

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate
increase by Florida Public
Utilities Company.

DOCKET NO. 030438-EI
ORDER NO. PSC-03-1112-PCO-EI
ISSUED: October 6, 2003

ORDER REGARDING CONTENT OF MFRs

On May 13, 2003, Florida Public Utilities Company (FPUC or utility) filed a Petition for Waiver of Minimum Filing Requirements (MFR), in conjunction with its request for a rate increase in this docket. The specific schedules for which waiver or modification is sought are shown on Attachment A hereto. FPUC contends that granting the request will not impair the ability of the Commission staff or other parties to review and analyze the underlying data associated with its requested rate increase. In some instances, the same or substantially the same information is provided in other schedules, and in other instances sufficient information can be provided for shorter periods than called for by the schedules. The request also reflects the result of discussions and reviews of the MFRs with Commission staff as to possible revisions.

Upon consideration, the specific MFR schedules set forth in Attachment A are acceptable except as modified herein, and should provide the basis for the Commission to make a reasoned decision in this docket.

The requested MFR schedule deletions set forth in Attachment A are hereby approved except as noted below:

B-5 Commission Rate Base Adjustments - This schedule can be deleted but shall be included in Schedule B-3 rather than Schedule B-4.

B-6 Company Rate Base Adjustments - This schedule can be deleted but shall be included in Schedule B-3 rather than Schedule B-4.

C-4 Commission Net Operating Income Adjustments - This schedule shall be retained and combined with Schedule C-5 rather than Schedule C-3.

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FPSC-COMMISSION CLERK

C-5 Commission Net Operating Income Adjustments - This schedule can be deleted but shall be included in Schedule C-4 rather than Schedule C-3.

All listed "G" Schedules - These schedules may be deleted because the "G" Schedules all pertain to requests for interim rate relief. The Company has stated that it will not seek interim rate relief. Therefore, there is no requirement that these schedules must be filed.

The requested MFR schedule modifications set forth in Attachment A are hereby approved except as noted below:

B-4 Rate Base Adjustments - This schedule shall not be modified. Instead, Schedule B-5 and Schedule B-6 shall be combined as Schedule B-5.

C-3 Jurisdictional Net Operating Income Adjustments - This schedule shall not be modified to include Schedule C-4 and Schedule C-5. Instead, Schedule C-4 and Schedule C-5 shall be combined as Schedule C-4.

C-12 Budgeted Versus Actual Operating Revenues and Expenses - The requested modification to include only actual data for ten years is hereby denied. Instead, this schedule may be modified to include both the actual and budget data for the most recent five historical years.

C-21 Detail of Changes in Expenses - The requested threshold of \$100,000 is hereby denied. Instead, a threshold of \$20,000 shall be allowed.

All listed "G" Schedules - It is not necessary to modify these schedules because the "G" Schedules all pertain to requests for interim rate relief. The Company has stated that it will not seek interim rate relief. Therefore, there is no requirement that these schedules must be filed.

The Company's requested waivers relate solely to the "G" schedules, which are only required if interim rate relief is sought. As previously mentioned, FPUC has stated that it will not

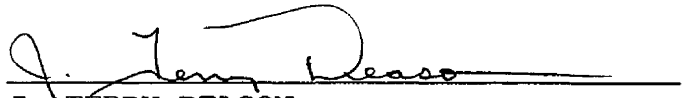
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seek interim rate relief. Therefore, the requested waivers are denied as unnecessary.

Based on the foregoing, it is

ORDERED by Commissioner J. Terry Deason as Prehearing Officer, that Florida Public Utilities Company's request for modification of minimum filing requirements is granted as set forth herein.

By ORDER of Commissioner J. Terry Deason as Prehearing Officer, this 6th day of October, 2003.



J. TERRY DEASON
Commissioner and Prehearing Officer

(S E A L)

JSB

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.

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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; or (2) 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 the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, 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.

