Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

June 15, 2010

PARTIES OF RECORD

Re: Case No. 2010-00146
AN INVESTIGATION OF NATURAL GAS
RETAIL COMPETITION PROGRAMS

On May 19, 2010, Commission Staff submitted a survey to NARUC with a request that the survey be forwarded to NARUC's gas subcommittee members for response. As of the date of this letter, Commission Staff has received the enclosed electronic mail responses, which have been filed in the record of the above-referenced proceeding.

Any questions regarding this correspondence should be directed to Anita Mitchell, Staff Attorney, at (502) 564-3940, ext. 258.

Sincerely,

Jeff Derouen
Executive Director

Enclosures:
Survey Responses From:
Maryland
California
Florida
Oregon
Maine
South Dakota
Arkansas

Mitchell, Anita L (PSC)

From: David Lewis [David_Lewis@psc.state.ar.us]

Sent: Thursday, June 03, 2010 11:00 AM

To: Mitchell, Anita L (PSC)

Subject: Natural Gas Customer Choice - Arkansas PSC Survey Response

Small volume transportation (residential customer choice) is not available in Arkansas. Residential natural gas customer choice has not been strongly considered by the APSC. Transportation service for larger volume (commercial and industrial) customers is available in Arkansas and was implemented to retain and prevent those customers from bypassing the LDC to purchase and transport natural gas from other sources.

Mitchell, Anita L (PSC)

From: Calvin Timmerman [CTimmerman@psc.state.md.us]
Sent: Wednesday, June 09, 2010 11:46 AM
To: Mitchell, Anita L (PSC)
Cc: Gunter Elert
Subject: RE: Survey re Small Volume Transportation - Maryland
Attachments: Naruc Survey Questions (AM) Maryland.doc

Attached is Maryland's response to your survey. Please feel free to call me or Gunter Elert (410) 767-8026 if you have any questions.

Calvin Timmerman
Assistant Executive Director
Maryland Public Service Commission
6 St. Paul Street
Baltimore, MD 21202

Phone: 410.767.8058
Fax: 410.333.6086
Email: ctimmerman@psc.state.md.us

From: Deana Dennis [mailto:ddennis@naruc.org]
Sent: Thursday, May 27, 2010 11:55 AM
To: NARUC Subcommittee on Gas
Cc: anital.mitchell@ky.gov
Subject: [gas] FW: Survey re Small Volume Transportation

[Reply to reply only to the message author, Reply All to include the entire list.]

Members of the NARUC Gas Staff Subcommittee,

Please see inquiry below from Anita Mitchell (AnitaL.Mitchell@ky.gov) from the Kentucky PSC. Survey questions can be found attached to this email and pasted below at the very bottom. You may send all responses directly to Anita at: AnitaL.Mitchell@ky.gov.

Thank you,
Deana

The Kentucky General Assembly has directed this Commission to investigate natural gas retail competition programs to determine whether such programs could benefit Kentucky consumers.

To carry out this directive and meet the deadline established, the Commission's staff has drafted survey questions to elicit information from other states as expeditiously as possible. Commission Staff respectfully requests that your association assist us in this endeavor by forwarding these survey questions, which are attached hereto, to your gas subcommittee members for response. Staff is hopeful that it can receive most, if not all, responses by June 15, 2010.

All responses should be sent to me at: AnitaL.Mitchell@ky.gov

Your assistance in this matter is greatly appreciated.

Anita L. Mitchell

Staff Attorney

Kentucky Public Service Commission

211 Sower Boulevard

Frankfort, KY 40601

1. Is small volume gas transportation ("SVT") available in your state?

If no: Please state whether your state has considered implementing SVT and, if so, why SVT has not implemented.

If yes:

2. Is your SVT established by statute, regulation, Commission Order, or some other method? Please provide a citation or link to any enabling statute, regulation, or Order.

3. When was SVT established in your state?

4. Was it established to operate on a permanent or temporary/pilot basis?

5. Is SVT available in the service territories of all the gas local distribution companies ("LDCs") in your state?

6. Is SVT mandatory or voluntary on the part of the LDCs?

7. What is/has been the customer participation rate per participating utility and on a statewide basis for each year SVT has been implemented?

8. How many marketers are currently participating in each SVT program approved in your state? How many marketers have participated in each program since the date of inception of the program? Are there a certain number of marketers required to establish workable competition before a program may commence?

9. What is the process by which marketers are certified to participate? What is the role of your Commission and of the participating utility in the marketer certification process?

10. What oversight role does your Commission maintain over marketers and SVT programs?

11. What consumer protections are in place in your SVT program(s)?

12. Are there established penalties for marketer misconduct? If yes, explain the penalties available and identify who enforces the penalty.

13. Has any marketer participating in your state failed to perform or ceased to provide service?

14. In the event that a marketer has been disqualified, failed to perform or ceased to provide service, state what entity is the supplier of last resort.

15. What are the general provisions for billing, uncollectibles, and disconnections?

16. Are there codes of conduct in place for the utility, the utility affiliates participating in the program and the marketers? If yes, state whether the codes of conduct were established by statute, regulation or Commission Order. Please provide a citation or link to any statute, regulation or Order.

17. What is the role of utility affiliates as participants in small volume programs?

18. What are the general provisions for transition and stranded costs?

19. What are the provisions for program marketing costs? Are these borne by marketers, utilities, or both?

20. What information, if any, does the Commission require its participating utilities and/or marketers to track and file with the Commission? For example, are customer savings tracked and filed for each approved program? If so, will you provide a link or URL to reports in the public record?

21. If not provided in response to previous questions, please provide a link to any assessment of choice programs performed by the Commission or utility.

---

1. Is small volume gas transportation ("SVT") available in your state? **Yes, but we refer to it as Gas Customer Choice.**

If no: Please state whether your state has considered implementing SVT and, if so, why SVT has not implemented.

If yes:

2. Is your SVT established by statute, regulation, Commission Order, or some other method? Please provide a citation or link to any enabling statute, regulation, or Order.
Our Gas Customer Choice was originally established by Commission Order. In 2000 statutory authority was established for supplier licensing and consumer protections (PUC Section 7-601 through 607

3. When was SVT established in your state?
Customer Choice was established in Maryland as a pilot in 1995. Subsequently, Customer Choice was established permanently in 1997, for certain gas utilities.

4. Was it established to operate on a permanent or temporary/pilot basis? **Customer Choice was established on a pilot basis but was subsequently, implemented on a permanent basis for certain gas utilities operating in Maryland.**

5. Is SVT available in the service territories of all the gas local distribution companies ("LDCs") in your state?
Customer Choice is available for all customers in the service territories of our three largest gas utilities (Baltimore Gas and Electric Company, Washington Gas and Columbia Gas of Maryland). Customer Choice is also available for non-residential customers in the service territory of Chesapeake Gas (Maryland Division) and Elkton Gas.

6. Is SVT mandatory or voluntary on the part of the LDCs?
Customer Choice is now mandatory for the gas utility companies and their customers as noted in answer five (5) above.

7. What is/has been the customer participation rate per participating utility and on a statewide basis for each year SVT has been implemented?
The participation rates have varied. Our most recent participation rates in the Customer Choice Program are available on our website http://webapp.psc.state.md.us/intranet/gas/gasenrollmentrpt_new.cfm.
Overall approximately 12% of residential customers, 30% of firm commercial and industrial customers and nearly 90% of all large volume Daily-Metered customers are participating in Customer Choice.

8. How many marketers are currently participating in each SVT program approved in your state? How many marketers have participated in each program since the date of inception of the program? Are there a certain number of marketers required to establish workable competition before a program may commence?
We currently have 15 marketers (suppliers, brokers) participating in the service territories of BGE and Washington Gas, and seven (7) marketers (suppliers, brokers) operating in the service territories of Columbia Gas and Chesapeake Gas. The number of marketers was small at the beginning of this program. There is no ideal number of marketers that one needs to start a customer choice program, but obviously the more marketers the more choices that customers may have.

9. What is the process by which marketers are certified to participate? What is the role of your Commission and of the participating utility in the marketer certification process?
Marketers (suppliers, brokers) need to be certified by our Commission. They must fill out an application and be able to meet certain minimum financial and operation qualifications. A copy of the certification application is available on the Commission's website. See http://webapp.psc.state.md.us/Intranet/home.cfm.

10. What oversight role does your Commission maintain over marketers and SVT programs?
The Commission's oversight is generally with respect to the terms and conditions of service by marketers, suppliers or brokers. Contracts between the marketers and customers must specify term and conditions of service and agreed upon price for service. However, the Commission does not regulate the price offers by marketers. The Commission's oversight of gas marketers/suppliers/brokers is guided by the Code of Maryland Regulations COMAR 20.54 Gas Suppliers and 20.59 Competitive Gas Supply. Specific provisions may be reviewed on our website http://webapp.psc.state.md.us/Intranet/home.cfm **under Resources.**

11. What consumer protections are in place in your SVT program(s)?
See COMAR 20.54 and 20.59 (from above).

12. Are there established penalties for marketer misconduct? If yes, explain the penalties available and identify who enforces the penalty.
Penalties may be levied by the Commission under its Civil Procedures in the Maryland Statute or Maryland Public Utility Companies Article and Related Laws § 13-201, (pp. 363).

