

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased Gas Adjustment)
(PGA) True-up)

DOCKET NO. 980003-GU

DIRECT TESTIMONY OF A. KARA

On Behalf of South Florida Natural
Gas Company

Submitted for filing: October 12, 1998

DOCUMENT NUMBER-DATE
11313 OCT 12 88
FILED RECORDS/REPORTING

1 collected during the period to be \$450,259. This amount includes a refund of
2 prior period overcollections in the amount of \$103,176. Therefore, the revenue
3 collected to cover the current period's gas cost is estimated to be \$553,435.

4 Q. What is the revised true-up amount, including interest estimated for the April
5 1998 - December 1998 period?

6 A. The company estimates the revised true-up, including interest, and the
7 transitional true-up of \$34,392, to be an overcollection of \$82,111.

8 January 1999 - December 1999 Projection

9 Q. How did you develop your projection of SFNG's cost of gas for the January 1999
10 - December 1999 period?

11 A. Our first step was to estimate our supply requirements for each of the twelve
12 months in the period. Our projected supply requirements are based on our
13 projected sales and company use for each month. Once we develop our supply
14 requirements, we can then determine how these requirements will be met. In
15 other words, we match our estimated requirements with the gas supply that is
16 available to us. All of our gas requirements will be met utilizing firm
17 transportation service on FGT for the projected period of January 1999 -
18 December 1999. Due to the complexity of transporting on FGT's system after
19 implementation of FERC Order 636, and the new gas control requirements on all
20 transporters, we have contracted with an energy services firm who furnishes our
21 gas supply, arranges for transportation of the supply to our system, monitors

1 volumes and adjusts receipts/deliveries as necessary, and makes all nominations
2 and balancing arrangements.

3 Q. Please describe the general steps or mechanics of projecting the total cost of gas
4 for the January 1999 - December 1999 period.

5 A. As shown on Schedule E-1 lines 1 - 11, the total cost of gas consists of the cost
6 of no-notice transportation service (NNTS) on FGT, the demand and commodity
7 costs of firm transportation service (FTS) on FGT, and the commodity cost of
8 gas estimated to be paid to our supplier during the period.

9 The cost of NNTS service (line 2) is based on SFNG's contract level with
10 FGT and an estimation of FGT's reservation charge for this service. The
11 reservation charge utilized for the period is the current rate in effect.

12 The demand and commodity portions of transportation system supply are
13 shown on Schedule E-1, lines 1, 4, and 5. The commodity pipeline amount (line
14 1) is based on FGT's current FTS commodity rate multiplied by the number of
15 terms projected to be transported for system supply.

16 The commodity other (line 4) is based on data shown on Schedule E-3
17 which details our projected direct supplier purchases for the twelve-month
18 period. We projected the "FTS" commodity cost on line 4 using a combination
19 of analyses. We analyzed the 1997 and 1998 monthly prices of natural gas
20 delivered to FGT by zone as reported in Inside FERC Gas Market Report. We
21 also reviewed the recent NYMEX postings for the period November 1998

1 through December 1999. We developed our monthly index price of gas using the
2 above data and allowing for seasonal trends and current market pricing. To this
3 index, we added compressor fuel and our supplier's estimated margin for first of
4 the month pricing and swing service.

5 The demand component of SFNG's cost of gas (line 5) for the months of
6 January 1999 - December 1999 is calculated by multiplying SFNG's contract
7 level for capacity with FGT by FGT's current FTS demand rate.

8 Q. Based on the projected total cost of gas and projected sales, what is the weighted
9 average cost per therm for the twelve-month period ended December 1999?

10 A. This figure is shown on Schedule E-1, line 40, and is 33.564 cents per therm. To
11 arrive at the total PGA factor, the 33.564 cents per therm is adjusted for the
12 estimated total true-up through December 1998 (shown on Schedule E-4) and
13 for revenue-related taxes.

14 Q. What is the projected PGA factor for the period January 1999 - December 1999?

15 A. The projected PGA factor for the period is 30.644 cents per therm.

16 Q. The estimated total true-up for the nine months ended December 1998 as
17 calculated on Schedule E-4 is included in the projected PGA factor for the period
18 January 1999 - December 1999. Please explain how it was calculated.

