

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased Gas Adjustment)	DOCKET NO. 910003-GU
(PGA) True-up.)	ORDER NO. 25064
)	ISSUED: 9/13/91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY

ORDER APPROVING PURCHASED GAS ADJUSTMENT TRUE-UP AMOUNTS
FOR THE PERIOD OCTOBER, 1990 THROUGH MARCH, 1991
AND ESTABLISHING PURCHASED GAS COST RECOVERY FACTORS (CAPS)
TO BE APPLIED DURING THE PERIOD
OCTOBER, 1991 THROUGH MARCH, 1992

BY THE COMMISSION:

As part of this Commission's continuing fuel, oil backout, conservation, and purchased gas cost recovery proceedings, hearings are held in February and August of each year in this docket and in two related dockets. Pursuant to Notice, a hearing was held in this docket and in Dockets No. 910001-EI and 910002-EG on August 21, 1991, in Tallahassee, Florida. Chesapeake Utilities Corporation, Florida Division, City Gas Company, Florida Public Utilities Company, Indiantown Gas Company, Peoples Gas System, Inc., St. Joe Natural Gas Company, South Florida Natural Gas Company, and West Florida Natural Gas Company submitted exhibits in support of their proposed net true-up amounts, projected therm sales, and proposed true-up factor for application on customer bills. Tropicana Products, Inc. raised two issues concerning the allocation by Peoples Gas System of demand charges paid by standby sales customers and the implementation date of any resulting adjustment at the February, 1991 hearing. These issues were deferred and addressed at the August, 1991 hearing.

At the prehearing in this docket, held on August 13, 1991, the parties stipulated to five of the issues. We approve the figures stipulated to by the parties as to true-up amounts, true-up factors, weighted average cost of gas (WACOG) and the implementation date for the new methodology.

DOCUMENT NUMBER-DATE

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Final Purchased Gas Adjustment True-Up Amounts

The parties stipulated to the appropriate final true-up amounts for the period October, 1990 through March, 1991 as follows:

	<u>Over (Under) Recovery</u>
Chesapeake Utilities Corporation	(\$435,116)
City Gas Company of Florida	\$ 72,984
Florida Public Utilities	(\$101,944)
Indiantown Gas Company	\$ 17,922
Peoples Gas System	(\$867,872)
St. Joe Natural Gas Company	(\$ 17,259)
South Florida Natural Gas Co.	(\$ 24,819)
West Florida Natural Gas Co.	(\$133,707)

Estimated True-Up Amounts

The parties stipulated to the estimated true-up amounts for the period April, 1991 through September, 1991, as follows:

	<u>Over (Under) Recovery</u>
Chesapeake Utilities Corporation	\$114,281
City Gas Company of Florida	\$201,999
Florida Public Utilities	\$112,452
Indiantown Gas Company	(\$ 16,678)
Peoples Gas Company	(\$ 69,880)
St. Joe Natural Gas Company	(\$ 14,858)

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South Florida Natural Gas Co.	(\$ 30)
West Florida Natural Gas Co.	\$ 72,468

Total Purchased Gas Adjustment True-Up Factors

The parties stipulated to the total purchased gas adjustments to be collected during the period from October, 1991 through March, 1992 as follows:

	<u>Over (Under) Recovery</u>
Chesapeake Utilities Corporation	(\$320,835)
City Gas Company of Florida	\$274,983
Florida Public Utilities	\$ 10,508
Indiantown Gas Company	\$ 1,244
Peoples Gas Company	(\$937,752)
St. Joe Natural Gas Company	\$ 2,401
South Florida Natural Gas Co.	(\$ 24,849)
West Florida Natural Gas Co.	(\$ 61,239)

Purchased Gas Adjustment Recovery (Cap) Factors

The parties stipulated to the appropriate levelized gas cost recovery (cap) factors for the period October, 1991 through March, 1992 as follows:

	<u>Cap (Cents Per Therm)</u>
Chesapeake Utilities Corporation	29.806
City Gas Company of Florida	32.952
Florida Public Utilities	34.058

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	<u>Cap (Cents Per Therm)</u>
Indiantown Gas Company	32.781
Peoples Gas Company	31.022
St. Joe Natural Gas Company	32.470
South Florida Natural Gas Co.	28.919
West Florida Natural Gas Co.	32.044

This factor shall be applied to all meter readings taken on or after October 1, 1991, beginning with the first or next applicable billing cycle for the period October, 1991 through March, 1992.

We find no reason to establish different factors for firm and interruptible rate classes. To the extent large volume interruptible customers contract for maximum daily demand requirements, the cost will be less than the levelized factor (cap) for the projected period, primarily due to individual load factors. Therefore, separate purchased gas cost recovery factors for firm and interruptible rate classes are not necessary.

This does not preclude a utility from charging different customers different Purchased Gas Cost Recovery Factors beneath the approved cap for valid reasons. Examples of valid reasons include different methods of allocating or billing demand costs or the applicability of taxes or fees.

Tropicana raised two issues concerning the allocation by Peoples of system-wide demand charges to its standby sales customers which are embedded in the purchased gas adjustment since August 1, 1990. Such customers contract for a certain level of standby service. Included in that contract are demand charges applicable to the level of demand attributable to standby sales customers. Therefore, charging these customers additional demand charges is not appropriate unless their level of demand exceeds the contracted for amount.

We find that a refund of the excess amount collected from standby sales customers by Peoples is appropriate. Exhibit 18 indicates that the correct amount for the period from August, 1990 through April, 1991 is \$420,798. This amount shall be refunded in

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equal monthly amounts during the recovery period from October 1, 1991 through March 31, 1992.

In consideration of the above, it is

ORDERED that the stipulations set forth in the body of this Order are approved. It is further

ORDERED that the PGA recovery (cap) factors approved in this Order shall be applied to customer bills for meter readings taken on or after October 1, 1992. It is further

ORDERED that standby sales customers shall not pay demand charges embedded in the PGA unless their usage exceeds their contracted-for demand. It is further

ORDERED that Peoples' Gas System shall refund without interest \$420,798 to its standby sales customers in six equal monthly installments from October, 1991 through March, 1992. The refund shall be included in the projected levelized purchased gas cost recovery factor for the period from October, 1991 through March, 1992.

By ORDER of the Florida Public Service Commission, this 13th day of SEPTEMBER, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.