13. Has any marketer participating in your state failed to perform or ceased to provide service?

Yes. Some marketers have either filed for bankruptcy or have ceased offering their services here in Maryland.

14. In the event that a marketer has been disqualified, failed to perform or ceased to provide service, state what entity is the supplier of last resort.
The supplier of last resort (also known as Provider of Last Resort or POLR) is always the gas utility whose service territory the marketer/supplier is operating in.

15. What are the general provisions for billing, uncollectibles, and disconnections?
In Maryland, disconnections can only be effected by the operating gas utility (for gas service). For marketers operating in Maryland, billing and uncollectibles are governed by the provisions of COMAR 20.59.

16. Are there codes of conduct in place for the utility, the utility affiliates participating in the program and the marketers? If yes, state whether the codes of conduct were established by statute, regulation or Commission Order. Please provide a citation or link to any statute, regulation or Order.
Code of Conduct for utilities and utility affiliates can be located in COMAR 20.40.02. Non-affiliated marketers are governed by COMAR 20.54 and 20.59.

17. What is the role of utility affiliates as participants in small volume programs?
Utility affiliates that provide the gas commodity as a supplier or marketer do not have any special role, but must abide by the applicable COMAR.

18. What are the general provisions for transition and stranded costs?
Suppliers serving firm service customers are assigned transportation and storage capacity which they pay for at the weighted average cost of those resources. For utilities with peak shaving facilities (LNG, Propane-air or storage owned by the utility), peak load is served for all customers by those facilities (suppliers deliver the remaining share of load not served by peak shaving). These provisions eliminate the issue of stranded cost and provide economic transportation and storage resources that suppliers need anyway. Systems and related costs for the initial transition were considered base rate costs. Subsequent improvements have been recovered in the fees charged suppliers for utility provided services.

19. What are the provisions for program marketing costs? Are these borne by marketers, utilities, or both?
The Commission has recently determined that costs related to the marketing of Customer Choice are to be borne by the participating marketers.

20. What information, if any, does the Commission require its participating utilities and/or marketers to track and file with the Commission? For example, are customer savings tracked and filed for each approved program? If so, will you provide a link or URL to reports in the public record?
The Commission does not currently track savings for customers that participate in Customer Choice programs. However, the Commission does provide on its website information on marketers, including a web address and telephone number. The Commission requires that the gas utility companies provide quarterly data on customer participation in gas Customer Choice, which is available on the Commission's website (noted in item 7 above).

21. If not provided in response to previous questions, please provide a link to any assessment of choice programs performed by the Commission or utility.
There is no current assessment of choice programs that has been performed by or on behalf of the Commission.

Mitchell, Anita L (PSC)

From: Myers, Richard A. [richard.myers@cpuc.ca.gov]
Sent: Monday, June 07, 2010 3:02 PM
To: Mitchell, Anita L (PSC)
Subject: California PUC response to survey

Anita: Here is a response to your survey questions regarding "small volume gas transportation". I am assuming that when you refer to "small volume gas transportation", you mean a program under which gas supplies are provided by non-utility suppliers to small gas consumers.

Richard Myers, California PUC Energy Division

1. Is small volume gas transportation ("SVT") available in your state?

Yes. In California, this program is referred to as "core aggregation" or "core transportation".

If no: Please state whether your state has considered implementing SVT and, if so, why SVT has not implemented.

If yes:

2. Is your SVT established by statute, regulation, Commission Order, or some other method? Please provide a citation or link to any enabling statute, regulation, or Order.

Core aggregation was adopted by CPUC Decision 91-02-040. The decision was issued in the early 1990's so we don't yet have the decision available electronically.

3. When was SVT established in your state?

In 1991.

4. Was it established to operate on a permanent or temporary/pilot basis?

It was established on a permanent basis.

5. Is SVT available in the service territories of all the gas local distribution companies ("LDCs") in your state?

It is definitely available in all of the major gas utility territories, but I don't know if it is required in the very small utility areas.

6. Is SVT mandatory or voluntary on the part of the LDCs?

It is mandatory for all of the major gas utilities to allow core aggregation. Core aggregation is an optional service for the customer

7. What is/has been the customer participation rate per participating utility and on a statewide basis for each year SVT has been implemented?

I don't have participation rates available, but the last time I checked (about 6 months ago) about 2% of residential customers participated.

8. How many marketers are currently participating in each SVT program approved in your state? How many marketers have participated in each program since the date of inception of the program? Are there a certain number of marketers required to establish workable competition before a program may commence?

I don't know the number of marketers who participate. We don't have that information. There is no minimum required number of marketers.

9. What is the process by which marketers are certified to participate? What is the role of your Commission and of the participating utility in the marketer certification process?

There is no certification process.

10. What oversight role does your Commission maintain over marketers and SVT programs?

We have little oversight role. Core aggregators must however follow CPUC-adopted utility "rules" for the program.

11. What consumer protections are in place in your SVT program(s)?

The CPUC has not adopted any specific consumer protections related to core aggregation since we don't regulate those marketers. Core aggregators must however follow CPUC-adopted utility "rules" for the program.

12. Are there established penalties for marketer misconduct? If yes, explain the penalties available and identify who enforces the penalty.

No.

13. Has any marketer participating in your state failed to perform or ceased to provide service?

I don't know.

14. In the event that a marketer has been disqualified, failed to perform or ceased to provide service, state what entity is the supplier of last resort.

The utility is the supplier of last resport.

15. What are the general provisions for billing, uncollectibles, and disconnections?

These provisions are stated in the CPUC-adopted rules for each utility. The rules are part of the utility tariffs and can be found on utility web sites.

16. Are there codes of conduct in place for the utility, the utility affiliates participating in the program and the marketers? If yes, state whether the codes of conduct were established by statute, regulation or Commission Order. Please provide a citation or link to any statute, regulation or Order.

The CPUC has affiliate transaction rules in general but not specifically related to the core aggregation program.

17. What is the role of utility affiliates as participants in small volume programs?

I don't know what this question intends.

18. What are the general provisions for transition and stranded costs?

I don't know.

19. What are the provisions for program marketing costs? Are these borne by marketers, utilities, or both?

There are no marketing costs.

20. What information, if any, does the Commission require its participating utilities and/or marketers to track and file with the Commission? For example, are customer savings tracked and filed for each approved program? If so, will you provide a link or URL to reports in the public record?

None.

21. If not provided in response to previous questions, please provide a link to any assessment of choice programs performed by the Commission or utility.

Mitchell, Anita L (PSC)

From: Daniel Lee [DQLee@PSC.STATE.FL.US]
Sent: Friday, June 11, 2010 11:08 AM
To: Mitchell, Anita L (PSC)
Cc: ddennis@naruc.org; Cheryl Bulecza-Banks; Connie Kummer
Subject: [gas] FW: Survey re Small Volume Transportation
Attachments: Naruc Survey Questions Gas.doc; 12934-02.pdf; 12977-02.pdf; 05588-04.pdf

Anita,

Please see the attached response with PDF files of the orders cited in our response. I hope our description of Florida's approach is helpful to you.

Daniel Lee
Division of Economic Regulation
Florida Public Service Commission

(850) 413-6836

1. Is small volume gas transportation ("SVT") available in your state?

If no: Please state whether your state has considered implementing SVT and, if so, why SVT has not implemented.

If yes:

Yes, transportation service is available to small-volume residential gas customers of some Florida LDCs by tariff provisions.

2. Is your SVT established by statute, regulation, Commission Order, or some other method? Please provide a citation or link to any enabling statute, regulation, or Order.

The requirement for LDCs to offer the transportation of natural gas to all non-residential customers is established by Rule 25-7.0335, Florida Administrative Code, adopted in April 2000. The rule further provides that each LDC may offer the transportation of natural gas to residential customers when it is cost effective to do so. ("Enabling rule".)

Based on the enabling rule described above, 3 LDCs (Central Florida Gas, which is the Florida Division of Chesapeake Utilities Corporation, Indiantown Gas Company, and Sebring Gas System, Inc.) got approval to convert their residential and commercial sales customers to transportation-only service as part of experimental transitional pilot programs. See Order No. PSC-02-1646-TRF-GU, issued November 25, 2002, Order No. PSC-02-1655-TRF-GU, issued November 26, 2002, and Order No. PSC-04-0499-TRF-GU, issued May 14, 2004, for Chesapeake, Indiantown, and Sebring respectively.

3. When was SVT established in your state?

See response for No. 2. While the enabling rule was established in 2000, approvals by orders in 2002 and 2004 established experimental transitional pilot programs for specific LDCs.

4. Was it established to operate on a permanent or temporary/pilot basis?

See responses for No. 2 and No. 3.

5. Is SVT available in the service territories of all the gas local distribution companies ("LDCs") in your state?

No (See response for No. 2.)

6. Is SVT mandatory or voluntary on the part of the LDCs?

   Voluntary on a utility by utility basis. (See response for No. 2.)

7. What is/has been the customer participation rate per participating utility and on a statewide basis for each year SVT has been implemented?

