

BEFORE THE PUBLIC SERVICE COMMISSION

In Re: Petition of the Florida Division)
Of Chesapeake Utilities Corporation)
for Acknowledgement or Approval)
of Amendments to Four Gas)
Transportation Agreements)
_____)

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PETITION FOR ACKNOWLEDGEMENT OR APPROVAL
OF AMENDMENTS TO FOUR GAS TRANSPORTATION AGREEMENTS

The Florida Division of Chesapeake Utilities Corporation ("Florida Division"), by and through undersigned counsel, petitions the Florida Public Service Commission (the "Commission"), pursuant to Section 366.06, Florida Statutes, and Rule 25-9.034, for acknowledgement or approval of amendments to four (4) gas transportation agreements.

In support of its Petition, the Florida Division states as follows:

- 1. The name and address of the Petitioner is:

Chesapeake Utilities Corporation
Florida Division
P.O. Box 960
Winter Haven, FL 33882-0960

- 2. The name, address and telephone number of the person authorized to receive all notices, pleadings, correspondence and other communications with respect to this Petition are:

Wayne L. Schiefelbein
Wiggins & Villacorta
P.O. Drawer 1657
Tallahassee, FL 32302
(850) 385-6007
(850) 385-6008 (facsimile)

Attorneys for Chesapeake Utilities Corporation, Florida Division.

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3. The Florida Division is a natural gas distribution company subject to the regulatory jurisdiction of this Commission as prescribed in Chapter 366, Florida Statutes.
4. By Order No. PSC-94-0541-FOF-GU, issued on May 10, 1994, as amended by Order No. PSC-94-0541A-FOF-GU, issued on May 18, 1994, the Commission approved a special contract gas transportation agreement between the Florida Division and Polk Power Partners, L.P. The rates approved therein included both the State of Florida's Gross Receipts Tax and the Commission's then existing Regulatory Assessment Fee embedded in the base rates.
5. By Order No. PSC-94-1169-FOF-GU, issued on September 26, 1994, the Commission approved a special contract gas transportation agreement between the Florida Division and Orange Cogeneration Limited Partnership. The rates approved therein included both the State of Florida's Gross Receipts Tax and the Commission's then existing Regulatory Assessment Fee embedded in the base rates.
6. By Order No. PSC-98-0455-FOF-GU, issued on March 31, 1998, as amended by Order No. PSC-98-0455A-FOF-GU, issued on April 3, 1998, the Commission, within the context of a limited proceeding to restructure the Florida Division's rates, approved special contract gas transportation agreements, with IMC-Agrico Company and Alumax Extrusions, Inc. The rates approved therein included both the State of Florida's Gross Receipts tax

and the Commission's then existing Regulatory Assessment Fee embedded in the base rates.

7. In November, 1998, the Florida Division obtained a Technical Assistance Advisement from the State of Florida Department of Revenue, stating that collection of the State of Florida's Gross Receipts Tax was not required for the Florida Division's gas transportation services.
8. By Order No. PSC-98-1659-FOF-GU, issued on December 9, 1998, The Commission adopted amendments to Rule 25-7.0131, Florida Administrative Code, which, effective January 1, 1999, increased the regulatory assessment fee applicable to the Florida Division and its customers from .00375 to .005 of its gross operating revenues derived from intrastate business, with exclusions not pertinent hereto.
9. Paragraph no. 6.2 of the Commission-approved gas transportation agreement with Polk Power Partners, L.P., paragraph no. 7.2 of the Commission-approved gas transportation agreement with Orange Cogeneration L.P., paragraph no 7.2 of the Commission-approved gas transportation agreement with IMC-Agrico Company, and paragraph no. 7.2 of the Commission-approved gas transportation agreement with Alumax Extrusions, Inc. all provide, with minor variations not here pertinent, as follows:

If, during the term of this Agreement the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax, relating to the service provided by Transporter under this Agreement, any such additional tax actually paid

by Transporter shall be computed on a cents per dekatherm basis and added to the then effective rate hereunder. . . . If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should decrease or eliminate any tax paid by Transporter relating to the service provided by Transporter under this Agreement, the reduction in such tax shall be computed on a cents per dekatherm basis and subtracted from the then effective rate hereunder.

