

State of Florida



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-

DATE: April 7, 2005

TO: Director, Division of the Commission Clerk & Administrative Services (Bayó)

FROM: Division of Competitive Markets & Enforcement (Makin, Bulecza-Banks)
Division of Economic Regulation (Slemkewicz)
Office of the General Counsel (Jaeger)

RE: Docket No. 050109-GU – Petition for disposition of final true-up for Non-Monitored Transportation Administration Charge [NTAC] and Transportation Cost Recovery [TCR] factors, by Florida Public Utilities Company.

AGENDA: 04/19/05 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

FILE NAME AND LOCATION: S:\PSC\CMP\WP\050109.RCM.DOC

Case Background

By Commission Order No. PSC-01-0073-TRF-GU, issued January 9, 2001, in Docket No. 000795-GU, In Re: Petition by Florida Public Utilities Company for approval of unbundled transportation service, the Commission approved two cost recovery mechanisms, the Transportation Cost Recovery (TCR) and the Non-monitored Transportation Administrative Charge (NTAC). The TCR factors were designed to recover certain transportation-related start-up expenses for non-residential customers. The NTAC applies to all non-residential transportation customers that are not required to have telemetry equipment installed. Both cost recovery factors are billed on a cents-per-therm charge and are applied to the customer's actual consumption. By Order No. PSC-01-1963-TRF-GU, issued October 1, 2001, in Docket No. 010846-GU, In Re: Petition for Approval of initial transportation cost recovery factors by Florida Public Utilities Company, the Commission approved Florida Public Utilities Company's (FPUC or Company) initial NTAC factors for the period October 2001 through December 2002,

Docket No. 050109-GU

Date: April 7, 2005

with any over or under-recovery trued up at the end of the period. Since then, the Commission has approved several modifications to the NTAC factors. (Order Nos. PSC-02-0654-TRF-GU, issued May 13, 2002, in Docket No. 020163-GU; PSC-03-0336-TRF-GU, issued March 10, 2003, in Docket No. 030022-GU; and PSC-04-0250-TRF-GU, issued March 8, 2004, in Docket No. 040017-GU.)

By Order No. PSC-04-1110-PAA-GU, issued November 8, 2004, in Docket No. 040216-GU, In Re: Application for rate increase by Florida Public Utilities Company, the Commission approved FPUC's request to discontinue billing its customers the TCR and the NTAC cost recovery factors at the time the revised rates became effective. In addition, FPUC was directed to file a petition calculating the final true-up of both the TCR and the NTAC factors for the period January through November 2004. The Company was ordered to include a proposed treatment of the final disposition of any over or under-recovery.

On February 7, 2005, FPUC filed its petition for disposition of final true-up for the TCR and the NTAC. This recommendation addresses FPUC's February 7, 2005 petition.

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

Discussion of Issues

Issue 1: Should the Commission approve Florida Public Utilities Company's (FPUC) petition for disposition of final true-up for Non-Monitored Transportation Administration Charge (NTAC) and Transportation Cost Recovery (TCR) factors?

Recommendation: Yes. The Commission should approve Florida Public Utilities Company's (FPUC) petition for disposition of final true-up for Non-Monitored Transportation Administration Charge (NTAC) and Transportation Cost Recovery (TCR) factors, effective April 19, 2005, the date of the Commission's vote on this matter. (Makin, Bulecza-Banks, Slemkewicz)

Staff Analysis: In compliance with Commission Order No. PSC-04-1110-PAA-GU, issued November 8, 2004, in Docket No. 040216-GU, FPUC calculated the final true-up for the TCR and the NTAC for the period January through November 2004. Based on FPUC's calculation, the final true-up for the TCR and the NTAC is a net under-recovery of \$25,190. Staff has reviewed the calculation and agrees that FPUC has a net under-recovery of \$25,190.

As part of its petition, FPUC has proposed that the under-recovery be netted against its 2002 overearnings that will be addressed in Docket No. 050224-GU, In Re: Investigation into 2002 earnings of the Gas Division of Florida Public Utilities Company. FPUC agreed to cap its 2002 earned return on equity at 12.40% by letter dated March 7, 2003. Based on staff's analysis of the final true-up and preliminary review of FPUC's 2002 earnings, there are sufficient excess earnings to fully absorb the \$25,190 under-recovery. Therefore, staff recommends that FPUC's petition be approved.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Jaeger)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.