Attachment A

Florida Public Utilities Company
Consolidated Electric Division
MFR Schedule Waivers and Modification

Explanation for Request for Waiver or Modification:

B-27
(Detail of Changes in Rate Base)

Modify Explanation to read "Provide the data listed below regarding all changes in rate base primary accounts that exceed ten percent and \$400,000 from the prior year to the test year. Quantify each reason for the change.

To provide reasons for changes of only 10% and under \$400,000 does not seem cost justified and a minimum dollar amount should be established.

B-29
(10-Year Historical Balance Sheet)

We will present a two-year historical balance sheet in MFR Schedule B-1 and a two-year projected balance sheet for the years 2003- 2004. The NE (Fernandina Beach) and NW (Marianna) Electric Operations are divisions of Florida Public Utilities Company and as such have no balance sheets of their own. There is a considerable amount of analysis and allocation to arrive at an Electric 13-Month average balance sheet. To prepare a ten-year balance sheet would require significant work hours and expense.

C-12
(Budget Vs. Actual Operating Revenues and Expenses)

Form Modified to delete the requirement for budget figures for all years except 2002. Ten Years of Actual results will be provided. We have made changes to our budget process over the years and comparisons would make the variances misleading. Also, the forecasting methodology used in rate case preparation is much more demanding and precise than that used in our annual budgeting process.

C-21
(Detail of Changes in Expenses)

Modify explanation to read "Provide the Changes in primary accounts that exceed ten percent and \$100,000 from the prior year to the test year. Quantify each reason for the change".

To provide reasons for changes of only 10% and under \$100,000 would require reviews and explanations of many accounts. This would take a considerable amount of labor to

review small dollar differences. We do not feel this type of analysis is cost justified and a minimum dollar amount should be established.

C-59
(Attrition Allowance)

Modify title to read "Projected Test Year Revenue Requirement". Modify explanation to read, "Provide detailed supporting schedules and calculations for the projected test year revenue requirement". All supporting schedules will be included for rate base, operating income and cost of capital for the projection years 2003-2004. Historic year 2002 and prior years data are shown in the other MFR schedules.

E-22; E-23; E25a; and E-25b
(Load Duration Curves; System Load Shapes; Days within 10% of Monthly Peaks; Hours Within 10% of Monthly Peaks)

These schedules are extremely time consuming and not relevant for a non-generating utility such as Florida Public Utilities Company

G
(Interim Rate Relief Schedules)

Waiver of all G Schedules- Florida Public Utilities is not seeking interim relief and relevant data to our rate proceeding would be found in other rate schedules within the filing.

Various Schedules

Delete the following Schedules due to containing unnecessary data for the rate proceeding review and the cost of preparing the schedules is significant and is not cost justified:

- A-2 SUMMARY OF RATE CASE
DELETE
- A-3 REASONS FOR REQUESTED RATE INCREASE
DELETE
- A-9 SUMMARY OF JURISDICTIONAL RATE BASE
DELETE
- A-10 SUMMARY OF JURISDICTIONAL NET OPERATING INCOME
DELETE
- A-11 SUMMARY OF ADJUSTMENTS NOT MADE
DELETE
- A-12a SUMMARY OF JURISDICTIONAL CAPITAL STRUCTURE
DELETE
- A-12b SUMMARY OF JURISDICTIONAL CAPITAL COST RATES
DELETE

- A-12c SUMMARY OF FINANCIAL INTEGRITY INDICATORS
DELETE
- A-14 FINANCIAL AND STATISTICAL REPORT
DELETE
- B-1 BALANCE SHEET-JURISDICTIONAL
DELETE
- B-2b BALANCE SHEET-JURISDICTIONAL LIABILITIES CALCULATION
DELETE - include in B-2a
- B-5 COMMISSION RATE BASE ADJUSTMENTS
DELETE - include in B-4
- B-6 COMPANY RATE BASE ADJUSTMENTS
DELETE - include in B-4
- B-11 CAPITAL ADDITIONS AND RETIREMENTS-PROPERTY MERGED OR
DELETE
- B-12b PROPERTY HELD FOR FUTURE USE-MONTHLY BALANCES
DELETE
- B-12c PROPERTY HELD FOR FUTURE USE-DETAILS
DELETE
- B-13a CONSTRUCTION WORK IN PROGRESS-13 MONTH AVERAGE BALANCE
DELETE - include in B-13b
- B-13c CONSTRUCTION WORK IN PROGRESS-AFUDC
DELETE
- B-14 WORKING CAPITAL-13 MONTH AVERAGE
DELETE

