

State of Florida



Public Service Commission
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TALLAHASSEE, FLORIDA 32399-0850

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DATE: SEPTEMBER 6, 2001
TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)
FROM: DIVISION OF COMPETITIVE SERVICES (MAKIN, BULECZA-BANKS)
DIVISION OF LEGAL SERVICE (C. KEATING)
RE: DOCKET NO. 010846-GU - PETITION FOR APPROVAL OF INITIAL
TRANSPORTATION COST RECOVERY FACTORS BY FLORIDA PUBLIC
UTILITIES COMPANY.
AGENDA: 9/18/01 - REGULAR AGENDA - TARIFF FILING - INTERESTED
PERSONS MAY PARTICIPATE
CRITICAL DATES: 60-DAY SUSPENSION DATE: OCTOBER 12, 2001
SPECIAL INSTRUCTIONS: NONE
FILE NAME AND LOCATION: S:\PSC\CMP\WP\010846.RCM

CASE BACKGROUND

By Order No. PSC-01-0073-TRF-GU, issued January 9, 2001, the Commission approved Florida Public Utilities Company's (FPUC or Company) proposed transportation service tariff, effective August 1, 2001. The Commission granted the Company permission to accrue expenses, including implementation expenses associated with the offering of transportation service to all non-residential customers. FPUC was granted authority to recover those expenses from all non-residential customers excluding Large Volume Interruptible Transportation Service (LVITS) customers and special contract customers through a Transportation Cost Recovery Clause.

As indicated in Commission Order No. PSC-01-0073-TRF-GU, start-up expenses would be recovered over a four-year period, with any over or underrecovery to be trued-up and the end of the recovery period. The collection period was established as a five-year period beginning August 1, 2001. The Commission approved the

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Company's proposal to petition the Commission for recovery of its actual expenses at a future date.

On June 14, 2001, FPUC filed a petition for approval of initial transportation cost recovery factors. On August 13, 2001, the Company filed an amended petition.

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

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant Florida Public Utilities Company's (FPUC or Company) petition for approval of initial transportation cost recovery factors?

RECOMMENDATION: Yes. The Commission should grant FPUC's petition for approval of initial transportation cost recovery factors effective September 18, 2001, the date of the Commission's vote in this matter. (MAKIN, BULECZA-BANKS)

STAFF ANALYSIS: On June 14, 2001, FPUC filed a petition for approval of initial transportation cost recovery factors. On August 13, 2001, the Company filed an amended petition to change the recovery factors, to become effective the date of the Commission's vote in this matter.

The Company projects that as of August 1, 2001, the effective date of its unbundled transportation service, it incurred \$91,455 in expenses associated with the offering of transportation services to all its non-residential customers. These expenses were posted to a deferred debit account pending collection of revenue from the Transportation Cost Recovery Clause surcharge. The Company proposes to recover those expenses over a four-year period, with any over or underrecovery trued-up at the end of the four-year period in accordance with the approved tariff for its Transportation Cost Recovery Clause.

The Company proposes the following initial cost recovery factors under the Transportation Cost Recovery Clause:

General Service and General Transportation	0.078 cents per therm
Large Volume Service and Large Volume Transportation	0.052 cents per therm
Interruptible Service and Interruptible Transportation	0.025 cents per therm

By Order No. PSC-01-0073-TRF-GU, the Commission also approved the Company's proposed Non-monitored Transportation Administration Charge (NTAC). As approved, the NTAC applies to all non-residential customers not subject to the Company's Transportation Administrative Charge. Customers subject to the NTAC are not required to have electronic measurement equipment for the monitoring of their gas usage. The function of the NTAC is to allow the recovery of the Company's incremental expenses, beyond the expenses recovered through the Transportation Cost Recovery Clause on a going-forward basis. In its Order, the Commission approved the Company's proposal to petition the Commission for these expense at a future date.

The Company now projects that from August 1, 2001 through December 31, 2002, (thereafter the period will be January through December) it will incur \$58,500 in going-forward expenses associated with making transportation service available to all non-residential customers. In accordance with its approved tariff, FPUC proposes to recover those expenses for the period on a cents-per-therm basis applied to the customer's actual consumption, with any over or underrecovery trued up at the end of the period. The Company proposes the following initial cost recovery factors as the NTAC for the initial October 2001 through December 2002 period:

General Service and General Transportation	0.203 cents per therm
Large Volume Service and Large Volume Transportation	0.135 cents per therm
Interruptible Service	0.061 cents per therm

The Company used its 2001 annualized budget data regarding the number of bills and therms and then spread the annualized costs to

the different rate schedules using the same methodology as the natural gas conservation cost recovery clause.

The proposed initial NTAC would not be applied to non-residential customers served under special contract, or larger transportation customers, which by tariff or contract are required to have Company-provided telemetry at their site(s) to allow the measurement of real-time consumption data to the Company, and are therefore subject to the Company's Transportation Administration Charge.

Based on the Company's amended petition, Staff believes that FPUC's proposed transportation cost recovery factors and proposed NTAC cost recovery factors are appropriate and should be approved, and become effective the date of the Commission's vote.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no protest is filed within 21 days of the issuance of the Order by a person whose substantial interests are affected, this docket should be closed upon the issuance of a Consummating Order. (C. KEATING)

STAFF ANALYSIS: 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 should 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 should be closed upon the issuance of a Consummating Order.