



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

RECORDS AND REPORTING
OCT - 7 AM 9:00
REC'D MID-FPSC

DATE: OCTOBER 7, 1999

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF ELECTRIC AND GAS (MAKIN, BULECZA-BANKS, BROWN)
DIVISION OF LEGAL SERVICES (COLLINS) *ARC RVE JDT*

RE: DOCKET NO. 990921-GU - PETITION BY TAMPA ELECTRIC COMPANY
D/B/A PEOPLES GAS SYSTEM AND FLORIDA DIVISION OF
CHESAPEAKE UTILITIES CORPORATION FOR APPROVAL OF
TERRITORIAL BOUNDARY AGREEMENT IN HILLSBOROUGH, POLK, AND
OSCEOLA COUNTIES.

AGENDA: 10/19/99 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: ISSUE IN THIS RECOMMENDATION SHOULD BE
CONSIDERED TOGETHER WITH RECOMMENDATION IN
DOCKET NO. 991265-GU, ALSO FILED OCTOBER 7,
1999.

FILE NAME AND LOCATION: S:\PSC\EAG\WP\990921.RCM

ISSUE 1: Should the Commission approve the joint petition by Tampa
Electric Company d/b/a Peoples Gas System (PGS) and Florida
Division of Chesapeake Utilities Corporation (CUC) for a
territorial boundary agreement in Hillsborough, Polk and Osceola
Counties?

RECOMMENDATION: Yes. The Commission should approve the joint
petition of PGS and CUC for a territorial boundary agreement in
Hillsborough, Polk and Osceola Counties. (MAKIN, BULECZA-BANKS,
BROWN)

DOCUMENT NUMBER-DATE

12116 OCT-7 99

FPSC-RECORDS/REPORTING

STAFF ANALYSIS: On July 15, 1999, PGS and CUC filed a joint petition for a territorial boundary agreement in Hillsborough, Polk and Osceola Counties. Potential disputes have arisen between CUC and PGS with respect to which of them should serve potential ~~natural gas customers located in these counties.~~ To resolve these potential disputes, the petitioners have entered into an agreement that defines the territorial boundaries in portions of Hillsborough, Polk and Osceola Counties. All terms and conditions pertaining to and implementation of, are set forth in the agreement.

Rule 25-7.0471(2), Florida Administrative Code (FAC), sets forth the filing requirements necessary to be met to warrant Commission approval. The requirements are: (a) the reasonableness of the purchase price of any facilities being transferred; (b) the reasonable likelihood that the agreement, in and of itself, will not cause a decrease in the reliability of natural gas service to the existing or future ratepayers of any utility party to the agreement; (c) the reasonable likelihood that the agreement will eliminate existing or potential uneconomic duplication of facilities, and (d) other relevant factors that may arise from the circumstances of a particular case.

As part of the agreement, CUC will transfer the properties associated with the Fish Hawk Ranch Gate Station, along with the distribution facilities fed by the Fish Hawk Ranch Gate Station used to serve gas customers. As addressed in the Agreement, the properties will be transferred at depreciated book value. Staff believes the purchase price is reasonable.

As contemplated by Rule 25-7.0473(d) (FAC), each customer to be transferred from CUC to PGS in the Fishhawk Ranch subdivision were contacted and informed of the future change in rates. All customers in Fishhawk Ranch are residential. The average residential customer using 25 therms will see a decrease of \$1.45 in base rate charges.

PGS will transfer properties needed to serve the Lancaster Correctional Facility and the North Florida Reception Center to CUC. The facilities are located in Gilchrist County and Union County, respectively. Those properties will be transferred to CUC at depreciated book value. Staff believes the purchase price is reasonable. Under CUC's current rate structure, these customers will be subject to an increase in rates and charges. CUC has filed a petition seeking approval to amend its Firm Transportation Service Agreement with these customers so that CUC can apply the

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same rates charged by PGS. (Docket No. 991265-GU, petition filed on August 31, 1999.)

