

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of transition cost recovery factor true-up by Peoples Gas System.

DOCKET NO. 031023-GU
ORDER NO. PSC-04-0039-PAA-GU
ISSUED: January 13, 2004

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING REFUND OF TRANSITION COST RECOVERY CHARGES

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.

By Order No. PSC-00-1814-TRF-GU, issued October 4, 2000, in Docket No. 000810-GU, In Re: Petition for approval of modifications to tariff provisions governing transportation of customer-owned gas and tariff provisions to implement Rule 25-7.0335, F.A.C., by Tampa Electric Company d/b/a Peoples Gas System, this Commission approved Peoples Gas System's ("Peoples" or "Company") proposed Transition Cost Recovery ("TCR") charges for the purpose of recovering an estimated \$2.9 million in non-recurring charges associated with complying with Rule 25-7.0335, Florida Administrative Code ("Gas Transportation Rule"), which requires local distribution companies to offer natural gas transportation service to all non-residential customers. In that Order, we approved collection of the TCR charges for a period of three years, effective November 1, 2000, and required a true-up of any over-recovery or under-recovery of

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the actual charges incurred by Peoples to comply with the Gas Transportation Rule.

On October 30, 2003, Peoples filed a petition seeking approval to refund an over-recovery true-up balance to all its non-residential customers who paid the TCR factor. As stated in the Company's petition, Peoples collected a total of \$3,497,358 of TCR revenues from its customers and incurred costs of \$3,420,506, leaving an over-recovery balance of \$76,852.

Our staff conducted an audit of Peoples' TCR revenues and costs. Based on our staff's audit, Peoples' adjusted TCR revenues are \$3,515,172. The difference of \$17,814 (\$3,515,172 - \$3,497,358) was found to be due to posting errors and billing corrections. The adjusted costs incurred by Peoples (including carrying costs) are \$3,436,834. The difference of \$16,328 (\$3,436,834 - \$3,420,506) was found to be due to posting errors, software, and employee expense. We agree with these audit adjustments. As a result of these adjustments, we find that the appropriate true-up balance to be refunded is \$78,338 (\$3,515,172 - \$3,436,834.)

Peoples seeks authority to refund the over-recovery balance through a one-time credit to the customers who paid the TCR factor. We authorize Peoples to do so and find that the refund shall be allocated across the rate classes that paid the TCR using the same allocation methodology used to set interim rates. This allocation results in the following refund factors to be applied:

<u>Rate Class</u>	<u>Cents per Therm</u>
CSL	0.119
SGS	0.754
GS-1	0.267
GS-2	0.220
GS-3	0.186
GS-4	0.169
GS-5	0.095
Nat. Gas. Veh.	0.140
SIS	0.068
IS	0.032
ISLV	0.009
WHS	0.129

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We recognize that the refund amount received by customers will vary based on usage, and the Company may refund more or less than the required \$78,338. Peoples proposes a one-time charge or credit to its Purchased Gas Adjustment balance for any difference. We find this proposal reasonable.

In conclusion, we find that Peoples' shall refund the adjusted over-recovery balance of \$78,338 pursuant to the terms set forth above.

Based on the foregoing, it is

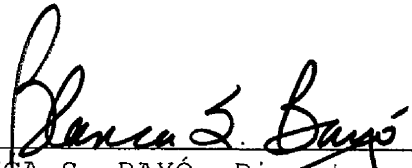
ORDERED by the Florida Public Service Commission that Peoples Gas System shall refund its \$78,338 over-recovery of Transition Cost Recovery charges to non-residential customers as set forth in the body of this Order. It is further

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 in the event this Order becomes final, this docket shall be closed.

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By ORDER of the Florida Public Service Commission this 13th
Day of January, 2004.



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

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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 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

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the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on February 3, 2004.

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.