

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition by the Florida) DOCKET NO. 930714-GU
Division of Chesapeake Utilities) ORDER NO. PSC-93-1330-FOF-GU
Corporation for Approval of a) ISSUED: September 9, 1993
Gas Transportation Agreement)
with Auburndale Power Partners,)
L.P.)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION

ORDER APPROVING GAS TRANSPORTATION AGREEMENT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On July 19, 1993 The Florida Division of Chesapeake Utilities Corporation (Chesapeake) filed a petition for approval of its gas transportation agreement with Auburndale Power Partners, L.P. (Auburndale). The agreement was executed in accordance with the Large Volume Contract Transportation Service provisions of Chesapeake's tariff.

The circumstances giving rise to Chesapeake's Gas Transportation Agreement with Auburndale are unique. Auburndale will be operating a gas-fired electric generation facility supplying power to Florida Power Corporation beginning early 1994, and Auburndale will require gas service at that time. Auburndale is located in Chesapeake's service territory, but Chesapeake does not hold sufficient capacity on Florida Gas Transmission Company's (FGT) pipeline to provide transportation service to Auburndale. Peoples Gas System (PGS), on the other hand, does hold sufficient capacity on FGT to receive the volume of gas required by Auburndale, and thus under the terms of the agreement, Auburndale will receive gas supply transported on FGT utilizing the capacity owned by PGS.

DOCUMENT NUMBER-DATE

09745 SEP-93

FPSC-RECORDS/REPORTING

In order to serve Auburndale at the time gas supply is needed, PGS will construct, own, and operate the Lake Blue Gate Station, which will connect with FGT's system near the city of Auburndale, Florida, in Chesapeake's service territory. Chesapeake will construct, own and operate approximately 2.3 miles of 10" steel main between PGS's Lake Blue Gate Station and Auburndale's Power Generation Facility at an approximate cost of \$603,460. This distribution main will be for the sole purpose of providing gas transportation to Auburndale's electric generating facility, and no other customer of Chesapeake will be served by it.

Auburndale will pay Peoples Gas for the construction of the Lake Blue Gate Station and for the use of PGS's capacity under Peoples' Interruptible Transportation Service Large Volume (ITSLV) rate schedule. Auburndale will also pay for all associated transportation charges assessed by FGT for the transportation of Auburndale's gas. Auburndale's financing schedule and timely completion of the project are dependent upon Auburndale's successful demonstration to its lenders that reliable natural gas transportation is available. Project financing cannot be obtained until the Gas Transportation Agreement is approved.

Because of the nature of this transaction, a volume transportation rate per therm is not necessary. Chesapeake will recover its incremental cost to serve Auburndale through a fixed quarterly charge of \$32,850 on the first day of each calendar quarter, irrespective of the volumes actually transported. This charge exceeds the incremental cost of service by \$5,817 per year, resulting in a benefit to Chesapeake's other ratepayers.

We approve Chesapeake's Gas Transportation Agreement. We find that the agreement reasonably resolves the capacity constraints that Chesapeake presently faces and thus allows Chesapeake to serve Auburndale in a timely fashion. It is therefore

ORDERED that the Florida Division of Chesapeake Utilities Corporation's petition for approval of a gas transportation agreement with Auburndale Power Partners is hereby approved. It is further

ORDERED that this Order shall become final and this docket shall be closed 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

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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 9th day of September, 1993.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)
MCB:bmi

by: Kay Flynn
Chief, Bureau of Records

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 action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), 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 September 30, 1993.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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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 and effective 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 wastewater 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 effective date 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.