



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: DECEMBER 23, 2003

TO: DIRECTOR, DIVISION OF THE COMMISSION
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF COMPETITIVE MARKETS & ENFORCEMENT (MARSHALL,
MAKIN, BULECZA-BANKS) *WCK* *WCK*
OFFICE OF THE GENERAL COUNSEL (C. KEATING) *WCK* *WCK*

RE: DOCKET NO. 031023-GU - PETITION FOR APPROVAL OF TRANSITION
COST RECOVERY FACTOR TRUE-UP BY PEOPLES GAS SYSTEM.

AGENDA: 01/06/04 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMP\WP\031023.RCM

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CASE BACKGROUND

In Order No. PSC-00-1814-TRF-GU, issued October 4, 2000, 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, the Commission approved Peoples Gas System's ("Peoples" or the "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). The Rule requires local distribution companies (LDCs) to offer transportation service to all non-residential customers.

By Order PSC-00-1814-TRF-GU, the Commission approved the collection of the TCR charges for a period of three years, effective November 1, 2000. Further, the order provided for the

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true-up of any overrecovery or underrecovery of 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 its over-collection of TCR charges. This recommendation addresses Peoples' petition.

Jurisdiction in this matter is vested in the Commission by several provisions of Chapter 366, Florida Statutes, including Sections 366.04, 366.05, and 366.06, Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant Peoples' petition to refund the overrecovery true-up balance of \$76,852 to all non-residential customers who paid the transition cost recovery factor during the years 1999 - 2003?

RECOMMENDATION: No. Instead, Peoples should be required to refund \$78,338 which represents the audited overrecovery of its transition cost recovery charge. (MARSHALL, MAKIN, BULECZA-BANKS)

STAFF ANALYSIS: On October 30, 2003, Peoples filed a petition seeking approval to refund its overrecovery true-up balance to all its non-residential customers who paid the TCR factor. As stated in the Company's petition, it collected a total of \$3,497,358 of TCR revenues from its customers and incurred costs of \$3,420,506, leaving a balance of \$76,852 overrecovery. Staff conducted an audit of Peoples' TCR revenues and costs. Based on staff's audit, Peoples' adjusted TCR revenues are \$3,515,172. The difference of \$17,814 (\$3,515,172 - \$3,497,358) is due to posting errors and billing corrections. The adjusted costs incurred by Peoples (including carrying costs) is \$3,436,834. The difference of \$16,328 (\$3,436,834 - \$3,420,506) is due to posting errors, software, and employee expense. As a result of the audit adjustments, the appropriate true-up balance is \$78,338 (\$3,515,172 - \$3,436,834.)

Peoples seeks authority to refund the overrecovery of its actual transition costs through a one-time credit to the customers who paid the TCR factor. The TCR true-up refund should be allocated across rate classes that paid the TCR using the same allocation methodology used to set interim rates. This results in the following refund factors:

Transition Refund	
<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

As the refund amount received by customers will vary based on usage, the Company may refund more or less than the required \$78,338. Peoples proposes a one-time charge or credit to the Purchased Gas Adjustment for any difference.

Based on staff's analysis, staff recommends that the Commission not approve Peoples' petition to refund an overrecovery balance of \$76,852. Instead, staff recommends that the Commission approve a refund of the adjusted overrecovery balance of \$78,338, pursuant to the terms set forth above.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. This docket should be closed upon the issuance of a Consummating Order if no person whose interests are substantially affected by the proposed action files a protest within the 21-day protest period. (KEATING)

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, this docket should be closed upon the issuance of a Consummating Order.