   All customers of the 3 LDCs with approved experimental transitional pilot programs were converted to transportation service with certain guidelines and safeguards. (See response for No. 2.)
   Based on EIA data (http://www.eia.doe.gov/natural_gas/restructure/state/fl.html), 14,440 of those customers were residential as of December 2009. This compares with 452,038 residential customers as of December 2008 at 4 LDCs not offering or adopting residential transportation service.

8. How many marketers are currently participating in each SVT program approved in your state? How many marketers have participated in each program since the date of inception of the program? Are there a certain number of marketers required to establish workable competition before a program may commence?

   The enabling rule does not specify a certain number of marketers that are required to establish workable competition before a program may commence. Most begin with a single marketer chosen by the LDC. Customers of Chesapeake have a choice between two gas marketers and from several pricing programs since the company's request for Phase 2 was approved by the Commission in May 2007. In January 2008, the company held the first open enrollment period where customers could choose. In addition to gas marketer choices during the enrollment period, residential customers could also choose from two rates for transportation service. If no selection was made, the standard price and transportation option would apply. A second open enrollment period was held from January to March 2009, providing a wider range of marketer and pricing options.

9. What is the process by which marketers are certified to participate? What is the role of your Commission and of the participating utility in the marketer certification process?

   The Commission does not certify marketers. Marketers are specifically exempt from Commission oversight per Florida Statutes.

Section 366.02 Definitions.--As used in this chapter:

(1) "Public utility" means every person, corporation, partnership, association, or other legal entity and their lessees, trustees, or receivers supplying electricity or gas (natural, manufactured, or similar gaseous substance) to or for the public within this state; but the term "public utility" does not include

either a cooperative now or hereafter organized and existing under the Rural Electric Cooperative Law of the state; a municipality or any agency thereof; any dependent or independent special natural gas district; any natural gas transmission pipeline company making only sales or transportation delivery of natural gas at wholesale and to direct industrial consumers; any entity selling or arranging for sales of natural gas which neither owns nor operates natural gas transmission or distribution facilities within the state; or a person supplying liquefied petroleum gas, in either liquid or gaseous form, irrespective of the method of distribution or delivery, or owning or operating facilities beyond the outlet of a meter through which natural gas is supplied for compression and delivery into motor vehicle fuel tanks or other transportation containers, unless such person also supplies electricity or manufactured or natural gas.

The LDCs have established minimum qualification requirements that marketers must meet in order to actively market to customers of the LDC. During the transitional process, the LDCs select the marketers to participate in the pilots, and the LDCs are set up as suppliers of last resort, should a marketer default.

10. What oversight role does your Commission maintain over marketers and SVT programs?

See response to 9. The PSC maintains full rate base regulation over the LDC's transportation charges and practices.

11. What consumer protections are in place in your SVT program(s)?

All rates and charges by the LDC are subject to Commission approval. The Commission also maintains oversight over tariff and consumer complaints. By design, the LDC remains the supplier of last resort if the customer's chosen marketer defaults, although the customer may pay higher rates for gas as a result.

12. Are there established penalties for marketer misconduct? If yes, explain the penalties available and identify who enforces the penalty.

See response for No. 16. There are no specific provisions for penalties in the rule. Marketers are not regulated by the Commission.

13. Has any marketer participating in your state failed to perform or ceased to provide service?

Not to our knowledge.

14. In the event that a marketer has been disqualified, failed to perform or ceased to provide service, state what entity is the supplier of last resort.

The LDC remains the supplier of last resort.

15. What are the general provisions for billing, uncollectibles, and disconnections?

By Rule 25-7.0335 (a), Florida Administrative Code, the utility is responsible for the transportation of natural gas purchased by the customer. The utility is not responsible for providing natural gas to a customer that elects service under the transportation service tariff. If the customer's marketer, broker, or agent fails to provide the customer with natural gas, the utility may disconnect service to the customer or provide natural gas under its otherwise applicable tariff provision.

16. Are there codes of conduct in place for the utility, the utility affiliates participating in the program and the marketers? If yes, state whether the codes of conduct were established by statute, regulation or Commission Order. Please provide a citation or link to any statute, regulation or Order.

Yes. By Rule (25-7.072, Florida Administrative Code, adopted July 2002 and amended June 2003.)

17. What is the role of utility affiliates as participants in small volume programs?

See response for Questions 14-16.

18. What are the general provisions for transition and stranded costs?

Rates for transportation service are set by the Commission based on the cost of the investment. Utilities were also allowed to recover costs for establishing billing and other services necessary to effect transportation only service. There are no specific provisions for stranded costs.

19. What are the provisions for program marketing costs? Are these borne by marketers, utilities, or both?

No specific requirements other than the Code of Conduct provided by Rule 25-7.072 that the utility must apply its transportation service tariff provisions in the same manner to all similarly situated affiliated and non-affiliated marketers, brokers, and agents. See orders listed above for specifics on allowed costs.

20. What information, if any, does the Commission require its participating utilities and/or marketers to track and file with the Commission? For example, are customer savings tracked and filed for each approved program? If so, will you provide a link or URL to reports in the public record?

Like any other regulated entity, LDCs file periodic surveillance reports on its regulated operations to allow the PSC to monitor earnings. Utilities are not required to file any information on customer savings. The PSC does not regulate marketers.

21. If not provided in response to previous questions, please provide a link to any assessment of choice programs performed by the Commission or utility.

http://www.floridapsc.com/publications/pdf/general/factsandfigures2010.pdf

Links to Orders cited in response to previous questions:

Order No. PSC-02-1646-TRF-GU, issued November 25, 2002
http://www.floridapsc.com/library/filings/02/12934-02/12934-02.PDF

Order No. PSC-02-1655-TRF-GU, issued November 26, 2002
http://www.floridapsc.com/library/filings/02/12977-02/12977-02.PDF

Order No. PSC-04-0499-TRF-GU, issued May 14, 2004
http://www.floridapsc.com/library/filings/04/05588-04/05588-04.PDF

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Division of Chesapeake Utilities Corporation for authority to convert all remaining sales customers to transportation service and to exit merchant function.	DOCKET NO. 020277-GU ORDER NO. PSC-02-1646-TRF-GU ISSUED: November 25, 2002

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

ORDER APPROVING PHASE I OF CHESAPEAKE UTILITIES CORPORATION'S PETITION TO CONVERT ALL REMAINING SALES CUSTOMERS TO TRANSPORTATION SERVICE AND TO EXIT THE MERCHANT FUNCTION

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

I. BACKGROUND

In April 2000, we adopted Rule 25-7.0335, Florida Administrative Code, which requires each local distribution company (LDC) to offer the transportation of natural gas to all non-residential customers. The rule further provides that each LDC may offer the transportation of natural gas to residential customers when it is cost effective to do so.

On March 28, 2002, Chesapeake Utilities Corporation filed its Petition for Authority to Convert All Remaining Sales Customers to Transportation Service and to Exit Merchant Function. In this

Petition Chesapeake proposes to require all remaining sales customers to switch to transportation service.

The number of Chesapeake's non-residential sales customers has decreased substantially in the past few years due to restructuring of the gas industry. As these customers started buying gas on the open market, Chesapeake's transportation volumes increased and its sales volumes decreased. Prior to 2000, transportation service to non-residential customers comprised 70% of the Company's total system throughput, and it now comprises 96% of that throughput.

The remaining sales customers include 663 non-residential customers, all of whom are in the low usage rate classifications, and 9,587 residential customers. The non-residential customers account for 2.5% of the total system throughput and the residential customers account for 1.5% of the total system throughput. These customers require a small and seasonally variable volume of gas, factors that make the cost of the gas expensive.

Chesapeake believes gas marketers can sell gas to its remaining sales customers less expensively than Chesapeake can. Chesapeake has concluded that the only cost effective approach available to it is to completely exit the merchant function, and require all remaining sales customers to convert to transportation service. Chesapeake's Petition is for a new tariff which allows a gradual transition from sales service to transportation service for the remaining sales customers.

Customer meetings were held on June 25, 2002, in Winter Haven and St. Cloud, and on June 26, 2002, in Plant City and Crystal River.

Jurisdiction over this matter is vested in the Commission by several provisions of Chapter 366, Florida Statutes, including Sections 366.03, 366.04, 366.05, 366.06 and 366.075, Florida Statutes.

II. PROVISIONS OF THE PROPOSED TARIFF

Under Chesapeake's proposal, a Transitional Transportation Service (TTS) tariff would be established to facilitate the conversion of remaining sales customers to aggregated customer pools. Chesapeake would retain qualified gas marketers to administer the pools. These Pool Managers would have the capability of combining the gas supply requirements of customers in the TTS pools with other customers served by the Pool Manager, both on and off the Company's distribution system.

Chesapeake believes its customers' gas supply needs are best served by a gas marketer with the ability to "rebundle" the Company's small volume gas users into a diversified, state-wide customer group consisting of industrial and commercial customers with different levels of weather sensitivity and peak usage. The increased market power of a larger overall customer group, with greater gas volume requirements, would result in a higher probability of obtaining lower gas costs than would be achievable by the decreasing sales service volumes on the Company's system alone.

Chesapeake's approach will allow all stakeholders adequate time to develop the knowledge and experience needed for a successful transition to a fully competitive open market. Chesapeake would maintain a contractual relationship with the Pool Manager(s) throughout the transition period, which is designed to provide reliable service at reasonable prices, while gradually introducing more options and choices to a better informed customer group.

