

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Public Utilities Company, Marianna Electric Division, to Increase its Rates and Charges.	)	DOCKET NO. 880558-EI
	)	ORDER NO. 20896
	)	ISSUED: 3/15/89

Pursuant to Notice, a Prehearing Conference was held on March 3, 1989, in Tallahassee, Florida, before Commissioner John T. Herndon, Prehearing Officer.

APPEARANCES: JAMES ROBINSON, Esquire, Robinson and Eaton, Suite 301, Flagler Court Building, 215 Fifth Street, West Palm Beach, Florida 33401  
On behalf of Florida Public Utilities Company.

STEVEN BURGESS, Esquire, Office of Public Counsel, Florida House of Representatives, The Capitol, Tallahassee, FL 32399-1300  
On behalf of the Citizens of the State of Florida.

MARSHA E. RULE, Esquire, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida, 32399-0863  
On behalf of the Commission Staff.

PRENTICE P. PRUITT, Esquire, Florida Public Service Commission, 101 E. Gaines Street, Tallahassee, Florida 32399-0861  
On behalf of the Commissioners.

PREHEARING ORDERBackground

On October 3, 1988, Florida Public Utilities Company (FPUC) filed its petition for a rate increase of \$690,888 per annum for its Marianna Division. FPUC claimed a current pro forma return on investment of 5.61% and requested a return of 9.13%. In 1988, the Commission approved an historic test year ended December 31, 1987, and an attrition year ended December 31, 1989.

FPUC's proposed permanent rate schedules were suspended under Florida Statutes 366.06(3) pending the outcome of a formal hearing. Interim relief of \$473,603 was granted in accordance with Ch. 366.071, Florida Statutes. The Office of Public Counsel (OPC) intervened in this docket. Thereafter, a service hearing was held in Marianna, Florida, on January 27, 1989. No customers of the utility appeared at the hearing.

At the time of the prehearing conference, the utility modified its position as filed in its petition, and requested an annual increase of \$669,808, which it calculates will return 9.32% on its rate base.

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ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 2

Use of Prefiled Testimony

All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and exhibits, unless there is a sustainable objection. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his testimony at the time he or she takes the stand.

Use of Depositions and Interrogatories

If any party desires to use any portion of a deposition or an interrogatory, at the time the party seeks to introduce that deposition or a portion thereof, the request will be subject to proper objections and the appropriate evidentiary rules will govern. The parties will be free to utilize any exhibits requested at the time of the depositions subject to the same conditions.

Order of Witnesses

In keeping with Commission practice, witnesses will be grouped by the subject matter of their testimony. The witness schedule is set forth below in order of appearance by the witness's name, subject matter, and the issues which will be covered by his or her testimony.

	<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
1.	James R. Dittmer (OPC)	Plant-in-service and rate base deductions; test year working capital and rate base; net operating income issues.	15, 23, 24, 26, 27, 32, 34, 36, 39, 41, 42
2.	William R. Hopkins (FPUC)	Methodology for cost of service study.	51
3.	Robert S. Jackson (FPUC)	Cost of equity capital; cost of common equity.	18,19,46,47
4.	Steven F. Clinger (OPC)	Cost of capital	18,19, 46,47
5.	Janice Yecco (Staff)	Cost of capital	18,19, 46,47

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 3

	<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
6.	Darryl L. Troy (FPUC)	plant-in-service; rate base; working capital; net operating income; tax credits; cost of capital.	1-17, 20-45, 49, 50, 74
7.	Gordon O. Jerauld (FPUC)	Rate design.	52-73

EXHIBIT LIST

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>FPUC</u>		
101	Jackson	Cost of capital
102	Hopkins	Cost of study report
103	Jerauld	Rate schedules (MFRs Section E)
104	Troy	Executive Summary Schedules (MFR Section A)
105	Troy	Rate Base Schedules (MFR Section B)
106	Troy	Net Operating Income Schedules (MFR Section C)
107	Troy	Full Case Attrition Allowance and Revenue Deficiency (MFR Section C 8-6)
108	Troy	Rate of Return Schedules (MFR Section D)

EXHIBIT LIST

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>FPUC</u>		
109	Troy	Miscellaneous Schedules (MFR Schedule F)

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 4

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
110	Troy	Rebuttal to office of Public Counsel Testimony (Dittmer)
<u>OPC</u>		
201	Dittmer	Revenue Deficiency Summary (Schedule A)
202	Dittmer	Rate Base (Schedule B)
203	Dittmer	1989 Gross Plant-In-Service (Schedule B-1)
204	Dittmer	1989 Accumulated Depreciation (Schedule B-2)
205	Dittmer	Working Capital Development (Schedules B-3)
206	Dittmer	Working Capital Development (Schedule B-3)
207	Dittmer	Operating Income Summary (Schedule C)
208	Dittmer	Historic Year Operating Income Adjustment (Schedules C-1-C1e)
209	Dittmer	Attrition Year Expense Adjustments (Schedule C-2)
210	Dittmer	Attrition Year O&M Expenses (Schedules C-2a)
211	Dittmer	
212	Dittmer	Attrition Year Depreciation Expense (Schedule C-2b)
213	Dittmer	Attrition Year Taxes Other Than Income (Schedule C-2c)

ORDER NO. 20896  
 DOCKET NO. 880558-EI  
 PAGE 5

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
214	Dittmer	Attrition Year Income Tax Expense (Schedule C-2d)
215	Dittmer	Excess Deferred Taxes (Schedule C-2e)
216	Dittmer	Historic Year Cost of Capital Schedule (Schedule D-1)
217	Dittmer	Attrition Year Cost of Capital (Schedule D-2)
218	Clinger	Electric Index- Investment Risk Characteristics (Schedule 1)
219	Clinger	Discount Cash Flow Model (Schedule 2)
220	Clinger	Capital Asset Pricing Model (Schedule 3)
221	Clinger	Earning-Price Model (Schedule 4)
222	Clinger	Cost of Equity- Electric Index (Schedule 5)
223	Clinger	Risk Premium Analysis (Schedule 6)
224	Clinger	Market-To-Book Ratio Analysis (Schedule 7)
225	Clinger	Financial Risk Analysis (Schedule 8)
226	Clinger	Public Utility Bond Yields (Schedule 9)
227	Clinger	Weighted Average Cost of Capital (Schedule 10)
228	Clinger	Rate of Return (Schedule 11)

