

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for approval of ) DOCKET NO. 940878-GU  
Off-System Sales Service (OSSS) ) ORDER NO. PSC-94-1214A-FOF-GU  
rate schedule by FLORIDA ) ISSUED: November 10, 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

AMENDATORY ORDER APPROVING OFF-SYSTEM SALES RATE SCHEDULE

BY THE COMMISSION:

This amendatory order corrects several scrivener's errors and omissions in Order No. PSC-94-1214-FOF-GU that occurred when certain sections of another order approving a similar tariff were inadvertently transcribed into Order No. PSC-94-1214-FOF-GU. This amendatory order replaces the earlier order.

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

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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.

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 Purchased Gas Adjustment docket.

In order to offset the administrative expense, Chesapeake proposes a \$100.00 charge for each transaction in lieu of a monthly customer charge.

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 IIS and CTS rate schedules.

In making sales under the OSSS rate schedule, Chesapeake would recover all costs, including reservation charges associated with the quantities of gas sold. Should a condition occur in which the mechanism to reduce the non-fuel energy charge is not sufficient for Chesapeake to compete with other energy providers, it may be necessary from time to time to discount the FGT reservation charge to the market price for released capacity on the FGT system. Partial or full recovery of what would otherwise be unused reservation charges would reduce Chesapeake's purchased gas cost, and, therefore, the cost paid by firm ratepayers.

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.

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Based on the foregoing, it is

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.

By ORDER of the Florida Public Service Commission, this 10th day of November, 1994.

BLANCA S. BAYÓ, Director  
Division of Records and Reporting

by: Kay Flynn  
Chief, Bureau of Records

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