The TTS tariff includes a phased in transition period to be completed over several years. In addition, to avoid any conflict of interest or appearance of impropriety, the Company will exclude its own marketing affiliate from participating in all phases.

The implementation of Phase One would be for a two-year period where all remaining residential and non-residential sales customers would receive gas supply service through one qualified Pool Manager, selected by the Company through a Request for Proposals (RFP) process. The TTS agreement between the Company and the selected Pool Manager would be structured to provide customers the opportunity to select between two pricing options: a monthly indexed price, similar to the current PGA pricing mechanism, or a fixed price option that enables customers to mitigate the potential price volatility of the monthly indexed price.

Near the end of the initial two-year period, the Company would evaluate customer acceptance of the program, assess its own capabilities to expand program options, and make a determination of the feasibility and timing for initiating Phase Two. Chesapeake would also report to the Commission on the results of Phase One, and the customer education and implementation plan for Phase Two. After submitting the report, Chesapeake would petition for approval to start implementing Phase Two.

Phase Two would expand the choices available. The Company would retain, through an RFP process similar to that used in Phase One, a minimum of two Pool Managers. The Company would require each Pool Manager to offer a range of gas pricing terms and conditions. Customers would have the ability to choose between the two Pool Managers, and select the pricing option that best matched their individual circumstances. At the end of Phase Two, the Company would report to us on the results of Phase Two, and the Phase Three customer education and implementation plan. The duration of Phase Two is left open, but is expected to be at least one year.

Phase Three would completely transition customers to a fully competitive marketplace. With its customers being better informed and having several years of experience with gas marketers and various pricing options, the Company would replace the TTS tariff with its Aggregated Transportation Service Program. Customers would be free to choose any Pool Manager authorized to deliver gas on the Company's distribution system, and negotiate price and other terms with no constraints imposed by the Company. Pool Managers would be authorized to directly solicit any and all customers for gas supply services.

The Company's proposal is carefully designed to avoid exposure of its customers to the risk of service disruption. The TTS Agreement provides for severe financial penalties and potential termination of the agreement in the event that the TTS Pool Manager fails to deliver gas. The Company is prepared to act as the supplier of last resort in the case of longer term problems.

The TTS Agreement would specifically define the Pool Managers' actions or omissions constituting a default, including: failure to observe the terms and conditions of the TTS Agreement; failure in performance of essential duties and obligations such as failing to deliver gas for an extended period without prior approval, force majeure, or re-relinquishing capacity outside the contract limits; engaging in price gouging, slamming or other improper or unlawful activities; and, failure to maintain financial viability.

Chesapeake would implement procedures and provide the oversight necessary to ensure continuity of service to the pool customers in a default situation. If the Pool Manager defaults during Phase One, the Company would act to terminate the TTS Pool Manager and, as the supplier of last resort, would recall the interstate pipeline capacity, arrange for gas supply, and perform all other necessary functions to ensure delivery to affected customers. If during Phase Two, either of the two TTS Pool Managers defaults, the non-defaulting Pool Manager would assume gas delivery responsibilities for all customers until arrangements to qualify a replacement Pool Manager could be made. If both Pool Managers default, the Company would act as the supplier of last resort, would recall the interstate pipeline capacity, arrange for gas supply, and perform all other necessary functions to ensure delivery to affected customers, until arrangements to qualify replacement Pool Managers could be made.

For the residential and small commercial customers transitioning from sales to transportation service, the Company would maintain the customer service function, maintain customer account transaction records, and provide gas supply billing and collections indefinitely. Customers would continue to receive one monthly bill, and the Pool Managers' charges would appear in lieu of the Company's purchased gas adjustment. The Company would follow a prescribed hierarchy in applying customer payments. All payments would first be applied to any taxes and fees imposed by government; second, to Pool Managers' charges for gas supply; and third, to the Company's regulated transportation charges. Customers currently taking service under the transportation tariff (primarily large commercial and industrial customers) would have the option of getting billed directly from the marketer serving them or through Chesapeake.

This payment hierarchy would enable the Company to retain the capability to disconnect customers for non-payment in the event of a partial payment. Applying the payment to the Pool Manager's gas supply cost prior to the Company's regulated charges would prevent customers from taking advantage of the absence of the Pool Manager's service disconnect authority by paying only the regulated charges. However, this arrangement would not provide protection to the Pool Manager in the event that the customer failed to pay at all. The Pool Manager would have the authority to appropriately secure customer accounts through cash deposits or similar means.

Chesapeake currently has the authority to collect a charge from Pool Managers opting to receive customer billing and payment processing services from the Company, in the amount of $5.00 per bill, applicable to the limited number of non-residential customers receiving transportation service. The Company proposes to reduce this charge to $2.00 per account per month applicable to all accounts receiving service from Pool Managers. The charge would be mandatory for the TTS Pool Managers, but remain elective for Pool Managers and other gas marketers serving non-residential accounts in the Company's aggregated or individual transportation service programs. The revenue generated by this charge will go to offset the costs needed to implement the computer systems necessary to accommodate a total customer transportation service environment.

As the Company prepares to exit the merchant function, participation in the purchased gas cost recovery proceedings will no longer be necessary. The Company filed its final true-up for the calendar year 2001 in the PGA docket in May 2002, indicating an over-recovery. Projected filings are due in September 2002, to determine the PGA cap for the year 2003. However, upon the activation of service by the Phase One TTS Pool Manager, there would cease to be any need for the Company to have an active PGA mechanism. We will review whatever over or under-recovery may have accrued at that time for appropriate disposition by the Company. Chesapeake proposes to address that matter in a subsequent filing within ninety days of the termination of its gas sales merchant function. Based on the most recent data, it appears that the company will be in an over-recovery state for the period ended August 31, 2002.

The Company has submitted revised tariff sheets that incorporate the changes necessary to implement transportation service to all remaining sales customers.

III. ANALYSIS

Chesapeake cites Rule 25-7.0335, Florida Administrative Code, as authority for approving the Petition. The rule requires that each local distribution company (LDC) "offer" the transportation of natural gas to all non-residential customers. The rule further provides that each LDC "may offer" the transportation of natural gas to residential customers when it is cost effective to do so.

Chesapeake's request in the Petition falls outside the scope of the rule. The rule requires that LDC's "offer" transportation service to non-residential customers and that LDC's "may offer" such service to residential customers. The rule does not allow LDC's to require that any customer switch to transportation service. Chesapeake's proposed TTS tariff requires customers to switch from sales to transportation service and so the rule is inapplicable.

Under Section 366.075, Florida Statutes, we have the authority to approve experimental and transitional rates. This section provides sufficient authority for the action we take herein.

Because Chesapeake's proposal presents us with a case of first impression, and is a step toward restructuring of the gas industry in Florida, we wish to proceed with caution. Based on the Company's Petition, we find that Phase I of Chesapeake's proposal to convert all remaining sales customers to transportation service and to exit the merchant function is appropriate and reasonable, and is hereby approved as an experimental and transitional pilot program pursuant to Section 366.075, Florida Statutes. In addition to the two-year report contemplated in the Company's Petition, Chesapeake shall provide a similar interim report to this Commission regarding Phase One. The report shall be submitted no later that 90 days from the conclusion of the first twelve months of the implementation of Phase I. The tariff shall become effective on November 5, 2002, and the interim report is due no later than 90 days after November 5, 2003. Further, all of the revenues and costs associated with the implementation of Phase One shall be accounted for above the line.

We believe it is reasonable and prudent to monitor the results of the implementation of Phase One before ruling on the Company's request regarding Phases II and III. Therefore, we will not address nor make a determination as to Phases II and III at this time. Any change to Phase I, either to terminate its implementation or to proceed to Phases II or III, shall require an affirmative act of this Commission.

If a protest is filed within 21 days of this Order approving Chesapeake's tariff by a person whose substantial interests are affected, the tariff shall remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Phase I of Chesapeake Utilities Corporation's Petition for Authority to Convert All Remaining Sales Customers to Transportation Service and to Exit Merchant Function is approved as an experimental and transitional pilot program pursuant to Section 366.075, Florida Statutes. It is further

ORDERED that in addition to the two-year report contemplated in the Company's Petition, Chesapeake shall provide a similar interim report to this Commission regarding Phase I. The report shall be submitted no later that 90 days from the conclusion of the first twelve months of the implementation of Phase I. It is further

ORDERED that the tariff shall become effective on November 5, 2002. It is further

ORDERED that all of the revenues and costs associated with implementation of Phase I shall be accounted for above the line. It is further

ORDERED that any change to Phase I, either to terminate its implementation or to proceed to Phases II or III, shall require an affirmative act of this Commission. It is further

ORDERED that if a protest is filed within 21 days of this Order approving the tariff by a person whose substantial interests are affected, the tariff shall remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. It is further

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

By ORDER of the Florida Public Service Commission this 25th day of November, 2002.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

MKS

CONCURRENCE

Commissioner Palecki concurs in the decision.

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 Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 16, 2002.