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 6

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>Staff</u>		
301	Hopkins Utility witness	Revised Cost Study Report
302	Hopkins Utility witness	WRH #2, Late Filed Deposition Exhibit Methology for Allo- cating Service
303	Hopkins Utility witness	WRH #3, Late Filed Deposition Exhibit for Allocating Purchased Power Demand Costs
304	Yecco	Monthly Average Bond Yields 1988 (Composite: includes Charts 1a and 1b)
305	Yecco	AA/Aa Rated Electric Utilities Investment Risk Characteristics
306	Yecco	DCF Model Equation
307	Yecco	Non-Constant Growth Quarterly Compounded DCF Model
308	Yecco	Non-Constant Growth Quarterly Compounded DCF Analysis for AA/Aa Electric Index
309	Yecco	Estimated Monthly Risk Premiums
310	Yecco	Risk Premium Model and Analysis
311	Yecco	Comparison of FPUC to the S&P Financial Benchmarks for BBB- rated Electric Utilities
312	Yecco	Comparative Size, Electric Index vs. FPUC
313	Yecco	Bond Yield Differentials

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 7

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
314	Yecco	Ratemaking Rate of Return Model and Analysis
315	Yecco	Summary of Cost of Equity Analysis
316	Yecco	Derivation of the Non-Constant Growth Quarterly Compounded DCF Model
317	Yecco	Ratemaking Rate of Return Example
318	Utility witness	Staff's First Request for Production of Documents
319	Utility witness	(Staff Data Request Item No. 16)
320	Utility witness	(Staff Data Request Item No. 19)
321	Utility witness	(Staff Data Request Item No. 20)
322	Utility witness	(Staff Data Request Item No. 27)
323	Utility witness	(Staff Data Request Item No. 28)
324	Utility witness	(Staff Data Request Item No. 31)
325	Utility witness	(Staff Data Request Item No. 33)
326	Utility witness	Late Filed Deposition Exhibit WRH No. 6, Unit Costs of Transformer Equipment
327	Utility witness	Late Filed Deposition Exhibit GOJ No. 3
328	Utility witness	Calculation of 1989 Customer Load Factors for Proposed GSLD Class and GSD Class

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 8

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
329	Utility witness	9/9/88 Letter from Claire Wolkoff to Darryl Troy, Re: Pension Expense (Response to Staff's Interrogatory No. 7)
330	Utility witness	2/13/89 Letter from Claire Wolkoff to Darryl Troy, Re: Pension Expense (Response to Staff's Interrogatory No. 5)

PARTIES' STATEMENT OF BASIC POSITION

STAFF: FPUC should be granted approval to raise its rates by \$585,693 annually, rather than \$669,808 as requested. An annual increase of \$585,693 will yield a fair return of 9.12% on allowable rate base.

The positions of Staff, OPC and FPUC are further shown in the schedules attached hereto.

FPUC: It is the Company's responsibility to provide reliable, safe service to its customers at the most economical cost possible.

Because of increased utility operating costs, increased plant replacement costs, and the need for additional plant investment, the Company is presently earning a pro forma return on its investment of approximately 5.87% and represents that a return of 5.87% does not provide reasonable compensation to the Company's stockholders and is not sufficient to attract new capital.

The Company requests approval to increase its rates by the amount of \$669,808 per annum, which amount will allow a return of 9.32% on the allowable rate base.

OPC: It is the utility's responsibility to provide reliable service to its customers at the most economical cost possible. Rates should be set to compensate the utility only for prudent expenses and to provide a reasonable return on prudent and reasonable investments in assets used to provide service to its retail customers.



ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 9

STATEMENT OF ISSUES AND POSITIONS

NOTE: Issues marked with an asterisk (\*) have been stipulated.

Test Year Rate Base - Schedule 1

- \*1. STIPULATED ISSUE: What is the appropriate amount of Plant-in-Service for the test year?

\$11,714,447, which includes \$116,614 in CWIP - Completed Not Classified.

- \*2. STIPULATED ISSUE: What are the appropriate test year Rate Base Deductions?

\$3,790,040 (Accumulated Depreciation and Amortization, \$3,745,227 and Customer Advances for Construction, \$44,813.)

3. ISSUE: The company has included prepaid pension expense in current assets in its calculation of working capital. Is this appropriate?

STAFF: Yes.

OPC: No. FASB 87 requires the company to recognize a prepaid asset on its books and records as a result of the pension fund being overfunded. Likewise, if the pension fund was underfunded, the company would be required to recognize a liability on its books. The pension fund is in an overfunding situation as a result of contributions to the fund by FPUC, and interest earnings from the fund's investments. The pension fund's earnings are not available to the utility. The contributions made to the fund by the utility were recognized in operating expenses and collected from the utility's customers through base rates. It is not appropriate to require FPUC's customers to pay a return on an expense that has previously been collected from them.

Also, the overfunded balance is not an asset of the utility. Those funds must remain in the trust until such time as distributions are made to the beneficiaries for whom contributions were made. Working capital should be reduced by \$12,116.

FPUC: Yes.

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 10

4. ISSUE: What is the appropriate test year Working Capital Allowance?

STAFF: \$2,070.

OPC: (\$10,046.)

FPUC: \$2,070.

5. ISSUE: What is the appropriate test year rate base?

STAFF: \$7,926,477.

OPC: \$7,914,361.

FPUC: \$7,926,477.

Test Year Net Operating Income Issues - Schedule 2

6. ISSUE: What is the appropriate amount of test year NOI?

STAFF: \$472,300.

OPC: \$465,077.

FPUC: \$465,077.

- \*7. STIPULATED ISSUE: What is the appropriate amount of test year Operating Revenue?

\$2,636,620.

- \*8. STIPULATED ISSUE: Should FPUC amortize over a three-year period, the \$17,035.20 of Meter Retrofit Kits, Account 586 Meter Expenses, purchased in 1987 and projected for installation from 1987-1989.

