

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 000003-GU
ORDER NO. PSC-00-2138-PCO-GU
ISSUED: November 8, 2000

The following Commissioners participated in the disposition of this matter:

E. LEON JACOBS, JR.
LILA A. JABER
BRAULIO L. BAEZ

ORDER APPROVING MID-COURSE CORRECTION

BY THE COMMISSION:

On September 21, 2000, St. Joe Natural Gas Company (St. Joe) 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 October through December 31, 2000.

By Order No. PSC-99-2443-FOF-GU, issued December 14, 1999, we established St. Joe's currently authorized PGA cap for the period January 2000 through December 2000 of 44.900 cents per therm. This factor was derived by dividing projected purchased gas costs of \$52,925 for this period by projected therm sales of 1,205,091 for the same period.

In its petition, St. Joe indicates that it now projects an underrecovery of \$160,245 in purchased gas costs for the January 2000 through December 2000 recovery period. St. Joe indicates that this projected underrecovery is the result of an increase in gas costs on the national level since we approved St. Joe's PGA cap in December 1999. To address this projected underrecovery, St. Joe requests approval to increase its authorized PGA cap from 44.900 cents per therm to 86.400 cents per therm for the period October through December 31, 2000. This increase would not eliminate the full amount of the projected underrecovery. The increase would, however, allow St. Joe to reduce the amount which would otherwise

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be included for recovery in the January 2001 through December 2001 recovery period.

We note that increasing St. Joe's PGA cap from 44.900 to 86.400 cents per therm during the period October through December 31, 2000, will cause a \$10.50 increase per month for residential customers using 25 therms, if the cap is charged. However, increasing the PGA cap now will mitigate the impact of St. Joe's projected underrecovery on ratepayers during the January through December 2001 recovery period.

Based on the foregoing, we find that St. Joe's request to increase its PGA cap from 44.900 to 86.400 cents per therm is reasonable and approve the mid-course correction. St. Joe has requested that the mid-course correction become effective with the first billing cycle in October 2000. Unlike other utilities, St. Joe has one billing cycle in which St. Joe reads its meters in one day at the end of the month. Therefore, under St. Joe's request, implementation of the increase in the PGA cap would begin with the billing cycle at the end of October. We find this request reasonable and approve St. Joe's mid-course correction to become effective with all meter readings taken at the end of October 2000.

We recognize that there will not be time to conduct a prudence review of St. Joe's re-projections of purchased gas costs prior to implementing the increase in St. Joe's 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 St. Joe's PGA cap is ultimately found imprudent, St. Joe's 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 St. Joe Natural Gas Company for approval to increase its authorized purchased gas adjustment cap from 44.900 cents per therm to 86.400 cents per therm is granted. It is further

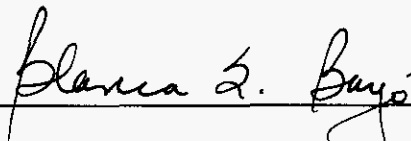
ORDERED that St. Joe Natural Gas Company's newly authorized purchased gas adjustment cap shall become effective for meter

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readings taken at the end of October 2000 through December 31, 2000. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission this 8th day of November, 2000.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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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.

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.

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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.