10. Consistent with the foregoing provisions of the Commission-approved special contracts, the Florida Division adjusted the rates per dekatherm with each of the four (4) customers, (1) to eliminate the Gross Receipts Tax embedded within said rates effective in November, 1998, for the first applicable billing month after the Florida Division's receipt of the Technical Assistance Advisement; and (2) to increase said rates to reflect the increase in Regulatory Assessment Fee in January, 1999, for the first applicable billing month after the effective date of the increase in the Regulatory Assessment Fee. Amendments to said agreements, as revised exhibits thereto, were duly entered into to reflect these rate changes, and are attached to this petition as Exhibits 1 and 2 for IMC-Agrico Company; 3 and 4 for Alumax Extrusions, Inc.; 5 for Orange Cogeneration, L.P., and 6 for Polk Power Partners, L.P.. Redacted copies of Exhibits 1 through 4 accompany this petition. Unredacted copies are submitted with a Request for Confidential Classification filed concurrently herewith.

11. The Florida Division executed said amendments to said gas transportation agreements in good faith under the belief that Commission approval of the agreements themselves, which contain the provisions requiring a pass through of tax increases and reductions, granted sufficient authority to the Florida Division to implement such pass-through. However, in an abundance of caution, the Florida Division has decided to formalize its prior actions through the instant petition and requests that the Commission acknowledge or approve the amendments to the gas transportation agreements.

WHEREFORE, The Florida Division requests that the Commission issue an order acknowledging or approving the amendments to the four (4) gas transportation agreements that are the subject of this petition.

Respectfully submitted,



Wayne L. Schiefelbein
Florida Bar No. 265047
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P.O. Drawer 1657
Tallahassee, FL 32302
(850) 385-6007
(850) 385-6008 (facsimile)

Attorneys for the Florida Division of
Chesapeake Utilities Corporation

EXHIBIT 1

**FIRST REVISED
EXHIBIT B
TO
GAS TRANSPORTATION AGREEMENT
BETWEEN
CHESAPEAKE UTILITIES CORPORATION AND
IMC-AGRICO COMPANY
EFFECTIVE NOVEMBER 1, 1998**

Transportation Rates

The rates to be charged for each dekatherm of gas delivered to Shipper's facility under this Agreement shall be as follows:

Monthly Quantity

Rate per Dekatherm

All Dekatherms



TRANSPORTER:

Chesapeake Utilities Corporation,
a Delaware Corporation

By: *Stephen C. Thompson*

Name: Stephen C. Thompson

Title: Vice President

Date: 3-22-99

SHIPPER:

IMC-Agrico Company, a
Delaware general partnership

By: IMC-Agrico MP, Inc.,
a Delaware corporation as
its managing general partner.

By: *Hermann H. Wittje*

Name: Hermann H. Wittje

Vice President

Title: Strategic Sourcing & By-Product Marketing

Date: March 11, 1999

EXHIBIT 2

**SECOND REVISED
EXHIBIT B
TO
GAS TRANSPORTATION AGREEMENT
BETWEEN
CHESAPEAKE UTILITIES CORPORATION AND
IMC-AGRICO COMPANY
EFFECTIVE JANUARY 1, 1999**

Transportation Rates

The rates to be charged for each dekatherm of gas delivered to Shipper's facility under this Agreement shall be as follows:

<u>Monthly Quantity</u>	<u>Rate per Dekatherm</u>
All Dekatherms	[REDACTED]

TRANSPORTER:

Chesapeake Utilities Corporation,
a Delaware Corporation

By: Stephen C. Thompson

Name: Stephen C. Thompson

Title: Vice President

Date: 3-22-99

SHIPPER:

IMC-Agrico Company, a
Delaware general partnership

By: IMC-Agrico MP, Inc.,
a Delaware corporation as
its managing general partner.

By: Hermann H. Wittje

Name: Hermann H. Wittje
Vice President

Title: Strategic Sourcing & By-Product Marketing

Date: March 11, 1999

EXHIBIT 3

**FIRST REVISED
EXHIBIT B
TO
GAS TRANSPORTATION AGREEMENT
BETWEEN
CHESAPEAKE UTILITIES CORPORATION
AND
ALUMAX EXTRUSIONS, INC.
EFFECTIVE NOVEMBER 1, 1998**

Transportation Rates

The rates to be charged for each dekatherm of gas transported under this Agreement shall be as follows:

Rate per Dekatherm

[REDACTED]

In addition to the charge stated above per dekatherm, there will be a Monthly Meter Charge of \$40 per meter located at the Plant City facility per month.

Company:

Chesapeake Utilities Corporation

By: Stephen C. Thompson

Title: Vice President

Date: 8-11-99

Shipper:

Alumax Extrusions, Inc.