Prior to the second anniversary of the Agreement, and no more than every fifth anniversary thereafter, CUC and PGS will meet to review the Agreement. They will file a joint report indicating the status of the Agreement.

Over the years, CUC and PGS have engaged in territorial disputes. As each utility expands its system, the distribution facilities become closer and closer, leading to disputes over which is entitled to the unserved areas. The purpose of this Agreement is to set forth new territorial boundaries to reduce or avoid the potential for future disputes between CUC and PGS, and to prevent the potential duplication of facilities.

Approval of this Agreement will not result in the decrease in availability or reliability of natural gas service to existing or future ratepayers of either CUC or PGS. Staff is not aware of any relevant factors remaining in this particular case. Based on the above analysis, Staff recommends that the joint petition of PGS and CUC be approved, effective the date of the Commission vote.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no person whose substantial interests are affected files a request for a Section 120.57(1), Florida Statutes, hearing within 21 days of the order, the order will become final and effective upon the issuance of a consummating order. Because no further action will be required, this docket should be closed. (COLLINS)

STAFF ANALYSIS: If no person whose substantial interests are affected files a request for a Section 120.57(1), Florida Statutes, hearing within 21 days of the order, the order will become final and effective upon the issuance of a consummating order. Because no further action will be required, this docket should be closed.

Wayne L. Schiefelbein
Attorney at Law

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8/24/99

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My fax number is --
(850) 531-0011

Thanks !!

Wayne

990921



DEPARTMENT OF MANAGEMENT
SERVICES

4050 Esplanade Way • Tallahassee, Florida 32399-0950

JEB BUSH, GOVERNOR

THOMAS D. MCCURK, SECRETARY

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August 24, 1999

Suite 260

VIA FACSIMILE TO 413-7118
ORIGINAL VIA REGULAR MAIL

Blanca Bayó, Director
Division of Records and Reporting
Florida Public Service Commission
Tallahassee, Florida 32399

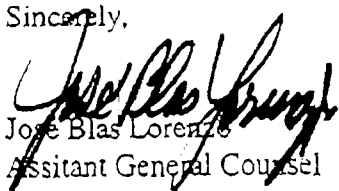
Dear Ms. Bayó:

Please be advised that the Florida Department of Management Services, Office of General Counsel, desires to have interested party status on the following two dockets:

Docket No. 990935-GU 7/17/99 PETITION OF PEOPLES GAS SYSTEM
Docket No. 990921-GU 7/15/99 JOINT PETITION

We would like all pleadings and filing sent to the attention of Mr. Stephen S. Mathues, Director, Energy Direct, 4050 Esplanade Way, Suite 335, Tallahassee, Florida 32399-0950. If there is any questions, please do not hesitate to contact me.

Sincerely,


Jose Blas Lorenze
Assistant General Counsel

JBL:mc

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Done 8/24/99

STATE OF FLORIDA

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



DIVISION OF RECORDS & REPORTING
BLANCA S. BAYÓ
DIRECTOR
(850) 413-6770

Public Service Commission

July 16, 1999

Ansley Watson, Jr., Attorney
Macfarlane Ferguson & McMullen
Post Office Box 1531
Tampa, Florida 33601

Re: Docket No. 990921-GU

Dear Mr. Watson:

This will acknowledge receipt of a petition by Tampa Electric Company d/b/a Peoples Gas System and Florida Division of Chesapeake Utilities Corporation for approval of territorial boundary agreement in Hillsborough, Polk, and Osceola Counties, which was filed by this office on July 15, 1999 and assigned the above-referenced docket number. Appropriate staff members will be advised.

Mediation may be available to resolve any dispute in this docket. If mediation is conducted, it does not affect a substantially interested person's right to an administrative hearing. For more information, contact the Office of General Counsel at (850) 413-6078 or FAX (850) 413-6079.

Division of Records and Reporting
Florida Public Service Commission