

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval of) DOCKET NO. 940830-GU
a gas transportation agreement) ORDER NO. PSC-94-1169-FOF-GU
with Orange Cogeneration Limited) ISSUED: September 26, 1994
Partnership by FLORIDA DIVISION)
OF CHESAPEAKE UTILITIES)
CORPORATION.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION

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

The Florida Division of Chesapeake Utilities Corporation (Chesapeake) on July 12, 1994, entered into a gas transportation agreement with Orange Cogeneration, L.P. (Orange Co.). In accordance with the Large Volume Contract Transportation Service of its tariff, Chesapeake will provide large volume transportation service to Orange Co. On August 9, 1994, Chesapeake filed with this Commission its petition for approval of this gas transportation agreement.

According to the agreement, Orange Co. will be operating a cogeneration facility supplying power to both Florida Power Corporation and Tampa Electric Company beginning June 15, 1995. Chesapeake will construct all facilities necessary to provide service to the cogeneration facility at an approximate cost of \$624,455. Under the agreement, Orange Co. will provide an irrevocable letter of credit in the amount of \$624,455. Upon the

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in service date of the cogeneration facilities or the date Orange Co. completes the financial closing of the cogeneration facility, Orange Co. will pay Chesapeake the full amount. Orange Co. will have a minimum annual transportation quantity obligation of 30 million therms.

According to Chesapeake, it performed two cost of service studies, one on an incremental basis and one on a fully allocated or rolled-in basis. Using those studies, the proposed transportation agreement will require Orange Co. to pay Chesapeake's non-fuel energy charge (base rate) of \$.0015 per therm. Orange Co. will pay all associated transportation charges directly to Florida Gas Transmission. The proposed rate returns the cost to serve on either incremental or fully allocated basis.

We find however, notwithstanding the proposed charges specified in the agreement, the applicable Large Volume Contract Transportation Service Schedule provides that the transportation rate charged will never fall below the fully allocated cost of service at anytime in the future. By ensuring that the rate charged will cover the cost to serve, the benefit of the contract will always enure to the general body of ratepayers.

Having reviewed Chesapeake's petition for approval of the gas transportation agreement with Orange Co., an agreement which will continue in effect until December 31, 2015, we find it should be approved.

In consideration of the foregoing, it is

ORDERED by the Florida Public Service Commission that the petition filed by the Florida Division of Chesapeake Utilities Corporation, for approval of gas transportation agreement with Orange Cogeneration, L.P., is approved. It is further

ORDERED that this Order shall become final and this docket shall be closed unless an appropriate petition for formal proceedings 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.

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By ORDER of the Florida Public Service Commission, this 26th
day of September, 1994.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Flynn
Chief, Bureau of Records

(S E A L)

MRC

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, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on October 15, 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

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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 substantially 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.