



Public Service Commission

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DATE: APRIL 11, 2002

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK & ADMINISTRATIVE SERVICES (BAYO)

FROM: DIVISION OF COMPETITIVE MARKETS & ENFORCEMENT (MAKIN, BULECZA-BANKS) *MB*
OFFICE OF THE GENERAL COUNSEL (STERN) *mks*

RE: DOCKET NO. 020163-GU - PETITION BY FLORIDA PUBLIC UTILITIES COMPANY FOR APPROVAL OF MODIFICATION OF TRANSPORTATION COST RECOVERY FACTORS.

AGENDA: 04/23/02 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: 04/25/02

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMP\WP\020163.RCM

DISCUSSION OF ISSUES

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

RECOMMENDATION: Yes. The Commission should grant FPUC's petition for approval of modification of transportation cost recovery factors, effective May 1, 2002. (MAKIN, BULECZA-BANKS)

STAFF ANALYSIS: FPUC's initial cost recovery factors were filed on June 14, 2001. The initial factors for the Transportation Cost Recovery (TCR) and Non-monitored Transportation Administration Charge (NTAC) were subsequently revised in an amended petition which was approved by the Commission on October 1, 2001, by Order No. PSC-01-1963-TRF-GU in Docket No. 010846-GU. On February 25,

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2002, FPUC filed a petition for approval of modification of its transportation cost recovery factors, which is the subject of this recommendation. The modification is needed because on December 14, 2001, FPUC completed its acquisition of South Florida Natural Gas (SFNG). 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.

Since the completion of the acquisition of SFNG, FPUC has been providing service to the former SFNG customers in New Smyrna Beach (NSB) and has begun to consolidate the operations of these two companies. As a result of the acquisition and expansion of services and customers, FPUC proposes to modify the transportation cost recovery factors for certain rate schedules of the former SFNG.

The Company proposes the following modifications to the TCR factors for the period May 2002 through July 2005:

<u>Rate Schedule</u>	<u>From</u>	<u>To</u>
<u>FPUC</u>		
GS	.078 cents per therm	.069 cents per therm
GSTS	.078 cents per therm	.069 cents per therm
<u>Former SFNG (NSB)</u>		
CI	.000 cents per therm	.069 cents per therm
CITS	.000 cents per therm	.069 cents per therm

The Company proposes the following modification to the NTAC factors for the period May 2002 through December 2002:

<u>Rate Schedule</u>	<u>From</u>	<u>To</u>
<u>FPUC</u>		
GS	.203 cents per therm	.203 cents per therm
GSTS	.203 cents per therm	.203 cents per therm
<u>Former SFNG (NSB)</u>		
CI	.000 cents per therm	.203 cents per therm
CITS	.000 cents per therm	.203 cents per therm

As approved in Order No. PSC-01-1963-TRF-GU, the NTAC is not applied to those customers served under special contract or large

transportation customers, which by tariff or contract are required to have Company-provided telemetry at their site(s). Since the on-site telemetry allows the measurement of real-time consumption data to the Company, it is subject to the Company's Transportation Administration Charge, not the NTAC.

The TCR and NTAC factors are intended to enable FPUC to recover incremental costs incurred by the Company. See Order No. PSC-01-0073-TRF-GU issued January 9, 2001, in Docket No. 000703-GU. Staff evaluated the cost analysis provided in the Petition and also compared it with those provided in Docket No. 000703-GU and 010846-GU, and finds the estimate of costs incurred in this case to be reasonable. By changing the factors as proposed, FPUC will recover its incremental costs.

Based on the Company's petition, Staff believes that FPUC's proposed modification of its TCR and NTAC cost recovery factors are appropriate and should be approved, and should become effective on May 1, 2002.

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, the docket should be closed upon the issuance of a Consummating Order. (STERN)

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.