- B-19 ACCOUNTS PAYABLE-FUEL
DELETE
- B-20 PLANT MATERIALS AND OPERATING SUPPLIES
DELETE
- B-23a INVESTMENT TAX CREDITS-ANNUAL ANALYSIS
DELETE - DOES NOT EXIST
- B-24b STATE ACCUMULATED DEFERRED INCOME TAXES
DELETE
- B-24c FEDERAL ACCUMULATED DEFERRED INCOME TAXES
DELETE
- B-25 ADDITIONAL RATE BASE COMPONENTS
DELETE
- B-28b LEASING ARRANGEMENTS (ERTA 1981)
DELETE
- C-1 JURISDICTIONAL NET OPERATING INCOME
DELETE
- C-4 COMMISSION NET OPERATING INCOME ADJUSTMENTS
DELETE - include in C-3
- C-5 COMPANY NET OPERATING INCOME ADJUSTMENTS
DELETE - include in C-3
- C-6 OUT OF PERIOD ADJUSTMENTS TO REVENUES AND EXPENSES
DELETE
- C-7 EXTRAORDINARY REVENUES AND EXPENSES
DELETE

- C-11 UNBILLED REVENUES
DELETE
- C-13 MONTHLY FUEL REVENUES AND EXPENSES
DELETE
- C-14 MONTHLY FUEL EXPENSES
DELETE

- C-15 FUEL REVENUES AND EXPENSES RECONCILIATION
DELETE
- C-16 CONSERVATION GOALS AND PROGRESS
DELETE
- C-17 CONSERVATION REVENUES AND EXPENSES
DELETE
- C-18 CONSERVATION REVENUES AND EXPENSES
DELETE
- C-20 OPERATION AND MAINTENANCE EXPENSES-PRIOR YEAR
DELETE
- C-22 MAINTENANCE ON CUSTOMER FACILITIES, INSTALLATIONS
DELETE
- C-24 TOTAL RATE CASE EXPENSES AND COMPARISONS
DELETE - include part in C-23
- C-30 CIVIC AND CHARITABLE CONTRIBUTIONS
DELETE - include in C-29
- C-36 CURRENT DEPRECIATION RATES
DELETE
- C-40 FEDERAL DEFERRED INCOME TAXES
DELETE - combine with C-39
- C-48 RECONCILIATION OF TOTAL INCOME TAX PROVISION
DELETE
- C-50 REACQUIRED BONDS
DELETE - include in D-4
- C-52 NON-FUEL OPERATION AND MAINTENANCE EXPENSE COMPARED TO CPI
DELETE
- C-53 O & M BENCHMARK COMPARISON BY FUNCTION
DELETE
- C-55 BENCHMARK YEAR RECOVERABLE O & M EXPENSES BY FUNCTION
DELETE
- C-56 O & M COMPOUND MULTIPLIER CALCULATION
DELETE
- C-57 O & M BENCHMARK VARIANCE BY FUNCTION
DELETE
- C-63 STATEMENT OF CASH FLOWS
DELETE
- D-3b SHORT-TERM FINANCING POLICY
DELETE - include in D-3a
- D-4b DEBT OUTSTANDING - CALL PROVISIONS AND SPECIAL RESTRICTIONS
DELETE
- D-5 COMMON STOCK ISSUES-ANNUAL DATA
DELETE
- D-6 REPORTS OF OPERATIONS COMPARED TO FORECAST-COST
DELETE
- D-10b FINANCING PLANS-GENERAL ASSUMPTIONS
DELETE - include in D-10a
- D-11b FINANCIAL INDICATORS-CALCULATIONS OF INTEREST AND PREFERRED
DELETE
- D-11c FINANCIAL INDICATORS-CALCULATIONS AS A PERCENTAGE OF INCOME
DELETE
- D-11d FINANCIAL INDICATORS-CALCULATION OF THE PERCENTAGE OF
DELETE
- D-12a RECONCILIATION OF JURISDICTIONAL RATE BASE AND
DELETE - include in D-1
- D-12b SCHEDULE OF PRO-RATA ADJUSTMENTS
DELETE - include in D-1