19 A. The final true-up amount for the period April 1997 - March 1998 is added to the
20 estimated end of period net true-up for April 1998 - March 1998. The April
21 1998 - December 1998 estimated true-up is based on five months' actual data

1 plus four months' projected data. Additionally, the true-up is adjusted for the
2 remaining estimated prior period overcollection for March 1998, which will be
3 unrefunded as of December 31, 1998.

4 Q. What is the impact of the total true-up as of December 31, 1998 on the
5 projected PGA factor for the January 1999 - December 1999 period?

6 A. The projected true-up as of December 31, 1998 is an overrecovery of \$82,111
7 (Schedule E-4). Dividing the overrecovery by the January 1999 - December
8 1999 projected therm sales of 2,705,109 results in a refund of 3.035 cents per
9 therm to be included in the proposed PGA factor.

10 Q. What is the maximum levelized purchased gas factor (cap) that you are proposing
11 for the January 1999 - December 1999 period?

12 A. The maximum levelized purchased gas factor (cap) that we are proposing for the
13 period is 30.644 cents per therm.

14 Q. Does this conclude your testimony?

15 A. Yes, it does.

SOUTH FLORIDA NATURAL GAS CO.

JANUARY 1999 - DECEMBER 1999

PURCHASED GAS PROJECTION FILING

EXHIBIT AK-2

EXHIBIT NO.
DOCKET NO. 980003-QJ
SOUTH FLORIDA NATURAL GAS CO
AK-1
PAGE 1 OF 6

PURCHASED GAS ADJUSTMENT
COST RECOVERY CLAUSE CALCULATION
JAN 95 Through DEC 99

COMPANY: SOUTH FLORIDA NATURAL GAS CO.
ORIGINAL ESTIMATE FOR THE PROJECTED PERIOD:

DESCRIPTION	PROJECTION												TOTAL
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
1 COMPANYY (P/line)	682	683	688	700	683	681	578	674	672	674	683	685	8,224
2 NO NOTICE SERVICE	1,280	743	823	407	219	212	301	201	177	182	781	823	8,002
3 SWING SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
4 COMPANYY (Other)	81,823	58,987	58,072	52,708	51,256	50,204	50,115	49,728	48,468	70,447	70,258	70,486	891,409
5 DEMAND	25,784	23,288	25,784	20,278	8,817	6,587	8,817	6,817	6,587	10,758	24,852	25,784	190,273
6 MANAGEMENT FEE	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
LESS END-USE CONTRACT	0	0	0	0	0	0	0	0	0	0	0	0	0
7 COMPANYY (P/line)	0	0	0	0	0	0	0	0	0	0	0	0	0
8 DEMAND	0	0	0	0	0	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	0	0	0	0	0	0
10 TOTAL COST 11+2+3+4+5+6+7+8+9+10	90,560	64,582	64,377	75,082	59,986	58,874	58,809	58,420	57,973	83,262	87,054	88,738	907,038
12 NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	0
13 COMPANY USE	0	0	0	0	0	0	0	0	0	0	0	0	0
14 TOTAL THERM SALES	89,737	77,750	77,534	88,249	59,144	51,852	51,887	51,278	51,070	79,218	89,811	91,916	825,827
THERM PURCHASED													
15 COMPANYY (P/line)	227,711	228,052	229,569	230,340	228,100	223,854	222,514	221,810	221,147	221,886	224,788	225,458	2,705,109
16 NO NOTICE SERVICE	217,000	128,000	139,500	89,000	37,200	36,000	34,100	34,100	30,000	31,000	129,000	139,500	1,022,400
17 SWING SERVICE	0	0	0	0	0	0	0	0	0	0	0	0	0
18 COMPANYY (Other)	227,711	228,052	229,569	230,340	228,100	223,854	222,514	221,810	221,147	221,886	224,788	225,458	2,705,109
19 DEMAND	889,550	617,400	680,550	537,800	180,700	174,900	180,700	180,700	174,900	285,200	691,500	680,550	5,044,340
20 OTHER	0	0	0	0	0	0	0	0	0	0	0	0	0
LESS END-USE CONTRACT	0	0	0	0	0	0	0	0	0	0	0	0	0
21 COMPANYY (P/line)	0	0	0	0	0	0	0	0	0	0	0	0	0
22 DEMAND	0	0	0	0	0	0	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0	0	0	0	0	0	0
24 TOTAL PURCHASES (1+17+18+20+21+23)	227,711	228,052	229,569	230,340	228,100	223,854	222,514	221,810	221,147	221,886	224,788	225,458	2,705,109
25 NET UNBILLED	0	0	0	0	0	0	0	0	0	0	0	0	0
26 COMPANY USE	0	0	0	0	0	0	0	0	0	0	0	0	0
27 TOTAL THERM SALES	227,711	228,052	229,569	230,340	228,100	223,854	222,514	221,810	221,147	221,886	224,788	225,458	2,705,109
CENTS PER THERM													
28 COMPANYY (P/line)	0.304	0.304	0.304	0.304	0.304	0.304	0.304	0.304	0.304	0.304	0.304	0.304	0.304
29 NO NOTICE SERVICE	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580	0.580
30 SWING SERVICE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
31 COMPANYY (Other)	27.150	25.813	24.425	22.882	22.471	22.418	22.522	22.419	22.368	31.778	31.255	31.255	29,369
32 DEMAND	3.772	3.772	3.772	3.772	3.772	3.772	3.772	3.772	3.772	3.772	3.772	3.772	3,772
33 OTHER	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
LESS END-USE CONTRACT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
34 COMPANYY (P/line)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
35 DEMAND	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
36	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
37 TOTAL COST	39.778	37.083	36.754	32.601	26.298	26.210	26.430	26.338	26.187	37.468	43.443	43.804	33,564
38 NET UNBILLED	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
39 COMPANY USE	39,778	37,083	36,754	32,601	26,298	26,210	26,430	26,338	26,187	37,468	43,443	43,804	33,564
40 TOTAL THERM SALES	36,743	34,005	33,719	29,586	23,253	23,175	23,152	23,003	23,003	34,032	40,408	40,769	30,329
41 THERM SALES	1,003,764	1,003,764	1,003,764	1,003,764	1,003,764	1,003,764	1,003,764	1,003,764	1,003,764	1,003,764	1,003,764	1,003,764	1,003,764
42 TOTAL COST OF GAS	36,882	34,187	33,846	29,677	23,351	23,263	23,463	23,361	23,240	34,583	40,580	40,922	30,644
43 REVENUE TAX FACTOR	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
44 PGA FACTOR ADJUSTED FOR TAXES (42+43)	36,882	34,187	33,846	29,677	23,351	23,263	23,463	23,361	23,240	34,583	40,580	40,922	30,644
45 PGA FACTOR ROUNDED TO NEAREST .001	36,882	34,187	33,846	29,677	23,351	23,263	23,463	23,361	23,240	34,583	40,580	40,922	30,644

CALCULATION OF TRUE-UP AMOUNT
 Through
 APRIL 98 Through DECEMBER 98

COMPANY: SOUTH FLORIDA NATURAL GAS CO.