By: William L Gardner

Title: General Manager

Date: 7-13-99

EXHIBIT 4

**SECOND REVISED
EXHIBIT B
TO
GAS TRANSPORTATION AGREEMENT
BETWEEN
CHESAPEAKE UTILITIES CORPORATION
AND
ALUMAX EXTRUSIONS, INC.
EFFECTIVE JANUARY 1, 1999**

Transportation Rates

The rates to be charged for each dekatherm of gas transported under this Agreement shall be as follows:

Rate per Dekatherm

[REDACTED]

In addition to the charge stated above per dekatherm, there will be a Monthly Meter Charge of \$40 per meter located at the Plant City facility per month.

Company:

Chesapeake Utilities Corporation

By: Stephen C. Thompson

Title: Vice President

Date: 8-11-99

Shipper:

Alumax Extrusions, Inc.

By: William L. Gardner

Title: Controller

Date: 6-23-99

EXHIBIT 5

AMENDMENT
TO
GAS TRANSPORTATION AGREEMENT
BETWEEN
CENTRAL FLORIDA GAS COMPANY
AND
ORANGE COGENERATION LIMITED PARTNERSHIP

EFFECTIVE NOVEMBER 1, 1998

In accordance with the provisions of Paragraph 6.2 of the Gas Transportation Agreement between Central Florida Gas Company and Orange Cogeneration Limited Partnership dated July 12, 1994, the parties agree that the rate to be charged for each dekatherm of gas received, transported and redelivered hereunder by Transporter shall be as set forth below.

Rate effective November 1, 1998 through December 31, 1998

\$.01478 per dt

Rate effective January 1, 1999 through remainder of term of agreement

\$.01479 per dt

The rates set forth in this amendment supercede Paragraph 6.1 of the Gas Transportation Agreement between the parties dated July 12, 1994.

Central Florida Gas Company
Division of Chesapeake Utilities
Corporation

By: Thomas A. Geoffrey
Name: Assistant Vice President
Title: Thomas A. Geoffrey
Date: 12/21/99

Orange Cogeneration Limited
Partnership

By: Allan W. Smith
Name: Allan W. Smith
Title: General Manager, Orange Cogeneration LP, I
Date: 12/16/99

EXHIBIT 6

C. The rate per dt of gas transported hereunder for the daily quantities specified in Sections A and B of this Exhibit A shall be the rate per dt for the applicable calendar year set forth below:

(per dt)

\$0.210	(January 1, 1994 – December 31, 1994)
\$0.226	(January 1, 1995 – December 31, 1995)
\$0.243	(January 1, 1996 – December 31, 1996)
\$0.261	(January 1, 1997 – December 31, 1997)
\$0.280	(January 1, 1998 – October 31, 1998)
\$.27578	(November 1, 1998 – December 31, 1998)
\$.29684	(January 1, 1999 – December 31, 1999)
\$.31952	(January 1, 2000 – December 31, 2000)
\$.34319	(January 1, 2001 – December 31, 2001)
\$.36883	(January 1, 2002 – December 31, 2002)
\$.39645	(January 1, 2003 – December 31, 2003)
\$.42603	(January 1, 2004 – December 31, 2004)
\$.45858	(January 1, 2005 – December 31, 2005)
\$.49211	(January 1, 2006 – December 31, 2006)
\$.52958	(January 1, 2007 – December 31, 2007)
\$.56903	(January 1, 2008 – December 31, 2008)
\$.61143	(January 1, 2009 – December 31, 2009)
\$.65778	(January 1, 2010 – December 31, 2010)
\$.70709	(January 1, 2011 – December 31, 2011)
\$.76035	(January 1, 2012 – December 31, 2012)
\$.81755	(January 1, 2013 – December 31, 2013)
\$.87869	(January 1, 2014 – December 31, 2014)
\$.94476	(January 1, 2015 – December 31, 2015)

D. The rate per dt of gas transported hereunder in excess of the daily quantities specified in Sections A and B of this Exhibit A shall be \$0.02462 effective November 1, 1998 through December 31, 1998.

E. The rate per dt of gas transported hereunder in excess of the daily quantities specified in Sections A & B of this Exhibit A shall be \$0.02465 effective January 1, 1999 and continuing throughout the remainder of the term of this Agreement.

Central Florida Gas Company

By: Thomas A. Geoffrey

Name: Thomas A. Geoffrey

Title: Assistant VP

Date: 12/21/99

Polk Power Partners, L. P.

By: Atlan W. Smith

Name: Atlan W. Smith

Title: General Manager, Polk Power GP, Inc.

Date: 12/16/99