

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by the Florida
Division of Chesapeake Utilities
Corporation for approval of CTS
Gas Transportation Service
Agreement with Citrusuco North
America, Inc.

DOCKET NO. 991168-GU
ORDER NO. PSC-99-2106-PAA-GU
ISSUED: October 25, 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 APPROVING FLORIDA DIVISION OF CHESAPEAKE UTILITIES
CORPORATION'S PETITION FOR APPROVAL OF 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.

By Order No. PSC-99-1592-DS-GU, issued on August 16, 1999, in Docket No. 990710-GU, we granted the joint petition of Chesapeake Utilities Corporation, Florida Division (Florida Division) and Citrusuco North American, Inc. (Citrusuco) for a declaratory statement. In that declaratory statement, we acknowledged that Citrusuco, a citrus processor in Lake Wales, Florida, would not be subject to Commission jurisdiction as a public utility if it constructed and leased a natural gas pipeline.

Citrusuco is constructing an eleven-mile, eight-inch natural gas pipeline extending from the Florida Division's Lake Wales Gate station to the front entrance of its citrus processing plant.

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Construction of the pipeline will allow Citrosuco to receive gas purchased from various suppliers.

Citrosuco and the Florida Division have entered into a Pipeline Lease Agreement. Under the agreement, the Florida Division, as the lessee of the pipeline, will provide natural gas service to Citrosuco, the lessor. The Florida Division has the right to connect mains or service lines to the pipeline for the purpose of providing gas service to existing and potential customers of the Florida Division. However, the Florida division may not limit Citrosuco's ability to use the pipeline for receipt of its citrus processing facility's full requirements of natural gas.

On August 19, 1999, the Florida Division filed its petition for approval of a GTSA with Citrosuco North America, Inc. Citrosuco and the Florida Division have entered into a Pipeline Lease Agreement where Citrosuco will own the pipeline and lease it to the Florida Division for \$100,000 annually. The Florida Division will provide natural gas service to Citrosuco.

Under the agreement, the Florida Division will receive certain quantities of natural gas at its Lake Wales Gate Station for Citrosuco's account, transport such quantities on the pipeline, and redeliver it to Citrosuco's process facility. The GTSA has an initial term of ten years, with Citrosuco having the unilateral right to extend the term for one or more periods of five years, or such other period agreed to by the Florida Division.

During the initial ten-year term of the GTSA, Citrosuco will pay to the Florida Division an annual transportation charge of \$147,000. Consistent with the Contract Transportation Service (CTS) Rate Schedule, the GTSA recognizes that the annual transportation charge established may change from time to time due to changes in the Florida Division's operations, and that the applicable rate schedules may be revised, amended or superseded from time to time, subject to Commission approval.

The GTSA clearly generates revenues in excess of the cost to serve, thereby providing benefits to the general body of the Florida Division's ratepayers. The Florida Division believes that additional benefits to the general body of ratepayers would allow the addition of new customers in the vicinity of the route of the pipeline at low incremental costs.

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Accordingly, we approve the Florida Division's CTS Gas Transportation Service Agreement with Citrosuco North America, Inc.

ORDERED by the Florida Public Service Commission that the Florida Division of Chesapeake Utilities Corporation's petition for approval of Gas Transportation Service Agreement (GTSA) with Citrosuco North America, Inc. is hereby approved. It is further

ORDERED that this agreement shall have an effective date of October 5, 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. It is further

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

By ORDER of the Florida Public Service Commission this 25th day of October, 1999.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

By: Kay Flynn
Kay Flynn, Chief
Bureau of Records

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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 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, Florida 32399-0850, by the close of business on November 15, 1999.

In the absence of such a petition, this order shall become final and 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.