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.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for authority to convert all remaining sales customers to transportation service and to terminate merchant function by Indiantown Gas Company.	DOCKET NO. 020471-GU ORDER NO. PSC-02-1655-TRF-GU ISSUED: November 26, 2002

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
MICHAEL A. PALECKI
RUDOLPH "RUDY" BRADLEY

ORDER APPROVING PHASE ONE OF PETITION FOR AUTHORITY TO CONVERT ALL REMAINING SALES CUSTOMERS TO TRANSPORTATION SERVICE AND TO TERMINATE MERCHANT FUNCTION BY INDIANTOWN GAS COMPANY

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

In April 2000, we adopted Rule 25-7.0335, Florida Administrative Code, which requires each local distribution company (LDC) to offer the transportation of natural gas to all non-residential customers. The rule further provides that each LDC may offer the transportation of natural gas to residential customers when it is cost effective to do so. At the time of our adoption of Rule 25-7.0335, Indiantown Gas Company (Indiantown or the Company) did not offer transportation service.

At present, only one industrial customer (a citrus plant) is taking transportation service, and accounts for 30% of the total system throughput. At the end of December 2001, the remaining sales customers on the Company's system included one industrial (cogeneration facility) customer who accounts for 65% of total system throughput, and approximately 25 non-residential customers, who account for 2.5% of total system throughput. The 600 residential customers account for the remaining 1.8% of system throughput. The one industrial (cogeneration facility) is planning to transfer to transportation service in September 2002.

Given the reduced level of its system throughput associated with sales service, and the continuing migration of its non-residential customers to transportation service, the Company believes that if it were to remain in the merchant function, it would find it increasingly difficult to deliver gas to its customers at competitive prices. Based on the Company's experience, the number of producers and/or marketers interested in providing gas supply for such a diminished level of usage on a stand-alone basis is limited.

Indiantown has concluded that the only cost effective approach available to it is to completely exit the merchant function, and require all remaining sales customers convert to transportation service. A customer meeting was held on July 11, 2002, in Indiantown. No customers chose to speak at the customer meeting.

We have jurisdiction over this matter pursuant to several provisions of Chapter 366, Florida Statutes, including Sections 366.03, 366.04, 366.05, 366.06, and 366.075, Florida Statutes.

APPROVAL OF PHASE I

On May 24, 2002, Indiantown filed its petition for authority to convert all remaining sales customers to transportation service and to exit the merchant function, to become effective November 5, 2002. Our analysis consists of two sections. The first section addresses the provisions of the proposed tariff and the second addresses our authority to approve the tariff.

Provisions of the Proposed Tariff

Under Indiantown's proposal, an Aggregated Transportation Service (ATS) tariff would be established to facilitate the conversion of the remaining sales service customers to aggregated customer pools. Qualified gas marketers would be retained to administer the pools. These Pool Managers would have the capability of combining the gas supply requirements of customers in the ATS pool(s) with other customers served by the Pool Manager, both on and off the Company's distribution system.

Indiantown believes its customers' gas supply needs are best served by a gas marketer with the ability to "rebundle" the Company's small volume gas users into a diversified, state-wide customer group consisting of industrial and commercial customers with different levels of weather sensitivity and peak usage. The increased market power of a larger overall customer group with greater gas volume requirements, would result in a higher probability of obtaining lower gas costs than would be achievable by the decreasing sales service volumes on the Company's system alone. Indiantown's approach will allow all stakeholders adequate time to develop the knowledge and experience needed for a successful transition to a fully competitive open market.

Indiantown would maintain a contractual relationship with the Pool Manager(s) throughout the transition period, which is designed to provide reliable service at reasonable prices, while gradually introducing more options and choices to a better informed customer group. The ATS tariff includes a phased-in transition period to be completed over several years.

The implementation of Phase One would be for a two-year period where all remaining residential and non-residential sales customers would receive gas supply service through one qualified Pool Manager, selected by the Company through a Request for Proposals (RFP) process. The ATS agreement between the Company and the selected Pool Manager would be structured to provide customers the opportunity to select between two pricing options: a monthly indexed price, similar to the current Purchased Gas Adjustment (PGA) pricing mechanism, or a fixed price option that enables customers to mitigate the potential price volatility of the monthly indexed price.

Near the end of the initial two-year period, the Company would evaluate customer acceptance of the program, assess its own capabilities to expand program options, and make a determination of the feasibility and timing for initiating Phase Two. Indiantown would also report to this Commission on the results of Phase One, and the customer education and implementation plan for Phase Two. After submitting the report, Indiantown will petition this Commission for approval to start implementing Phase Two.

Phase Two would expand the choices available. The Company would retain, through an RFP process similar to that used in Phase One, a minimum of two Pool Managers. The Company would require each Pool Manager to offer a range of gas pricing terms and conditions. Customers would have the ability to choose between the two Pool Managers, and select the pricing option that best matched their individual circumstances. At the end Phase Two, the Company would report to the Commission on the results of Phase Two, and the Phase Three customer education and implementation plan. The duration of Phase Two is left open, but is expected to be at least one year.

Phase Three would completely transition customers to a fully competitive marketplace. With its customers being better informed and having several years of experience with gas marketers and various pricing options, customers would be free to choose any Pool Manager authorized to deliver gas on the Company's distribution system, and negotiate price and other terms with no constraints imposed by the Company. Pool Managers would be authorized to directly solicit any and all customers for gas supply services.

The Company's proposal is carefully designed to avoid exposure of its customers to the risk of service disruption. The ATS Agreement provides for severe financial penalties and potential termination of the agreement in the event that the ATS Pool Manager fails to deliver gas. Indiantown is prepared to act as the supplier of last resort in the case of longer term problems.

The ATS Agreement would specifically define the Pool Managers' actions or omissions constituting a default, including: failure to observe the terms and conditions of the ATS Agreement; failure in performance of essential duties and obligations such as failing to deliver gas for an extended period without prior approval, force majeure, or re-relinquishing capacity outside the contract limits; engaging in price gouging, slamming or other improper or unlawful activities; and, the failure to maintain financial viability.

Indiantown would implement procedures and provide the oversight necessary to ensure continuity of service to the pool customers in a default situation. If the Pool Manager defaults during Phase One, the Company would act to terminate the ATS Pool Manager and, as the supplier of last resort, would recall the interstate pipeline capacity, arrange for gas supply, and perform all other necessary functions to ensure delivery to affected customers. If during Phase Two, either of the two ATS Pool Managers defaults, the non-defaulting Pool Manager would assume gas delivery responsibilities for all customers until arrangements to qualify a replacement Pool Manager could be made. If both Pool Managers default, the Company as the supplier of last resort, would recall the interstate pipeline capacity, arrange for gas supply, and perform all other necessary functions to ensure delivery to affected customers, until arrangements to qualify replacement Pool Managers could be made.

For the residential and small commercial customers transitioning from sales to transportation service, the Company would maintain the customer service function, maintain customer account transaction records, and provide gas supply billing and collections indefinitely. Customers would continue to receive one monthly bill, and the Pool Managers' charges would appear in lieu of the Company's purchased gas adjustment. The Company would follow a prescribed hierarchy in applying customer payments. All payments would first be applied to any taxes and fees imposed by government; second, to Pool Managers' charges for gas supply; and third, to the Company's regulated transportation charges.

This payment hierarchy would enable the Company to retain the capability to disconnect customers for non-payment in the event of a partial payment. Applying the payment to the Pool Manager's gas supply cost prior to the Company's regulated charges would prevent customers from taking advantage of the absence of the Pool Manager's service disconnect authority by paying only the regulated charges. However, this arrangement would not provide protection to the Pool Manager in the event that the customer failed to pay at all. The Pool Manager would have the authority to appropriately secure customer accounts through cash deposits or similar means.

As the Company prepares to exit the merchant function, participation in the purchased gas cost recovery proceedings will no longer be necessary. The Company filed its final PGA true-up for the calendar year 2001 in May 2002. The filing shows an over-recovery of $32,869. Projected filings are due in September 2002 for the determination of the PGA cap for the year 2003. However, upon activation of service by the Phase One ATS Pool Manager, there would cease to be any need for the Company to have an active PGA mechanism. Whatever over or under-recovery may have accrued at that time will be reviewed by the Commission for appropriate disposition by the Company. Indiantown proposes to address that matter in a subsequent filing within ninety days of the termination of its gas sales merchant function. Based on the most recent data, it appears that the Company will be in an over-recovery state for the period ended August 31, 2002.

The Company has submitted revised tariff sheets that incorporate the changes necessary to implement transportation service to all remaining sales customers.

Commission's Jurisdiction

Indiantown cites Rule 25-7.0335, Florida Administrative Code, as our authority for approving the Petition. The rule requires that each local distribution company (LDC) "offer" the transportation of natural gas to all non-residential customers. The rule further provides that each LDC "may offer" the transportation of natural gas to residential customers when it is cost-effective to do so.

Indiantown's request in the Petition falls outside the scope of the rule. The rule requires that LDC's "offer" transportation service to non-residential customers and that LDC's "may offer" such service to residential customers. The rule does not allow LDC's to require that any customer switch to transportation service. Indiantown's proposed ATS tariff requires customers to switch from sales to transportation service and so the rule is inapplicable.

