

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased gas adjustment) DOCKET NO. 970003-GU
(PGA) true up.) ORDER NO. PSC-97-0216-FOF-GU
_____) ISSUED: February 24, 1997

The following Commissioners participated in the disposition of this matter:

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

ORDER GRANTING PETITION FOR MID-COURSE CORRECTION
INCREASE IN PURCHASED GAS ADJUSTMENT CAP

BY THE COMMISSION:

On January 8, 1997, Florida Public Utilities Company (FPUC) filed a petition for expedited relief (mid-course correction) to its currently authorized purchased gas adjustment cap for the period February 1, 1997, through March 31, 1997. FPUC requested that its PGA cap be increased from 38.519 cents per therm to 66.333 cents per therm.

FPUC's existing PGA factor of 38.519 cents per therm (established for the period April, 1996, through March, 1997) was based on projected purchased gas costs of \$16,493,704 divided by projected therm sales of 42,819,657.

FPUC currently projects an underrecovery of \$2,838,110. The proposed increase in the PGA cap of 27.814 cents per therm for February 1, 1997, through March 31, 1997, will increase a typical residential customer's bill by \$8.34 and help reduce the impact on ratepayers during the twelve months beginning April, 1997.

FPUC experienced unanticipated increases in the commodity cost of gas. Natural gas commodity prices have escalated primarily due to colder than normal weather. The Mercantile Exchange forecast pushed natural gas deliveries for January, 1997, up 16 percent to a \$4.467 per 1,000 cubic feet (44.67 cents per therm), its highest price since the Mercantile Exchange started trading the commodity in 1990. Cost increases are projected to continue through the remainder of the current true-up period. As a result of continued increases, the currently-effective PGA cap will not be sufficient to recover the base commodity portion of gas supply costs.

We recognize that there will not be time to conduct a prudence review of the Company's re-projections of purchased gas costs prior to implementation of the proposed increase in the PGA factor.

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However, a prudence review will occur as a matter of course during the next available PGA audit/hearing. If the increase in the cost recovery cap is ultimately found imprudent, FPUC's ratepayers will suffer no harm since all costs found imprudent will be disallowed for recovery and will flow back, with interest, to the affected ratepayers through the true-up mechanism.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Public Utility Company's proposed increase in its purchased gas adjustment cap, from 38.519 cents per therm to 66.333 cents per therm, is approved for meter readings taken on and after February 1, 1997, through March 31, 1997, billing cycles. It is further

ORDERED that Florida Public Utility Company's tariff reflecting the increased PGA cap shall become effective with customer billings on and after February 1, 1997. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission, this 24th day of February, 1997.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Jeyan
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 120.569(1), 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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.