PSC-08-0643-TRF-GU, issued October 6, 2008, in Docket No. 080072-GU, In re: Petition for approval of residential standby generator rate schedule, by Florida Public Utilities Company, and Order No. PSC-09-0375-PAA-GU, issued May 27, 2009, in Docket No. 080366-GU, In re: Petition for rate increase by Florida Public Utilities Company (approving transition of all generator-only customers to the standby rate).

² Order No. PSC-07-0530-TRF-GU, issued June 26, 2007, in Docket No. 070260-GU, In re: Petition for approval of standby generator rate schedules RS-SG and CS-SG, by Peoples Gas System.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

DECISION

FCG's proposed standby generator rate schedules are available to new residential and commercial customers who wish to install a natural gas-fired electric generator to provide electricity to the premises during power outages and whose only gas appliance is the generator. The rate schedules are designed to allow FCG to recover the costs of providing gas service to generator-only customers. Customers with a generator and other gas-appliance(s) will continue to take service under the otherwise applicable rate schedule.

In support of its petition, FCG states that it has received several requests to provide natural gas service to customers whose only gas-consuming appliance is the standby electric generator. The generators operate only during periods when electric service to the customer's premises is interrupted as a result of a hurricane or other forced outage. Therefore, except during electric outages and periodic testing, the generator does not run and there is no throughput of gas.

As of March 2012, FCG had 105 residential generator-only customers and 36 commercial generator-only customers. FCG has been providing gas service to generator-only customers under the otherwise applicable rate schedule. FCG's base rates include a fixed monthly customer charge and a variable per-therm distribution charge. When a gas customer installs a year-round appliance such as a water heater, FCG has some assurance of year-round load to recover ongoing expenses, such as operations and maintenance expenses, through the distribution charge. However, since the generator is an appliance that is not used at regular intervals, FCG does not recover from a generator-only customer that part of its costs that are normally recovered through the distribution charge. Thus, FCG's only real avenue to recover its cost to provide service to a generator-only customer is the fixed monthly customer charge.

FCG explained that it based its proposed new RSG rate on the General Service (GS)-100 rate schedule. The GS-100 rate schedule was used as a proxy for the new RSG rate because the average residential customer uses approximately 173 therms annually which is within the applicable therm usage range of the GS-100 rate schedule. FCG's rate schedules are based on annual gas volume consumed, and the GS-100 rate schedule applies to annual therm usage between 100 and 219 therms.

Based on FCG's last cost of service study,³ GS-100 customers consumed an average of 178 therms annually, or 14 therms monthly, resulting in a \$16.81 monthly gas bill (customer and distribution charge). The proposed customer charge for the RSG rate schedule is \$16.81, and the distribution charge for usage between 0 and 14 therms is \$0. Thus, the level of the RSG customer charge and the size of the initial block were derived to yield the same revenue as an average residential customer based on FCG's last rate case. For usage over 14 therms, the otherwise applicable GS-100 distribution charge applies. FCG indicated that the 14 therm limit is projected to cover the minimal usage for the periodic testing recommended by generator manufacturers, so a customer is unlikely to incur additional per therm charges, unless a power outage occurs and the generator operates for a sustained period.

³ Docket No. 030569-GU, In re: Application for rate increase by City Gas Company of Florida.

FCG used the same rate design to develop the CSG charges based on the GS-220 rate schedule. Under both proposed new rate schedules, the cost of gas is recovered through a separate Purchased Gas Adjustment (PGA) factor. If the customer uses no gas during the billing period, he will not be charged for gas.

Generator-only customers also have an incentive to avoid paying the monthly customer charge by disconnecting service, and requesting re-connection when a hurricane approaches. The proposed tariffs therefore require that customers stay on the tariff for 12 months, to ensure the appropriate allocation of costs to this class of customers. The 12-month requirement would renew at the end of each 12-month term unless the customer terminated service in writing prior to the end of the term. This provision is consistent with the generator-only tariffs approved for FPUC and PGS. If the customer installs another gas appliance at their premises, their account will be moved to the otherwise applicable rate schedule.

Under FCG's proposal, all existing generator-only customers will be allowed to remain on the current rate schedule; therefore, there will be no immediate bill impact on current customers. This is consistent with our treatment for FPUC, where we approved the standby generator rate schedule for new customers only. In FPUC's subsequent rate case, we approved the transfer of all customers to the standby generator tariff.

We approve FCG's proposed standby generator tariffs effective July 17, 2012. They are designed to recover the cost of service to generator-only customers to avoid shifting costs to other ratepayers, and they employ the same rate design as previously approved for two other gas utilities. This is an optional service for customers who wish to install generators as the only appliance to provide electric service during periods of outages.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the petition for approval of a residential standby generator rate schedule, by Florida City Gas is approved effective July 17, 2012. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariff shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 1st day of August, 2012.



ANN COLE
Commission Clerk
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

MCB

NOTICE OF FURTHER PROCEEDINGS

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 Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 22, 2012.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

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.