Section 366.075, Florida Statutes, provides that we are authorized to approve rates on an experimental or transitional basis for any public utility, to encourage energy conservation or efficiency. This section provides sufficient authority for the action we take herein.

Conclusion

Based on the Company's petition, we find that Phase One of Indiantown's proposal to convert all remaining sales customers to transportation service and to exit the merchant function is appropriate and reasonable, and is hereby approved as an experimental and transitional pilot program pursuant to Section 366.075, Florida Statutes. In addition to the two-year report contemplated in the Company's Petition, Indiantown shall provide a similar interim report to this Commission regarding Phase One. The report shall be submitted no later that 90 days from the conclusion of the first twelve months of the implementation of Phase One. The tariff shall become effective on November 5, 2002, and the interim report is due no later than 90 days after November 5, 2003. Further, all of the revenues and costs associated with the implementation of Phase One shall be accounted for above the line.

We believe it is reasonable and prudent to monitor the results of the implementation of Phase One before ruling on the Company's request regarding Phases Two and Three. Therefore, we will not address nor make a determination as to Phases Two and Three at this time. Any change to Phase One, either to terminate its implementation or to proceed to Phases Two or Three, shall require an affirmative act of this Commission.

If a protest is filed within 21 days of this Order approving Indiantown's tariff by a person whose substantial interests are affected, the tariff shall remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Phase One of Indiantown Gas Company's Petition for authority to convert all remaining sales customers to transportation service and to terminate merchant function is approved as an experimental and transitional pilot program pursuant to Section 366.075, Florida Statutes. It is further

ORDERED that in addition to the two-year report contemplated in the Company's Petition, Indiantown shall provide a similar interim report to this Commission regarding Phase One. The report shall be submitted no later that 90 days from the conclusion of the first twelve months of the implementation of Phase One. It is further

ORDERED that the tariff shall become effective on November 5, 2002. It is further

ORDERED that all of the revenues and costs associated with implementation of Phase One shall be accounted for above the line. It is further

ORDERED that any change to Phase One, either to terminate its implementation or to proceed to Phases Two or Three, shall require an affirmative act of this Commission. It is further

ORDERED that if a protest is filed within 21 days of this Order approving the tariff by a person whose substantial interests are affected, the tariff shall remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. It is further

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

By ORDER of the Florida Public Service Commission this 26th day of November, 2002.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records and Hearing
Services

(S E A L)
JSB

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 Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 17, 2002.

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.

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Petition for authority to convert and transfer all remaining sales customers to transportation service, to terminate merchant function, and for approval of certain tariff changes on experimental basis, by Sebring Gas System, Inc.	DOCKET NO. 031123-GU ORDER NO. PSC-04-0499-TRF-GU ISSUED: May 14, 2004

The following Commissioners participated in the disposition of this matter:

BRAULIO L. BAEZ, Chairman
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

ORDER GRANTING PETITION TO CONVERT REMAINING SALES CUSTOMERS TO TRANSPORTATION SERVICE AND TO TERMINATE MERCHANT FUNCTION

BY THE COMMISSION:

In April 2000, we adopted Rule 25-7.0335, Florida Administrative Code, which requires each local distribution company (LDC) to offer the transportation of natural gas to all non-residential customers. The rule further provides that each LDC may offer the transportation of natural gas to residential customers when it is cost effective to do so.

At the time of our adoption of Rule 25-7.0335, Sebring Gas Company (Sebring or the Company) did not offer transportation service. At present, Sebring serves approximately 900 residential and commercial customers with no large demand industrial users. Total annual system throughput varies but is less than 650,000 therms. The system's small customer base, and corresponding low overall level of usage contribute to the challenge of procuring gas at competitive prices for Sebring's customers. Given the low level of its system throughput associated with sales service, the Company believes that if it were to remain in the merchant function, it would find it increasingly difficult to deliver gas to its customers at competitive prices.

Sebring concluded that the only cost effective approach available to it is to completely exit the merchant function, and require that all sales customers convert to transportation service. Accordingly, on December 22, 2003, Sebring filed a petition for permission to convert and transfer all remaining sales customers to transportation service, to terminate the merchant function, and for approval of certain tariff changes on experimental basis. A letter of clarification regarding Sebring's petition was filed January 27, 2004. Our staff's recommendation on Sebring's petition was deferred from the February 17, 2004 Agenda Conference, so that the Company could send out a notice of the petition to its customers. Customer notice has been mailed to all customers explaining Sebring's petition to transfer all sales customers to transportation, and exit the merchant function.

We have jurisdiction over this matter by several provisions of Chapter 366, Florida Statutes, including Sections 366.03, 366.04, 366.05, 366.06, and 366.075, Florida Statutes.

Under Sebring's proposal, it would establish two transportation service programs through its tariff. The first program would revise Sebring's existing "pro-forma" transportation tariff to establish an Individual Transportation Service (ITS) Program as an option for customers using over 100,000 therms per year. Under the proposed ITS program, larger customers would be able to select a gas marketer, negotiate the terms of service and individually schedule gas deliveries to the Company's distribution system.

The second program, an Aggregated Transportation Service (ATS) tariff would be established to facilitate the conversion of the small volume sales service customers using less than 100,000 therms per year, to a single aggregated customer pool. A qualified gas marketer would be retained to administer the pool. This Pool Manager would have the capability of combining the gas supply requirements of customers in the ATS pool with other customers served by the Pool Manager, both on and off the Company's distribution system.

Sebring believes its customers' gas supply needs are best served by a gas marketer with the ability to "rebundle" the Company's small volume gas users into a diversified, state-wide customer group consisting of industrial and commercial customers with different levels of usage. The increased market power of a larger overall customer group with greater gas volume requirements, will result in a higher probability of obtaining lower gas costs than would be achieved by the decreasing sales service volumes on the Company's system alone. Sebring's approach will allow all stakeholders adequate time to develop the knowledge and experience needed for a successful transition to a fully competitive open market.

Sebring shall maintain a contractual relationship with the Pool Manager throughout the transition period. The transition period has been designed to provide reliable service at reasonable prices, while gradually introducing more options and choices to a better informed customer group. The ATS tariff includes a phased-in transition period to be completed over several years on an experimental basis and is similar to proposals by the Florida Division of Chesapeake Utilities Corporation (Chesapeake) and Indiantown Gas Company (Indiantown), approved by Order Nos. PSC-02-1646-TRF-GU, issued November 25, 2002, in Docket No. 020277-GU, In re: Petition of Florida Division of Chesapeake Utilities Corporation for authority to convert all remaining sales customers to transportation service and to exit the merchant functions, and PSC-02-1655-TRF-GU, issued November 26, 2002, in Docket No. 020471-GU, In re: Petition for authority to convert all remaining sales customers to transportation service and to terminate merchant function by Indiantown Gas Company.

The implementation of the programs shall be for a period where all remaining residential and non-residential sales customers will receive gas supply service through one qualified Pool Manager, selected by the Company. Sebring has an established relationship with a marketer who has purchased for Sebring its total gas supply for the past ten years. This marketer has committed to offer fuel and capacity management services under the same terms and conditions for gas supply as that obtained by Request For Proposal for the Commission-approved programs of Chesapeake and Indiantown. The ATS agreement between the Company and the Pool Manager is structured to provide customers the opportunity to select between two pricing options: a monthly indexed price, similar to the current Purchased Gas Adjustment (PGA) pricing mechanism, or a fixed price option that enables customers to mitigate the potential price volatility of the monthly indexed price.

On January 27, 2004, Sebring filed a letter of clarification to its petition, stating that the initial program offering would be on an experimental basis for a period of two years, consistent with our decision on similar requests from Chesapeake and Indiantown. Sebring is agreeable to providing reports and information consistent with our decisions in those orders. Near the end of the initial two-year period, the Company will evaluate customer acceptance of the program, assess its own capabilities to expand program options, and make a determination of the feasibility and timing for continuing further. Sebring will report to us on the results of the programs. After submitting the report, Sebring will have to petition us for approval to continue or end the program. The report shall be submitted within 90 days prior to the conclusion of the initial period of the program.

The Company's proposal is carefully designed to avoid exposure of its customers to the risk of service disruption. The ATS Agreement provides for severe financial penalties and/or potential termination of the agreement in the event that the ATS Pool Manager fails to deliver gas. Sebring is prepared to act as the supplier of last resort in the case of long term problems.

The ATS Agreement specifically defines the Pool Manager's actions or omissions constituting a default, including: failure to observe the terms and conditions of the ATS Agreement; failure in performance of essential duties and obligations such as failing to deliver gas for an extended period without prior approval, force majeure, or re-relinquishing capacity outside the contract limits; engaging in price gouging, slamming or other improper or unlawful activities; and, the failure to maintain financial viability.

Sebring shall implement procedures and provide the oversight necessary to ensure continuity of service to the pool customers in a default situation. If the Pool Manager defaults, the Company will act to terminate the ATS Pool Manager and, as the supplier of last resort, will recall the interstate pipeline capacity, arrange for gas supply, and perform all other necessary functions to ensure delivery to affected customers, until arrangements to qualify a replacement Pool Manager could be made. Should the company be required to provide such temporary emergency back-up service, the cost of gas charges will be allocated to customers through the Operational Balancing Account mechanism in the Company's tariff.

