

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: June 19, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (McClelland) *EJD*
Office of the General Counsel (Sandy) *JSC*

RE: Docket No. 20250026-GU – Petition for approval to modify swing service charge, individual transportation service rider, and off-system service rate schedule, by Peoples Gas System, Inc.

AGENDA: 07/01/25 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 09/13/25 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

Case Background

On January 13, 2025, Peoples Gas System, Inc. (PGS or utility) filed a petition for approval of modifications to the Swing Service Charges applicable to transportation customers, Individual Transportation Service (ITS), and Off-System Service (OSS).

In 2000, the Commission approved PGS' Natural Choice Program, which enabled customers to more easily receive transportation service from the utility by consolidating and simplifying the existing transportation programs.¹ The Natural Choice Program offered two types of transportation service: a "pooled" service through the Natural Choice Transportation Service

¹Order No. PSC-00-1814-TRF-GU, issued October 4, 2000, in Docket No. 000810-GU, *In re: Petition for approval of modifications to tariff provisions governing transportation of customer-owned gas and tariff provisions to implement Rule 25-7.0335, F.A.C., by Tampa Electric Company d/b/a Peoples Gas System.*

(NCTS) and “individual” service through the ITS Rider. NCTS customers are pooled together in groups and are supplied gas by a Pool Manager, which is a third-party natural gas marketer.

The Pool Manager is responsible for supplying and managing natural gas for its customer pool as well as acquiring firm upstream capacity from PGS. While Pool Managers deliver a fixed daily quantity of gas supply and capacity, the amount of gas actually consumed by NCTS customers varies. As a result, PGS varies (or swings) the level of gas and capacity delivered to the utility’s system through operational purchases and sales in order to balance the system. The cost to swing gas adds costs to the Purchased Gas Adjustment (PGA) clause, paid for by PGS’ sales customers.

The Swing Service Charge is designed to recover the cost to swing gas for transportation customers and is credited to the PGA clause. The Swing Service Charge is a cents per therm charge applicable to NCTS customers, who purchase gas from third party marketers, and therefore do not pay the PGA charge. In 2015, the Commission approved updated calculations for the Swing Service Charges to reflect PGS’ then-current cost of providing swing service.² In the instant petition, PGS is proposing to update the methodology and calculations of the costs included in estimating system balancing costs, resulting in revised Swing Service Charges.

With respect to the ITS Rider, PGS is proposing to increase the eligibility threshold from 182,500 to 500,000 annual therms and to add a requirement to receive a certain minimum daily pipeline capacity from PGS (vs. receiving capacity from a third party). Finally, PGS proposed a change to the sharing mechanism contained in its OSS tariff, which was first approved in 1994.

PGS currently has a rate case proceeding in Docket No. 20250029-GU before the Commission (rate case docket), with the hearing currently scheduled for September 8 – 11, 2025. By Order No. PSC-2025-0090-PCO-GU, the Commission suspended the proposed modifications for further review by staff.³ During evaluation of the petition, staff issued two data requests to the utility for which responses were received April 1 and May 5, 2025. On June 9, 2025, staff held an informal meeting on this docket with PGS and the Office of the Public Counsel. Furthermore, the utility provided written responses that have included in the docket file.

The proposed tariff revisions are shown in Attachment A to the recommendation. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes.

²Order No. PSC-15-0570-TRF-GU, issued December 17, 2015, in Docket No. 150220-GU, *In re: Petition for approval of tariff modifications related to the swing service charge, by Peoples Gas System.*

³Order No. PSC-2025-0090-PCO-GU, issued March 24, 2025, in Docket No. 20250026-GU, *In re: Petition for approval to modify swing service charge, individual transportation service rider, and ccf-system service rate schedule, by Peoples Gas System, Inc.*

Date: June 19, 2025

Discussion of Issues

Issue 1: Should the Commission approve the proposed modifications to the swing service charge, ITS rider, and OSS sharing mechanism?

