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From: Keating, Beth [BKeating@gunster.com]
Sent: Monday, May 14, 2012 4:20 PM
To: Filings@psc.state.fl.us
Cc: Kathryn Cowdery
Subject: Docket No. 120068-GU
Attachments: 20120514161530122.pdf

Attached for filing in the docket referenced, is a Letter submitted by the FNGA withdrawing certain aspects of its initial Petition. If you have any questions, please contact me at the number below. Thank you.

Person Responsible for Filing:

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Docket Name and Number: No. 120068-GU -- Petition to initiate rulemaking to amend Rule 25-12.045, F.A.C., by Florida Natural Gas Association.

Filed on Behalf of: Florida Natural Gas Association (FNGA)

Total Number of Pages: 2

Description of Documents: Letter withdrawing tolling/extension request in lieu of limited request for 1-year extension

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May 14, 2012

VIA ELECTRONIC FILING - *FILINGS@PSC.STATE.FL.US*

Ms. Ann Cole, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 120068-GU -- Petition to initiate rulemaking to amend Rule 25-12.045, F.A.C., by Florida Natural Gas Association.

Dear Ms. Cole:

Please accept this letter for filing in the referenced docket, which shall confirm the Florida Natural Gas Association's ("FNGA") agreement, consistent with discussions with Commission staff, to withdraw two discrete requests made in its March 30, 2012, Petition.

Specifically, the FNGA hereby withdraws its requests for: (1) tolling of the two-year "grace" period allowed by Order No. PSC-10-0158-PAA-GU while the Rulemaking proceeding is ongoing; and (2) an additional four-year grace period for FNGA members to come into compliance with the current version of the subject rule, in the event that the proceedings in this docket do not result in changes to Rule 25-12.045, Florida Administrative Code. FNGA instead asks that the Commission consider a one-year extension of the 2-year "grace" period currently approved for FNGA members, such that the period would end on December 31, 2014. We submit this revised request with the understanding that Commission staff would be willing to support a one-year extension of the current "grace" period.

FNGA submits that the additional one-year period will, to a degree, lessen the anticipated spike in maintenance costs that will occur if the FNGA members are required to come into strict compliance with the Rule as it currently stands. Virtually all LDCs elect to remove the meter and plug the service line after two years of inactivity. The cost for an LDC to remove a meter in the field, plug the service line, and complete the applicable recordkeeping requirements ranges from approximately $75 to $100 per meter. Physically abandoning a service line involves locating the service line, excavating the line at a point close to the gas main, cutting and capping the service line, restoring the excavation area to its original condition and completing the applicable recordkeeping. Typically, the cost for physical abandonment of a service line ranges from approximately $350 to $500 per service. If pavement cuts or other significant restoration activities are required, the cost will increase. Because these anticipated costs are substantial, the ability to spread those costs over the slightly longer period will better enable LDCs to account for these costs without unintended detrimental impacts on the Companies or their customers.

We note that many of the currently inactive service lines became inactive as residential vacancy rates increased due to the economic downturn. While there is now marginal growth in new construction, that growth has been slow and is accompanied by a continuing high rate of mortgage foreclosures. Such residential lines are *not* inactive due to conversions from gas service to electricity. Thus, as the market returns, the gas industry has every expectation that the great majority, if not all, of these residential service lines will activate (or reactivate) gas service. If, however, the limited extension of the "grace" period is denied, the gas industry will incur significant expense to remove the meters on these vacant homes, only to later incur more expense to reactivate the service when the units are ultimately sold and occupied.

In addition, the extended "grace period" will enable the LDCs to come into compliance without jeopardizing adherence to their Distribution Integrity Management Plans ("DIMP"). Moreover, as in prior years, the LDCs will continue monitoring of inactive lines, which will ensure that there will be no negative customer impacts. As the LDCs have found during the prior waiver periods, it is highly unlikely that the extension of the "grace" period will impact the safety of the distribution systems. Data compiled by the FNGA members indicates virtually no difference in the percentage of leak calls for active vs. inactive services.

The FNGA maintains that the purpose of the underlying statutes, Sections 368.03 and 368.05, F.S., will continue to be fulfilled if the Commission grants FNGA's request for an extension of the "grace" period. Safety will not be compromised, appropriate monitoring will continue, and the FNGA members will be working towards compliance during that period - pending the outcome of the rulemaking process.

The FNGA therefore withdraws its prior requests pertaining to the "grace" period, as set forth above, and in lieu thereof asks that the two-year "grace" period allowed by Order No. PSC-10-0158-PAA-GU be extended by one additional year, such that the period would end on December 31, 2014.

Thank you for your assistance in connection with this filing. If you have any questions whatsoever, please do not hesitate to let me know.

Sincerely,

Beth Keating

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