



# Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

## -M-E-M-O-R-A-N-D-U-M-

**DATE:** SEPTEMBER 23, 1999

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

**FROM:** DIVISION OF ELECTRIC AND GAS (MAKIN, BULECZA-BANKS, BROWN)  
DIVISION OF LEGAL SERVICES (C. KEATING) *WCL RVE JDT*

**RE:** DOCKET NO. 990935-GU - 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.

**AGENDA:** 10/5/99 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** 60-DAY SUSPENSION DATE: 10/17/99

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\LEG\WP\990935.RCM

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### CASE BACKGROUND

On October 14, 1996, Peoples Gas System (Peoples) filed a petition to implement a one-year pilot program for a Firm Transportation Supplier Aggregation Service Rider (FTA Rider). The purpose of the FTA Rider was to test a transportation program on a pilot basis to determine the feasibility of providing simplified transportation service to firm customers. By Order No. PSC-96-1515-FOF-GU, issued December 13, 1996, the Commission granted Peoples' petition. By Order No. PSC-98-0270-FOF-GU, issued February 10, 1998, the Commission approved a one-year extension of the FTA Rider through March 31, 1999. By Order No. PSC-98-0489-FOF-GU, issued April 7, 1998, the Commission approved a modification of the FTA rider to permit participating Qualified Aggregation Suppliers (Pool Managers) to exceed the thirty-customer limit established in Peoples' original FTA Rider.

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In approving the experimental program and modifications, the Commission ordered that this docket remain open pending the issuance of a final order in Docket No. 960725-GU (Unbundling of Natural Gas Services). If a final order had not been issued in that docket prior to the expiration of the one-year extension of the experimental tariff rider, Peoples was required to file a petition in the instant docket to end, extend, or convert the pilot program to a full program. By Order No. PSC-99-0487-FOF-GU, issued March 8, 1999, the Commission approved certain modifications and granted a two-year extension of the FTA Rider through May 31, 2001.

The modified FTA Rider initially provided for participation by no more than 1,000 customer accounts. During April 1999, Peoples had qualified twelve Pool Managers and received applications from approximately 2,700 customer accounts, almost three times the number permitted to participate in the modified program. Peoples filed a revision to the modified program permitting all customers that had applied by the deadline to participate in the program. As a result of the approved modifications to the experimental program, approximately 2,700 customer accounts currently receive transport service from Peoples.

On July 19, 1999, Peoples filed its petition for approval of an experimental Rider FTA-2, and modifications to the imbalance cashout provisions of Rider FTA. On August 18, 1999, Peoples filed an amendment to this petition.

### DISCUSSION OF ISSUES

**ISSUE 1:** Should the Commission suspend Peoples' proposed experimental Rider FTA-2 (Firm Transportation Aggregation Service 2), and modifications to the imbalance cashout provisions of Rider FTA program?

**RECOMMENDATION:** Yes. The Commission should suspend Peoples' proposed experimental Rider FTA-2 and modifications to the imbalance cashout provisions of Rider FTA program to allow staff additional time to complete its analysis.

**STAFF ANALYSIS:** Peoples indicates in their petition that the new FTA-2 Rider would result in the opportunity for participation

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in transportation service by additional customers. However, unlike the existing FTA program, the proposed FTA-2 limits participation by existing sales service customers. The FTA-2 rider allows new customers the opportunity to transport gas, but does not allow existing sales service customers the same opportunity. Existing sales service customers are only allowed to participate in this program if a supplier or marketer brings new incremental load onto the system. If the supplier or marketer brings on new incremental load, Peoples will allow the supplier or marketer to offer transportation service to existing sales service customers up to the amount of new incremental load. For example, if a marketer was able to bring on new incremental load of 1,000 therms per month, then and only then can the marketer offer transportation service to existing sales service customers up to 1,000 therms per month.

Staff is concerned that the proposed FTA-2 Rider discriminates against existing sales service customers. Those customers will be unable to take advantage of transportation service through a marketer or supplier unless that marketer or supplier has brought on new incremental load, whereas sales service customers who were permitted to take service under the FTA Rider did not face that restriction. Staff questions the need for a new program that restricts the ability of suppliers and marketers to provide transportation service to existing sales service customers. It appears that the existing FTA Rider works exceptionally well, as evidenced by the 2,700 customer accounts taking advantage of it.

Further, after Peoples' amended petition was filed on August 18, 1999, staff was informed that a Peoples Gas affiliate, TECO Gas Services has already contracted to sell gas to several customers that represent new incremental load for Peoples' system. If this is true, TECO Gas Services will have secured new incremental load prior to approval of the proposed Rider FTA-2 and, thus, prior to giving other marketers and suppliers a chance to compete for that incremental load. In this situation, suppliers and marketers already restricted under the proposed Rider FTA-2, would be at an even greater disadvantage because their ability to bring new incremental load onto the system, and thus their ability to offer transportation service to existing sales service customers would be diminished. Accordingly, staff recommends the petition be suspended to allow staff additional time to verify the accuracy of this information.

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

**RECOMMENDATION:** No.

**STAFF ANALYSIS:** This docket should remain open until the Commission either approves or denies the proposed tariffs.