Recommendation: Yes, the Commission should approve the proposed modifications to the swing service charge, ITS rider, and OSS sharing mechanism. If the Commission approves the revised OSS sharing mechanism, PGS should be required to reflect the revised OSS net revenues in its rate case docket (Docket No. 20250029-GU). The proposed changes, as a whole, are designed to improve the allocation of costs between transportation and PGA customers. The revised swing service charges (Tariff Sheet No. 7.101-3) and OSS tariff (Tariff Sheet No. 7.702-1) should become effective on the date of the Commission's vote. The revisions to the ITS rider (Tariff Sheet Nos. 7.805 and 7.805-9) should take effect 12 months after the Commission vote to allow for customer notification. (McClelland)

Staff Analysis: The utility contends that its proposed changes to the swing service charge, ITS rider, and OSS sharing mechanism are designed to improve the allocation of costs between transportation and PGA customers. Therefore, staff believes it is best to analyze the utility's proposed tariff changes as whole.

Modifications to the Swing Service Charge

The swing service charge is assessed to all transportation customers who take service under PGS's NCTS Rider. Costs to balance the system are calculated based on six primary tools Peoples uses to balance its system. The six tools are (1) reserve capacity, (2) swing gas supply, (3) No Notice transportation service, (4) storage contracts, (5) swing sale agreements, and (6) upstream pipeline park and loan services. PGS is proposing to update four of the six tools to estimate system balancing costs. The four modifications are discussed in more detail below.

Modifications to the Reserve Capacity Calculation

Reserve capacity is interstate and intrastate pipeline capacity contracted to be available when customer usage increases. Capacity cost represent the reservation charges Peoples pays pipeline companies based on how much capacity Peoples reserves. Peoples provides a monthly release of upstream pipeline capacity to the NCTS pool managers and charges the pool managers for released capacity at the weighted average cost of capacity (WACC). WACC are expressed in dollars per MMBtu and are the weighted average costs per day of firm transportation rights held by PGS pursuant to contracts with delivering pipelines.

PGS proposed to modify the calculation of the WACC. The existing formula divides the total interstate and intrastate capacity cost, less ITS capacity release credits, by the total interstate and intrastate capacity quantity, less ITS capacity release quantity. PGS explained that historically, the utility only used interstate pipelines, such as the Florida Gas Transmission Company (FGT), to transport natural gas into Florida. About 10 years ago, utilities also began using intrastate pipelines to transport natural gas.

The proposed change would eliminate intrastate capacity quantity from the denominator of the formula. PGS explained that the inclusion of both interstate and intrastate capacity was duplicative and distorted the WACC formula. Transporting gas on an interstate pipeline and then

Date: June 19, 2025

transporting that same gas again on an intrastate pipeline would double-count that quantity in the existing WACC formula. Double-counting the quantity would create a larger denominator in the WACC formula, which would in turn result mathematically in a lower WACC. PGS' justification for the updated formula is to prevent understating the cost of capacity and undercollecting full capacity costs from the NCTS pool managers.

Modifications to the Swing Gas Supply

PGS explained in its petition that the utility currently calculates swing gas supply based off a 30-day rolling average of Platts Gas Daily FGT Zone 3 prices. PGS has proposed to modify the calculation to account for recurring purchases of gas from Transco Zone 5. PGS explained the utility also purchases swing gas supply at the Southern Natural Gas Pipeline and Elba Express Pipeline, which is priced at the Transco Zone 5 index. The proposed modifications will more closely reflect actual costs incurred by PGS to purchase swing gas supply.

Update to No Notice Transportation Service

No Notice Transportation Service (NNTS) is a firm rate schedule offered by FGT and represents the quantity by which a shipper's (e.g., PGS) actual delivery quantities vary from scheduled deliveries. PGS states in its petition that the Federal Energy Regulatory Commission (FERC) recently issued an order regarding the most recent FGT rate case, modifying FGT's rates. PGS' proposed changes to the swing service calculation reflect the updated FERC-approved NNTS rates. Approval of the proposed rates would enable PGS to pass through all FGT pipeline charges to the customers incurring them.

