

M E M O R A N D U M

OCTOBER 18, 2000

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RECORDS AND
REPORTING

TO: DIVISION OF RECORDS AND REPORTING
FROM: DIVISION OF LEGAL SERVICES (C. KEATING) ^{KDW} RVE
RE: DOCKET NO. 000003-GU - PURCHASED GAS ADJUSTMENT (PGA)
TRUE-UP.

1910-PCD

Attached is an ORDER GRANTING PETITION FOR APPROVAL OF MID-COURSE CORRECTION IN PURCHASED GAS ADJUSTMENT CAP to be issued in the above-referenced docket. (Number of pages in order - 4)

KDW/jb

cc: Division of Competitive Services (Makin, Bulecza-Banks)

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Purchased gas adjustment
(PGA) true-up.

DOCKET NO. 000003-GU
ORDER NO. PSC-00-1910-PCO-GU
ISSUED: October 19, 2000

The following Commissioners participated in the disposition of this matter:

E. LEON JACOBS, JR.
LILA A. JABER
BRAULIO L. BAEZ

ORDER GRANTING PETITION FOR APPROVAL OF MID-COURSE CORRECTION IN
PURCHASED GAS ADJUSTMENT CAP

BY THE COMMISSION:

On August 24, 2000, Florida Division of Chesapeake Utilities Corporation (Chesapeake or Company) 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 October 1, 2000, through December 31, 2000. Jurisdiction in this matter is vested by Sections 366.04, 366.05, and 366.06, Florida Statutes.

Chesapeake's existing PGA factor for the period January 2000 through December 2000 is 46.424 cents per therm. Because the Company historically has experienced higher gas costs during the winter months, the 46.424 factor was derived by using the winter average cost of gas for the months of January 2000 through March 2000 and October 2000 through December 2000, divided by the projected therms sales for the same periods.

Currently, Chesapeake projects to have an underrecovery of \$1,956,029 for this recovery period. The proposed increase in the PGA cap to 65.000 cents per therm for October 1, 2000, through December 31, 2000, will not eliminate the full amount of the projected underrecovery. The increase will, however, reduce the amount which will be included in the projected January 2001 through December 2001 period.

DOCUMENT NUMBER-DATE

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Chesapeake's expenses have increased by twenty percent, as a result of increased gas costs on a national level. Increasing the PGA cap from 46.424 to 65.000 cents per therm during the period October 1, 2000 through December 31, 2000, will cause a \$4.64 increase per month for residential customers using 25 therms.

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

We recognize there will not be time to conduct a prudence review of Chesapeake's re-projections 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, Chesapeake'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.

Accordingly, we approve the requested mid-course correction, to become effective October 1, 2000 (October's first billing cycle reading date).

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the request by the Florida Division of Chesapeake Utilities Corporation for approval of mid-course correction in purchased gas adjustment cap, for the period October 1, 2000 through December 31, 2000, is granted. It is further

ORDERED that this docket shall remain open.

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By ORDER of the Florida Public Service Commission this 19th
day of October, 2000.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

(S E A L)

KDW

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), 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.

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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code, if issued by a Prehearing Officer; (2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or (3) 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 wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060,

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Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.