- E-3a COST OF SERVICE STUDY-RATES OF RETURN BY RATE SCHEDULE
DELETE - include in E-1
- E-3b COST OF SERVICE STUDY-RATES OF RETURN BY RATE SCHEDULE
DELETE - include in E-1
- E-4 RECONCILIATION OF CLASS RATE OR RETURN INDICES BETWEEN
DELETE
- E-9 DETAILED BREAKDOWN OF CUSTOMER UNIT COSTS
DELETE
- E-21a CORRELATIONS BETWEEN CONTRIBUTIONS TO THE 12 MONTHLY
DELETE
- E-21b CORRELATIONS BETWEEN CONTRIBUTIONS TO THE CLASS NONCOIN-
DELETE
- E-22 LOAD DURATION CURVES
DELETE
- E-23 SYSTEM LOAD SHAPES
DELETE
- E-25a DAYS WITHIN 10% OF MONTHLY PEAKS
DELETE
- E-25b HOURS WITHIN 10% OF MONTHLY PEAKS
DELETE
- E-28a INTERRUPTIBLE RATES POLICY
DELETE
- E-28b CURTAILABLE RATES POLICY
DELETE
- F-2 FINANCIAL STATEMENTS-OPINIONS OF INDEPENDENT CERTIFIED
DELETE
- F-5 COMPANY DIRECTORS
DELETE
- F-6 OFFICERS OF AFFILIATED COMPANIES OR SUBSIDIARIES
DELETE
- F-12 HEATING DEGREE DAYS
DELETE
- F-13 COOLING DEGREE DAYS
DELETE
- F-14 TEMPERATURE AT TIME OF MONTHLY PEAKS
DELETE
- F-15 FORECASTING MODELS-CONSISTENCY OF DATA
DELETE
- F-16 CONSERVATION ACTIONS
DELETE

Modify the following Schedules due to containing unnecessary data for the rate proceeding review and the cost of not modifying the schedules is not cost justified:

- B-2a BALANCE SHEET-JURISDICTIONAL ASSETS CALCULATION
MODIFY - system basis; include B-2b data
- B-4 RATE BASE ADJUSTMENTS
MODIFY - include B-5 and B-6 data
- B-8a PLANT BALANCES BY ACCOUNT AND SUB-ACCOUNT
MODIFY- submit Annual Status Report for historical year if TY is calendar year
- B-8b DEPRECIATION RESERVE BALANCES BY ACCOUNT AND SUB-ACCOUNT
MODIFY- submit Annual Status Report for historical year if TY is calendar year

- B-13b CONSTRUCTION WORK IN PROGRESS-OTHER DETAILS
MODIFY - revise and include B-13a data
- B-15 WORKING CAPITAL-MONTHLY BALANCES
MODIFY - annual basis rather than monthly basis

- B-23b INVESTMENT TAX CREDITS-ANNUAL ANALYSIS BY TYPE
MODIFY - explanation and delete page 2
- B-24a TOTAL ACCUMULATED DEFERRED INCOME TAXES
MODIFY - delete monthly data and combine state and federal
- B-27 DETAIL OF CHANGES IN RATE BASE
MODIFY - possibly \$ threshold

