

LAW OFFICES
MESSER, CAPARELLO & SELF
A PROFESSIONAL ASSOCIATION

215 SOUTH MONROE STREET, SUITE 701
POST OFFICE BOX 1876
TALLAHASSEE, FLORIDA 32302-1876
TELEPHONE: (850) 222-0720
TELECOPIER: (850) 224-4359
INTERNET: www.lawfla.com

January 18, 2001

ORIGINAL
RECEIVED-FPSC
01 JAN 18 PM 4:15
RECORDS AND
REPORTING

BY HAND DELIVERY

Ms. Blanca Bayó, Director
Division of Records and Reporting
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: FPSC Docket No. 010003-GU

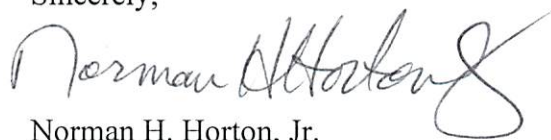
Dear Ms. Bayó:

Enclosed for filing on behalf of Sebring Gas System, Inc. are an original and fifteen copies of Sebring Gas System, Inc.'s Petition for Approval of Mid-Course Correction in PGA Cap in the above referenced docket.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the same to me.

Thank you for your assistance with this filing.

Sincerely,



Norman H. Horton, Jr.

NHH/amb

Enclosure

cc: Mr. Jerry Melendy
Parties of Record

- APP _____
- CAF _____
- CMP _____
- COM 3 _____
- CTR _____
- ECR _____
- LEG 1 _____
- OPC _____
- PAI _____
- RGO _____
- SEC 1 _____
- SER _____
- OTH _____

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

00767 JAN 18 2001

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment (PGA))
True-Up)
_____)

Docket No. 010003-GU
Filed: January 18, 2001

**PETITION OF SEBRING GAS SYSTEM, INC.
FOR APPROVAL OF MID-COURSE CORRECTION IN PGA CAP**

Sebring Gas System, Inc. (“Sebring”), by the undersigned, hereby files its petition for approval of a revision, through a mid-course correction, to its purchased gas adjustment (“PGA”) cap to be applied to bills immediately, and in support thereof says:

1. The name of the petitioner and the mailing address of its principal office in Florida is:

Sebring Gas System, Inc.
3515 U.S. Hwy. 27, South
Sebring, FL 33870-5452

2. The names and mailing addresses of the persons authorized to receive notices and communications with respect to this petition are:

Norman H. Horton, Jr.
Messer, Caparello & Self, P.A.
P.O. Box 1876
Tallahassee, FL 32302-1876
(850) 222-0720

Mr. Jerry H. Melendy, Jr.
Sebring Gas System, Inc.
3515 U.S. Hwy. 27, South
Sebring, FL 33870-5452
(863) 385-0194

3. This Commission has adopted a method for the recovery of purchased gas costs by regulated natural gas utilities, to be used for the recovery of such costs through the calendar year, commencing January 1, and ending December 31. For the calendar year 2001, each investor-owned natural gas utility has been assigned a levelized “PGA” factor which serves as a cap, or maximum recovery factor. By Order No. PSC-00-2383-FOF-GU, issued December 12,

2000, The Commission approved a levelized PGA cap of 70.663 cents per therm for Sebring for the period January, 2001 to December, 2001.

4. As indicated by the Schedules E-1 (attached hereto as Appendix 1), the Company's re-projected expenses for the period January 2001 through December 2001, will substantially exceed revenues. At current gas prices the Company projects that it will underrecover by approximately \$467,556, which is substantially more than initially projected when the current cap was established.

5. This drastic increase is caused by rapid and significant increases in prices for natural gas. A colder than normal winter and lower supply levels across the nation have put substantial pressure on prices. It is not expected that there will be any significant reductions in these prices thus the current situation will continue. Without the requested mid-course revision, the company and its customers will be adversely affected.

6. In Order No. PSC-93-0708-FOF-GU, Issued May 10, 1993, in Docket No. 930003-GU, the commission determined that a utility may at its option, formally request a mid-course correction if re-projected expenses for the remaining period significantly exceed projected revenues for the period, when using the Commission-approved cap.

