

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased Gas Adjustment)	DOCKET NO. 900003-GU
(PGA) True-up.)	ORDER NO. 22788
)	ISSUED: 4-9-90

The following Commissioners participated in the disposition of this matter:

JOHN T. HERNDON
 THOMAS M. BEARD
 BETTY EASLEY

ORDER APPROVING PURCHASED GAS ADJUSTMENT TRUE-UP AMOUNTS
FOR THE PERIOD APRIL, 1989 THROUGH SEPTEMBER, 1989,
TO BE RECOVERED DURING THE PERIOD
APRIL, 1990 THROUGH SEPTEMBER, 1990

BY THE COMMISSION:

As part of this Commission's continuing fuel, oil backout, conservation, and purchased gas cost recovery proceedings, hearings are held in February and August of each year in this docket and in two related dockets. Pursuant to Notice, a hearing was held in this docket and in Dockets No. 900001-EI and 900002-EG on February 21 and 22, 1989, in Tallahassee, Florida. Florida Public Utilities Company, Central Florida Gas Company, City Gas Company, Peoples Gas System, Inc., Gainesville Gas Company, West Florida Natural Gas Company, Plant City Gas Company, South Florida Natural Gas Company, and Southern Gas Company submitted exhibits in support of their proposed net true-up amounts, projected therm sales, and proposed true-up factor for application on customer bills. None of the figures proposed by the utilities were disputed by Staff or representatives of The Office of Public Counsel. At the prehearing in this docket, held on February 12, 1990, the parties stipulated to all issues, with the exception of the appropriate true-up factor for Southern Gas Company to apply to customer bills during the April, 1990 through September, 1990 period. We approve the figures stipulated by the parties.

DOCUMENT NUMBER-DATE

03078 APR -9 1990

FPSC-RECORDS/REPORTING

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Net True-Up Amounts

The parties stipulated to the appropriate net true-up amounts for the period April 1, 1989 through September 30, 1989, to be applied during the period April 1, 1990 through September 30, 1990, as follows:

	<u>Over (Under)</u> <u>Recovery</u>
Central Florida Gas Company	\$ 65,720
City Gas Company of Florida	541,235
Florida Public Utilities	166,817
Gainesville Gas Company	102,503
Indiantown Gas Company	21,379
Miller Gas Company	24,944
Palm Beach Co. Utilities Corp.	17,716
Peoples Gas System	(576,703)
Plant City Natural Gas	53,944
St. Joe Natural Gas Company	14,031
South Florida Natural Gas Co.	8,020
Southern Gas Company	56,813
West Florida Natural Gas Co.	310,617

Projected Therm Sales

The parties stipulated to projected therm sales of natural gas during the period April 1, 1990, through September 30, 1990, as follows:

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	<u>Estimated Therm sales</u>
Central Florida Gas Company	29,779,830
City Gas Company of Florida	35,328,000
Florida Public Utilities	31,827,760
Gainesville Gas Company	13,448,891
Indiantown Gas Company	1,300,000
Miller Gas Company	2,670,000
Palm Beach Co. Utilities Corp.	1,100,000
Peoples Gas System	224,300,000
Plant City Natural Gas	5,631,138
St. Joe Natural Gas Company	7,000,00
South Florida Natural Gas Co.	1,411,500
Southern Gas Company	29,629,000
West Florida Natural Gas Co.	17,435,537

True-Up Factor

With the exception of Southern Gas, the parties stipulated to the appropriate true-up factors for application on customer bills during the April 1, 1990 through September 30, 1990 period, which are shown below. Southern Gas proposed a true-up factor of .066 ¢/therm, which would allow the utility to collect a claimed net underrecovery of \$76,493.41 which resulted from accounting errors prior to March, 1987. The parties agreed to defer until the August, 1990 hearing in this docket the issue of the prior underrecovery. We thus find the proper true-up factor for Southern Gas to be (.192) ¢/therm, as shown below.

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	True-up Factor Cents per <u>Therm</u>
Central Florida Gas Company	(.221)
City Gas Company of Florida	(1.532)
Florida Public Utilities	(.524)
Gainesville Gas Company	.762
Indiantown Gas Company	(1.645)
Miller Gas Company	(.934)
Palm Beach Co. Utilities Corp.	(1.611)
Peoples Gas System	.257
Plant City Natural Gas	(.958)
St. Joe Natural Gas Company	(.200)
South Florida Natural Gas Co.	(.568)
Southern Gas Company	(.192)
West Florida Natural Gas Co.	(1.782)

Pass Through Take-Or-Pay Costs:

Pursuant to stipulation by the parties, we find that the Purchased Gas Adjustment for firm and interruptible customers of Local Distribution Companies should include recovery of pass through take-or-pay costs billed by Florida Gas Transmission Company (FGT) for payments made to Southern Natural Gas Company (SONAT). All customers of the Local Distribution Companies should share in the take-or-pay costs billed by FGT and recovered through the PGA clause. In the Federal Energy Regulatory Commission (FERC) Docket No. RP88-253-000, FGT proposed to implement procedures to flow through to only its firm sales customers those fixed

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take-or-pay charges billed to it by SONAT in Docket Nos. RP88-96, RP88-210, and RP88-229. SONAT allocated the take-or-pay costs based on its customers' firm purchase deficiencies. FGT's allocated share of SONAT's take-or-pay costs, not including interest, is over \$30 million, to be recovered through a fixed monthly payment over a five year period.

FGT proposed to recover these costs through a fixed take-or-pay charge allocated only among its firm sales customers. On October 28, 1988, the FERC accepted and suspended FGT's proposal, conditioned upon FGT filing revised tariff sheets to reflect the inclusion of interruptible customers in the allocation of the flow through of take-or-pay costs. The FERC's requirement that FGT allocate a portion of these costs to its interruptible customers was, in part, based on this Commission's intervention and position that all customers share in the take-or-pay costs, and that an exception to the as-billed policy was justified in the case of FGT. The FERC stated that its general requirement in Order No. 500 that these costs be allocated only to firm sales customers is based on the assumption that pipelines acquire long-term supplies in order to serve their firm customers, and accordingly, that take-or-pay obligations were incurred primarily to serve those customers. However, in this case, the FERC found that this factual assumption does not apply. FGT's system was originally built and was certificated by the FERC primarily to serve interruptible transportation and sales markets in Florida, and it continues to serve a primarily interruptible market. Accordingly, the FERC concluded that FGT's interruptible sales customers should pay an equitable share of its take-or-pay costs.

In consideration of the above, it is

ORDERED that the stipulations set forth in the body of this Order are approved. It is further

ORDERED that the utilities named herein shall true-up their purchased gas cost recovery by applying the true-up factors as set forth herein to customer bills during the period April 1, 1990 through September 30, 1990.

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ORDERED that the Purchased Gas Adjustment for firm and interruptible customers of Local Distribution Companies should include recovery of pass through take-or-pay costs billed by Florida Gas Transmission Company for payments made to Southern Natural Gas Company.

By ORDER of the Florida Public Service Commission
this 9th day of APRIL, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)
(4273L)MER:bmi

by: Kay Flynn
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.