

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of amended and restated natural gas transportation service agreement between Indiantown Cogeneration, L.P. and Indiantown Gas Company.

DOCKET NO. 030808-GU
ORDER NO. PSC-03-1156-PAA-GU
ISSUED: October 20, 2003

The following Commissioners participated in the disposition of this matter:

LILA A. JABER, Chairman
J. TERRY DEASON
BRAULIO L. BAEZ
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON

ORDER APPROVING NATURAL GAS TRANSPORTATION AGREEMENT

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 June 24, 2003, Indiantown Gas Company, Inc. (Indiantown or Company) and Indiantown Cogeneration, L.P. (ICL) entered into a Transportation Agreement under the Company's Natural Gas Tariff as approved by Commission Order No. PSC-02-1666-PAA-GU issued November 26, 2002, in Docket No. 020470-GU. On August 13, 2003, Indiantown filed a petition for approval of an Amended and Restated Natural Gas Transportation Service Agreement with ICL.

We are vested with jurisdiction over this matter by several provisions of Chapter 366, Florida Statutes, including Sections 366.04, 366.05, and 366.06, Florida Statutes.

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

APPROVING NATURAL GAS TRANSPORTATION SERVICE AGREEMENT

On August 13, 2003, Indiantown filed a petition for approval of Amended and Restated Natural Gas Transportation Service Agreement (the "Amended Agreement") with ICL pursuant to Rules 28-106.201 and 25-9.034, Florida Administrative Code. The Amended Agreement will have no effect on revenue because ICL will be billed at the rates applicable to its class of service (Rate Schedule TS-4) determined by its usage level in accordance with the Natural Gas Tariff.

ICL has been and continues to be Indiantown's largest customer, in terms of throughput and total system demand. Nearly half of the total throughput in 2002 was attributed to ICL. On August 21, 1992, ICL and Indiantown entered into an agreement where ICL would purchase natural gas from Indiantown. However, by Order No. PSC-02-1655-TRF-GU, issued on November 26, 2002, in Docket No. 020471-GU, we authorized Indiantown to convert ICL from sales service (where Indiantown purchases ICL's gas supply) to transportation service (where ICL purchases its gas supply from a third party).

On June 24, 2003, Indiantown and ICL agreed to enter into an amendment and restatement of the 1992 agreement. ICL has particular and specific needs for ensuring the long-term availability of natural gas service to support the operation of its cogeneration power plant. Under the Company's Natural Gas Tariff, ICL will now obtain transportation service from Indiantown and will purchase natural gas from a third party supplier. The Amended Agreement provides specific procedures for the handling of scheduling and balancing of deliveries of natural gas transported by Indiantown. Issues addressed in the Amended Agreement include: design, construction, maintenance, operation, protection of the interconnection facilities; measurement and testing of gas; billing; and dispute resolution related to billing. The Amended Agreement will have no effect on revenue because ICL will be billed at the transportation rates set forth in accordance with the Company's Natural Gas Tariff.

Given the foregoing circumstances, we find that it is reasonable to approve the Amended Agreement between Indiantown and

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ICL. The Amended Agreement is hereby approved, effective the date of our vote on October 7, 2003, in this matter.

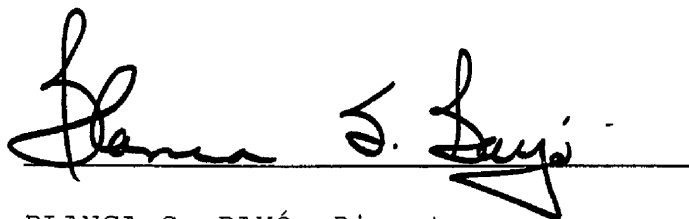
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Amended and Restated Natural Gas Transportation Service Agreement between Indiantown Cogeneration, L.P. and Indiantown Gas Company, Inc., is hereby approved, effective the date of the Commission vote on October 7, 2003, in this matter. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the Order, this Docket shall be closed upon the issuance of a Consummating Order.

By ORDER of the Florida Public Service Commission this 20th Day of October, 2003.

A handwritten signature in black ink, appearing to read "Blanca S. Bayó", is written over a horizontal line. The signature is stylized and cursive.

BLANCA S. BAYÓ, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

JSB

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 that is available under Section 120.57, 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 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 action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on November 10, 2003.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.