

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: October 27, 2023

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (McClelland, Hampson) *EJD*
Office of the General Counsel (Watrous) *JSC*

RE: Docket No. 20230110-GU – Petition for approval of tariff modifications to implement transportation balancing charge rider, by Florida City Gas.

AGENDA: 11/09/23 – Regular Agenda – Tariff Suspension – Participation is at the Commission’s discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 11/25/23 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 26, 2023, Florida City Gas (FCG or utility) filed a petition for approval of tariff modifications to implement a Transportation Balancing Charge (TBC) rider. FCG is an investor-owned natural gas utility that provides service to two different types of gas supply customers: sales customers and transportation customers. Sales customers purchase gas from the utility and are charged the Purchased Gas Adjustment (PGA) for the cost of natural gas, in addition to base rates. FCG explained that transportation customers are commercial and industrial customers that elect to purchase their natural gas supply from a gas marketer authorized as a third party supplier by FCG. Transportation customers negotiate directly with third party suppliers for the purchase of the natural gas commodity and are not charged the PGA by the utility.

FCG stated that the purpose of the proposed TBC rider is to recover the cost of transportation and storage fees incurred on behalf of transportation customers. In its petition, FCG explained

that these costs of transportation and storage fees are a result of mitigating imbalances between the amount of gas nominated by the third party supplier on behalf of its transportation customers and the quantity actually consumed, also known as “swing gas service.” Nominations specify the monthly quantity of natural gas a transportation customer desires to receive; the third party supplier is responsible for making arrangements for transporting and delivering the gas. Since the actual gas quantity consumed by the transportation customer may vary from the gas delivered, FCG is responsible for balancing the system.

FCG explained that sales customers are currently subsidizing transportation customers because a portion of the capacity and storage costs paid for by sales customers through the PGA are being used to balance the system on behalf of transportation customers. The proposed TBC rider would be a cents per therm charge applicable to transportation customers. The utility has also proposed that all revenues from the TBC rider be booked and reflected as a credit to the PGA.

This is staff’s recommendation to suspend the proposed tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Commission suspend FCG's proposed Transportation Balancing Charge rider and associated tariffs?

Recommendation: Yes. Staff recommends that FCG's proposed Transportation Balancing Charge rider and associated tariffs be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposal. (McClelland)

Staff Analysis: Staff recommends that FCG's proposed Transportation Balancing Charge Rider rate and associated tariffs be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposal.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change, a reason, or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission decision on the proposed revised tariffs. (Watrous)

Staff Analysis: This docket should remain open pending the Commission decision on the proposed revised tariffs.