



SPECIAL REPORT

JUNE 2005 NO. 5

Petition for Approval of a Storm Cost Recovery Clause to Recover Storm Damage Costs in Excess of Existing Storm Damage Reserve By

Florida Public Utilities Company Gas Division

In December of 2004, Florida Public Utilities Company (FPUC or the company) filed a petition with the Florida Public Service Commission (PSC or Commission) for approval of a Storm Cost Recovery Clause for the recovery of extraordinary expenditures related to Hurricanes Charley, Frances, and Jeanne. FPUC petitioned the Commission to recover the storm damage costs over a period of four years. The purpose of the new clause would be to recover the storm damage costs in excess of the amount contained in the utility's Storm Damage Reserve.

FPUC serves approximately 48,000 natural gas customers in its service area in South and Central Florida. Its service area encompasses the counties of Palm Beach, Broward, Seminole, and Volusia.

The storm related costs experienced by FPUC are currently estimated at \$619,227, according to FPUC. Prior to the storms, FPUC had a Storm Damage Reserve balance of \$59,070. After the storm damage charges are applied, the Storm Damage Reserve will have a negative balance of approximately \$560,157. FPUC is requesting recovery of the \$560,157 negative balance plus an additional \$299,843 to replenish its Storm Damage Reserve. FPUC is proposing to recover the total \$860,000 amount over a four year period. The monthly impact to the average residential customer bill (25 therms per month) is expected to be \$0.19.

The PSC has scheduled two customer meetings to receive customer testimony regarding the utility's petition to implement a Storm Cost Recovery Clause and to receive comments on the utility's recovery efforts for each hurricane event. In accordance with Florida Statutes, the PSC will consider the utility's quality of service and other matters in this case.

PSC staff is scheduled to file a recommendation with the Commission on August 18, 2005. The Commissioners are expected to vote on this matter at the August 30, 2005, Agenda Conference.

CUSTOMER MEETING

DOCKET NO. 041441-GU

Monday, June 27, 2005

10:00 a.m.

Commission Chambers

Deltona City Hall

2345 Providence Boulevard

Deltona, Florida

6:00 p.m.

Jane Thompson Memorial Chambers

Palm Beach County

Governmental Center

301 North Olive Avenue

West Palm Beach, Florida

PSC Staff and Reference Numbers

For technical questions, contact:

John Slemkewicz (850) 413-6420

For legal questions, contact:

Katherine Fleming (850) 413-6218

For general questions, contact:

Leroy Rasberry (850) 413-6119

Or call toll-free 1-800-342-3552

(1-800-511-0809 to fax)

E-mail: contact@psc.state.fl.us

Internet Home Page: www.floridapsc.com

P S C C O M M I S S I O N E R S



COMMISSIONER

Lisa Polak Edgar



COMMISSIONER

J. Terry Deason



CHAIRMAN

Braulio L. Baez



COMMISSIONER

Rudolph "Rudy" Bradley

VACANT

Braulio L. Baez was appointed to the Florida Public Service Commission by Governor Jeb Bush on August 23, 2000, to complete a term ending January 2002. He was then reappointed by the Governor to a four-year term ending January 2006. Prior to his appointment, Chairman Baez was an attorney in Miami, Florida, with a statewide practice representing municipal and county governments in telecommunications, cable franchising and other regulatory matters. He was Executive Assistant to Commissioner Joe Garcia from 1994 to 1998. A native of South Florida, Chairman Baez received his undergraduate degree from Florida International University in 1988, and his Juris Doctorate degree from Nova University, Shepard Broad Law Center, in 1993. Chairman Baez is a member of the National Association of Regulatory Utility Commissioners Committees on Electricity and International Relations, and has served as President of the Southeastern Association of Regulatory Utility Commissioners. He was named to the State Regulatory Advisory Council to the FCC Federal Advisory Committee on Diversity in the Digital Age. He is a member of Leadership Florida Class XXII, the Florida Bar, and is a past Director of the Hispanic Bar Association, 2nd Judicial District.

J. Terry Deason was first appointed to the Commission by the Florida Public Service Commission Nominating Council in January 1991 for a term ending in January 1995. He was subsequently reappointed by the late Governor Lawton Chiles for a term ending in January 1999. Commissioner Deason was then reappointed by Governor Jeb Bush to a term ending in January 2003, and to his current term which ends in January 2007. Commissioner Deason has served as Chairman of the Commission on two occasions, from January 1993 to January 1995, and from July 2000 to January 2001. Commissioner Deason is an active member of the National Association of Regulatory Utility Commissioners (NARUC). He currently serves on NARUC's Board of Directors, its Finance and Technology Committee, and the Federal/State Joint Conference on Accounting. Commissioner Deason also serves on the executive committee for the Nuclear Waste Strategy Coalition. Prior to his appointment, he served as Chief Regulatory Analyst in the Office of Public Counsel. In that capacity, he was responsible for the coordination of accounting and financial analysis used by the Public Counsel in cases before the Public Service Commission, presented testimony as an expert witness, and consulted with the Public Counsel on technical issues and ratemaking policies concerning regulated utilities in the State of Florida. From 1981 to 1987, Commissioner Deason served as Executive Assistant to PSC Commissioner Gerald L. Gunter, during which time he reviewed and analyzed staff recommendations and advised the Commissioner on those recommendations and other pertinent policy determinations. From 1977 to 1981, he served as a Legislative Analyst with the Office of Public Counsel. He attended the U.S. Military Academy at West Point, and in 1975 received his bachelor of science degree in accounting, summa cum laude, from Florida State University. He also received his master of accounting degree from FSU in 1989.