Yes, a three-year period, 1987-1989, should be used to amortize the Meter Retrofit Kits at \$5,678.40 per year. This will reduce expenses \$11,357 in 1987.

- \*9. STIPULATED ISSUE: Should Account 923, Outside Service Expenses, for 1987, be reduced for legal fees incurred in the Blue Springs property dispute with the State of Florida?

Yes. Since this is for non-utility property, expenses should be reduced \$19,693.

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 11

- \*10. STIPULATED ISSUE: Should Account 930, Miscellaneous General Expenses, be reduced \$3,087 to remove the cost of the following items during 1987?

a. Image building advertising	\$1,190
b. Chamber of Commerce dues (service area)	\$1,274
c. Chamber of Commerce Expenses (West Palm Beach)	\$204
d. Natural Gas dues	\$418

Yes.

- \*11. STIPULATED ISSUE: Should an adjustment be made to O&M expenses for employee newsletter expense?

Yes. The employee newsletter has been discontinued, therefore test year O&M expenses should be reduced by \$2,464 as a non-recurring expense.

- \*12. STIPULATED ISSUE: What is the appropriate amount of test year O&M expense?

\$1,524,137.

- \*13. STIPULATED ISSUE: What is the appropriate amount of the test year depreciation and amortization expense?

\$391,863.

- \*14. STIPULATED ISSUE: What is the appropriate income tax rate for calculating income tax expense in the 1987 test year?

40%, with the understanding that appropriate adjustment will be made in the attrition year to reflect that any revenue increase granted will be subject to the current 34% rate.

15. ISSUE: What is the appropriate amount of test year Operating Expenses?

STAFF: \$2,164,320.

OPC: \$2,171,543.

FPUC: \$2,171,543.

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 12

- \*16. STIPULATED ISSUE: What is the appropriate expansion factor to be used in calculating the 1987 revenue deficiency?

1.6322, based on the 34% federal income tax rate in effect during 1989 when the revenue will be collected, and taking into account the increased regulatory assessment fee (Schedule 4).

17. ISSUE: What is the appropriate test year revenue increase (Schedule 5)?

STAFF: \$372,796.

OPC: \$341,510.

FPUC: \$440,216.

Test Year Cost of Capital Issues - Schedule 3

18. ISSUE: What is the return on equity required by investors in FPUC for the historic test year ended December 31, 1987?

STAFF: 13.65%

OPC: 12.10%

FPUC: 13.50% (Jackson)

19. ISSUE: What return on equity should be set for FPUC so that investors will have the opportunity to earn their required return on equity for the historic test year ended December 31, 1987?

STAFF: 12.85%, which will yield 13.65% after compounding.

OPC: 11.50%, which will yield 12.10% after compounding.

FPUC: 13.50% should be used for all purposes. (Jackson)

- \*20. STIPULATED ISSUE: What is the appropriate balance of accumulated deferred income taxes for the 1987 test year?

\$1,354,536, based on a 13 month average.

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 13

- \*21. STIPULATED ISSUE: What is the appropriate balance of accumulated deferred investment tax credits (ITC) for the 1987 test year?

\$433,073, based on a 13 month average.

22. ISSUE: What is the weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the historic test year ended 12/31/87?

STAFF: 8.84%.

OPC: 8.52%.

FPUC: 9.27%.

Attrition Year Rate Base Issues - Schedule 6

23. ISSUE: What is the appropriate amount to be included in the attrition year plant-in-service?

STAFF: Agree with utility: \$13,629,689.

OPC: \$13,517,212.

FPUC: \$13,629,689. (Troy)

24. ISSUE: What are the appropriate attrition year Rate Base Deductions?

STAFF: \$4,446,661, consisting of Accumulated Depreciation and Amortization of \$4,427,186 and Customer Advanced for Construction of \$19,475.

OPC: \$4,473,293.

FPUC: Agree with Staff: \$4,446,661. (Troy)

25. ISSUE: The Company has included prepaid pension expense in the attrition year working capital. Is this appropriate?

STAFF: Yes. Working capital should be increased by \$1,164 to recognize the adjustment to pension expense.

OPC: No. Working capital should be decreased by \$33,000.

FPUC: Yes, working capital should be increased by \$1,200.

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 14

26. ISSUE: Is it appropriate to include unamortized rate case expense in working capital?

STAFF: No, pursuant to Commission policy as stated in Order No. 14030, issued on January 25, 1985, in Docket NO. 840086-EI. This would reduce working capital by \$71,900.

OPC: No. Working capital should be decreased by \$71,900.

FPUC: Yes.

27. ISSUE: What is the appropriate amount of storm damage reserve to be included in attrition year working capital?

STAFF: \$19,900.

OPC: The appropriate amount of storm damage reserve to be included in working capital is \$8,650. Working capital should be increased by \$10,650.

FPUC: \$19,300.

28. ISSUE: What is the appropriate working capital allowance to be used in the attrition year rate base?

STAFF: \$0.00. Staff calculated a (\$13,592) working capital allowance. Based on prior Commission decision, Staff's position is therefore \$0.00.

OPC: (\$48,064).

FPUC: \$53,300. (Troy)

29. ISSUE: What is the appropriate attrition year rate base?

STAFF: \$9,183,028.

OPC: \$8,995,856.

FPUC: \$9,236,328. (Troy)

Attrition Year Net Operating Income Issues - Schedule 7

- \*30. STIPULATED ISSUE: What is the appropriate amount of attrition year operating revenues?

\$2,779,142, which includes \$1,661 in unbilled revenues and a reduction of \$159 to correct an error in determining sales of electricity.

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 15

- \*31. STIPULATED ISSUE: Should an adjustment be made to attrition year O&M expenses for property insurance?

Yes, property insurance expense should be reduced \$425.

32. ISSUE: Should the company be permitted to establish a Provision for Property Insurance Account, and if so, what is the appropriate annual accrual amount?

STAFF: Yes: \$39,800 (\$199,000 over 5 years).

OPC: Yes: \$17,300 (\$173,000 over 10 years).

