



Florida Public Service Commission

SPECIAL REPORT

DECEMBER 2004 NO. 14

Petition of
**Central Florida Gas Company -
Florida Division of Chesapeake Utilities Corporation**
for Authority To Establish New Customer Classifications and Restructure Rates,
and for Approval of Proposed Revised Tariff Sheets

On August 25, 2004, Central Florida Gas Company (Central Florida or the company) filed a request with the Florida Public Service Commission (PSC or Commission) for authority to establish new customer classifications and to restructure its existing rates. Central Florida serves approximately 11,000 residential, commercial and industrial customers throughout central and north Florida. In 1985, Central Florida joined Chesapeake Utilities Corporation adding customers in the citrus industry, tourist attractions and construction. Central Florida has customer service centers in the cities of Winter Haven, Hernando, and St. Cloud, Florida.

Under Central Florida's proposal, the total revenues collected by the company would not change. In addition, for those existing customers who use less than 3,000 therms per year (an average of 250 therms per month), rates would not be affected. However, the company is proposing to expand its customer classifications for customers using more than 100,000 therms per year and to adjust the rates within certain commercial and industrial classifications. Thus, some customers would see rate increases under the company's proposal.

The proposed rate restructuring also would recover a greater percentage of the cost to provide service to customers from the company's monthly fixed-rate customer charges. At present, the majority of the company's cost to serve large users is recovered from variable charges based on a customer's monthly therm usage. Under the company's proposal, for customers using more than 3,000 therms per year, the monthly fixed-rate customer charge would increase and the per-therm transportation charge would decrease. This change will not affect current customers using less than 3,000 therms per year.

CUSTOMER MEETINGS

DOCKET NO. 040956-GU

The meeting at each location will adjourn before the stated ending time if no customers are present. For this reason, customers are urged to arrive at the scheduled starting time of the meeting in the location of their choice.

Wednesday, December 8, 2004

10:00 a.m. – 12:00 p.m.

Chain O' Lakes Complex
210 Cypress Gardens Boulevard
Winter Haven, Florida

3:00 p.m. – 5:00 p.m.

City Council Chambers
Building A, 3rd Floor
1300 Ninth Street
St. Cloud, Florida

Thursday, December 9, 2004

10:00 a.m. – 12:00 p.m.

Plant City Chamber of Commerce
106 North Evers Street
Plant City, Florida

3:00 p.m. – 5:00 p.m.

Plantation Inn and Golf Resort
Magnolia Room
9301 West Fort Island Trail
Crystal River, Florida

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PSC COMMISSIONERS



Chairman Baez

Braulio L. Baez was appointed to the Florida Public Service Commission by Governor Jeb Bush on August 23, 2000, to complete a term ending January 2002. He was then reappointed by the Governor to a four year term ending January 2006. Prior to his appointment, Chairman Baez was an attorney in Miami, Florida, with a statewide practice representing municipal and county governments in telecommunications, cable franchising and other regulatory matters. He was Executive Assistant to Commissioner Joe Garcia from 1994 to 1998. A native of South Florida, Chairman Baez received his undergraduate degree from Florida International University in 1988, and his Juris Doctorate degree from Nova University, Shepard Broad Law Center, in 1993. Chairman Baez is a member of the National Association of Regulatory Utility Commissioners' Committees on Electricity and International Relations. He is Past-President of the Southeastern Association of Regulatory Utility Commissioners and has served on the North American Electric Reliability Council. A member of the Florida Bar, he is a past Director of the Hispanic Bar Association, 2nd Judicial District.



Commissioner Deason

J. Terry Deason was first appointed to the Commission by the Florida Public Service Commission Nominating Council in January 1991 for a term ending in January 1995. He was subsequently reappointed by the late Governor Lawton Chiles for a term ending in January 1999. Commissioner Deason was then reappointed by Governor Jeb Bush to a term ending in January 2003, and to his current term which ends in January 2007. Commissioner Deason has served as Chairman of the Commission on two occasions, from January 1993 to January 1995, and from July 2000 to January 2001. Commissioner Deason is an active member of the National Association of Regulatory Utility Commissioners (NARUC). He currently serves on NARUC's Board of Directors, its Finance and Technology Committee, and the Federal/State Joint Conference on Accounting. Commissioner Deason also serves on the executive committee for the Nuclear Waste Strategy Coalition. Prior to his appointment, he served as Chief Regulatory Analyst in the Office of Public Counsel. In that capacity, he was responsible for the coordination of accounting and financial analysis used by the Public Counsel in cases before the Public Service Commission, presented testimony as an expert witness, and consulted with the Public Counsel on technical issues and ratemaking policies concerning regulated utilities in the State of Florida. From 1981 to 1987, Commissioner Deason served as Executive Assistant to PSC Commissioner Gerald L. Gunter, during which time he reviewed and analyzed staff recommendations and advised the Commissioner on those recommendations and other pertinent policy determinations. From 1977 to 1981, he served as a Legislative Analyst with the Office of Public Counsel. He attended the U.S. Military Academy at West Point, and in 1975 received his bachelor of science degree in accounting, summa cum laude, from Florida State University. He also received his master of accounting degree from FSU in 1989.