Storage Contracts – Modification to Add Gas Commodity Costs

Storage contracts are held with storage facilities, typically subterranean salt domes, and are used to manage supply and demand constraints as well as price volatility. In the process of storing gas supply, PGS typically incurs injection costs, withdrawal costs, and capacity reservation costs, on top of the cost of gas purchased.

Currently, PGS only recovers capacity reservation fees in the swing service rider, which are the charges for contracted storage quantity (i.e., storage space). PGS is seeking to modify the calculation to also recover injection and withdrawal costs as they contribute to the actual storage contract expenses the utility incurs. In paragraph 37 of the petition, PGS states that they would modify the calculation for storage contracts by adding three components included with "one turn of storage." "One turn of storage" refers to one complete cycle of injecting and withdrawing natural gas from a storage facility.

PGS explained during its meeting with staff that the utility typically signs a storage contract for anywhere between four and twelve turns of storage in one year. PGS proposed to allocate one turn of storage to the swing service rider. PGS explained that the number of turns used varies based on market conditions and system peaks, and the storage contract only charges the utility for as many turns as are actually used. PGS believes that one turn of storage accurately covers the quantities of stored gas demanded by swing service customers.

Removal of Natural Gas Vehicle Service (NGVS) from Tariff Sheet

The Swing Service Charge (Tariff Sheet No. 7.101-3) and NCTS Rider (Tariff Sheet No. 7.803) currently include reference to the NGVS class, which was terminated in Docket No. 20200051-

Date: June 19, 2025

GU.⁴ PGS has requested to remove mention of the closed NGVS class from the two existing tariff sheets.

Modifications to ITS Rider

Under PGS' ITS Rider, commercial and industrial customers take transportation service on an individual basis and choose their own gas supplier. Currently, ITS customers are not required to acquire upstream capacity release from PGS. ITS Rider customers purchase their capacity either directly from the interstate pipeline, through a third-party marketer, or by receiving a capacity release from PGS. ITS customers do not pay a PGA or swing service rider charge as they receive capacity releases and the natural gas commodity from a third party. When PGS releases capacity to the ITS, the interstate pipeline handles the transaction. The capacity is released by PGS through the interstate pipeline's electronic bulletin board. ITS customers purchase capacity off the electronic bulletin board and are billed by the interstate pipeline according to their FERC approved tariff. PGS is then credited for any revenues by the interstate pipeline. The revenues are in turn credited to the PGA.

PGS has proposed two modifications to the ITS Rider. First, PGS has proposed to raise the threshold to qualify for the ITS Rider from 182,500 therms per year to 500,000 therms per year. All current ITS customers below the threshold will be transferred to the Rider NCTS program. Currently, PGS anticipates transferring 61 out of 174 existing ITS customers to NCTS, leaving 113 customers as ITS Rider customers, as explained during the utility's meeting with staff. ITS customers are not subject to the swing service charge, while NCTS customers are; this transfer will subject additional customers to the swing service charge, thus increasing the overall amount recovered through the swing service rider. Revenues collected through the swing service rider are credited to the PGA. Therefore, an increase in the revenues collected through the swing service rider would provide benefits to customers subject to the PGA, primarily residential and small commercial customers. PGS explained in its responses to staff that examples of customers that consume more than 500,000 therms annually include paper mills, citrus processors, or large hospitals.

