

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Florida
Division of Chesapeake Utilities
Corporation for approval of
addendum to FTS Gas
Transportation Service Agreement
with State of Florida,
Department of Management
Services

DOCKET NO. 991265-GU
ORDER NO. PSC-99-2229-PAA-GU
ISSUED: November 10, 1999

The following Commissioners participated in the disposition of this matter:

JOE GARCIA, Chairman
J. TERRY DEASON
SUSAN F. CLARK
E. LEON JACOBS, JR.

NOTICE OF PROPOSED AGENCY ACTION ORDER GRANTING
APPROVAL OF ADDENDUM TO GAS TRANSPORTATION SERVICE AGREEMENT

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

On July 15, 1999, the Florida Division and Tampa Electric Company d/b/a Peoples Gas System (PGS) filed a joint petition (Docket No. 990921-GU) for an amended Territorial Boundary Agreement, redefining the territorial service areas of the parties in portions of Hillsborough, Polk, and Osceola Counties. In addition, the agreement provides for the transfer, from PGS to the Florida Division, of certain properties extending from the FGT pipeline necessary to serve the Lancaster Correction Institution in Gilchrist County, and the North Florida Reception Center in Union County. By Order No. PSC-99-2228-PAA-GU, issued this date as proposed agency action in Docket No. 990921-GU, we approved the territorial agreement.

On August 31, 1999, the Florida Division of Chesapeake Utilities Corporation (Florida Division) filed its petition for

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approval of an addendum to its FGT Gas Transportation Service Agreement with the State of Florida, Department of Management Services (DMS). Under the Florida Division's current rate structure, the customers transferred from PGS would be subject to an increase in rates and charges. However, under the addendum to The Florida Division's Agreement with the State of Florida, Department of Management Services (DMS), the Florida Division will provide service to the Center for an initial five-year period at the same base rates effective under the agreements between DMS and PGS. After the expiration of the initial five years of service, the effective rate schedules of The Florida Division would apply.

Our approval of this Agreement will not result in the decrease in availability or reliability of natural gas service to existing or future ratepayers of the Florida Division. The Florida Division projects that it will recognize an increase in annual revenue of approximately \$49,254. Further, it appears that the rates being charged are sufficient enough to cover the cost to serve. Therefore, ratepayers will not be adversely affected by the addition of the Correction Facilities; and the Department of Corrections will continue to receive reliable service without experiencing an increase in rates. Accordingly, we approve the petition of Florida Division, effective the date of our vote.

Based on the foregoing, it is

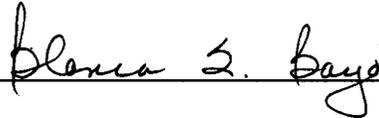
ORDERED by the Florida Public Service Commission that Petition by Florida Division of Chesapeake Utilities Corporation for Approval of Addendum to FTS Gas Transportation Service Agreement with the State of Florida, Department of Management Services is approved, effective October 19, 1999. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto.

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ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 10th day of November, 1999.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee,

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Florida 32399-0850, by the close of business on December 1, 1999.

In the absence of such a petition, this order shall become effective upon the issuance of a consummating order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.