

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: ~~Peoples Gas System, Inc.~~) DOCKET NO. 960003-GU
Purchased Gas Adjustment (PGA)) ORDER NO. PSC-96-0317-FOF-GU
True-Up.) ISSUED: March 1, 1996
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION ORDER
ALLOWING MID-COURSE CORRECTION TO AUTHORIZED
PURCHASED GAS ADJUSTMENT CAP

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.

On February 12, 1996, Peoples Gas System, Inc. (Peoples or the Company) filed a petition for expedited relief, (mid-course correction) to its currently authorized purchased gas adjustment (PGA) cap. The company proposes to increase the PGA cap from 32.844 to 38.469 cents per therm for meter readings taken on or after February 20, 1996, through March 31, 1996. The adjustment will cause a \$1.68 increase for residential customers using 30 therms.

Peoples' existing PGA factor, for the period April 1995 through March 1996, of 32.844 cents per therm was based on projected purchased gas costs of \$110,901,615 divided by projected therm sales of 337,875,002. Unusually cold winter weather has significantly increased the demand for gas, causing an unanticipated increase in cost. Consequently, Peoples currently projects to have an underrecovery of \$10,838,814. The proposed increase in the PGA cap will not eliminate the full amount of the projected underrecovery; however, the underrecovery will be reduced to approximately \$8,139,187, which will be included in the projected April 1997 through March 1998 period.

DOCUMENT NO. 1073-DATE

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FPSC-RECORDS/REPORTING

ORDER NO. PSC-96-0317-FOF-GU
DOCKET NO. 960003-GU
PAGE 2

We approve Peoples' petition for a mid-course correction. There is, however, insufficient time to conduct a prudency review of the Company's revised projections of purchased gas costs prior to the implementation of the increase in the PGA factor. Nonetheless, a prudency review will occur as a matter of course during the annual hearing to be held in Docket No. 970003-GU in February 1997. If the increase in the cost recovery cap is ultimately found to be imprudent, Peoples' ratepayers will suffer no harm. Any costs found imprudent will be disallowed for recovery and will flow back to the ratepayers through the true-up mechanism.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Peoples Gas System, Inc.'s petition for mid-course correction to approved PGA factor for meter readings rendered from February 20, 1996, to March 31, 1996, is approved as discussed herein. It is further

ORDERED that this Order shall become final and effective and this docket shall be closed unless an appropriate petition for formal proceedings is received by the Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the 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 1st day of March, 1996.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Ferguson
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 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on March 22, 1996.

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 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.