For the residential and non-residential customers transitioning from sales to transportation service, the Company will maintain the customer service function, maintain customer account transaction records, and provide gas supply billing and collections indefinitely. Customers will continue to receive one monthly bill, and the Pool Manager's charges will appear in lieu of the Company's purchased gas adjustment. The Company will charge the Pool Manager $2.00 per ATS customer per month for providing such service. The Company will follow a prescribed hierarchy in applying customer payments. All payments will first be applied to any taxes and fees imposed by government; second, to the Pool Manager's charges for gas supply; and third, to the Company's regulated transportation charges.

This payment hierarchy will enable the Company to retain the capability to disconnect customers for non-payment in the event of a partial payment. Applying the payment to the Pool Manager's gas supply cost prior to the Company's regulated charges will prevent customers from taking advantage of the absence of the Pool Manager's service disconnect authority by paying only the regulated charges. However, this arrangement will not provide protection to the Pool Manager in the event that the customer failed to pay at all. The Pool Manager will have the authority to appropriately secure customer accounts through cash deposits or similar means.

As the Company prepares to exit the merchant function, participation in the purchased gas cost recovery proceedings will no longer be necessary. Further, upon activation of service by the ATS Pool Manager, there will cease to be any need for the Company to have an active PGA mechanism. We will review whatever over- or under-recovery may have accrued at that time for appropriate disposition by the Company. Sebring proposes to address that matter in a subsequent filing within ninety days of the termination of its gas sales merchant function.

The Company mailed a notice to its customers on March 12, 2004 describing the new program. The customers that responded to the notice supported the program. The Company has submitted revised tariff sheets that incorporate the changes necessary to implement transportation service to all remaining sales customers.

Sebring cites section 366.075, Florida Statutes, as our authority for approving the petition. That section grants us the authority to approve experimental and transitional rates. Approval of the petition pursuant to Section 366.075, Florida Statutes, is consistent with our decisions in Order Nos. PSC-02-1646-TRF-GU and PSC-02-1655-TRF-GU.

Based on the foregoing circumstances, we find that Sebring's proposal to convert all remaining sales customers to transportation service and to exit the merchant function on an experimental basis is appropriate and reasonable, and is hereby approved. The tariff shall become effective on April 20, 2004, the date of our vote on this matter.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Sebring Gas System, Inc.'s petition for authority to convert all remaining sales customers to transportation service and to exit the merchant function on an experimental basis, is hereby approved, effective April 20, 2004. It is further

ORDERED that Sebring Gas System, Inc. shall file a report with this Commission 90 days prior to the conclusion of the initial period of the program. The report shall contain information regarding customer acceptance, an assessment of Sebring's capability to expand the program, and a determination of the feasibility of continuing the program. It is further

ORDERED that if a protest is filed within 21 days of the Commission Order approving this tariff by a person whose substantial interests are affected, the tariff shall remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. It is further

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

By ORDER of the Florida Public Service Commission this 14th day of May, 2004.

Blanca S. Bayó

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

JSB

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 Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on June 4, 2004.

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.

Mitchell, Anita L (PSC)

From: ZIMMERMAN Ken [ken.zimmerman@state.or.us]
Sent: Thursday, May 27, 2010 10:27 PM
To: Mitchell, Anita L (PSC)
Subject: Survey Response

1. Is small volume gas transportation ("SVT") available in your state?

2. No, little interest among customers. Natural gas service is not considered of enough importance or size (volumes and $) to warrant the trouble associated with such services as SVT.

If no: Please state whether your state has considered implementing SVT and, if so, why SVT has not implemented.

If yes:

2. Is your SVT established by statute, regulation, Commission Order, or some other method? Please provide a citation or link to any enabling statute, regulation, or Order.

3. When was SVT established in your state?

4. Was it established to operate on a permanent or temporary/pilot basis?

5. Is SVT available in the service territories of all the gas local distribution companies ("LDCs") in your state?

6. Is SVT mandatory or voluntary on the part of the LDCs?

7. What is/has been the customer participation rate per participating utility and on a statewide basis for each year SVT has been implemented?

8. How many marketers are currently participating in each SVT program approved in your state? How many marketers have participated in each program since the date of inception of the program? Are there a certain number of marketers required to establish workable competition before a program may commence?

9. What is the process by which marketers are certified to participate? What is the role of your Commission and of the participating utility in the marketer certification process?

10. What oversight role does your Commission maintain over marketers and SVT programs?

11. What consumer protections are in place in your SVT program(s)?

12. Are there established penalties for marketer misconduct? If yes, explain the penalties available and identify who enforces the penalty.

13. Has any marketer participating in your state failed to perform or ceased to provide service?

14. In the event that a marketer has been disqualified, failed to perform or ceased to provide service, state what entity is the supplier of last resort.

15. What are the general provisions for billing, uncollectibles, and disconnections?

16. Are there codes of conduct in place for the utility, the utility affiliates participating in the program and the marketers? If yes, state whether the codes of conduct were established by statute, regulation or Commission Order. Please provide a citation or link to any statute, regulation or Order.

17. What is the role of utility affiliates as participants in small volume programs?

18. What are the general provisions for transition and stranded costs?

19. What are the provisions for program marketing costs? Are these borne by marketers, utilities, or both?

20. What information, if any, does the Commission require its participating utilities and/or marketers to track and file with the Commission? For example, are customer savings tracked and filed for each approved program? If so, will you provide a link or URL to reports in the public record?

21. If not provided in response to previous questions, please provide a link to any assessment of choice programs performed by the Commission or utility.

Kenneth R. Zimmerman, Ph.D.

Senior Analyst

Oregon Public Utility Commission

550 Capitol Street NE

Suite 215

Salem, OR 97301

(503) 373-1583 (office)

(503) 559-9694 (cell)

k.zimmerman@puc.state.or.us

Mitchell, Anita L (PSC)

From: MacLennan, Carol [Carol.MacLennan@maine.gov]
Sent: Thursday, May 27, 2010 12:48 PM
Cc: Mitchell, Anita L (PSC); Huntington, Faith; Smith, Lucretia; Cook, Christine R
Subject: RE: [gas] FW: Survey re Small Volume Transportation

Please see responses below.

Carol A. MacLennan
Senior Staff Attorney
Maine Public Utilities Commission
242 State Street
#18 State House Station
Augusta, Maine 04333
207-287-1393 - tel
207-287-1039 - fax

From: Deana Dennis [mailto:ddennis@naruc.org]
Sent: Thu 5/27/2010 11:55 AM
To: NARUC Subcommittee on Gas
Cc: anital.mitchell@ky.gov
Subject: [gas] FW: Survey re Small Volume Transportation

[Reply to reply only to the message author, Reply All to include the entire list.]

Members of the NARUC Gas Staff Subcommittee,

Please see inquiry below from Anita Mitchell (AnitaL.Mitchell@ky.gov) from the Kentucky PSC. Survey questions can be found attached to this email and pasted below at the very bottom. You may send all responses directly to Anita at: AnitaL.Mitchell@ky.gov.

Thank you,
Deana

The Kentucky General Assembly has directed this Commission to investigate natural gas retail competition programs to determine whether such programs could benefit Kentucky consumers.

To carry out this directive and meet the deadline established, the Commission's staff has drafted survey questions to elicit information from other states as expeditiously as possible. Commission Staff respectfully requests that your association assist us in this endeavor by forwarding these survey questions, which are attached hereto, to your gas subcommittee members for response. Staff is hopeful that it can receive most, if not all, responses by June 15, 2010.

All responses should be sent to me at: AnitaL.Mitchell@ky.gov

Your assistance in this matter is greatly appreciated.

Anita L. Mitchell

Staff Attorney

Kentucky Public Service Commission

211 Sower Boulevard

Frankfort, KY 40601

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1. Is small volume gas transportation ("SVT") available in your state? Transportation service is available to all Commercial and Industrial customers, but not residential. Our largest LDC offers non-daily metered service for C/I which allows small transport customers to be aggregated by marketers. Daily delivery requirements are determined by the utility using an algorithm.

If no: Please state whether your state has considered implementing SVT and, if so, why SVT has not implemented.

If yes:

2. Is your SVT established by statute, regulation, Commission Order, or some other method? Please provide a citation or link to any enabling statute, regulation, or Order. Order approving tariffs. DN 2005-87. Available on our website, online documents, Virtual Case File.

3. When was SVT established in your state? Transportation service for all C/I customers was approved for all 3 of our LDCs in 1999. However, smaller customers effectively faced an economic barrier in the requirement to install a daily telemeter.

4. Was it established to operate on a permanent or temporary/pilot basis? Permanent.

5. Is SVT available in the service territories of all the gas local distribution companies ("LDCs") in your state? Yes.

6. Is SVT mandatory or voluntary on the part of the LDCs? Mandatory if the load fits within the criteria of the terms & conditions of service.

7. What is/has been the customer participation rate per participating utility and on a statewide basis for each year SVT has been implemented? Transportation service (all size C/I customers) comprises 20-50% of LDC load. Migration to Tsport Service was robust prior to the implementation of mandatory capacity assignment (at a level of 1/2 peak demand) in 2005, then customers returned to sales service.