FPUC: Yes: \$54,050 (\$216,200 over 4 years).

33. ISSUE: What is the appropriate amount of pension expense for 1989?

STAFF: Agree with utility: pension expense for the test year should be (\$21,000) on a total company basis with (\$2,328) allocated to the Marianna Division.

OPC: (\$8,520.)

FPUC: Pension expense for the test year should be (\$21,000) on a total company basis and (\$2,328) allocated to the Marianna Division. (Troy)

34. ISSUE: What is the proper level of rate case expenses to be included in operating expenses (amount and amortization)?

STAFF: \$18,322. (\$91,611 amortized over five years.)

OPC: \$18,322. (\$91,611 amortized over five years.)

FPUC: \$33,000 (\$99,000 amortized over three years).

35. ISSUE: Should expenses be increased to amortize over four years the cost of the depreciation study due in 1989?

STAFF: Yes, increase expenses \$2,625 (\$10,500 amortized over four years).

OPC: No.

FPUC: Agree with Staff.

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 16

36. ISSUE: What are the appropriate trending factors to be used in deriving attrition year operating expenses?

STAFF:

<u>Trend Basis</u>	<u>Key</u>	<u>Projection Years</u>	
		<u>1988</u>	<u>1989</u>
(A)	(B)	(C)	(D)
No Trend Basis	0	0.00%	0.00%
Inflation Only	1	104.10%	108.89%
Customer Growth	2	101.87%	103.90%
Payroll Increases	3	102.81%	107.95%
Sales/KWH	4	97.82%	102.50%
Revenues/\$'s	5	101.56%	105.35%
Plant	6	107.27%	116.35%
Inflation x Cust. Growth	7	106.05%	113.14%
Payroll x Cust. Growth	8	104.73%	112.16%
Other	9		

OPC: Agree with Staff except that Plant trend basis should be as follows:

<u>Trend Basis</u>	<u>Key</u>	<u>Projection Years</u>	
		<u>1988</u>	<u>1989</u>
(A)	(B)	(C)	(D)
Plant	6	107.27%	115.39%

FPUC: Agree with Staff.

- \*37. STIPULATED ISSUE: Should the attrition year Operating and Maintenance Expense be adjusted for the effect of changing the trend factors?

Yes.

38. ISSUE: What is the appropriate amount of attrition year O&M expenses?

STAFF: \$1,683,006 (Schedule 8).

OPC: \$1,622,653.

FPUC: \$1,711,934. (Troy)

39. ISSUE: What is the appropriate amount of attrition year depreciation and amortization expense?

STAFF: \$455,083.

OPC: \$451,263.

FPUC: Agree with Staff: \$455,083.



ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 17

- \*40. STIPULATED ISSUE: Should Taxes-Other be increased to recognize the increase in Regulatory Assessment fee from 1/12 to 1/8 of 1%?

Yes, increase expense by \$1,177.

41. ISSUE: What is the appropriate amount of Taxes-Other for the 1989 attrition year?

STAFF: \$210,554, after reducing expenses \$1,017 for trend effects.

OPC: \$207,552.

FPUC: Agree with Staff.

42. ISSUE: What is the appropriate amount of income tax expense for the 1989 projected test year?

STAFF: Income tax expense should be (\$48,158).

Current tax	\$ ( 4,418)
Deferred tax	( 21,751)
ITC	( 21,989)

OPC: Total income tax expense should be (\$29,223).

Current tax	\$ 58,572
Deferred tax	(65,808)
ITC	(21,987)

FPUC: Income tax expense should be (\$48,887). This is a calculation based on all other adjustments to revenues and expenses.

Current tax	\$ ( 15,962)
Deferred tax	( 10,936)
ITC	( 21,989)

43. ISSUE: What is the appropriate attrition year NOI?

STAFF: \$478,657.

OPC: \$526,897.

FPUC: \$450,455. (Troy)

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 18

- \*44. STIPULATED ISSUE: What is the appropriate expansion factor to be used in calculating attrition year 1989 revenue requirements (Schedule 10)?

1.6322

45. ISSUE: What is the appropriate attrition year revenue increase (Schedule 11)?

STAFF: \$212,898 (test year increase \$372,796; total revenue increase \$585,693).

OPC: \$97,057 (Test year increase \$341,510; total revenue increase \$438,567).

FPUC: \$229,592 (Test year increase \$440,216; total revenue increase \$669,808).

Attrition Year Cost of Capital Issues - Schedule 9

46. ISSUE: What is the return on equity required by investors in FPUC for the attrition year ending December 31, 1989.

STAFF: 13.65%.

OPC: 13.05%.

FPUC: 13.50%. (Jackson)

47. ISSUE: What return on equity should be set for FPUC so that investors will have the opportunity to earn their required return on equity for the attrition year ending December 31, 1989?

STAFF: 12.85%, which will yield 13.65% after compounding.

OPC: 12.30%, which will yield 13.05% after compounding.

FPUC: 13.50% for all purposes. (Jackson)

48. ISSUE: What is the weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the attrition year ending 12/31/89?

STAFF: 9.12%.

OPC: 8.844%.

FPUC: 9.32%, which includes 13.50% cost for common equity per witness Jackson, 10.31% cost for bank notes, based upon the current three month LIBOR rate plus 50 basis points, and 8.50% cost for customer deposits per Commission Rule 25-6.097. (Troy)

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 19

49. ISSUE: What is the appropriate balance of accumulated deferred income taxes for the 1989 projected test year?

STAFF: \$1,412,965, based on a 13-month average.

OPC: \$1,384,387, based on a 13-month average.

FPUC: \$1,420,411, based on a 13-month average.

- \*50. STIPULATED ISSUE: What is the appropriate balance of accumulated deferred investment tax credits (ITC) for the 1989 projected test year?

\$393,829, based on a 13-month average.

Cost of Service and Rate Design Issues

- \*51. STIPULATED ISSUE: Are the methodologies used in the cost of service study filed by the company reasonable?

Yes, with the exception of the allocation of Account 369 on class noncoincident maximum demands. A revision of the company's cost of service study which allocates Account 369 primarily on number of customers should be approved for use in this docket.

