

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval of) DOCKET NO. 940878-GU
Off-System Sales Service (OSSS)) ORDER NO. PSC-94-1214-FOF-GU
rate schedule by FLORIDA) ISSUED: October 4, 1994
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

ORDER APPROVING OFF-SYSTEM SALES RATE SCHEDULE

BY THE COMMISSION:

The Florida Division of Chesapeake Utilities Corporation (Chesapeake) filed a petition for approval of its Rate Schedule OSSS on August 22, 1994. The new rate schedule would provide for interruptible sales of gas for non-residential use to any person not connected to the Company's distribution system.

Because Chesapeake has had few opportunities to increase its capacity on the Florida Gas Transmission Company (FGT) system, it has had to reserve sufficient capacity to provide for system growth. Due to fluctuations in its customers' gas requirements on a day to day and seasonal basis, some of the capacity reserved by Chesapeake on the interstate pipeline goes unused. Whether or not the reserved capacity is used by Chesapeake or by its customers, the fixed reservation charges associated with that capacity must be paid to the pipeline.

Chesapeake presently has no rate schedules that allow sales to persons not connected to its distribution system. (Sales to persons not connected to a distributor's facilities are described as "off-system" sales). None of the gas sold off-system would move through facilities owned or operated by Chesapeake. Rather, the gas would be delivered to the customer using Chesapeake's capacity on FGT.

In making sales under the OSSS rate schedule, Chesapeake would recover all costs, including reservation charges associated with

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the quantities of gas sold. In order to offset the administrative expense, Chesapeake proposes a \$100.00 charge for each transaction in lieu of a monthly customer charge. This charge, which would be credited to the PGA (Purchased Gas Adjustment Clause), is designed to ensure that Chesapeake's firm sales customers actually receive the benefits intended through the reduction in the PGA charges. The Non-Gas Energy Charge would be an amount determined by Chesapeake based on competitive conditions existing at the time of each transaction, not less than \$0.000 per therm, and not more than 90% of the currently applicable firm rate. This is the same rate as Chesapeake's approved CIS and CTS rate schedules.

Rate Schedule OSSS incorporates a mechanism for sharing on a 50/50 basis with its sales customers whatever non gas revenues Chesapeake derives from off-system or opportunity sales. That is, Chesapeake would retain 50% of such revenues above the line, and the firm sales customers would receive 50% through a credit to the costs of purchases in the PGA docket.

We approve the proposed Off-System rate schedule, effective September 20, 1994, for the following reasons: 1). If any person not directly connected to Chesapeake's distribution system purchases capacity that is not needed at the time by Chesapeake, the savings in FGT reservation charges will flow directly to Chesapeake's customers through the Purchased Gas Adjustment Clause; 2). Fifty percent of any gas revenues Chesapeake derives from off-system or opportunity sales under the OSSS rate schedule will be credited to the firm sales customers as a credit to the cost of purchased gas. Fifty percent would be retained by Chesapeake above the line; 3). The Off-System Sales will improve system load factor and provide additional revenue with which to meet the company's revenue requirements.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that the Petition for approval of Off-System Sales (OSSS) Rate Schedule by Florida Division of Chesapeake Utilities Corporation is approved effective September 20, 1994. It is further

ORDERED that this docket shall be closed if no person whose substantial interests are affected by the action proposed by this tariff order files a petition for formal proceeding within the allowed 21-day protest period. It is further

ORDERED that if a timely protest is filed, this tariff shall remain in effect pending resolution of the protest.

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By ORDER of the Florida Public Service Commission, this 4th
day of October, 1994.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kary Flynn
Chief, Bureau of Records

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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 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, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on October 25, 1994.

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.

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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 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 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.