

RECEIVED- FPSC

MAR 18 AM 11:14

State of Florida



Public Service Commission COMMISSION CLERK

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 18, 2004

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Competitive Markets & Enforcement (Makin, Bulecza-Banks) *[Handwritten initials]*
Office of the General Counsel (Jaeger) *[Handwritten initials]*

RE: Docket No. 040125-GU – Petition for approval of transportation cost recovery clause true-up by Florida Division of Chesapeake Utilities Corporation.

AGENDA: 03/30/04 – Regular Agenda – Tariff Filing – Interested Persons May Participate

CRITICAL DATES: 60-Day Suspension Date: 04/04/04

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\CMP\WP\040125.RCM.DOC

Case Background

By Order No. PSC-02-0110-TRF-GU, issued January 24, 2002, in Docket No. 011579-GU, In re: Petition for approval for transportation cost recovery factors by Florida Division of Chesapeake Utilities Corporation, the Commission approved Florida Division of Chesapeake Utilities Corporation's (Chesapeake or the Company) initial transportation cost recovery clause (TCR) factors for the purpose of recovering an estimated \$339,922 in non-recurring charges related to costs incurred to comply with Commission Rule 25-7.0335, Florida Administrative Code (F.A.C.), which required all natural gas utilities make transportation service available to all non-residential customers. The Commission approved the recovery of these costs over a two-year period effective January 8, 2002, and provided for the true-up of any over or under collection of the actual charges incurred by the Company to comply with Commission Rule 25-7.0335, F.A.C.

On February 4, 2004, Chesapeake filed a petition seeking approval to collect a \$7.00 TCR under recovery through a charge to its Operational Balancing Account (OBA) and to

DOCUMENT NUMBER-DATE

03651 MAR 18 03

FPSC-COMMISSION CLERK

eliminate the TCR factors. This recommendation addresses Chesapeake's February 4, 2004 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 Chesapeake's petition for approval of transportation cost recovery clause true-up?

Recommendation: Yes. The Commission should grant Chesapeake's petition for approval of a transportation cost recovery clause true-up, in the amount of \$7.00 under recovery through a charge to its Operational Balancing Account, and eliminate the TCR factors, effective March 30, 2004, the date of the Commission's vote on this matter. (Makin, Bulecza-Banks)

Staff Analysis: Based on the Company's calculations, it incurred \$337,344 during the two-year period January 2001, through December 2003, to comply with Commission Rule 25-7.0335, Florida Administrative Code, which required all natural gas utilities make transportation service available to all non-residential customers. The revenue received from its customers for the same period is \$337,337, or an under recovery of \$7.00. The Company proposes to charge its OBA for the amount of the under recovery. As stated in Order No. PSC-02-0110-TRF-GU, the Commission approved the Company's proposed recovery of its actual and projected expenses over a two-year period. The Commission agreed with the Company that any over or under recovery would be true-up at the end of the recovery period. This true-up is in compliance with Rule 25-7.0335, F.A.C. and Order No. PSC-02-0110-TRF-GU. The Company has submitted its fifth revised tariff sheet No. 76, which eliminates the TCR.

Based on the Company's petition, and staff's audit, staff believes that Chesapeake's TCR true-up, which represents an under recovery of \$7.00 to be charged to its OBA, and the elimination of the TCR factors is appropriate and should be approved effective March 30, 2004, the date of the Commission's vote on this matter.

Docket No. 040125-GU

Date: March 18, 2004

Issue 2: Should this docket be closed?

Recommendation: Yes. If a protest is filed by a person whose substantial interests are affected within 21 day of the issuance of the Order, the tariff should remain in effect 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. (Jaeger)

Staff Analysis: Yes. If a protest is filed by a person whose substantial interests are affected within 21 day of the issuance of the Order, the tariff should remain in effect 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.