

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Purchased Gas Adjustment) DOCKET NO. 960003-GU
(PGA) True-Up.) ORDER NO. PSC-96-1104-FOF-GU
ISSUED: August 29, 1996

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING MID-COURSE CORRECTION

BY THE COMMISSION:

On July 19, 1996, South Florida Natural Gas Company (SFNG or the Company) filed a petition for expedited relief (mid-course correction) to its currently authorized purchased gas adjustment cap for the period September 1, 1996, through March 31, 1997. SFNG's existing PGA factor of 27.000 cents per therm, set in Order No. PSC-96-0317-FOF-GU issued March 1, 1996, was based on projected purchased gas costs of \$594,434 divided by projected therm sales of 2,209,818.

SFNG currently projects to have an underrecovery of \$93,033. The Company's proposed increase in the PGA cap for September 1, 1996, through March 31, 1997, will increase a typical residential customer's bill by \$1.66, and help reduce the impact on ratepayers during the twelve months beginning April, 1997. An increase of 5.586 cents per therm for the period stated above, will help avoid a 9.29 cents per therm increase in the PGA factor effective April 1, 1997.

A significant increase in the demand for natural gas has resulted in an unanticipated increase in the commodity cost of gas. The cost increase is the outcome of what transpired during the 1995-1996 winter season. Many parts of the country reported having colder than normal weather throughout much of the last winter. This resulted in strong gas demand and high gas storage field withdrawal throughout the season. The winter season ended with storage field levels being at the lowest level in several years. This situation forced storage service customers and field managers to begin injecting gas back into the fields earlier in the spring to ensure adequate inventories for next winter.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 19, 1996.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

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.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater 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 of the date this Order becomes final, 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.

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We find that the proposed mid-course correction is appropriate. We recognize there is not time to conduct a prudence review of the Company's re-projections of purchased gas costs prior to the requested implementation of the increase in the PGA factor. A prudence review, however, will occur as a matter of course during the hearing to be held in Docket No. 970003-GU in February, 1997. At that time, if the increase in the cost recovery cap is found imprudent, SFNG's ratepayers will suffer no harm since all costs found imprudent will be disallowed for recovery and will flow back to the affected ratepayers through the true-up mechanism.

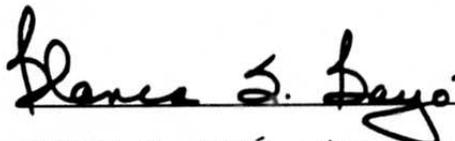
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that South Florida Natural Gas Company's petition for mid-course correction to its approved Purchase Gas Adjustment cap for the period September 1, 1996 through March 31, 1997, is approved as discussed herein. It is further

ORDERED that if a protest is filed in accordance with the requirement set forth below, the tariff shall remain in effect with any increase in revenues held subject to refund pending resolution of the protest. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission, this 29th day of August, 1996.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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