

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint petition for approval of flexible gas service tariff by Florida Public Utilities Company, Florida Public Utilities Company - Fort Meade, and Florida Public Utilities Company - Indiantown Division.

DOCKET NO. 140204-GU
ORDER NO. PSC-14-0710-TRF-GU
ISSUED: December 30, 2014

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
LISA POLAK EDGAR
RONALD A. BRISÉ
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER APPROVING FLEXIBLE GAS SERVICE TARIFF

BY THE COMMISSION:

On October 17, 2014, Florida Public Utilities Company (FPUC), Florida Public Utilities Company – Fort Meade, and Florida Public Utilities Company – Indiantown Division (non-specifically the Company and jointly the Companies) filed a joint petition for approval of a Flexible Gas Service (FGS) tariff. On December 4, 2014, the Companies filed corrections to the proposed tariff of FPUC stating that the tariffs for the three companies are identical. We have jurisdiction in this matter pursuant to Section 366.06, Florida Statutes.

To support the proposed FGS tariffs, the Companies explained that customers, especially large industrial customers, have multiple fuel options available to them. These options include the ability to bypass the Companies' distribution system and connect directly to interstate or intrastate pipelines, or replace natural gas with fuel oil or electricity. According to the Companies, the proposed tariffs will enable them to negotiate competitive rates with qualifying customers and assure that existing customers will not subsidize agreements entered into pursuant to the tariff. The Companies will exclude all incremental costs related to serving FGS customers from rate base, and will record all expenses and revenues from FGS customers below-the-line putting the Companies' shareholders at risk of any investments made to serve an FGS customer.

In 1998, we approved a similar flexible gas service tariff for the Florida Division of Chesapeake Utilities Corporation (Chesapeake).¹ Chesapeake currently has two flexible gas

¹ Order No. PSC-98-1485-FOF-GU, issued November 5, 1998, in Docket No. 980895-GU, In re: Petition by Florida Division of Chesapeake Utilities Corporation for authority to implement proposed flexible gas service tariff and to revise certain tariff sheets.

service arrangements. Two years earlier, we approved a flexible gas service tariff for Florida City Gas.² Florida City Gas currently does not have any executed agreements.

The FGS tariff is available at the Companies' option to current and new customers who meet two applicability standards. First, the customer must provide verifiable documentation of a viable economic energy alternative. Second, the Company must demonstrate that the new customer will not cause any additional cost to the Company's general body of ratepayers. The negotiated terms of service under the FGS tariff will be set forth in confidential individual agreements between the Company and the customer. The negotiated FGS rates will not be set lower than the incremental cost of providing service to the customer. The individual agreements will not require Commission approval.

The proposed tariffs incorporate accounting measures which are designed to protect the Companies' general body of ratepayers by placing all capital costs, expenses, and revenues associated with this tariff below-the-line in earnings surveillance reports and future rate cases. These measures are consistent with the protective measures we approved for the Chesapeake and Florida City Gas FGS tariffs. Furthermore, the Companies will not attempt to recover the difference between the applicable tariffs and the negotiated lower FGS rate from other customers through cost recovery clauses or in future rate cases.

The proposed tariffs as originally filed included the following provision: "Within 30 days after a service agreement has been executed under this rate schedule, the Company shall file the service agreement and related documents with the Commission's Division of Records and Reporting [sic] for review by the Commission Staff who shall treat them as confidential documents." This provision does not require our approval of each FGS contract; it is strictly a reporting requirement. We agree that the filing of each confidential service agreement is not necessary. A notice filed by the Company with the Office of Commission Clerk that an FGS service agreement has been executed shall be sufficient since any executed agreements will be available for review by our staff if that is determined to be necessary. The Companies filed corrected tariff pages on December 4, 2014, which include the removal of the above-quoted provision.

We find that the proposed tariffs, as corrected, contain adequate safeguards to protect existing customers from being adversely affected by or subsidizing FGS customers and that they provide for our oversight as necessary. Despite the low number of executed agreements seen for Chesapeake and Florida City Gas, the FGS tariffs will provide the Companies with pricing flexibility to attract and retain customers that have viable energy options. Therefore, we find that the proposed FGS tariffs, as corrected, are reasonable and we hereby approve them. When a Company executes an FGS service agreement, notice of such agreement shall be filed within 30 days with the Office of Commission Clerk.

² Order No. PSC-96-1218-FOF-GU, issued September 24, 1996, in Docket No. 960920-GU, In re: Petition for approval of flexible service tariff by City Gas Company of Florida.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Flexible Gas Service tariffs of the Florida Public Utilities Company, Florida Public Utilities Company – Fort Meade, and Florida Public Utilities Company – Indiantown Division, are hereby approved. It is further

ORDERED that the effective date of the tariffs of the Florida Public Utilities Company, Florida Public Utilities Company – Fort Meade, and Florida Public Utilities Company – Indiantown Division, shall be effective on December 18, 2014. It is further

ORDERED that if a protest is filed within 21 days of the issuance of this order, the tariffs shall remain in effect, with any revenues held subject to refund, pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 30th day of December, 2014.



HONG WANG

Chief Deputy Commission Clerk
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 20, 2015.

In the absence of such a petition, this Order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.