Second, PGS has proposed to modify ITS Rider to require customers to take a minimum percentage of 25 percent of their daily capacity release requirement from PGS. PGS stated that currently only 13 percent of ITS Rider customers take capacity release from PGS. In response to staff's second data request No. 9, PGS provided three benefits to an ITS customer to elect to receive the utility's capacity vs. the capacity of a third-party marketer: reliability, price, and flexibility. PGS stated that increasing the amount of capacity released to ITS customers allows for recovery of more of the overall capacity costs from those customers utilizing such capacity and any capacity costs recovered through capacity release will be directly credited to the PGA. PGS estimated a credit of \$3 million to the PGA in 2026 as a result of the proposed change.

The proposed ITS tariff revisions also would allow PGS to require a minimum of as much as 40 percent capacity release requirement. PGS explained in its response to staff that it would increase the minimum release requirement when the utility forecasts having sufficient excess capacity; excess capacity could not be released through OSS sales; and the release of incremental capacity

⁴ Order No. PSC-2020-0485-FOF-GU, issued on December 10, 2020, in Docket No. 20200051-GU, *In re: Petition for rate increase by Peoples Gas System*.

Date: June 19, 2025

would be beneficial to the ITS customers (improved reliability or reduced costs). PGS further stated that it has the highest scheduling priority on the interstate pipelines; therefore, the utility's capacity is the most reliable. In its petition, PGS committed to providing impacted ITS customers a minimum of 12 months written notice prior to the effective date of the tariff change. PGS also committed to continuing to communicate with impacted ITS customers throughout the period leading up to the change.

Proposed Revision to OSS Sharing

The Commission first approved the OSS rate schedule in Order No. PSC-94-1187-FOF-GU.⁵ The original order outlined that the OSS was to allow the utility to make capacity sales to customers not connected to the PGS distribution system, and revenues received from off-system sales would be shared 50/50 between PGS as above the line revenues and as a credit to the PGA. These off-system sales provide additional revenues to the utility and its general body of ratepayers. The OSS rate schedule was devised to allow the utility to make interruptible sales of unused capacity reserved on the interstate pipelines. As the utility paid for capacity whether or not it was ultimately used, the OSS schedule permitted the utility to recover costs during times when customers' gas requirements are below the capacity reserved by PGS.

In PGS' 2002 rate case, PGS originally proposed to maintain the 50/50 OSS sharing mechanism, while including no OSS sales in test year revenues. In Order PSC-03-0038-FOF-GU, the Commission approved the proposal to include \$500,000 in off-system sales in test year revenues and amend the sharing to a 25/75 split, with 25 percent of the revenues retained by the utility as above the line regulated revenues and 75 percent credited to the PGA.⁶ In PGS' 2008 rate case, the Commission maintained the 25/75 sharing mechanism and increased OSS revenues to \$1.5 million for the test year to reflect higher OSS revenues.⁷

In its current 2025 rate case docket, PGS filed MFRs under the current 25/75 sharing and included \$2.6 million (25 percent) in OSS net revenues in operation revenues. PGS stated that if the Commission approved the revision to the sharing mechanism in this docket, PGS would increase the OSS margin from 25 to 50 percent and increase OSS net revenues in the rate case to \$5.3 million. Staff notes that the amount of projected OSS revenues for the test year is an issue to be determined by the Commission in PGS' rate case docket. Any increase in other operating revenues decreases the revenue requirement to be recovered through base rates.

In the instant petition, PGS has now proposed to modify the OSS sharing mechanism from a 25/75 to a 50/50 basis, as originally approved in 1994. Under a 50/50 sharing, 50 percent of net off-system revenues would be credited to the PGA, and 50 percent included as projected OSS revenues for the 2026 test year in the rate case docket. To support this change, PGS stated that the 50/50 sharing would align the utility with the off-system sales sharing mechanism currently

⁵Order No. PSC-94-1187-FOF-GU, issued September 28, 1994, in Docket No. 940856-GU, *In re: Petition for approval of Off-System Sales (OSS) Rate Schedule by Peoples Gas System, Inc.*

⁶Order No. PSC-03-0038-FOF-GU, issued January 6, 2003, in Docket No. 020384-GU, *In re: Petition for rate increase by Peoples Gas System.*

⁷Order No. PSC-09-0411-FOF-GU, issued June 9, 2009, in Docket No. 080318-GU, *In re: Petition for rate increase by Peoples Gas System.*

Date: June 19, 2025

used by Florida Public Utilities Company and Florida City Gas and their respective Commission-approved OSS rate schedules.

