

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Sebring Gas System, Inc. for approval of tariff filing to include Rate Schedule General Service Large Volume-1 (GSLV-1) for large volume users.

DOCKET NO. 980227-GU
ORDER NO. PSC-98-0983-FOF-GU
ISSUED: July 17, 1998

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

ORDER APPROVING SEBRING GAS SYSTEM, INC.'S
PETITION TO INCLUDE GSLV-1
FOR CUSTOMERS THAT CONSUME 100,000 THERMS OR MORE ANNUALLY

BY THE COMMISSION:

On February 11, 1998, Sebring Gas System, Inc. (Sebring) filed its petition for approval of a tariff filing to include a new rate schedule, General Service Large Volume-1 (GSLV-1). On March 10, 1998, Sebring filed to waive the 60-day file and suspend requirement to allow time to correct for errors made in its initial filing. On June 16, 1998, Sebring revised its filing to correct the errors made in its initial filing.

At the present time, Sebring does not have a rate schedule to accommodate large volume service customers who consume 100,000 therms of natural gas a year. The load and usage characteristics of Sebring's existing customers are significantly different from Sebring's prospective customers. The difference in load and usage characteristics warrants a new rate schedule.

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The Company performed two cost of service studies. One study was performed on an incremental basis, the other on a fully allocated basis. The proposed rate as corrected (\$100.00 Customer Charge and 9.753 cents per therm non-fuel energy charge) covers the cost to serve on either an incremental or fully allocated basis.

The addition of this prospective customer on the proposed GSLV-1 rate will not cause Sebring to earn above its authorized return on equity (ROE), nor will it adversely affect service to existing residential and commercial customers. As reflected in its Earnings Surveillance Report for the 12 months ended December 31, 1997, the Company's achieved net operating income is \$4,207 on a rate base of \$855,748. This represents an achieved ROE of -24.84%. Sebring's authorized midpoint on its ROE is 11.0%. The revenue impact of a 1% change in ROE is approximately \$3,400. The revenue impact of adding this one customer is approximately \$10,462 or a 3.07% increase to ROE.

Accordingly, we find that Sebring Gas System, Inc.'s petition for approval of tariff filing to include rate schedule General Service Large Volume-1 (GSLV-1) for customers that consume 100,000 therms or more annually should be approved.

Based on the foregoing, it is

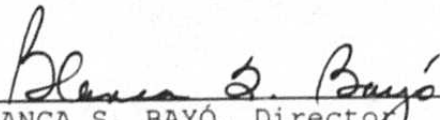
ORDERED by the Florida Public Service Commission that Sebring Gas System Inc.'s proposed rate schedule for general service large volume customers as corrected, is approved, effective June 30, 1998, the date of our vote. It is further

ORDERED that if no person, whose substantial interest are affected by the action proposed by this recommendation, files a protest within 21 days of the order, this docket shall be closed. It is further

ORDERED that if a protest is filed within 21 days from the issuance of the order, the rates should remain in effect with any increase held subject to refund, pending resolution of the protests.

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By ORDER of the Florida Public Service Commission this 17th
day of July, 1998.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

JCB

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.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 7, 1998.

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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.

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.