7. Sebring Gas requests that the Commission approve an increase in its PGA cap from 70.663 cents per therm to \$1.27011 per therm. Because of the need to reduce the projected underrecovery the Company requests the increased cap become effective as of the date of the Commission vote. This treatment is warranted given the magnitude of the projected underrecovery and the need to reduce the projected underrecovery of expenses. The Commission has previously approved mid-course corrections to become effective at earlier dates under similar circumstances when the amount of the projected underrecovery was substantial.

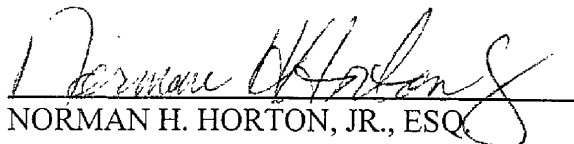
Most recently mid-course corrections have been approved in Order Nos. PSC-00-1422-PCO-GU, PSC-00-1523-PCO-GU, PSC-00-1524-PCO-GU, and others.

9. The Company recognizes there will not be time to conduct a prudence review of the Company's re-projections of purchased gas costs prior to the implementation of the increase in the PGA factor sought by this petition. However, such prudence review will occur as a matter of course at the November hearing to be held in this docket. If the increase in the cost recovery cap is ultimately found imprudent, ratepayers will suffer no harm, since any costs found imprudent will be disallowed for recovery and such disallowance will flow to the ratepayers through the true-up mechanism which is an integral part of the procedures in this docket. On the other hand, if the mid-course correction is not implemented and the Company's costs are found to have been prudently incurred, the Company would be entitled to collect interest from its ratepayers on the amount of the underrecovery, thereby further increasing the cost of gas to the ratepayers.

WHEREFORE, Sebring Gas System, Inc. respectfully requests that the Commission enter its order approving an increase in the Sebring Gas System, Inc. maximum PGA cap effective upon vote.

Respectfully submitted,

MESSER, CAPARELLO, & SELF, P. A.
Post Office Box 1876
Tallahassee, FL 32302-1876
(850) 222-0720


NORMAN H. HORTON, JR., ESQ.

Attorneys for Sebring Gas System, Inc.

PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION

REVISED ESTIMATE FOR THE PROJECTED PERIOD:

JANUARY 2001 THROUGH DECEMBER 2001

COST OF GAS PURCHASED	PRODUCTION												TOTAL
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
1 COMMODITY (Pipeline)	\$328	\$328	\$293	\$276	\$255	\$240	\$221	\$219	\$229	\$233	\$238	\$281	\$3,133
2 NO NOTICE SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
3 SWING SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
4 COMMODITY (Other)	\$88,582	\$84,580	\$77,280	\$72,800	\$67,200	\$63,280	\$58,240	\$57,880	\$60,256	\$61,376	\$62,608	\$73,920	\$628,752
5 DEMAND	\$3,908	\$3,822	\$3,453	\$3,291	\$3,038	\$2,853	\$2,632	\$2,607	\$2,724	\$2,774	\$2,830	\$3,341	\$37,321
6 OTHER	\$2,702	\$2,642	\$2,415	\$2,275	\$2,100	\$1,979	\$1,820	\$1,900	\$1,883	\$1,918	\$1,957	\$2,310	\$25,822
LESS END-USE CONTRACT													
7 COMMODITY (Pipeline)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 DEMAND	0	0	0	0	0	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0	0	0	0	0
11 TOTAL COST (+1+2+3+4-5+6)-(7+8+9+10)	\$96,490	\$91,346	\$83,481	\$78,642	\$72,583	\$68,358	\$62,914	\$62,309	\$65,091	\$66,301	\$67,632	\$79,852	\$695,008
12 NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	0
13 COMPANY USE	0	0	0	0	0	0	0	0	0	0	0	0	0
14 TOTAL THERM SALES	\$100,871	\$95,572	\$87,344	\$82,280	\$75,951	\$71,521	\$65,824	\$65,191	\$68,103	\$69,369	\$70,761	\$83,546	\$838,322
THERMS PURCHASED													
15 COMMODITY (Pipeline) Billing Determinants Only	77,200	75,500	69,000	65,000	60,000	56,500	52,000	51,500	53,800	54,800	55,900	66,000	737,200
16 NO NOTICE SERVICE Billing Determinants Only	0	0	0	0	0	0	0	0	0	0	0	0	0
17 SWING SERVICE Commodity	0	0	0	0	0	0	0	0	0	0	0	0	0
18 COMMODITY (Other) Commodity	77,200	75,500	69,000	65,000	60,000	56,500	52,000	51,500	53,800	54,800	55,900	66,000	737,200
19 DEMAND Billing Determinants Only	104,220	101,925	93,150	87,750	81,000	76,275	70,200	69,525	72,530	73,980	75,465	89,100	995,220
20 OTHER Commodity	77,200	75,500	69,000	65,000	60,000	56,500	52,000	51,500	53,800	54,800	55,900	66,000	737,200
LESS END-USE CONTRACT													
21 COMMODITY (Pipeline)	0	0	0	0	0	0	0	0	0	0	0	0	0
22 DEMAND	0	0	0	0	0	0	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0	0	0	0	0	0	0
24 TOTAL PURCHASES (+17+18+20)-(21+22+23)	77,200	75,500	69,000	65,000	60,000	56,500	52,000	51,500	53,800	54,800	55,900	66,000	737,200
25 NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	0
26 COMPANY USE	0	0	0	0	0	0	0	0	0	0	0	0	0
27 TOTAL THERM SALES (24-26)	77,200	75,500	69,000	65,000	60,000	56,500	52,000	51,500	53,800	54,800	55,900	66,000	737,200
CENTS PER THERM													
28 COMMODITY (Pipeline) (1/15)	0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425	0.425
29 NO NOTICE SERVICE (2/16)	0	0	0	0	0	0	0	0	0	0	0	0	0
30 SWING SERVICE (3/17)	0	0	0	0	0	0	0	0	0	0	0	0	0
31 COMMODITY (Other) (4/18)	116.000	112.000	112.000	112.000	112.000	112.000	112.000	112.000	112.000	112.000	112.000	112.000	112.419
32 DEMAND (5/19)	3.772	3.772	3.772	3.772	3.772	3.772	3.772	3.772	3.772	3.772	3.772	3.772	3.772
33 OTHER (6/20)	3.500	3.500	3.500	3.500	3.500	3.500	3.500	3.500	3.500	3.500	3.500	3.500	3.500
LESS END-USE CONTRACT													
34 COMMODITY Pipeline (7/21)	0	0	0	0	0	0	0	0	0	0	0	0	0
35 DEMAND (8/22)	0	0	0	0	0	0	0	0	0	0	0	0	0
36	0	0	0	0	0	0	0	0	0	0	0	0	0
37 TOTAL COST OF PURCHASE (11/24)	124.988	120.988	120.988	120.988	120.988	120.988	120.988	120.988	120.988	120.988	120.988	120.988	121.405
38 NET UNBILLED (12/25)	0	0	0	0	0	0	0	0	0	0	0	0	0
39 COMPANY USE (13/26)	0	0	0	0	0	0	0	0	0	0	0	0	0
40 TOTAL COST OF THERM SOLD (37)	124.988	120.988	120.988	120.988	120.988	120.988	120.988	120.988	120.988	120.988	120.988	120.988	121.405
41 TRUE-UP (E-4)	3.22380	3.22380	3.22380	3.22380	3.22380	3.22380	3.22380	3.22380	3.22380	3.22380	3.22380	3.22380	3.22380
42 TOTAL COST OF GAS (40+41)	128.212	124.212	124.212	124.212	124.212	124.212	124.212	124.212	124.212	124.212	124.212	124.212	124.630
43 REVENUE TAX FACTOR	1.01911	1.01911	1.01911	1.01911	1.01911	1.01911	1.01911	1.01911	1.01911	1.01911	1.01911	1.01911	1.01911
44 PGA FACTOR ADJUSTED FOR TAXES (42x43)	130.662	126.585	126.585	126.585	126.585	126.585	126.585	126.585	126.585	126.585	126.585	126.585	127.011
45 PGA FACTOR ROUNDED TO NEAREST .001	130.662	126.585	126.585	126.585	126.585	126.585	126.585	126.585	126.585	126.585	126.585	126.585	127.011

SEBRING GAS SYSTEM, INC.