- \*52. STIPULATED ISSUE: Are the company's estimated revenues for 1989 from sales of electricity based upon reasonable forecasts of customer, KW, and KWH billing determinants by rate class?

Yes. Growth in customers, KW and KWH usage is reasonable given the characteristics of each class. Variation in the GSD class is explained by the loss of a major customer and the arrival of two smaller customers in that class. (Jerauld)

53. ISSUE: How should the increase in revenues be spread among the rate classes?

STAFF: The increase should be spread among the rate classes in a manner that moves class rate of return indices closer to parity. To the extent possible, increases should be limited to 1.5 times the system's average percentage increase. It may be appropriate to lower a class's rates.

OPC: No position.

FPUC: The increase should be spread among the rate classes in a manner that moves class rate of return indices closer to parity. To the extent possible, increases should be limited to 1.5 times the system average percentage increase. No class should be decreased in this proceeding. (Jerauld)

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 20

- \*54. STIPULATED ISSUE: The company presently has RS and RST rate schedules. The RST rate is applicable to residential and commercial customers for water heating service. The company proposes to eliminate the RST rate schedule. Is this appropriate?

Yes. The rate is not cost-based. The RST customers' water heaters are load managed for a maximum of 30 minutes a day, 15 in the morning and 15 in the afternoon or evening. The company could not quantify the savings attributable to the load management. In addition, presently, the RST rate does not recover the costs of the RST meters and timers (Jerauld Deposition P. 39-41).

- \*55. STIPULATED ISSUE: FPUC proposes to implement a GSLD rate class for customers with maximum demands over 1000 KW. Is this appropriate?

No. The customer load factor of the four proposed GSLD customers does not justify creation of a separate rate class. Also, the utility has not presented any evidence to show that the costs to serve these large customers warrant a separate rate class.

56. ISSUE: The company and Staff have proposed the following changes in customer charges:

	<u>Present</u>	<u>Company Proposed</u>	<u>Unit Cost at Company Proposed ROR (Revised COS)</u>	<u>Staff Proposed</u>
RS	\$ 5.00	\$ 5.50	\$ 6.66	\$ 6.65
GS	6.50	6.50	9.18	9.20
GSD	15.00	25.00	40.26	22.50
GSLD		300.00	66.25	66.25

What are the appropriate customer charges?

STAFF: The customer charges should be set at customer unit cost at the class recommended rate of return subject to the Commission's established policy that no charge will increase by more than 50%.

OPC: No position.

FPUC: The customer charges should be set as proposed with the exception of the GSLD class which should be set at or near cost.

57. ISSUE: What should demand charges be?

STAFF: Demand charges should be based on unit cost, which depends on the revenue requirement set in this docket. Therefore, Staff cannot specify demand charges at this time.

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 21

OPC: No position.

FPUC: \$2.30 per KW for GSD.

- \*58. STIPULATED ISSUE: The company proposes to eliminate the 75% ratchet provision on the GSD rate schedule. Is this appropriate?

Yes. The Commission has a long-standing policy that ratchets should be eliminated from all rate schedules (see FPC Order No. 10056 from Docket No. 800119-EU, GPC Order No. 10557 from Docket No. 810136-EU, and FPC Docket No. 820100-EU.) It has been the Commission's position that ratchets ignore any benefits derived from customers who have more diversity in their peak loads.

59. ISSUE: The current GSD rate schedule has minimum charges equal to the customer charge plus the demand charge for the minimum KW to take service on that rate schedule. Is this minimum charge provision appropriate?

STAFF: No, the minimum charge provision is not appropriate. Such a minimum charge penalizes those customers whose maximum demands happen to fall near the class break point. Furthermore, the utility has not demonstrated a cost basis for imposing more of the cost burden on customers whose maximum demands fall near the break point.

OPC: No position.

FPUC: The minimum charge for 25 KW may not be appropriate, but if eliminated the KW charge in the GSD rate would have to be somewhat higher than otherwise for all GSD customers as a result of a lesser number of billing KW.

- \*60. STIPULATED ISSUE: The company proposes to reduce the term of service on GSD from 1 or 2 years to 1 or more years. The company also proposes to eliminate the provision calling for a written contract. Are these changes appropriate?

A 12 month minimum term of service for GSD customers is consistent with the minimum terms required by the other investor owned electric utilities in Florida. Further, it appears reasonable to eliminate the language in the tariff requiring written contracts since the utility, in practice, has not been requiring such contracts from most of its customers.

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 22

- \*61. STIPULATED ISSUE: Should the Power Factor percentage goal used in the power factor clause be raised from 80% to 85%?

Yes.

- \*62. STIPULATED ISSUE: The company proposes to raise its primary voltage discount from 15¢ to 80¢ per kilowatt. Is 80¢ the appropriate voltage discount?

No. The company's proposed primary voltage discount removes the costs of poles, line transformers, and overhead/underground secondary distribution lines from the GSD rate. It has been past Commission policy to adjust the rates of the other investor-owned utilities' primary level customers by removing only the costs associated with transformation.

- \*63. STIPULATED ISSUE: The provision for the primary voltage discount states that the company may meter at secondary voltage and add losses to adjust to primary metering. Is the adjustment appropriate and should it apply to billing KW as well as KWH?

No. The appropriate provision should state that bills be adjusted for customers metered at primary voltage, thereby recognizing metering losses associated with transformation to secondary voltage. Each primary level customer's billing KW and KWH should be reduced to reflect the adjustment for losses.

- \*64. STIPULATED ISSUE: The provision for the primary voltage discount does not state the percentage of losses to adjust for the metering voltage. What is the appropriate percentage of losses for a metering adjustment?

The appropriate percentage of losses for metering adjustments should be 1.0%.

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 23

- \*65. STIPULATED ISSUE: The company's proposal for service charges is summarized as follows:

	<u>Present</u>	<u>Cost</u>	<u>Company Proposed</u>
Initial Connect	\$ 10.00	\$31.49	\$ 30.00
Reestablish Service to Inactive Account	7.00	14.10	15.00
Temporary Disconnect then Reconnect	7.00	25.02	25.00
Reestablish Active Service	7.00	15.74	15.00
Reconnect after Disconnect for Nonpayment	10.00	31.27	30.00
Connect and Disconnect Temporary Service	10.00	29.08	30.00

Are the company's proposed service charges appropriate?

