

ORIGINAL

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August 16, 1999

IN REPLY REFER TO:

Ansley Watson, Jr.
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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

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 Peoples Gas System

Dear Ms. Bayo:

Enclosed for filing on behalf of Peoples Gas System, please find the original and 15 copies of an amendment to Peoples' petition filed in the above docket on July 19, 1999.

Enclosed also please find 20 copies of Original Sheets Nos. 7.804 through 7.804-2 to Peoples' Natural Gas Tariff, Original Volume No. 1, and Original Sheets Nos. 7.532 through 7.532-3 to Peoples' Natural Gas Tariff, Original Volume No. 2, which replace the original sheets of the same numbers submitted with Peoples' initial petition herein.

Finally, a computer diskette containing the enclosed amendment is enclosed.

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.

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- APP _____
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DOCUMENT NUMBER DATE

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Blanca S. Bayo, Director

August 16, 1999

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Thank you for your usual assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Ansley Watson, Jr.", with a stylized flourish at the end.

ANSLEY WATSON, JR.

AWjr/a

Enclosures

cc: Mrs. Cheryl R. Bulecza-Banks

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

ORIGINAL

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.)
_____)

Docket No. 990935-GU

Submitted for Filing:
8-17-99

**AMENDMENT TO
PETITION OF PEOPLES GAS SYSTEM**

Peoples Gas System ("Peoples" or the "Company"), by its undersigned attorneys, files this amendment to its petition previously filed in this docket on July 19, 1999, and in support thereof says:

1. The purpose of this amendment is to make minor modifications to Peoples' initial petition in this docket and in certain of the tariff sheets submitted therewith.

Number of Customer Accounts Comprising Customer Pool

2. Peoples seeks, by publishing Rider FTA-2, to expand the future availability of aggregated transportation service to customers who are new to the system or who add incremental gas load to the Company's system. To enhance the availability of the new rider, Peoples has given further consideration to the requirement that a Customer Pool be comprised of not less than 10 customer accounts which, in the aggregate, have annual gas consumption of at least 100,000 therms. Based upon discussions with Commission Staff and Peoples' desire to facilitate increased participation in the new FTA-2 program, Peoples has eliminated the requirement that a Customer Pool be comprised of not less than 10 customer accounts.

DOCUMENT NUMBER-DATE

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FLORIDA PUBLIC SERVICE COMMISSION

Limitation on Number of Customer Pools

3. The number of Customer Pools under Peoples' existing Rider FTA program is limited to 40. As originally filed with Peoples' initial petition, Rider FTA-2 contained no limitation on the number of Customer Pools which could participate in the new experimental program. The number of Customer Pools under the Rider FTA program was limited to 40 because of limitations on Peoples' current ability to receive and process the paperwork required to qualify Pool Managers for participation in the program, and to receive and process the daily nominations for transportation required of Pool Managers participating in the program. These limitations on Peoples' current abilities are equally applicable to the proposed Rider FTA-2 program, and Peoples has therefore modified the rider to limit the combined participation in both the FTA and FTA-2 programs to 40 Customer Pools, which is within the capabilities of Peoples' existing administrative systems.

Term of Experimental Program

4. Peoples' initial petition herein sought approval of the new Rider FTA-2 for a period of approximately two years, ending on May 31, 2001 – the date on which Peoples' existing Rider FTA expires. Based on discussions with the Commission Staff, Peoples has modified the term of the pilot program to expire on September 30, 2000, giving it an initial term of approximately one year. In the event the program proves successful, Peoples envisions seeking Commission approval prior to September 30 to extend the term of the program.

Tariff Sheets and Imbalance Cashout Compensation

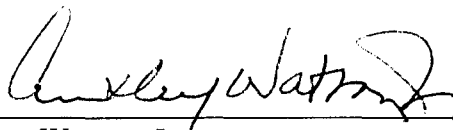
5. Peoples submits herewith the new tariff sheets containing Rider FTA-2, and incorporating the modifications to the experimental program discussed above. The Rider FTA-2 tariff sheets submitted herewith supersede and replace those which were submitted with Peoples'

initial petition herein.

6. Peoples' initial petition also sought approval for 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 Rider FTA. These modifications are shown in legislative style on Exhibit A to the initial petition herein, which is unchanged by this amendment to the petition. Revised Sheet No. 8.119-5 (Original Tariff Volume No. 1) and Revised Sheets Nos. 8.039 and 8.040 (Original Tariff Volume No. 2), containing such modifications, were also submitted with the initial petition and remain unchanged by this amendment.

WHEREFORE, Peoples respectfully requests that the Commission grant this petition, and issue its order (A) approving Rider FTA-2 (as herein modified) for application on an experimental basis through September 30, 2000, and (B) approving the modifications to the Firm Delivery Agreement more particularly set forth on Exhibit A to the initial petition herein and in the revised tariff sheets submitted therewith, 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 August, 1999.



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Facsimile: (813) 273-4396 or -4397
Attorneys for Peoples Gas System

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 September 30, 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. No more than 40 independent Customer Pools (including those established under Company's Natural Gas Tariff, Original Volume No. 1) may receive service pursuant to this Rider and/or the Company's Rider FTA. 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

FIRM TRANSPORTATION AGGREGATION SERVICE 2 (continued)

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 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

FIRM TRANSPORTATION AGGREGATION SERVICE 2 (continued)

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 8.031 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.

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 September 30, 2000, 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. No more than 40 independent Customer Pools (including those established under Company's Natural Gas Tariff, Original Volume No. 2) may receive service pursuant to this Rider and/or the Company's Rider FTA. 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 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

FIRM TRANSPORTATION AGGREGATION SERVICE 2 (continued)

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 8.119 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.

FIRM TRANSPORTATION AGGREGATION SERVICE 2 (continued)

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., 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.