

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition by the Florida) DOCKET NO. 920156-GU
Division of Chesapeake Utilities) ORDER NO. PSC-92-0201-FOF-GU
Corporation for approval of Large) ISSUED: 04/14/92
Volume Contract Transportation)
Service Rate Schedule and Gas)
Transportation Agreement with)
Mulberry Energy Company, Inc.)
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

ORDER APPROVING LARGE VOLUME CONTRACT SERVICE
RATE SCHEDULE AND GAS TRANSPORTATION AGREEMENT

BY THE COMMISSION:

On February 18, 1992, Chesapeake Utilities, Florida Division (Chesapeake or utility) filed with this Commission a petition seeking approval of a Large Volume Contract Transportation Service rate schedule and Gas Transportation Agreement with Mulberry Energy Company, Inc. (Mulberry or Customer). According to the agreement Mulberry will be operating a 72 MW cogeneration facility supplying power to Florida Power Corporation, beginning no earlier than January, 1994. Chesapeake will construct approximately 4.3 miles of pipeline to serve the cogeneration facility at an approximate cost of \$820,000. Under the agreement and proposed large volume contract transportation service rate schedule, the customer will require over 20 million therms of natural gas per year. At the present time, Chesapeake does not have a rate schedule to accommodate this type of service.

The utility performed two cost of service studies, one on an incremental basis and one on a fully allocated or rolled-in basis. Using those studies as a starting point, the proposed transportation agreement will require Mulberry to pay a monthly bill including all associated Florida Gas Transmission charges plus Chesapeake's non-fuel energy charge (base rate) of 2.10 cents per therm. The proposed rate returns the cost to serve on either incremental or fully allocated basis. Also, under the terms of the

DOCUMENT NUMBER-DATE

03677 APR 14 1992

FPSC-RECORDS/REPORTING

ORDER NO. PSC-92-0201-FOF-GU
DOCKET NO. 920156-GU
PAGE 2

agreement, the initial base rate of 2.10 cents per therm effective January, 1994 will automatically increase by 7 1/2% each year for a 20-year period (1994 through 2013).

Notwithstanding the proposed charges specified in the agreement, the proposed tariff provides that the transportation rate charged would not fall below the fully allocated cost of service at anytime in the future, therefore ensuring that the benefits of the contract will always accrue to the general body of ratepayers.

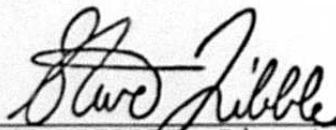
Having reviewed the agreement and the proposed tariff rate charges, we find that it is in the public's interest to approve Chesapeake's petition.

Therefore, it is

ORDERED by the Florida Public Service Commission that the petition of a Florida Division of Chesapeake Utility Corporations to approve a Large Volume Contract Transportation Service rate schedule and Gas Transportation Agreement is approved. It is further

ORDERED that this Order shall become final unless an appropriate petition for formal proceeding is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

By ORDER of the Florida Public Service Commission, this 14th, day of April, 1992.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MRC:bmi

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.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on May 5, 1992.

In the absence of such a petition, this Order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this Order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by 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 of the date this Order becomes final, 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.