The company's proposed service charges should be approved as they appear to be cost based. (MFR Schedule E-10, Data Request No. 27)

- \*66. STIPULATED ISSUE: The company has three street lighting service rate schedules, SL-1, SL-2 and SL-3. Rate Schedule SL-2 is applicable for mercury vapor street lights and SL-3 for high pressure sodium vapor lights. SL-1 is applicable to the City of Marianna for street lighting and is a significantly lower rate than SL-2 or SL-3. Should the SL-1 rate schedule be eliminated and the City of Marianna be required to take service on the same rate schedules as all other street lights?

Yes. The SL-1 rate schedule should be eliminated and a transition rate be established if moving these customers to SL-2 would result in an excessive increase.

67. ISSUE: The company's present and proposed street and outdoor lighting rates are shown on MFR Schedule E-17d. Should the proposed rates be approved?

STAFF: No. The charges for the various lighting services should recover the costs associated with such services. The non-fuel energy charge should be set at unit cost at the class approved rate of return. The non-fuel energy charge should recover non-fuel energy-related, demand-related and customer-related costs other than those related to the cost of the fixture and the maintenance of the fixture. The proposed energy charges for SL-3 and OL-2 are below the unit cost taken from the cost of service study at the classes' present rate of return.



ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 24

The maintenance charges should recover the costs associated with maintenance of lights. After developing the non-fuel energy costs, the maintenance costs and the pole costs, the remainder of the street and outdoor lighting revenue requirement should come from fixture charges. The fixture charges should be set at the fixed carrying charge that would produce the remainder of the revenue requirement.

OPC: No position.

FPUC: The rates should be cost based. (Jerauld)

- \*68. STIPULATED ISSUE: The company made no adjustment to unbilled revenue for the effect of the rate increase. Should each class's revenue requirement be adjusted for the effect on unbilled revenue of the rate increase?

Yes. An adjustment due to unbilled revenue should be estimated based on the increase in base rates. The system increase on unbilled revenue should be allocated to the rate classes in the same proportion that the base revenue increase is allocated.

- \*69. STIPULATED ISSUE: FPUC purchases virtually all of the electricity to serve its customers. All purchased power costs (demand, energy and fuel charges) are recovered through the fuel clause on an equal cents per KWH except for line losses by class. Should the purchased power demand charge costs be allocated to rate classes on an appropriate demand allocator, included in base rates and subject to true-up in the fuel docket?

These costs should be allocated to rate classes on a 12 CP basis and recovered through class-specific KWH charges. The specific charges for purchased power demand costs should be separately identified and not rolled into the base rates. The recovery of such costs should continue to be tracked through the fuel docket and any over or under recoveries of demand costs should be a part of the overall true-up of purchased power costs in the fuel docket. This change should be made effective at the beginning of a six-month period in the fuel docket, and not at the time that new permanent base rates are made effect in this rate proceeding.

- \*70. STIPULATED ISSUE: Sports fields operated by non-profit organizations and having connected loads of less than 300 KW may be served under the GS rate schedules. All other general service customers whose demands exceed 25 KW must take service on GSD. Should non-profit sports fields be allowed to take service on GS if their load exceeds 25 KW?



ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 25

No. These customers should be required to take service under the GSD rate schedule. However, if moving these customers to the GSD rate schedule would excessively increase their rate, a transition rate should be established.

- \*71. STIPULATED ISSUE: The company has no policy established for determining how often a customer's demand must meet or exceed 25 KW for the customer to be classified as a GSD customer. Should the company establish such a policy?

Yes. The company should develop criteria to be consistently applied to determine which customers should be in the GSD rate class. Standardized criteria will ensure that all customers are consistently treated in the classification process.

- \*72. STIPULATED ISSUE: The company has no provision in its demand class for a nondemand customer to opt up to a demand rate class. Should the company incorporate such a provision into its tariff?

Yes. A goal of rate design is to group customers with homogeneous usage characteristics, the most important of which is load factor. To avoid excluding small but high load factor customers from the larger high load factor customers in the demand class, smaller nondemand customers should be allowed to opt for a demand rate if it is advantageous to them. Customers opting for a demand rate should be required to remain on that rate for at least 12 months.

73. ISSUE: Should FPUC be required to eliminate its Breakdown/Auxiliary Service provision and develop Standby/Supplemental Service rates and charges?

STAFF: Yes. PURPA and FERC regulations require the tariffs of investor-owned electric utilities to state charges and rates for standby and supplemental service. The rates and charges for Florida's other investor-owned generating utilities were developed in accordance with FPSC Order No. 17159. The utility should be required to design the rates and charges for recovery of dedicated local facilities and customer-related costs for standby/supplemental service in accordance with FPSC Order No. 17159.

Because the utility is non-generating, the rate design for the recovery of Production & Bulk Transmission costs for standby/supplemental service should be based on the standby service customer's impact on the utility's wholesale purchased power cost.

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 26

OPC: No position.

FPUC: No. FPUC is not required to develop standby/supplemental service rates at this time. The provision for Breakdown/Auxiliary Service in the Company's tariff should be removed as it is no longer necessary. The development of rates for standby/ supplemental is not a part of this rate proceeding and has no impact on base revenues herein since the Company has no such customers in the Marianna division. Order No. 17159 in Docket No. 850673-EU was directed specifically to the four generating electric utilities and did not include the Company. Whether the Company should design such rates in accordance with Order No. 17159 is a matter of Commission decision. The Company is willing to work with Staff on such rate design at the appropriate time.

- \*74. STIPULATED ISSUE: Should any portion of the \$473,603 interim increase granted by Order No. 20472 issued on December 20, 1988, be refunded?

A refund should be ordered if it is necessary to reduce the rate of return during the pendency of the proceeding to the same level within the range of the newly authorized rate of return which is found fair and reasonable on a prospective basis, as provided by Chapter 366.071, Florida Statutes.