Furthermore, the utility stated in their responses to staff's first data request that under the proposed 50/50 sharing mechanism, the utility would be able to "enhance the projected OSS revenue for 2026, thereby reducing the base revenue requirement in Docket No. 20250029-GU for 2026 and providing long-term savings embedded within base rates for customers." Staff notes that the proposed revision to the sharing mechanism reduces the percentage of OSS revenues allocated to the PGA (from 50 to 25 percent); however, the changes to the ITS Rider discussed above would increase the credit to the PGA. Therefore, as a whole, PGS' proposal provides a reasonable approach as to how the utility allocates costs and benefits between transportation and sales customers.

Conclusion

Based on the above, the Commission should approve the proposed modifications to the swing service charge, ITS rider tariffs, and OSS tariff. If the Commission approves the revised OSS sharing mechanism, PGS should be required to reflect the revised OSS net revenues in its rate case docket (Docket No. 20250029-GU). The proposed changes, as a whole, are designed to improve the allocation of costs between transportation and PGA customers. The revised swing service charges (Tariff Sheet No. 7.101-3) and OSS tariff (Tariff Sheet No. 7.702-1) should be effective on the date of the Commission's vote. The revisions to the ITS rider (Tariff Sheet Nos. 7.805 and 7.805-9) should take effect 12 months after the Commission vote to allow for customer notification.

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Sandy)

Staff Analysis: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

Peoples Gas System, Inc.
Original Volume No. 3

~~Seventh Sixth~~ Revised Sheet No. 7.101-3
Cancels ~~Sixth Fifth~~ Revised Sheet No. 7.101-3

GENERAL APPLICABILITY PROVISIONS (Continued)

D. SWING SERVICE CHARGE

The Pool Manager of a Customer receiving aggregated transportation service from Company under the Natural Choice Transportation Service Rider (Rider NCTS) provides a fixed daily quantity of Gas supply and interstate pipeline transportation capacity throughout each month. The Company must increase or reduce the system's Gas supply and use of interstate pipeline capacity in an effort to balance the actual daily consumption of a Rider NCTS Customer as it differs from the fixed daily quantity of Gas being delivered by the Customer's Pool Manager during the month. The Swing Service Charge is assessed to firm Rider NCTS Customers to cover the costs incurred by the Company to maintain the above-described balance and distribution system integrity.

The bill for aggregated transportation service provided by Company to a firm Customer pursuant to Rider NCTS in any Billing Period shall be adjusted as follows:

The monthly consumption of each Rider NCTS Customer shall be multiplied by the Swing

Service Charge factors listed below, each factor being increased or decreased to the nearest \$0.0001 per therm and include the regulatory assessment tax factor of 1.00503:

<u>Rate Class</u>	<u>Recovery Factor</u>
Residential Gas Heat Pump Service	\$0. 04040388 per Therm
Small General Service	\$0. 03270388 per Therm
Commercial Street Lighting	\$0. 01250074 per Therm
Natural Gas Vehicle Service	\$0.0435 per Therm
Commercial Standby Generator	\$0. 02800208 per Therm
Commercial Gas Heat Pump Service	\$0. 06620208 per Therm
General Service 1	\$0. 01730208 per Therm
General Service 2	\$0. 02210217 per Therm
General Service 3	\$0. 02210234 per Therm
General Service 4	\$0. 01520079 per Therm
General Service 5	\$0. 00670058 per Therm

Revenues derived from the Swing Service Charge are credited to the Purchased Gas Adjustment Clause to the extent applicable.