Commissioner Jaber

Lila A. Jaber was appointed to the Florida Public Service Commission by Governor Jeb Bush in February 2000 to complete a term ending January 2001. She was reappointed by Governor Jeb Bush for a term ending in January 2005. Commissioner Jaber served as Chairman of the Florida Public Service Commission from January 2002 through January 5, 2004. As a Commissioner, she also serves as Vice Chair of the NARUC (National Association of Regulatory Utility Commissioners) Committee on Telecommunications and is a member of the NARUC Committee on Consumer Affairs. In July 2001, she was appointed by the Federal Communications Commission (FCC) to the Federal-State Joint Board on Universal Service which was created to promote the availability and access to quality telecommunications services throughout the Nation. Commissioner Jaber has served as chair of the Federal-State Joint Conference on Advanced Services (706 Joint Conference) created by the FCC to promote the rapid deployment of advanced services to all Americans. She has also served as co-chair of the e-Infrastructure Subcommittee for the Florida Information Service Technology Development Task Force (ITFlorida.com), and is currently an ex-officio member of the Florida Research Consortium, the affiliate of ITFlorida.com, created as a partnership between Florida's universities and technology sectors to focus on high-tech research and development. Prior to serving on the Florida Public Service Commission, Commissioner Jaber was a bureau chief in the Commission's Division of Legal Services for water and wastewater, where she implemented law and policy in the regulation of more than 1,500 water and wastewater facilities, and subsequently, became the Executive Assistant to Commissioner Julia L. Johnson. Commissioner Jaber, a court-certified mediator and a member of the Florida Bar, received a bachelor of arts degree in political science and business from Stetson University in DeLand, Florida, and received a juris doctorate from the Stetson University College of Law in St. Petersburg, Florida.



Commissioner Bradley

Rudolph (Rudy) Bradley was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four year term beginning January 8, 2002. Commissioner Bradley serves on the National Association of Regulatory Utility Commissioners' Committees on Consumer Affairs, Water, and International Relations. He is also a member of the Energy Market Access Partnership Board which is a joint project between the Department of Energy and the National Association of Regulatory Utility Commissioners. Prior to his appointment to the Commission, Commissioner Bradley served as a member of the Florida Legislature for seven years representing District 55 which includes Pinellas, Manatee and Hillsborough Counties. As a member of the Legislature, he served as the Vice Chairman of the Utilities and Telecommunications Committee and as the Chairman of the Select Committee on Energy Restructuring. Commissioner Bradley also served as the Chairman of the Business Development and International Trade Committee and Chairman of the Economic Development Council. As a legislator, Commissioner Bradley maintained a special interest in improving Florida's educational system and expanding business opportunities for all citizens. Commissioner Bradley earned his Bachelor of Science Degree from the University of Tampa and his Masters Degree from the University of Michigan. He served as an educator in Pinellas County for several years and he developed several private enterprises involving real estate and livestock.



Commissioner Davidson

Following the unanimous recommendation of the PSC Nominating Council, Governor Jeb Bush appointed **Charles Davidson** to the Florida Public Service Commission for a four-year term ending January 2007. Commissioner Davidson relocated from New York to Florida in 2000 to serve in the Office of Governor Bush, as the Executive Director of Florida's Information Technology Taskforce. In that role, he was responsible for developing public policies to help ensure that Florida maintains progressive economic development processes and rational regulatory regimes. In 2001, Davidson was recruited by the Florida House of Representatives to launch the state's first Committee on Information Technology. He currently serves *ex officio* as a member of the board of directors of ITFlorida, a statewide not-for-profit organization that is focused on developing sound technology-related public policies. From 1993 to 1999, Commissioner Davidson was an attorney resident in the New York Office of Baker & McKenzie, the world's largest law firm. In 1999, he joined the New York Office of Duane Morris with other attorneys from Baker & McKenzie to form a new international dispute resolution practice group. While in private practice, Davidson was responsible for an array of regulatory, commercial, international, and technology matters in the United States and abroad. His work included multi-jurisdiction antitrust disputes, compliance proceedings before the Department of Justice and the Securities & Exchange Commission, complex commercial dispute resolution, and international technology disputes. His work also included international commercial claims against the Government of Iran before the Iran-United States Claims Tribunal and claims against the Government of Iraq before the United Nations Compensation Commission. Commissioner Davidson has handled an array of domestic and international arbitrations and mediations. While in New York, Davidson served as Special Professor of Law at Hofstra University School of Law. Commissioner Davidson speaks frequently on technology and public policy issues. Recently, Commissioner Davidson testified before Congress on the regulatory treatment that should be afforded broadband technologies. Commissioner Davidson also recently testified before the FCC on the regulatory issues impacting and impacted by Voice over Internet Protocol (VoIP). A Phi Beta Kappa graduate, Commissioner Davidson holds a Masters of Law in Trade Regulation from New York University. He also holds a Masters in International Business from Columbia University. Davidson received his baccalaureate and juris doctorate degrees from the University of Florida, where he served as a fellowship instructor at the College of Law.

