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March 30, 2017

VIA E-PORTAL FILING

Ms. Carlotta S. Stauffer
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: NEW FILING - Petition for approval of tariff modifications relating to relocation or modification of Gas Service Facilities, by Peoples Gas System

Dear Ms. Stauffer:

Attached for electronic filing with the Commission on behalf of Peoples Gas System, please find Peoples' petition referenced above.

We appreciate your usual assistance.

Sincerely,


ANSLEY WATSON, JR. *ky*

AWjr/a
Attachment

cc: Ms. Kandi M. Floyd

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of tariff modifications)
relating to relocation or modification of Gas Service)
Facilities, by Peoples Gas System.)
_____)

Docket No.

Submitted for Filing:
3-30-17

PETITION FOR APPROVAL OF TARIFF MODIFICATIONS

Peoples Gas System ("Peoples" or the "Company"), by and through its undersigned attorneys, hereby requests the Commission's approval of modifications to its Natural Gas Tariff, Original Volume No. 3 ("Peoples' Tariff"), relating to relocation or modification of the facilities used to provide service to customers ("Gas Service Facilities"), submits herewith revised tariff sheets to become effective the date of the Commission's vote, and in support of its request states:

1. The name and address of the petitioner are:

Peoples Gas System
702 N. Franklin Street
Tampa, Florida 33602

2. The persons to whom notices, orders and pleadings in this docket should

be addressed are:

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BACKGROUND

3. Peoples' Tariff has for many years contained language providing that a customer may be required to reimburse the Company for all or any part of the cost of relocations of the Company's Gas Service Facilities necessitated by alterations or

additions to improvements on a customer's premises, or that are requested by the customer. The language in the tariff currently reads:

C. RELOCATION OF GAS SERVICE FACILITIES

When alterations or additions to structures or improvements on premises to which the Company renders Gas Service necessitate the relocation of Company's metering equipment or service line, or when such relocation is requested by the Customer for whatever reason, Customer may be required to reimburse the Company for all or any part of the costs incurred by the Company in the performance of such relocation.¹

As currently worded, the language would require a customer to reimburse Peoples for the cost of relocating the Company's facilities due to the customer's request or premise modifications, but would not require the customer to reimburse Peoples for a requested modification of the Company's facilities. By this petition, Peoples seeks the Commission's approval of minor modifications to the language that would enable the Company to be reimbursed in such situations.

4. Although there are other situations in which it would be appropriate for Peoples to be reimbursed when a customer requests that the facilities installed to provide natural gas service to the customer's premise be modified, this petition is prompted primarily by amendments to a federal pipeline safety rule (49 CFR § 192.383) with which Peoples is required to comply. As initially adopted, the rule required the installation of an excess flow valve ("EFV")² on any new or replaced service line serving a single-family residence after February 12, 2010, subject to certain exceptions. Since that date, Peoples has complied with the requirements of that rule.

¹ See Peoples' Tariff, Sheet No. 5.601-1.

² An excess flow valve is a device designed to automatically shut off when the natural gas flow exceeds certain limits, such as when a service line is damaged due to excavation or other activities. When activated, the EFV may stop the flow of natural gas, limiting the risk of escaping gas due to third party damage or a pipe failure, and providing safety benefits. EFVs do not protect against gas leaks occurring in the downstream gas piping behind the gas meter installed at a customer premise.

5. Amendments to the rule have now been adopted which will require, among other things, that “operators” such as Peoples, subject to certain exceptions, provide written or electronic notification to customers of their right to request installation of an EFV.³ Peoples is prepared to provide, electronically, such notification as is required by the amended rule, which becomes effective April 14, 2017. If an eligible customer requests that Peoples install an EFV, the amended rule requires that Peoples make arrangements to install one. This leaves open the issue of who is responsible for the cost of such installation. The amended rule provides only that “[t]he operator’s rate-setter determines how and to whom the costs of the requested EFVs are distributed.” It is clear from the rule as amended, and from the preamble to the rule, that this Commission is the “operator’s rate-setter.”

6. As indicated previously, Peoples has been installing EFVs on qualified new and replaced service lines since February 2010, and will continue to do so. The EFV itself has an average cost of approximately \$30, relatively inconsequential in the context of a new service line or one that must be replaced. In the case of a new service line, this cost would simply be included in calculating the Maximum Allowable Construction Cost (“MACC”) for purposes of determining whether a contribution in aid of construction will be required of the customer for the installation of the service line and other appurtenances required to provide gas service. The situation is considerably different in the case of an existing qualified customer that requests an EFV installation on a line that may have been installed many years before, and that may require extensive excavation and restoration. The existing customer’s gas service would have been initiated, and the service line and

³ See 81 *Federal Register* 70987, Pipeline Safety: Expanding the Use of Excess Flow Valves in Gas Distribution Systems to Applications Other Than Single-Family Residences (October 14, 2016). The amended rule may be viewed at <https://www.ecfr.gov/cgi-bin/text-idx?SID=41417c86a78a49b15021513ac3e5841e&mc=true&node=20161014y1.23>.

meter installed, in consideration of the MACC. That is, the customer would have either had the service line and meter installed at no cost (if Peoples' actual cost of installation did not exceed the MACC), or would have paid a construction deposit (or contribution in aid of construction) as required by Peoples' Tariff.⁴ The Peoples' Tariff provision relating to "modifications" to the customer's premises, whether or not requested by the customer, does not consider the MACC, and does not contemplate changes to the Company's facilities (such as the installation of an EFV) requested by a qualified customer. Peoples estimates that – in most cases – the cost of installing an EFV on a typical existing service line will be between \$1,200 and \$1,800, depending on the excavation and restoration required in connection with the installation.⁵ Peoples submits it would be inappropriate for existing customers – who either already have an EFV installed on their service lines, or who do not request that an EFV be installed -- to in essence subsidize the installations of EFVs for qualified customers who request them. The costs of installing EFVs on existing service lines would not be incurred by Peoples but for the customers' requests, and such costs should be borne by the affected customers.