COMPARISON OF PROJECTED GAS SALES
ORIGINAL APPROVED CAP VS. REVISED MID-COURSE, 2001

MONTH	A EST THERM SALES	B APPROVED PGA CAP	C ESTIMATED PGA (MID-COURSE)	D PGA DIFFERENCE B-C	E PGA UNDER- RECOVERY A X C	F EST INTERES 6.50 % E X 6.50%	G PGA LESS INT E + F
JAN	77,200	\$0.70663	\$1.27011	(\$0.56348)	(\$43,501)	\$2,828	(\$40,673)
FEB	75,500	\$0.70663	\$1.27011	(\$0.56348)	(\$42,543)	\$2,765	(\$39,777)
MAR	69,000	\$0.70663	\$1.27011	(\$0.56348)	(\$38,880)	\$2,527	(\$36,353)
APR	65,000	\$0.70663	\$1.27011	(\$0.56348)	(\$36,626)	\$2,381	(\$34,245)
MAY	60,000	\$0.70663	\$1.27011	(\$0.56348)	(\$33,809)	\$2,198	(\$31,611)
JUN	56,500	\$0.70663	\$1.27011	(\$0.56348)	(\$31,837)	\$2,069	(\$29,767)
JUL	52,000	\$0.70663	\$1.27011	(\$0.56348)	(\$29,301)	\$1,905	(\$27,396)
AUG	51,500	\$0.70663	\$1.27011	(\$0.56348)	(\$29,019)	\$1,886	(\$27,133)
SEP	53,800	\$0.70663	\$1.27011	(\$0.56348)	(\$30,315)	\$1,970	(\$28,345)
OCT	54,800	\$0.70663	\$1.27011	(\$0.56348)	(\$30,879)	\$2,007	(\$28,872)
NOV	55,900	\$0.70663	\$1.27011	(\$0.56348)	(\$31,499)	\$2,047	(\$29,451)
DEC	66,000	\$0.70663	\$1.27011	(\$0.56348)	(\$37,190)	\$2,417	(\$34,772)
	737,200			(\$0.56348)	(\$415,397)	\$27,001	(\$388,397)

ACTUAL PGA OVERRECOVERY, NOV 2000	\$3,557	
ESTIMATED UNDERRECOVERY, DEC 2000	(\$55,715)	NOTE 1.
ESTIMATED UNDERRECOVERY FOR YR 200	(\$52,158)	
ESTIMATED UNDERRECOVERY FOR YR 200	(\$415,397)	
ESTIMATED UNDERRECOVERY AT 12/31/01	(\$467,556)	
ESTIMATED INTEREST FOR YR 2001	\$27,001	
ESTIMATED PGA UNDERRECOVERY W/INT	(\$440,555)	

NOTE 1. DEC 2000 THERM SALES (75,000) X APPROVED PGA (.52724) = \$39,543
 DEC 2000 THERM SALES X ESTIMATED PGA (1.27011) = \$95,258
 ESTIMATED UNDERRECOVERY FOR DEC 2000 = (\$55,715)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that true and correct copies of Sebring Gas System, Inc.'s Petition for Approval of Mid-course correction in PGA Cap in Docket No. 010003-GU have been served by hand delivery (*) and/or U. S. Mail this 18th day of January, 2001 upon the following:

Cochran Keating, Esq.*
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Blvd., Room 370
Tallahassee, FL 32399-0850

Lee L. Willis, Esq.
James D. Beasley, Esq.
Ausley & McMullen
Post Office Box 391
Tallahassee, FL 32302

Ms. Angela Llewellyn
Administrator, Regulatory Coordination
Tampa Electric Co.
P.O. Box 111
Tampa, FL 33601-0111

Joseph A. McGlothlin, Esq.
McWhirter, Reeves, McGlothlin,
Davidson Rief & Bakas, P.A.
117 S. Gadsden St
Tallahassee, FL 32301

Stephen C. Burgess
Deputy Public Counsel
Office of the Public Counsel
111 West Madison St., Rm 812
Tallahassee, FL 32399-1400

John W. McWhirter, Esq.
McWhirter, Reeves, McGlothlin,
Davidson, Rief & Bakas, P.A.
Post Office Box 3350
Tampa, FL 33601-3350

Mr. Robert Cooper
U.S. Gypsum Company
P.O. Box 806278
Chicago, IL 60680-4124

Mr. John T. English
President
Florida Public Utilities Company
P.O. Box 3395
West Palm Beach, FL 33402-3395

Mr. David M. Nicholson
Mrs. Ellen W. Anderton
Corporate Counsel
TECO Energy, Inc.
P.O. Box 111
Tampa, FL 33601-0111

Mr. David M. Nicholson
Peoples Gas System
P.O. Box 111
Tampa, FL 33601-0111


NORMAN H. HORTON, JR.