



Public Service Commission

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COMMISSION CLERK

DATE: FEBRUARY 5, 2004

TO: DIRECTOR, DIVISION OF THE COMMISSION CLERK
ADMINISTRATIVE SERVICES (BAYÓ)

FROM: DIVISION OF COMPETITIVE MARKETS & ENFORCEMENT (MAKIN,
BULECZA-BANKS) *CRB*
OFFICE OF THE GENERAL COUNSEL (K. FLEMING) *Watt*

RE: DOCKET NO. 040017-GU - PETITION FOR MODIFICATION OF
TRANSPORTATION COST RECOVERY FACTORS BY FLORIDA PUBLIC
UTILITIES COMPANY.

AGENDA: 02/17/04 - REGULAR AGENDA - TARIFF FILING - INTERESTED
PERSONS MAY PARTICIPATE

CRITICAL DATES: 60-DAY SUSPENSION DATE: MARCH 7, 2004

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\GCL\WP\040017.RCM

CASE BACKGROUND

By Order No. PSC-01-0073-TRF-GU, issued January 9, 2001, in Docket No. 000795-GU, In re: Petition of Florida Public Utilities Company for approval of unbundled transportation service, the Commission approved Florida Public Utilities Company's (FPUC or the Company) initial transportation service tariffs, including a Non-monitored Transportation Administration Charge (NTAC). Customers subject to the NTAC are not required to have electronic measurement equipment for the monitoring of their gas usage. The function of the NTAC is to allow the recovery of the Company's incremental expenses in providing unbundled transportation service.

By Order No. PSC-01-1963-TRF-GU, issued October 1, 2001, in Docket No. 010846-GU, In re: Petition for approval of initial transportation cost recovery factors by Florida Public Utilities

DOCUMENT NUMBER-DATE

01636 FEB-4 04

FPSC-COMMISSION CLERK

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Company, the Commission approved the Company's projected NTAC incremental expense of \$58,500 associated with making transportation service available to all non-residential customers for the period August 1, 2001, through December 31, 2002 (thereafter the period will be January through December). In accordance with its approved tariff, FPUC proposed to recover those expenses for the period on a cents-per-therm basis applied to the customer's actual consumption, with any over or underrecovery trued up at the end of the period. The Commission approved initial cost recovery factors to be applied during the October 2001 through December 2002 period.

By Order No. PSC-02-0654-TRF-GU, issued May 13, 2002, in Docket NO. 020163-GU, In re: Petition by Florida Public Utilities Company for approval of modification of transportation cost recovery factors, these factors were modified to reflect the effect of FPUC's acquisition of the assets of South Florida Natural Gas.

On January 3, 2003, FPUC filed a petition for modification of its NTAC cost recovery factors, the petition was later revised on January 29, 2003 to reflect a change in ongoing program costs.

On January 7, 2004, FPUC filed a petition for modification of its NTAC cost recovery factors. This recommendation address FPUC's January 7, 2004 petition.

Jurisdiction over this matter is vested in the Commission by several provisions of Chapter 366 Florida Statutes, including Sections 366.04, 366.05, and 366.06 Florida Statutes.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant FPUC's petition for modification of its NTAC cost recovery factors?

RECOMMENDATION: Yes. The Commission should grant FPUC's petition for modification of its NTAC cost recovery factors effective March 1, 2004. (MAKIN, BULECZA-BANKS)

STAFF ANALYSIS: Based on the Company's calculations, the total revenue for the period January 1, 2003 through December 31, 2003, is \$75,633 with a corresponding expense of \$34,780. This results in a \$40,853 overrecovery. The Company proposes to modify its NTAC factors for the period January 2004 through December 2004. For that period FPUC projects ongoing program costs of \$32,975. The prior period true-up is a \$40,853 overrecovery, resulting in a net refund of \$7,878 (\$32,975 - \$40,853). FPUC proposes to refund this amount to its customers through the NTAC factors during the period March 2004 through December 2004.

The specific NTAC factors proposed for the recovery period March 2004 through December 2004 are:

| | |
|--|-------------|
| General Service and GS Transportation | (\$0.00031) |
| Large Volume Service and LV Transportation | (\$0.00020) |
| Interruptible Service | (\$0.00009) |

The Company used its 2004 annualized budget data regarding the number of bills and therm sales to allocate the annualized costs to the different rate schedules using the same methodology as the natural gas conservation cost recovery clause.

Based on the Company's petition, Staff believes that FPUC's modified NTAC cost recovery factors, which represent the overrecovery refund, are appropriate and should be approved, and should become effective March 1, 2004, through December 2004.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If a protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, the tariff should remain in effect with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket should be closed upon the issuance of a Consummating Order. (K. FLEMING)

STAFF ANALYSIS: If a protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, the tariff should remain in effect with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket should be closed upon the issuance of a Consummating Order.