

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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RECORDS AND REPORTING

DATE: JUNE 29, 2000
TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)
FROM: DIVISION OF COMPETITIVE SERVICES (MAKIN, (BULECZA-BANKS) *CRB*
DIVISION OF LEGAL SERVICES (C. KEATING) *WCK*
RE: DOCKET NO. 000003-GU - PURCHASED GAS ADJUSTMENT (PGA)
TRUE-UP - PETITION OF CITY GAS COMPANY OF FLORIDA FOR
APPROVAL OF MID-COURSE CORRECTION IN PGA CAP
AGENDA: JULY 11, 2000 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE
CRITICAL DATES: NONE
SPECIAL INSTRUCTIONS: NONE
FILE NAME AND LOCATION: S:\PSC\CMP\WP\000003.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant City Gas Company of Florida's (City) petition for an increase in its Purchased Gas Adjustment (PGA) cap from 49.002 cents per therm to 60.302 cents per therm?

RECOMMENDATION: Yes. The Commission should approve the proposed PGA cap of 60.302 cents per therm for meter readings taken on and after July 11, 2000, date of the Commission vote, through December 31, 2000 billing cycles. (MAKIN)

STAFF ANALYSIS: On June 13, 2000, City filed a petition for expedited relief in the form of a mid-course correction to its currently authorized purchased gas adjustment cap for the period July 1, 2000, through December 31, 2000.

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City's existing PGA factor for the period January 2000, through December 2000, is 49.002 cents per therm. This factor was derived by dividing projected purchased gas costs of \$16,673,605 by projected therm sales of 34,143,144.

Currently, City projects to have an underrecovery of \$4,343,098. The proposed increase in the PGA cap for July 1, 2000, through December 31, 2000, will not eliminate the full amount of the projected underrecovery. The underrecovery will, however, be reduced to approximately \$1,774,683 which will be included in the projected January 2001 through December 2001 period.

City's expenses have increased by fourteen percent, as a result of increased gas costs on a national level. Increasing the PGA cap from 49.002 to 60.302 cents per therm during the period July 1, 2000 through December 31, 2000, will cause a \$3.39 increase per month for residential customers using 30 therms.

Increasing the PGA cap now will help reduce the impact on ratepayers during the twelve-month period of January 2001, through December 2001.

City has requested the mid-course correction become effective with all meter readings taken on and after July 1, 2000. Staff recommends the mid-course correction become effective July 11, 2000, the date of the Commission vote.

Staff recognizes there will not be time to conduct a prudence review of City's rejections of purchased gas costs prior to implementing the increase in the PGA factor. However, a prudence review will occur in preparation for the hearing in Docket No. 000003-GU, scheduled for November 2000. If the increase in the cost recovery cap is ultimately found imprudent, City's ratepayers will suffer no harm since any costs found imprudent will be disallowed for recovery and will flow back to the ratepayers through the true-up mechanism.

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ISSUE two: Should this docket be closed?

RECOMMENDATION: No. The Purchased Gas Adjustment True-up docket is ongoing and should remain open. (C. KEATING)

STAFF ANALYSIS: The Purchased Gas Adjustment True-up docket is ongoing and should remain open.