#### STIPULATED ISSUES

The prehearing officer approved stipulations between the parties on the following issues: 1, 2, 7-14, 16, 20-22, 30, 31, 37, 40, 44, 50, and 74. The prehearing officer further approved stipulations between Staff and FPUC, which were not contested by the Office of Public Counsel, on the following issues: 51, 52, 54, 55, 58, 60-66, 68, and 69-72.

#### MOTIONS

There are no pending motions.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that these proceedings shall be governed by this order unless modified by the Commission.

By ORDER of Commissioner John T. Herndon, as Prehearing Officer, this 15th day of MARCH, 1989.

John T. Herndon  
JOHN T. HERNDON, Commissioner  
and Prehearing Officer

( S E A L )

MER

COMPANY: FLORIDA PUBLIC UTILITIES CO. - MIAMI  
 DOCKET NO.: 88058-EI  
 TEST YEAR: DECEMBER 31, 1987

COMPARATIVE RATE BASES

LINE NO.	ADJ. NO.	ISSUE NO.	DESCRIPTION	COMPANY FILING		STAFF RECOMMENDATION		PUBLIC COUNSEL	
				SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
1			PLANT IN SERVICE		11,440,650				
2			COMMON PLANT ALLOCATED		153,492				
3			ACQUISITION ADJUSTMENT		3,691				
4									
5									
6									
7									
8									
9									
10									
11									
12									
13			Total plant in service	0	11,597,833	0	11,597,833	0	11,597,833
14									
15			DEDUCTIONS:						
16			DEPRECIATION RESERVE-PLANT IN SERVICE		3,600,970				
17	1		CORRECT CALCULATION ERROR			927			
18			DEPRECIATION RESERVE-COMMON PLANT		59,631				
19			ACCUM. AMORT.-ACQUISITION ADJ.		3,691				
20			CUSTOMER ADVANCES FOR CONST.		44,813				
21									
22									
23									
24									
25			Total depreciation reserve	0	3,709,113	927	3,790,040	0	3,790,040
26									
27									
28			Net plant in service	0	7,008,720	(927)	7,007,793	0	7,007,793
29									
30									
31			CONSTRUCTION WORK IN PROGRESS		116,614				
32									
33									
34									
35									
36									
37									
38			Total CNIP	0	116,614	0	116,614	0	116,614
39									
40									
41			PROPERTY HELD FOR FUTURE USE		0				
42									
43									
44									
45			Total prop. held for future use	0	0	0	0	0	0
46									
47									
48									

ORDER NO. 20896  
 DOCKET NO. 88058-EI  
 PAGE 27

SCHEDULE 1  
 PAGE 1 OF 2

COMPANY: FLORIDA PUBLIC UTILITIES CO. - MIAMI  
 DOCKET NO.: 880558-EI  
 TEST YEAR: DECEMBER 31, 1987

COMPARATIVE RATE BASES

LINE NO.	CO. NO.	ISSUE NO.	DESCRIPTION	COMPANY FILING			STAFF RECOMMENDATION		PUBLIC COUNSEL		
				SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
50											
51			NUCLEAR FUEL (NET)		0						
52											
53											
54											
55			Total nuclear fuel	0	0	0	0	0	0	0	
56											
57											
58			Net utility plant	0	7,925,334	(927)	7,924,407	0	7,924,407	0	7,924,407
59											
60											
61			WORKING CAPITAL		2,070						
62											
63			PREPAID PENSION			0		0		(12,116)	
64											
65											
66											
67											
68											
69											
70											
71											
72											
73											
74											
75											
76											
77											
78											
79											
80			Total working capital	0	2,070	0	2,070	0	2,070	(12,116)	(10,046)
81											
82											
83			TOTAL RATE BASE	0	7,927,404	(927)	7,926,477	0	7,926,477	(12,116)	7,914,361

ORDER NO. 20896  
 DOCKET NO. 880558-EI  
 PAGE 28

SCHEDULE 1  
 PAGE 2 OF 2

COMPANY: FLORIDA PUBLIC UTILITIES CO. - MIAMI  
 DOCKET NO.: 880558-EI  
 TEST YEAR: DECEMBER 31, 1987

COMPARATIVE NET OPERATING INCOME

CO. ADJ. ISSUE NO. NO. NO.	DESCRIPTION	COMPANY FILING			COMPANY STIPULATION			STAFF			PUBLIC COUNSEL		
		SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED		
1	REVENUE FROM SALES OF ELECTRICITY		12,759,348										
2	Eliminate fuel revenues			(10,000,100)									
3	Eliminate fuel overrecoveries			109,637									
4	Eliminate conservation revenues			(53,972)									
5	Revenue taxes - fuel & conservation			(163,095)									
6	Net unbilled revenue			(1,464)									
7													
8	Total sales of electricity	0	12,759,348	(10,197,004)	2,562,344	0	2,562,344	0	2,562,344	0	2,562,344		
9													
10													
11	OTHER OPERATING REVENUES		74,276										
15													
16	Total other operating revenues	0	74,276	0	74,276	0	74,276	0	74,276	0	74,276		
17													
18													
19	Total operating revenues	0	12,833,624	(10,197,004)	2,636,620	0	2,636,620	0	2,636,620	0	2,636,620		
20													
21													
22	OPERATING EXPENSES:												
23	OPERATION & MAINTENANCE		11,609,062										
24	Eliminate purchased power			(9,915,234)									
25	Eliminate fuel underrecoveries			(85,374)									
26	Eliminate conservation expense			(53,972)									
27	Uncollectible expense			3,456									
28	0 Motor retrofit bits					(11,357)		(11,357)			(11,357)		
29	9 Legal fees - non-utility					(19,693)		(19,693)			(19,693)		
30	10 Advertising expense					(1,190)		(1,190)			(1,190)		
31	10 Chamber of commerce					(1,479)		(1,479)			(1,479)		
32	10 Natural gas dues					(410)		(410)			(410)		
33	11 Employee newsletter					(2,464)		(2,464)			(2,464)		
34													
35													
36													
37													
38	Total operation & maintenance	0	11,609,062	(10,049,124)	1,560,738	(36,601)	1,524,137	(36,601)	1,524,137	(36,601)	1,524,137		
39													
40													
41	DEPRECIATION AND AMORTIZATION		384,100										
42	Correct error			6,023									
43	Adjust common plant depreciation			(260)									
47													
48	Total depreciation and amortization	0	384,100	5,763	391,863	0	391,863	0	391,863	0	391,863		
49													
50													
51	DECOMMISSIONING		0										
55													
56	Total decommissioning	0	0	0	0	0	0	0	0	0	0		
57													
58													
59	TAXES OTHER THAN INCOME												