Issued By: Helen J. Wesley, President & CEO
~~2023~~

Effective Date: ~~January 9,~~

Peoples Gas System, Inc.
Original Volume No. 3

~~Seventh Sixth~~ Revised Sheet No. 7.702-1
Cancels ~~Sixth Fifth~~ Revised Sheet No. 7.702-1

OFF-SYSTEM SERVICE (Continued)

Company's Purchased Gas Adjustment Clause, Energy Conservation Cost Recovery Clause and Competitive Rate Adjustment Clause shall not apply to purchases of Gas made by Customer pursuant to this rate schedule.

Special Conditions:

1. Neither Customer nor Company shall have any obligation to the other for any specific minimum quantity of Gas or pipeline capacity on any day or during any month, and deliveries pursuant to this rate schedule shall be subject to curtailment or interruption at any time in the sole discretion of Company.
2. Amounts payable to Company pursuant to this rate schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-4.
3. Disposition of Net Revenues and Transaction Charges. For purposes of this paragraph 3, "net revenues" shall mean the total Distribution Charges received by Company for service pursuant to this rate schedule. ~~FiftyTwenty-five~~ percent (~~5025~~%) of all net revenues shall be retained by Company above the line as regulated revenues, and the remaining ~~fiftyseventy-five~~ percent (~~5075~~%) of such net revenues (and all Transaction Charges) shall be used to reduce Company's cost of Gas recovered through the Purchased Gas Adjustment Clause.
4. Interruption and Curtailment. Company may notify Customer at any time to reduce or cease using Gas. Company will endeavor to give as much notice as possible to Customer.

Any gas taken in excess of the volume allocated to the Customer in an interruption or curtailment order shall be considered unauthorized overrun gas. Company may bill and Customer shall pay for such unauthorized overrun gas at the greater of (i) five (5) times the highest Gas Daily mid-point price for gas delivered to a Gulf Coast pipeline plus FGT's FTS-3 reservation, usage, fuel and applicable surcharges or (ii) five (5) times the Gas Daily FGT Florida City gate price for gas for the calendar day on which such unauthorized overrun gas was taken.

5. For each day on which Customer desires to receive service pursuant to this rate schedule, Customer shall provide a nomination to Company specifying the quantity of Gas it desires to receive at the specified point of delivery pursuant to this Agreement. Following receipt of a timely and complete nomination from Customer, Company will confirm the quantities of Gas to be made available for delivery to Customer at such point of delivery. Quantities confirmed by PGS for delivery shall be "Scheduled Quantities".
6. The point of delivery for all Gas sold pursuant to this rate schedule shall be the delivery point of the delivering Pipeline specified by Customer.
7. Except as modified by the provisions set forth above, service under this rate schedule shall be subject to the Rules and Regulations set forth in this Tariff.

Issued By: Helen J. Wesley, President & CEO
~~2024~~

Effective Date: ~~January 1,~~

Peoples Gas System, Inc.
Original Volume No. 3

~~Fifth~~ ~~Fourth~~ Revised Sheet No. 7.805
Cancels ~~Fourth~~ ~~Third~~ Revised Sheet No. 7.805

INDIVIDUAL TRANSPORTATION SERVICE RIDER
RIDER ITS

Availability:

Throughout the service areas of the Company, subject to the Special Conditions set forth herein.

Applicability:

To firm or interruptible individual transportation service for any non-residential Customer who uses ~~500,000+82,500~~ therms per year or more and owns Gas that is made available for individual transportation service on the Company's system under Rate Schedules ~~GS-3, GS-4~~, GS-5, ~~NGVS~~, WHS, SIS, IS, ISLV, and CIS.

Monthly Rate:

The Monthly Rate set forth in the applicable rate schedule, based on the annual Therm usage of, and character of service elected by, the Customer, plus an Individual Transportation Administration Fee of \$216.00 per month per meter.

