

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment ) DOCKET NO. 960003-GU  
(PGA) True-Up. ) ORDER NO. PSC-96-0387-FOF-GU  
\_\_\_\_\_ ) ISSUED: March 18, 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 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.

BACKGROUND

On February 20, 1996, Indiantown Gas Company (Indiantown or the Company) filed a petition for expedited relief, otherwise known as a mid-course correction, to its currently authorized purchased gas adjustment (PGA) cap for the period March 1, 1996 through April 1, 1996. Indiantown's existing PGA factor of 29.743 cents per therm (for the period April 1995 through March 1996) is based on projected purchased gas costs of \$2,101,288 divided by projected therm sales of 7,140,000.

DECISION

Indiantown currently projects to have an underrecovery of \$235,780. Indiantown advised that an unusually cold winter weather has significantly increased the demand for gas, causing an unanticipated increase in cost. The proposed increase in the PGA cap for March 1, 1996, through April 1, 1996, will not eliminate the full amount of the projected underrecovery. The underrecovery will, however, be reduced to approximately \$43,565 which will be included in the projected April, 1997 through March, 1998 period.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

Gas purchases were made on a spot market basis and were subject to market prices significantly higher than could have been predicted at the time the original projections were made. In addition, Indiantown had record sales of 1,900,000 therms to customers at the cap of 29.743 cents per therm, which made the deficit larger than in normal billing months.

Indiantown requests that no change be made to the gas cost recovery factor applied to its Residential and Commercial customers. Indiantown had connected a cogeneration facility to its interruptible tariff. The proposed mid-course correction cap of 36.150 cents per therm would be applied to bills issued under its interruptible tariff. This will allow Indiantown to recover these expenses from the interruptible customers that initially created the underrecovery without impact to the rest of the ratepayers.

We find that the proposed mid-course course correction is appropriate. We recognize that there is not time to conduct a prudence review of the Company's re-projections of purchased gas costs prior to the implementation of the increase in the PGA factor. A prudence review, however, will occur as a matter of course during the hearing to be held in Docket No. 970003-GU in February, 1997. At that time, if the increase in the cost recovery cap is found imprudent, Indiantown's ratepayers will suffer no harm since any costs found imprudent will be disallowed for recovery and will flow back to the affected ratepayers through the true-up mechanism.

Based on the foregoing, it is,

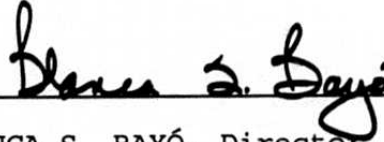
ORDERED by the Florida Public Service Commission that Indiantown Gas Company's petition for a mid-course correction to its approved Purchased Gas Adjustment cap for the period March 1, 1996, through April 1, 1996, is approved as discussed herein. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective unless an appropriate petition, in the form provided by Rule 25-22.036, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings or Judicial Review" attached hereto. It is further

ORDERED that in the event this Order becomes final, this Docket shall remain open.

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By ORDER of the Florida Public Service Commission, this 18th  
day of March, 1996.



BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

SLE

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 April 8, 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

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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.