Rudolph "Rudy" Bradley was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four year term beginning January 8, 2002. Commissioner Bradley serves on the National Association of Regulatory Utility Commissioners' Committees on Consumer Affairs, Water, and International Relations. He is also a member of the Energy Market Access Partnership Board which is a joint project between the Department of Energy and the National Association of Regulatory Utility Commissioners. Prior to his appointment to the Commission, Commissioner Bradley served as a member of the Florida Legislature for seven years representing District 55 which includes Pinellas, Manatee and Hillsborough Counties. As a member of the Legislature, he served as the Vice Chairman of the Utilities and Telecommunications Committee and as the Chairman of the Select Committee on Energy Restructuring. Commissioner Bradley also served as the Chairman of the Business Development and International Trade Committee and Chairman of the Economic Development Council. As a legislator, Commissioner Bradley maintained a special interest in improving Florida's educational system and expanding business opportunities for all citizens. Commissioner Bradley earned his Bachelor of Science Degree from the University of Tampa and his Masters Degree from the University of Michigan. He served as an educator in Pinellas County for several years and he developed several private enterprises involving real estate and livestock.

Lisa Polak Edgar was appointed to the Florida Public Service Commission by Governor Jeb Bush for a four year term beginning January 2005. Commissioner Edgard served as Deputy Secretary for Planning and Management for the Florida Department of Environmental Protection (DEP) from August 1999 through January 2005. Ms. Edgard's responsibilities included oversight of the agency's \$2.1 billion budget, fiscal and strategic planning, accountability measures, information technology, administrative services, and coordination between the state and federal government on environmental issues, including oil and gas drilling on the Outer Continental Shelf. Prior to serving at DEP, Commissioner Edgard served as chief analyst on Environmental Policy for the Executive Office of the Governor. There Commissioner Edgard helped develop state policy on issues regarding the environment and natural resources, energy, transportation, and economic and community development. She served as liaison with state and federal agencies, Congressional delegation and staff, Cabinet offices, and the Florida Legislature. During her career in public service, Commissioner Edgard has also served as a senior cabinet aide in the Department of Agriculture and Consumer Services, as staff counsel and legislative analyst for the Florida Senate Committees on Reapportionment and Regulated Industries, completed the Harvard Kennedy School of Government program for Senior Executives in State and Local Government, and co-taught a special topics graduate course on the Everglades at Florida A&M University. Commissioner Edgard served as the State of Florida representative to the Minerals Management Service Advisory Board's Outer Continental Shelf (OCS) Policy Committee from 1993-2003, serving on the Subcommittees on Environmental Studies in OCS Areas under Moratoria and OCS Hard Minerals. She was appointed in 2004 to represent the State of Florida on the re-established Department of the Interior Outer Continental Shelf Policy Committee. Commissioner Edgard graduated cum laude from Florida State University in 1985 with a Bachelor's degree in political science and minor in English. She studied in London during her undergraduate education and in Yugoslavia during law school. She received a juris doctorate from the Florida State University College of Law in 1988 and is a member of the Florida Bar.

Consumer Statements at PSC Meetings

The Commissioners are interested in what consumers have to say about the petition for approval of a storm cost recovery clause to recover storm damage costs in excess of existing storm damage reserve by Florida Public Utilities Company Gas Division. The main purpose of these meetings is to receive comments from the public.

Anyone may make a statement, and speaking is an effective way to let the Commissioners know how you feel about the case under review. At the beginning of the meetings, procedures will be set up to establish an order for comments. PSC staff will have sign-up sheets that will be used to call consumers to speak. PSC staff will also be available to coordinate consumer comments and assist members of the public.

Any person who wishes to comment or provide information to the PSC staff regarding this matter may do so at the meetings, orally or in writing. Written comments also may be mailed to: Florida Public Service Commission, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, or faxed to 1-800-511-0809. Correspondence will be placed in the file of this docket (Docket No. 041441-GU). For your convenience, a comment form is attached to this Special Report.

Any person who wishes to obtain a copy of the recommendation or the order may do so by writing to: Florida Public Service Commission, Division of the Commission Clerk and Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, or by going on-line at www.floridapsc.com.

Florida Public Service Commission

2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

The Public Service Commission provides a staff of information specialists who are available to answer questions from Florida consumers.

To reach a consumer representative, please call the Public Service Commission during business hours at **1-800-342-3552**, or send a fax to 1-800-511-0809. See the PSC's Internet home page at www.floridapsc.com.

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Florida Public Service Commission
Division of the Commission Clerk and Administrative Services
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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