

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased gas adjustment
(PGA) true-up.

DOCKET NO. 000003-GU
ORDER NO. PSC-00-1524-PCO-GU
ISSUED: August 22, 2000

The following Commissioners participated in the disposition of this matter:

E. LEON JACOBS, JR.
LILA A. JABER

ORDER APPROVING MID-COURSE CORRECTION

BY THE COMMISSION:

On July 25, 2000, Tampa Electric Company d/b/a Peoples Gas System (Peoples) filed a petition for expedited relief in the form of a mid-course correction to its currently authorized purchased gas adjustment (PGA) cap for the period August 31, 2000, through December 31, 2000.

By Order No. PSC-99-2443-FOF-GU, issued December 14, 1999, we established Peoples' currently authorized PGA cap for the period January 2000 through December 2000 of 55.097 cents per therm. This factor was derived by dividing projected purchased gas costs of \$150,709,166 for this period by projected therm sales of 290,849,058 for the same period.

In its petition, Peoples indicates that it now projects an underrecovery of \$8,103,601 in purchased gas costs for the January 2000 through December 2000 recovery period. Peoples indicates that this projected underrecovery is the result of an increase in gas costs on the national level since we approved Peoples's PGA cap in December 1999. To address this projected underrecovery, Peoples requests approval to increase its authorized PGA cap from 55.097 cents per therm to 65.764 cents per therm for the period August 31, 2000, through December 31, 2000. This increase would not eliminate the full amount of the projected underrecovery. The increase would, however, allow Peoples to reduce the amount which would otherwise be included for recovery in the January 2001 through December 2001 recovery period.

DOCUMENT NUMBER-DATE

10291 AUG 22 8

FPSC-RECORDS-REPORTING

ORDER NO. PSC-00-1524-PCO-GU
DOCKET NO. 000003-GU
PAGE 2

We note that increasing Peoples' PGA cap from 55.097 to 65.764 cents per therm during the period August 31, 2000, through December 31, 2000, will cause a \$2.67 increase per month for residential customers using 25 therms. However, increasing the PGA cap now will mitigate the impact of Peoples' projected underrecovery on ratepayers during the January through December 2001 recovery period.

Based on the foregoing, we find that Peoples' request to increase its PGA cap from 55.097 to 65.764 cents per therm is reasonable and approve the mid-course correction. In its petition, Peoples has requested that its mid-course correction become effective with the first billing cycle in September 2000. Peoples has proposed phasing in this increase as gas costs increase, thus allowing Peoples to avoid raising its PGA factor to the cap level if gas costs do not continue to escalate at current rates. We find that the mid-course correction should become effective August 31, 2000, the date of Peoples' first billing cycle reading for September.

We recognize that there will not be time to conduct a prudence review of Peoples' re-projections of purchased gas costs prior to implementing the increase in Peoples' PGA cap. However, we will consider the prudence of these purchased gas costs at our annual hearing in Docket No. 000003-GU, scheduled for November 2000. If the increase in Peoples' PGA cap is ultimately found imprudent, Peoples' ratepayers will suffer no harm because any costs found imprudent will be disallowed for recovery and will be credited to the ratepayers through the true-up mechanism.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the petition of Tampa Electric Company d/b/a Peoples Gas System for approval to increase its authorized purchased gas adjustment cap from 55.097 cents per therm to 65.764 cents per therm is granted. It is further

ORDERED that Tampa Electric Company d/b/a Peoples Gas System's newly authorized purchased gas adjustment cap shall become effective for meter readings taken on or after August 31, 2000, through December 31, 2000. It is further

ORDERED that this docket shall remain open.

ORDER NO. PSC-00-1524-PCO-GU
DOCKET NO. 000003-GU
PAGE 3

By ORDER of the Florida Public Service Commission this 22nd
day of August, 2000.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

WCK

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.

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

ORDER NO. PSC-00-1524-PCO-GU
DOCKET NO. 000003-GU
PAGE 4

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.