

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of tariff sheets reflecting gas service to customers in the City of Ft. Meade, by Florida Public Utilities Company.

DOCKET NO. 130258-GU
ORDER NO. PSC-13-0676-TRF-GU
ISSUED: December 20, 2013

The following Commissioners participated in the disposition of this matter:

RONALD A. BRISÉ, Chairman
LISA POLAK EDGAR
ART GRAHAM
EDUARDO E. BALBIS
JULIE I. BROWN

ORDER APPROVING TARIFF SHEETS

BY THE COMMISSION:

Background

On October 22, 2013, Florida Public Utilities Company (FPUC) filed a petition requesting our approval of tariff sheets containing service information for customers in the City of Fort Meade, Florida (the City). The petition also provided notice to us that FPUC will acquire the natural gas system serving the City of Fort Meade, which will be known as Florida Public Utilities Company – Fort Meade Division (Ft. Meade Division). Upon finalization of the acquisition, currently scheduled for December 2, 2013, Fort Meade will operate as a new investor-owned natural gas utility in Florida as a division of FPUC, which is a subsidiary of Chesapeake Utilities Corporation.

The City provides natural gas service to about 1,100 customers; however, relatively low revenues during the past few years prompted the City Commission to sell the system. The purchase agreement for the sale of the system to FPUC was approved by the City Commission on October 8, 2013. FPUC purchased the system for \$820,000 plus an additional amount of \$20,000 to be paid annually over the next 5 years for economic development, community improvements, or installation of natural gas improvements in the Ft. Meade area. A 30-year franchise agreement for the Ft. Meade Division to provide natural gas service to customers in the City was approved at the City Commission's November 12, 2013 meeting. Under the agreement, the City will collect an annual franchise fee of \$10,000 from the Ft. Meade Division.

We have no authority over acquisitions; however, as discussed below, we do have authority over rates and charges. We have jurisdiction pursuant to Section 366.06, Florida Statutes (F.S.).

Decision

The base rates (customer and energy charges) contained in the proposed tariff are the same rates the City has been charging and were established by the purchase agreement between the City and FPUC. The purchase agreement requires that the base rates stay the same for three years, unless and until the Commission were to compel a rate change. The base rates contained in the proposed tariff are shown below:

Base Rates for Natural Gas Service

	Residential (RS)	Commercial (GS)	Industrial (LVS)
Customer Charge	\$8.50	\$17.50	\$175.00
Energy Charge/Therm	\$0.5570	\$0.5570	\$0.2180

The proposed Ft. Meade Division service charges are equal to or lower than those charged by the City. These fees include service connection, meter deposits, meter testing, late payment penalties, and service applications. The proposed tariff sheet specifying these charges, Original Sheet No. 27, is included as Attachment 1.

FPUC's residential customers pay our approved monthly customer charge of \$11.00 and an energy charge of \$0.4983 per therm, resulting in a \$20.97 monthly bill for a residential customer using 20 therms. A Ft. Meade Division residential customer would pay \$19.64, a difference of \$1.33. A small commercial GS-1 FPUC customer using 20 therms per month pays \$28.83, while a Ft. Meade Division GS-1 customer would pay \$28.64 per month.

The Ft. Meade Division customers will pay the same Purchased Gas Adjustment (PGA) and energy conservation factor as FPUC's customers. In response to our staff's data request, FPUC reported that its data provided for the 2014 PGA cap in Docket No. 130003-GU and energy conservation factor in Docket No. 130002-EG included 2014 projections for the Ft. Meade Division. We approved FPUC's PGA and conservation factor on November 4, 2013.¹ Additionally, Ft. Meade Division customers would be entitled to participate in FPUC's conservation programs.

The proposed Ft. Meade Division tariff also includes provisions for natural gas transportation services that were not part of the City's services. These new provisions are identical to those in the existing FPUC tariff.

We note that the initial rate base value of the Ft. Meade assets is not being determined in this docket. FPUC shall be advised that the value of rate base will be an issue in FPUC's next rate case and it will be FPUC's burden to justify the value of the Ft. Meade assets.

¹ See Order No. PSC-13-0600-FOF-GU, issued November 13, 2013, in Docket No. 130003-GU, In re: Purchased gas adjustment (PGA) true-up. We made a bench decision on the annual conservation docket, Docket No. 130002-EG.

FPUC, as an established company in the natural gas service industry, expects it will be able to provide better service to customers than the City had been able to achieve. Anticipated benefits include more efficient service, repair, maintenance, expansion as needed, and timely upgrades.

Ft. Meade Division's proposed tariffs maintain the same base rates Ft. Meade customers are currently paying. Since the proposed Ft. Meade Division base rates are comparable to our approved FPUC base rates,² they appear fair, just, and reasonable as required by Section 366.06, F.S. Therefore, the proposed tariff shall be approved.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Public Utilities Company's tariff sheets containing service information for customers in the City of Fort Meade, Florida is hereby approved. It is further

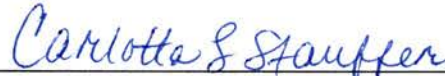
ORDERED that the tariffs shall become effective on December 3, 2013. It is further

ORDERED that if a protest is filed within 21 days of issuance of the Order, the tariff shall remain in effect with any charges held subject to refund pending resolution of the protest. It is further

ORDERED that if no timely protest is filed, this docket shall be closed upon the issuance of a Consummating Order.

² See Order No. PSC-09-0375-PAA-GU, issued May 27, 2009, in Docket No. 080366-GU, In re: Petition for rate increase by Florida Public Utilities Company.

By ORDER of the Florida Public Service Commission this 20th day of December, 2013.



CARLOTTA S. STAUFFER
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review 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 Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files 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 Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 10, 2014.

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 docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

18. Service Charges

<u>Rate Schedule</u>	<u>RS</u>	<u>GS-1, GSTS-1</u>	<u>LVS, LVTS</u>
A. Establishment Of Service			
Regularly Scheduled	\$50.00	\$50.00	112.00
Same Day or Outside Normal Business Hours (Based on Availability)	\$50.00	\$50.00	114.00
B. Change of Account (Read Meter Only)			
Regularly Scheduled	\$23.00	\$23.00	\$23.00
Same Day or Outside Normal Business Hours (Based on Availability)	\$29.00	\$29.00	\$29.00
C. Reconnection After Disconnection for Non-Pay			
Regularly Scheduled	\$30.00	\$30.00	\$30.00
Same Day or Outside Normal Business Hours (Based on Availability)	\$50.00	\$50.00	\$50.00
D. Bill Collection in Lieu of Disconnection for Non-Pay	\$25.00	\$25.00	\$25.00
E. Trip Charge-applies when customer fails to keep scheduled appointment with the Company's employee, agent, or representative			
Regularly Scheduled	\$23.00	\$23.00	\$23.00
F. Temporary Disconnection of Service for Cause or at Customer's Request			
Regularly Scheduled	\$29.00	\$29.00	\$29.00
Same Day or Outside Normal Business Hours	\$35.00	\$35.00	\$35.00
G. Worthless Check Service Charge			

The service charge for each worthless check shall be determined in accordance with Section 68.065, Florida Statutes. Such service charge shall be added to the customer's bill for gas service for each check dishonored by the bank upon which it is drawn. Termination of service shall not be made for failure to pay the returned check charge.