	FOR THE CURRENT PERIOD:												TOTAL PERIOD
	ACTUAL						REVERSED PROJECTION						
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	
TRUE-UP CALCULATION													
1 PURCHASED GAS COST	51,716	36,688	28,216	34,038	27,803	31,891	44,024	52,788	58,411				374,708
2 TRANSPORTATION COST	17,690	7,721	8,140	6,140	6,204	7,424	11,592	26,374	27,268				115,870
3 TOTAL	69,406	44,419	33,721	40,238	34,037	47,405	55,616	80,142	85,681				490,577
4 FUEL REVENUES	67,449	38,903	28,127	41,123	34,888	58,411	58,563	60,400	60,590				490,268
NET OF REVENUE TAX													
5 TRUE-UP COLLECTED OR REFUNDED	11,464	11,464	11,464	11,464	11,464	11,464	11,464	11,464	11,464				103,178
6 FUEL REVENUE APPLICABLE TO PERIOD	78,973	50,387	38,591	52,587	48,130	70,982	71,027	71,864	72,044				553,426
LINE 4 (+/-) - LINE 5)	8,527	5,978	5,880	12,348	12,060	23,476	15,411	8,278	113,827				62,758
7 TRUE-UP PROVISION - THIS PERIOD													
LINE 6 - LINE 2)	540	523	503	487	488	529	568	534	434				4,628
8 INTEREST PROVISION-THIS PERIOD (2%)	117,970	116,553	111,580	108,488	107,871	108,888	121,540	128,056	108,848				117,970
9 BEGINNING OF PERIOD TRUE-UP AND INTEREST	111,464	111,464	111,464	111,464	111,464	111,464	111,464	111,464	111,464				1103,178
10 TRUE-UP COLLECTED OR REFUNDED (REVERSE OF LINE 5)	0	0	0	0	0	0	0	0	0				0
10a FLEX RATE REFUND (if applicable)													82,181
11 TOTAL ESTIMATED/ACTUAL TRUE-UP (7 + 8 + 9 + 10 + 10a)	116,553	111,580	108,488	107,871	108,888	121,540	128,056	108,848	82,181				82,181
INTEREST PROVISION													
12 BEGINNING TRUE-UP AND INTEREST PROVISION (8)	117,970	116,553	111,580	108,488	107,871	108,888	121,540	128,056	108,848				117,970
13 ENDING TRUE-UP BEFORE INTEREST (12 + 7 - 5)	116,013	111,067	105,886	107,373	108,500	121,011	125,488	108,313	81,747				77,552
14 TOTAL (12 + 13)	233,983	227,620	217,576	213,863	216,370	228,070	247,028	232,369	188,595				188,595
15 AVERAGE (20% OF 14)	116,992	113,810	108,788	106,931	108,185	114,035	123,514	116,185	94,297				94,297
16 INTEREST RATE - FIRST DAY OF MONTH	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%				5.500%
17 INTEREST RATE - FIRST DAY OF SUBSEQUENT MONTH	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%	5.500%				5.500%
18 TOTAL (16 + 17)	11,000%	11,000%	11,000%	11,000%	11,000%	11,000%	11,000%	11,000%	11,000%				11,000%
19 AVERAGE (20% OF 18)	5,500%	5,500%	5,500%	5,500%	5,500%	5,500%	5,500%	5,500%	5,500%				5,500%
20 MONTHLY AVERAGE (19*12 Months)	0.4620%	0.4620%	0.4620%	0.4620%	0.4620%	0.4620%	0.4620%	0.4620%	0.4620%				0.4620%
21 INTEREST PROVISION (15*20)	540	523	503	487	488	529	568	534	434				4,628

COMPANY: SOUTH FLORIDA NATURAL GAS CO.

TRANSPORTATION PURCHASES
SYSTEM SUPPLY AND END USE

SCHEDULE E-3
EXHIBIT NO. _____
DOCKET NO. 980003-GU
SOUTH FLORIDA NATURAL GAS
AK-1
PAGE 4 of 6

ESTIMATED FOR THE PROJECTED PERIOD OF:

JAN 99 Through DEC 99

MONTH	PURCHASED FROM	PURCHASED FOR	SCH TYPE	SYSTEM SUPPLY	END USE	TOTAL PURCHASED	COMMODITY COST		DEMAND COST	OTHER CHARGES ACAGR/FUEL	CENTS PER THERM
							THIRD PARTY	PIPELINE			
JAN	PENINSULA ENERGY	SYSTEM SUPPLY	FTS-1	227,711	0	227,711	61,323	692	25,784		38.777
FEB	PENINSULA ENERGY	SYSTEM SUPPLY	FTS-1	228,052	0	228,052	56,867	693	23,288		36.329
MAR	PENINSULA ENERGY	SYSTEM SUPPLY	FTS-1	229,569	0	229,569	56,072	698	25,784		35.960
APR	PENINSULA ENERGY	SYSTEM SUPPLY	FTS-1	230,340	0	230,340	52,706	700	20,278		31.990
MAY	PENINSULA ENERGY	SYSTEM SUPPLY	FTS-1	228,100	0	228,100	51,256	693	6,817		25.764
JUN	PENINSULA ENERGY	SYSTEM SUPPLY	FTS-1	223,934	0	223,934	50,204	681	6,597		25.689
JUL	PENINSULA ENERGY	SYSTEM SUPPLY	FTS-1	222,514	0	222,514	50,115	676	6,817		25.890
AUG	PENINSULA ENERGY	SYSTEM SUPPLY	FTS-1	221,810	0	221,810	49,728	674	6,817		25.796
SEP	PENINSULA ENERGY	SYSTEM SUPPLY	FTS-1	221,147	0	221,147	49,466	672	6,597		25.655
OCT	PENINSULA ENERGY	SYSTEM SUPPLY	FTS-1	221,686	0	221,686	70,447	674	10,758		36.935
NOV	PENINSULA ENERGY	SYSTEM SUPPLY	FTS-1	224,788	0	224,788	70,258	683	24,952		42.659
DEC	PENINSULA ENERGY	SYSTEM SUPPLY	FTS-1	225,456	0	225,456	70,466	685	25,784		42.995
TOTAL				2,705,109	0	2,705,109	691,409	8,224	150,273	0 (1)	32.897

(1) COST INCLUDED IN PIPELINE COMMODITY

COMPANY: SOUTH FLORIDA NATURAL GAS CO.

CALCULATION OF TRUE-UP AMOUNT
PROJECTED PERIOD

SCHEDULE E-4
EXHIBIT NO _____
DOCKET NO. 980003-GU
SOUTH FLORIDA NATURAL GAS
AK-1
PAGE 5 OF 6

ESTIMATED FOR THE PROJECTED PERIOD:

JAN 99

Through

DEC 99

	PRIOR PERIOD: APRIL 97 - MARCH 98			CURRENT PERIOD: APRIL 98 - DECEMBER 98	
	(1) EIGHT MONTHS ACTUAL PLUS FOUR MONTHS REVISED ESTIMATE	(2) ACTUAL	(3) (2)-(1) DIFFERENCE	(4) EIGHT MONTHS ACTUAL PLUS FOUR MONTHS REVISED ESTIMATE	(5) (3)+(4) TOTAL TRUE-UP
1 TOTAL THERM SALES \$ GAS REVENUES	803,249	821,333	18,084	553,435	571,519
2 TRUE-UP PROVISION FOR THIS PERIOD OVER (UNDER) COLLECTION	15,254	(3,946)	(19,200)	62,758	43,558
3 INTEREST PROVISION FOR THIS PERIOD	8,089	7,621	(468)	4,628	4,160
3 (a) TRUE-UP COLLECTED OR (REFUNDED) JAN 99 - MAR 99				34,392	34,392
4 END OF PERIOD TOTAL NET TRUE-UP	23,343	3,675	(19,668)	101,779	82,111 (1)

NOTE: FIVE MONTHS ACTUAL FOUR MONTHS REVISED ESTIMATE DATA OBTAINED FROM SCHEDULE (E-2).

(+) = OVERRECOVERY
(-) = UNDERRECOVERY

COLUMN (1) DATA OBTAINED FROM SCHEDULE (E-2)
COLUMN (2) DATA OBTAINED FROM SCHEDULE (A-2)
LINE 4 COLUMN (3) SAME AS LINE 7 SCHEDULE (A-7)
LINE 4 COLUMN (1) SAME AS LINE 8 SCHEDULE (A-7)
LINE 2 COLUMN (4) SAME AS LINE 7 SCHEDULE (E-2)
LINE 3 COLUMN (4) SAME AS LINE 8 SCHEDULE (E-2)

82,111 equals \$0.03035 PER THERM
2,705,109 TRUE-UP REFUND

(1) DIFFERENCE FROM SCHEDULE E-2 IS \$70 DIFFERENCE FROM A PRIOR PERIOD