Special Conditions:

1. **Definitions:** As used in this Rider or in a Gas Transportation Agreement, the following terms have the meanings set forth below:

"Actual Takes" means, for a specified period of time, the quantity of Gas passing through the meter(s) at the PGS Delivery Point(s) of Customer (as defined in the Customer's Gas Transportation Agreement).

"Customer" means the person or entity which executes a Gas Transportation Agreement providing for individual transportation service hereunder.

"Daily Imbalance Amount" means, for a Day, the positive or negative whole number determined by subtracting the Actual Takes for the Day from the Scheduled Quantities for the Day.

"Day" means a period of 24 consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

"FGT" means Florida Gas Transmission Company, a Delaware corporation, and its successors and assigns.

"Gas Transportation Agreement" means an agreement between Company and an individual transportation Customer, the basic form of which is set forth on Sheets Nos. 8.114 through 8.114-8, which specifies the term for which it is effective and contains such reasonable provisions for termination as to which Company and Customer may agree.

Issued By: Helen J. Wesley, President & CEO
~~2023~~

Effective Date: ~~January 9,~~

Peoples Gas System, Inc.
Original Volume No. 3

~~Fifth~~ ~~Fourth~~ Revised Sheet No. 7.805-9
Cancels ~~Fourth~~ ~~Third~~ Revised Sheet No. 7.805-9

INDIVIDUAL TRANSPORTATION SERVICE Rider ITS (Continued)

- (e) No penalty debits will be assessed if they are less than \$5.00 in value.
- (f) If, on a Day on which a Customer or an ITS Agent for an ITS Customer Pool is subject to an Alert Day Notice issued pursuant to this Special Condition 12, Company orders such Customer or the Customers comprising such ITS Customer Pool to curtail or interrupt pursuant to Special Condition 3, such Customer or the ITS Agent for such ITS Customer Pool shall be subject to the greater of (i) any Alert Day Charges incurred by such Customer or by the ITS Agent for such ITS Customer Pool pursuant to this Special Condition 12 or (ii) any penalty payable by such Customer or by the Customers comprising such ITS Customer Pool for unauthorized overrun Gas pursuant to Special Condition 3.
- 12A. Correction of Imbalances at PGS Receipt Points that Are Gulfstream Delivery Points. If Company is the delivery point operator at a PGS Receipt Point that is a Gulfstream delivery point, Customer shall be subject to the provisions of Special Condition 12 above. In addition, Customer shall bear sole responsibility for, and all costs associated with, any penalties imposed by Gulfstream (except penalties imposed as the result of the acts or omissions of Company) resulting from Customer's nominations for deliveries of Gas at any such PGS Receipt Point. If Company is not the delivery point operator at a PGS Receipt Point that is a Gulfstream delivery point, the provisions of Special Condition 12 above shall not apply, and Customer shall bear sole responsibility for, and all costs associated with, any penalties imposed by Gulfstream (except penalties imposed as the result of the acts or omissions of Company) resulting from Customer's nominations for deliveries of Gas at any such PGS Receipt Point.
13. A Customer which provides a written request to discontinue service hereunder to return to sales service (if such service is then available from Company) will be required to remain on sales service for a period of not less than twelve (12) Months.
14. It is the Customer's obligation to make payments to the Company (or to an Authorized Payment Agent of the Company) of all bills rendered. Payment by a Customer to a third party (including a Third Party Gas Supplier) which has not been designated by Company as an Authorized Payment Agent will not satisfy the Customer's obligation to make payment of Company's bill for Gas Service.
15. Customers under this Rider ITS are required to take a minimum of twenty-five percent (25%) of their daily requirements from the Company. The Company will provide customers twelve (12) months' notice before implementing the 25% minimum daily requirement. The Company may increase the 25% minimum daily requirement to a maximum of forty (40%) percent upon twelve (12) months' written notice.

Issued By: Helen J. Wesley, President & CEO
~~2023~~

Effective Date: ~~January 9,~~