

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment ) DOCKET NO. 940003-GU  
(PGA) True-Up ) ORDER NO. PSC-94-0207-FOF-GU  
\_\_\_\_\_ ) ISSUED: 2/21/94

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
SUSAN F. CLARK  
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION  
ORDER AUTHORIZING MID-COURSE CORRECTION FOR  
WEST FLORIDA NATURAL GAS COMPANY

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 substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

On January 24, 1994, West Florida Natural Gas Company (West Florida) filed a petition for expedited relief seeking a mid-course correction to its currently authorized purchased gas adjustment cap for the period October 1993 through March 1994. A mathematical error has resulted in a significant PGA underrecovery for the period October 1993 through March 1994.

The approved PGA factor of 31.900 cents per therm for the period October 1993 through March 1994 was based on projected purchased gas costs of \$6,318,641 adjusted by the total purchased gas adjustment true-up to be refunded during the October 1993 through March 1994 period of \$608,986, or a total of \$5,709,655 divided by projected therm sales of 17,928,476.

As indicated in West Florida's petition, upon closer examination of the schedules that constituted the July 9, 1993 filing, the Company realized it had incorrectly made each of the true-up provisions positive instead of negative; that is they treated under recoveries as over recoveries. As a result of this error, the PGA true-up cost to be recovered during the October 1993 through March 1994 period should have been \$1,684,274 underrecovery rather than \$608,986 overrecovery as originally filed.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

Using the corrected true-up calculation of \$1,684,274 underrecovery, the PGA cap should have been 44.800 cents per therm rather than the original 31.900 cents per therm. ( $\$6,318,641 + \$1,684,274 = \$8,002,915 / 17,928,476 = \$0.44638$  adjusted for taxes = \$0.44800)

This increase in the PGA cap for February and March 1994 will not eliminate the full amount of the projected underrecovery of \$2,284,188. The underrecovery will however, be reduced to approximately \$1,397,722 to be included in the projected April 1994 through March 1995 period.

This mid-course correction, increasing the PGA cap for February and March 1994 from 31.900 to 44.800 cents per therm, will cause a \$3.87 monthly increase for a residential customer using 30 therms.

Applying the wrong factor has resulted in West Florida selling each therm of gas for less than it pays its suppliers. The Company's cash flow problem from this loss on each therm has been compounded by the increase in gas consumption in January 1994 due to unusually cold weather. West Florida states that without any relief from the currently effective PGA factor, and taking all current conditions into effect, the Company will experience a negative cash flow beginning late February 1994. The total negative cash balance by March 31, 1994 is estimated to be \$539,517.

Therefore, we find that the Petition for Expedited Relief to Correct Purchased Gas Cost Recovery shall be granted.

West Florida has requested an effective date beginning with the first billing cycle for the month of February 1994. We note that the Company's request for expedited treatment is based in part on its claim that it cannot obtain short-term financing to bridge the gap until the new PGA factor goes into effect on April 1, 1994. We believe this claim is questionable given that the Company issued new long-term debt in the last quarter of 1993. Never-the-less, we find that this action shall be effective after the Commission vote; or on February 2, 1994. This is consistent previous Commission orders approving mid-course corrections to become effective at an earlier than normal date under similar circumstances when the amount of the projected under recovery or over recovery was substantial.

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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Petition for Expedited Relief to Correct Purchased Gas Cost Recovery filed by West Florida Natural Gas Company shall be and is hereby granted. It is further

ORDERED that the revised PGA cap of 44.800 cents per therm shall be effective for meter readings taken on or after February 2, 1994.

By ORDER of the Florida Public Service Commission, this 21st day of February, 1994.

STEVE TRIBBLE, Acting Director  
Division of Records and Reporting

by: Kay Hagan  
Chief, Bureau of Records

( S E A L )

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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.

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

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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 March 14, 1994.

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.

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.