- C-3 JURISDICTIONAL NET OPERATING INCOME ADJUSTMENTS
MODIFY - include C-4 and C-5 data
- C-10 OPERATING REVENUES DETAIL
MODIFY
- C-12 BUDGETED VERSUS ACTUAL OPERATING REVENUES AND EXPENSES
MODIFY - require 5 years instead of 10 years
- C-21 DETAIL OF CHANGES IN EXPENSES
MODIFY - possibly \$ threshold
- C-23 DETAIL OF RATE CASE EXPENSES FOR OUTSIDE CONSULTANTS
MODIFY - combine with C-24 without prior case data
- C-25 UNCOLLECTIBLE ACCOUNTS
MODIFY - 5 yrs annual data - calculation of rev.exp. factor component
- C-26 ADVERTISING EXPENSES
MODIFY - require only non-cost recovery clause advertising
- C-27 INDUSTRY ASSOCIATION DUES
MODIFY - aggregate dues \$10,000 or less
- C-28 ACCUMULATED PROVISION ACCOUNTS-228.1, 228.2 AND 228.4
MODIFY - require annual data rather than monthly
- C-29 LOBBYING AND OTHER POLITICAL EXPENSES
MODIFY - combine with C-30
- C-33 PAYROLL AND FRINGE BENEFIT INCREASES COMPARED TO CPI
MODIFY - test year plus prior years to include 2 actual historical years
- C-35 AMORTIZATION/RECOVERY SCHEDULE-12 MONTHS
MODIFY - delete monthly data - show only amounts not shown on B-8b
- C-38a TAXES OTHER THAN INCOME TAXES
MODIFY - format
- C-38b REVENUE TAXES
MODIFY - format
- C-39 STATE DEFERRED INCOME TAXES
MODIFY - combine state and federal (C-40); provide total only
- C-44 INTEREST IN TAX EXPENSE CALCULATION
MODIFY - explanation
- C-45 CONSOLIDATED RETURN
MODIFY - explanation; eliminate copy of tax sharing agreements
- C-46 INCOME TAX RETURNS
MODIFY - explanation - make available for review
- C-54 O & M ADJUSTMENTS BY FUNCTION
MODIFY - revise description
- C-61 PERFORMANCE INDICES
MODIFY
- C-64 EARNINGS TEST
MODIFY - revise explanation - provide only if company requests
- C-65 OUTSIDE PROFESSIONAL SERVICES
MODIFY - provide totals (not by vendor) for each type of service

- D-1 COST OF CAPITAL-13 MONTH AVERAGE
MODIFY - include D-12a & D-12b data; drop last rate case
- D-2 COST OF CAPITAL-10 YEAR HISTORY
MODIFY - provide 5 yrs not 10 yrs - TY, PY and 3 calendar years
- D-3a SHORT-TERM DEBT
MODIFY - include D-3b data
- D-4a LONG-TERM DEBT OUTSTANDING
MODIFY - include C-50 data
- D-7 PREFERRED STOCK OUTSTANDING
MODIFY - include prior year and historical base year
- D-8 CUSTOMER DEPOSITS
MODIFY - delete company policy
- D-9 COMMON STOCK DATA
MODIFY - provide 5 yrs not 10 yrs
- D-10a FINANCING PLANS-STOCK AND BOND ISSUES
MODIFY - include D-10b data
- D-11a FINANCIAL INDICATORS-SUMMARY
MODIFY - provide 3 years - TY, PY and HBY
- E-1 COST OF SERVICE STUDIES
MODIFY - include E-3a & E-3b data
- E-16a REVENUE FROM SALE OF ELECTRICITY BY RATE SCHEDULE
MODIFY - eliminate clause revenues
- F-9 FORECASTING MODELS
MODIFY - revise explanation
- F-10 FORECASTING MODELS-SENSITIVITY OF OUTPUT TO CHANGES IN
MODIFY - revise explanation