8. How many marketers are currently participating in each SVT program approved in your state? How many marketers have participated in each program since the date of inception of the program? Are there a certain number of marketers required to establish workable competition before a program may commence? No minimum number of marketers required. Being a small state with small gas loads, the number of active gas marketers has varied between 1-2 to 4-5.

9. What is the process by which marketers are certified to participate? What is the role of your Commission and of the participating utility in the marketer certification process? Because only C/I customers are eligible, the Commission does not certify marketers. The marketers must meet the criteria established by the utility as stated in tariff.

10. What oversight role does your Commission maintain over marketers and SVT programs? The Commission has authority to make rules governing marketers and gas competition but has not neeted to do so due to the utilities' competence in working with marketers. The Commission has had very little direct involvement with gas marketers unless a complaint is filed either by a marketer or a utility.

11. What consumer protections are in place in your SVT program(s)? See above.

12. Are there established penalties for marketer misconduct? If yes, explain the penalties available and identify who enforces the penalty. The tariffs contain balancing penalties which the utility enforces.

13. Has any marketer participating in your state failed to perform or ceased to provide service? One marketer went bankrupt.

14. In the event that a marketer has been disqualified, failed to perform or ceased to provide service, state what entity is the supplier of last resort. LDC.

15. What are the general provisions for billing, uncollectibles, and disconnections? See Chapter 815 of MPUC Rules on website. http://www.maine.gov/mpuc

16. Are there codes of conduct in place for the utility, the utility affiliates participating in the program and the marketers? If yes, state whether the codes of conduct were established by statute, regulation or Commission Order. Please provide a citation or link to any statute, regulation or Order. No except for our Rule on affiliate dealings, Chapter 820.

17. What is the role of utility affiliates as participants in small volume programs? See Chapter 820.

18. What are the general provisions for transition and stranded costs? See response to 2.

19. What are the provisions for program marketing costs? Are these borne by marketers, utilities, or both? Marketers absorb their own marketing expenses and utilities bear their administrative costs.

20. What information, if any, does the Commission require its participating utilities and/or marketers to track and file with the Commission? Marketers are required to register contact information with the Commission by statute. For example, are customer savings tracked and filed for each approved program? If so, will you provide a link or URL to reports in the public record? None.

21. If not provided in response to previous questions, please provide a link to any assessment of choice programs performed by the Commission or utility.

Mitchell, Anita L (PSC)

From: David.Jacobson@state.sd.us
Sent: Thursday, May 27, 2010 12:19 PM
To: Mitchell, Anita L (PSC)
Subject: FW: [gas] FW: Survey re Small Volume Transportation
Attachments: Naruc Survey Questions (AM).doc

Reply from South Dakota Public Utilities Commission

-----Original Message-----
From: Deana Dennis [mailto:ddennis@naruc.org]
Sent: Thursday, May 27, 2010 10:55 AM
To: NARUC Subcommittee on Gas
Cc: anital.mitchell@ky.gov
Subject: [gas] FW: Survey re Small Volume Transportation

[Reply to reply only to the message author, Reply All to include the entire list.]

Members of the NARUC Gas Staff Subcommittee,

Please see inquiry below from Anita Mitchell (AnitaL.Mitchell@ky.gov) from the Kentucky PSC. Survey questions can be found attached to this email and pasted below at the very bottom. You may send all responses directly to Anita at: AnitaL.Mitchell@ky.gov.

Thank you,
Deana

The Kentucky General Assembly has directed this Commission to investigate natural gas retail competition programs to determine whether such programs could benefit Kentucky consumers.

To carry out this directive and meet the deadline established, the Commission's staff has drafted survey questions to elicit information from other states as expeditiously as possible. Commission Staff respectfully requests that your association assist us in this endeavor by forwarding these survey questions, which are attached hereto, to your gas subcommittee members for response. Staff is hopeful that it can receive most, if not all, responses by June 15, 2010.

All responses should be sent to me at: AnitaL.Mitchell@ky.gov

Your assistance in this matter is greatly appreciated.

Anita L. Mitchell

Staff Attorney

Kentucky Public Service Commission

211 Sower Boulevard

Frankfort, KY 40601

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1. Is small volume gas transportation ("SVT") available in your state?

If no: Please state whether your state has considered implementing SVT and, if so, why SVT has not implemented.

If yes:

2. Is your SVT established by statute, regulation, Commission Order, or some other method? Please provide a citation or link to any enabling statute, regulation, or Order.

3. When was SVT established in your state?

4. Was it established to operate on a permanent or temporary/pilot basis?

5. Is SVT available in the service territories of all the gas local distribution companies ("LDCs") in your state?

6. Is SVT mandatory or voluntary on the part of the LDCs?

7. What is/has been the customer participation rate per participating utility and on a statewide basis for each year SVT has been implemented?

8. How many marketers are currently participating in each SVT program approved in your state? How many marketers have participated in each program since the date of inception of the program? Are there a certain number of marketers required to establish workable competition before a program may commence?

9. What is the process by which marketers are certified to participate? What is the role of your Commission and of the participating utility in the marketer certification process?

10. What oversight role does your Commission maintain over marketers and SVT programs?

11. What consumer protections are in place in your SVT program(s)?

12. Are there established penalties for marketer misconduct? If yes, explain the penalties available and identify who enforces the penalty.

13. Has any marketer participating in your state failed to perform or ceased to provide service?

14. In the event that a marketer has been disqualified, failed to perform or ceased to provide service, state what entity is the supplier of last resort.

15. What are the general provisions for billing, uncollectibles, and disconnections?

16. Are there codes of conduct in place for the utility, the utility affiliates participating in the program and the

marketers? If yes, state whether the codes of conduct were established by statute, regulation or Commission Order. Please provide a citation or link to any statute, regulation or Order.

17. What is the role of utility affiliates as participants in small volume programs?

18. What are the general provisions for transition and stranded costs?

19. What are the provisions for program marketing costs? Are these borne by marketers, utilities, or both?

20. What information, if any, does the Commission require its participating utilities and/or marketers to track and file with the Commission? For example, are customer savings tracked and filed for each approved program? If so, will you provide a link or URL to reports in the public record?

21. If not provided in response to previous questions, please provide a link to any assessment of choice programs performed by the Commission or utility.

South Dakota PUC response
Dave Jacobson
Utility Analyst

1. Is small volume gas transportation ("SVT") available in your state? Yes.,

If no: Please state whether your state has considered implementing SVT and, if so, why SVT has not implemented.

If yes:

2. Is your SVT established by statute, regulation, Commission Order, or some other method? Please provide a citation or link to any enabling statute, regulation, or Order. Proposed by Company via tariffed rates, then approved by Commission.

3. When was SVT established in your state? Over 10 years ago.

4. Was it established to operate on a permanent or temporary/pilot basis? Permanent.

5. Is SVT available in the service territories of all the gas local distribution companies ("LDCs") in your state? We have 3 LDCs. One has specific SVT rate. One has no minimum volumes. One has minimum volumes.

6. Is SVT mandatory or voluntary on the part of the LDCs? Voluntary.

7. What is/has been the customer participation rate per participating utility and on a statewide basis for each year SVT has been implemented? Very small participation. Too much administrative work, meter expense, etc. to be viable.

8. How many marketers are currently participating in each SVT program approved in your state? Few. How many marketers have participated in each program since the date of inception of the program? Few. Are there a certain number of marketers required to establish workable competition before a program may commence? No. Marketers have expressed that margins on gas sales are very thin and only economically viable with larger volumes.

9. What is the process by which marketers are certified to participate? What is the role of your Commission and of the participating utility in the marketer certification process? Marketers are not certified or regulated in South Dakota.

10. What oversight role does your Commission maintain over marketers and SVT programs? Marketers = no oversight. LDC SVT rates approved by Commission.

11. What consumer protections are in place in your SVT program(s)? Same as for sales service.

12. Are there established penalties for marketer misconduct? No. If yes, explain the penalties available and identify who enforces the penalty.

13. Has any marketer participating in your state failed to perform or ceased to provide service? No, not without seemless shift to other providers.

14. In the event that a marketer has been disqualified, failed to perform or ceased to provide service, state what entity is the supplier of last resort. Chosen by customer. No supplier of last resort.

15. What are the general provisions for billing, uncollectibles, and disconnections? Same as for sales customers

16. Are there codes of conduct in place for the utility, the utility affiliates participating in the program and the marketers? No. If yes, state whether the codes of conduct were established by statute, regulation or Commission Order. Please provide a citation or link to any statute, regulation or Order.

17. What is the role of utility affiliates as participants in small volume programs? Can perform marketing function.

18. What are the general provisions for transition and stranded costs? Assigned to customers returning to sales service via rider.

19. What are the provisions for program marketing costs? Are these borne by marketers, utilities, or both? Might be included in rates via rate case.

20. What information, if any, does the Commission require its participating utilities and/or marketers to track and file with the Commission? For example, are customer savings tracked and filed for each approved program? No. If so, will you provide a link or URL to reports in the public record?

21. If not provided in response to previous questions, please provide a link to any assessment of choice programs performed by the Commission or utility. NA

Note: Tariffed SVT rates and conditions for service can be found on our website at http://puc.sd.gov/Tariffs/naturalgastariff.aspx