PROPOSED TARIFF PROVISIONS

7. The tariff modifications for which Peoples seeks the Commission's approval are attached to this petition in legislative format, and are followed by "clean" tariff sheets. The changes are relatively simple, and would make it clear that a customer may be required to reimburse Peoples for modifications to the Company's Gas Service Facilities (such as the installation of an EFV) requested by the customer (in addition to modifications necessitated by customer premise alterations or customer requests).

⁴ See Peoples' Tariff, Sheet Nos. 5.601 and 5.601-1.

⁵ The cost could be less than the bottom of this estimated range, as well as above the top of the range.

CONCLUSION AND REQUEST FOR EXPEDITED CONSIDERATION

8. Peoples believes the tariff modifications for which approval is sought are reasonable and appropriate, as well as consistent with other provisions of the Company's tariff. In view of the April 14, 2017 effective date of the amendments prompting this petition, the Company respectfully requests that the Commission consider and dispose of this petition and tariff filing on an expedited basis, hopefully at the May 5, 2017 agenda conference.

WHEREFORE, Peoples Gas System respectfully requests that the Commission will enter its order permitting the revised tariff sheets submitted with this petition to become effective on the date of the Commission's vote disposing of this petition.

Respectfully submitted,



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Attorneys for Peoples Gas System

REVISED TARIFF SHEETS

LEGISLATIVE STYLE

INDEX OF RULES AND REGULATIONS (Continued)

<u>ARTICLE</u>		<u>SHEET NO.</u>
VI.	MAIN AND SERVICE EXTENSIONS	
A.	Main Extensions	5.601
B.	Service Extensions From Existing Mains	5.601-1
C.	Relocation <u>or Modification</u> of Gas Service Facilities	5.601-1
D.	Main Extension Program	5.601-2
VII.	LIMITS OF COMPANY'S RESPONSIBILITIES	5.701
VIII.	CONTINUITY OF SERVICE	5.701
IX.	LIMITATION ON CONSEQUENTIAL DAMAGES	5.701
X.	INDEMNITY TO COMPANY	5.801
XI.	APPEALS TO THE COMMISSION	5.801
XII.	TRANSPORTATION SERVICE	5.901
A.	Availability	5.901
B.	Company's Obligations	5.901
C.	Return to Sales Service	5.901
D.	Company Standards	5.901-1

MAIN AND SERVICE EXTENSIONS (Continued)

to the Depositor an amount equal to the positive difference (if any) determined by subtracting (i) the Maximum Allowable Construction Cost as determined under section A.(2) above from (ii) the Maximum Allowable Construction Cost as recalculated utilizing actual revenue pursuant to this paragraph.

- b. For each additional Customer taking Gas Service from any point on the extended Main or Service facilities within a period of four (4) years from the date of construction, the Company shall refund to the Depositor the amount by which the Maximum Allowable Construction Cost of the new Customer exceeds the cost of connecting such new Customer, provided that an additional Main extension shall not have been necessary to serve such additional Customer. Where the Depositor and the Company agree that new Customers are likely to connect to the extended facilities over a period longer or shorter than four (4) years, the Depositor and the Company may agree, within the Construction Deposit Agreement, to provide for refunds over such longer or shorter period as the parties agree is reasonable and appropriate under the circumstances.
- c. The aggregate refund to any Depositor made through the provisions of (a) and (b) above shall not exceed the original deposit of such Depositor.
- d. The extension shall at all times be the property of the Company, and any unrefunded portion of said deposit at the end of four (4) years, or such longer or shorter period as may be agreed by the Depositor and Company pursuant to section (4)(b) above, shall accrue to the Company.

B. SERVICE EXTENSIONS FROM EXISTING MAINS

The Company will install, at no charge to the Customer, the Gas Service Facilities, commencing from an existing Main, necessary to serve a Customer applying for Gas Service, where the cost of such service extension does not exceed the Maximum Allowable Construction Cost as defined in section VI.A. (2) above. Customers not meeting the above criteria will be required to make a non-refundable contribution in aid of construction based on the difference between the cost of the required service facilities and the Maximum Allowable Construction Cost as calculated for each respective Customer.

C. RELOCATION OR MODIFICATION OF GAS SERVICE FACILITIES

When ~~alterations or additions to~~ modifications structures or improvements on premises to which the Company renders Gas Service necessitate the relocation of Company's ~~metering equipment or service line~~ Gas Service Facilities, or when such relocation, ~~or modifications to Company's Gas Service Facilities, are~~ is requested by the Customer for whatever reason, Customer may be required to reimburse the Company for all or any part of the costs incurred by the Company in the performance of such relocation or modifications.

REVISED TARIFF SHEETS

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C. RELOCATION OR MODIFICATION OF GAS SERVICE FACILITIES

When modifications structures or improvements on premises to which the Company renders Gas Service necessitate the relocation of Company's Gas Service Facilities, or when such relocation, or modifications to Company's Gas Service Facilities, are requested by the Customer for whatever reason, Customer may be required to reimburse the Company for all or any part of the costs incurred by the Company in the performance of such relocation or modifications.