Central Florida Gas Company - Florida Division of Chesapeake Utilities Corporation

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The company has also proposed to close its existing TS-1A and TS-1B rate schedules to new customers. The TS-1A rate is applicable to customers who use between 0 and 130 therms per year, and the TS-1B rate is applicable to customers who use between 131 and 250 therms per year. Existing TS-1A and TS-1B customers' rates will not change, however, any future customers whose annual usage ranges between 0 and 500 therms would be served under a new proposed Firm Transportation Service rate class (FTS-1).

In addition to the rate restructuring, the company is also proposing additional changes which would:

- ◆ Establish two new customer classifications for gas marketers delivering gas to the company's distribution system and the implementation of rates that recover the cost to provide service to marketers.
- ◆ Shift the recovery of certain revenues from the company's Competitive Rate Adjustment (CRA) surcharge to base rates.

◆ Remove the recovery of certain environmental costs from base rates and establish a flexible, variable rate surcharge mechanism to recover future costs of this type.

◆ Require customers to pay fixed monthly customer charges during those months in which the customer has terminated service for less than 12 months.

The staff of the PSC has scheduled four customer meetings on December 8 and 9, 2004 in the utility's service area to provide customers the opportunity to express their views regarding Central Florida's request.

PSC staff is scheduled to make a recommendation to the Commission on January 6, 2005. The Commissioners are expected to vote on this matter at the January 18, 2005, Agenda Conference.

The current case is being processed under the PSC's "Proposed Agency Action" (PAA) procedure. Under the PAA process, the case will not be set for a formal hearing unless a timely protest to the Commission's proposed agency action is filed.

PSC Staff and Reference Numbers

For technical questions, contact:

David Wheeler (850) 413-6670

Elisabeth Draper (850) 413-6706

For legal questions, contact:

Jennifer Brubaker (850) 413-6228

For general questions, contact:

Leroy Rasberry (850) 413-6119

Or call toll-free 1-800-342-3552

(1-800-511-0809 to fax)

E-mail: contact@psc.state.fl.us

Internet Home Page: www.floridapsc.com

Florida Public Service Commission

2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

The Public Service Commission provides a staff of information specialists who are available to answer questions from Florida consumers.

To reach a consumer representative, please call the Public Service Commission during business hours at **1-800-342-3552**, or send a fax to 1-800-511-0809. See the PSC's Internet home page at www.floridapsc.com.

Consumer Statements at PSC Meetings

The Commissioners are interested in what consumers have to say about the petition of Central Florida Gas Company -- Florida Division of Chesapeake Utilities Corporation for authority to establish new customer classifications and restructure rates, and for approval of proposed revised tariff sheets. The main purpose of these meetings is to receive comments from the public.

Anyone may make a statement, and speaking is an effective way to let the Commissioners know how you feel about the case under review. At the beginning of the meetings, procedures will be set up to establish an order for comments. PSC staff will have sign-up sheets, and consumers will be called in the order of those sheets. PSC staff will also be available to coordinate consumer comments and assist members of the public.

Any person who wishes to comment or provide information to the PSC staff, orally or in writing, may do so at the meeting. Written comments also may be sent to: Florida Public Service Commission, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, or fax at 1-800-511-0809. Correspondence will be placed in the file of this docket (Docket No. 040956-GU).

Any person who wishes to obtain a copy of the recommendation or the order may do so by writing to: Director, Division of the Commission Clerk and Administrative Services, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, or on-line at www.floridapsc.com.

STAMP

Florida Public Service Commission
Division of the Commission Clerk and Administrative Services
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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