ORDER NO. 20896  
 DOCKET NO. 880558-EI  
 PAGE 29

SCHEDULE 2  
 PAGE 1 OF 2

COMPANY: FLORIDA PUBLIC UTILITIES CO. - MIAMI  
 DOCKET NO.: 880558-EI  
 TEST YEAR: DECEMBER 31, 1987

COMPARATIVE NET OPERATING INCOME

LINE NO.	ADJ. NO.	ISSUE NO.	DESCRIPTION	COMPANY FILING			COMPANY STIPULATION		STAFF		PUBLIC COUNSEL		
				SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
60			Revenue taxes - fuel			(162,263)							
61			Revenue taxes - conservation			(832)							
62			Allocate gen. office property taxes			3,799							
63			Non-utility property taxes			(1,653)							
64													
65			N/A Effect of other adjustments										
66													
67			Total taxes other than income	0	348,172	(160,949)	187,223	0	187,223	0	187,223	0	187,223
68													
69													
70			INCOME TAXES CURRENTLY PAYABLE	0	134,773								
71			Out of period adjustment			(33,169)							
75			N/A Interest expense reconciliation			19,856			(7,223)				
76			N/A Effect of other adjustments			3,164		15,040	15,040		15,040		
77													
78			Total income taxes - current	0	134,773	(19,149)	115,624	15,040	131,472	0,625	124,249	15,040	131,472
79													
80													
81			DEFERRED INCOME TAXES (NET)	0	(41,670)								
82			Out of period adjustment			513				0			
88													
89			Total deferred income taxes (net)	0	(41,670)	513	(41,165)	0	(41,165)	0	(41,165)	0	(41,165)
90													
91													
92			INVESTMENT TAX CREDIT (NET)		(16,792)								
93			Out of period adjustment			(5,195)							
98													
99			Total investment tax credit (net)	0	(16,792)	(5,195)	(21,987)	0	(21,987)	0	(21,987)	0	(21,987)
100													
101													
102			(GAIN)/LOSS ON SALE										
110													
111			Total (gain)/loss on sale	0		0	0	0	0	0	0	0	
112													
113													
114			Total operating expenses	0	12,420,437	(10,220,141)	2,192,296	(20,753)	2,171,543	(27,976)	2,144,320	(20,753)	2,171,543
115													
116													
117			Net operating income	0	413,187	31,137	444,324	20,753	465,077	27,976	472,300	20,753	465,077
118													

ORDER NO. 20896  
 DOCKET NO. 880558-EI  
 PAGE 30

SCHEDULE 2  
 PAGE 2 OF 2

520-A

COMPARISON OF COST OF CAPITAL POSITIONS

500-B

LINE NO.	COMPONENT	COMPANY FILING				STAFF RECOMMENDATION			
		AMOUNT	RATIO	COST RATE	WEIGHTED COST	AMOUNT	RATIO	COST RATE	WEIGHTED COST
1	Long Term Debt	2,120,663	26.75%	10.0%	2.70%	2,139,024	26.99%	9.4%	2.41%
2	Short Term Debt	784,372	9.90%	7.0%	0.77%	840,905	10.60%	7.0%	0.83%
3	Preferred Stock	114,354	1.44%	4.74%	0.07%	115,267	1.45%	4.74%	0.07%
4	Customer deposits	350,462	4.52%	0.0%	0.40%	350,462	4.52%	0.0%	0.40%
5	Common Equity	2,761,017	34.83%	13.50%	4.70%	2,686,110	33.89%	12.0%	4.33%
6	Accumulated Deferred Income Taxes	1,354,536	17.0%	0.0%	0.00%	1,354,536	17.0%	0.0%	0.00%
7	Deferred ITC - Zero Cost	15,123	0.19%	0.0%	0.00%	15,123	0.19%	0.0%	0.00%
8	Deferred ITC - Weighted Cost	417,950	5.27%	11.0%	0.62%	417,950	5.27%	10.7%	0.57%
9									
10		7,926,477	100.00%		9.27%	7,926,477	100.00%		0.84%
11		*****	*****		*****	*****	*****		*****
12									
13									
14									
15									

LINE NO.	COMPONENT	PUBLIC COUNSEL			
		AMOUNT	RATIO	COST RATE	WEIGHTED COST
20	Long Term Debt	2,120,663	26.75%	10.0%	2.70%
21	Short Term Debt	784,372	9.90%	7.0%	0.77%
22	Preferred Stock	114,354	1.44%	4.74%	0.07%
23	Customer deposits	350,462	4.52%	0.0%	0.40%
24	Common Equity	2,761,017	34.83%	11.50%	4.01%
25	Accumulated Deferred Income Taxes	1,354,536	17.0%	0.0%	0.00%
26	Deferred ITC - Zero Cost	15,123	0.19%	0.0%	0.00%
27	Deferred ITC - Weighted Cost	417,950	5.27%	10.74%	0.57%
28					
29		7,926,477	100.00%		0.51%
30		*****	*****		*****

ORDER NO. 20896  
 DOCKET NO. 880558-E1  
 PAGE 31

COMPANY:  
DOCKET NO.:  
TEST YEAR:

FLORIDA PUBLIC UTILITIES CO. - MARI  
880558-EI  
DECEMBER 31, 1987

COMPARISON OF  
REVENUE EXPANSION FACTORS

LINE NO.	DESCRIPTION	COMPANY	STAFF	PUBLIC COUNSEL
1	Revenue Requirement	100.000000	100.000000	100.000000
2				
3	Uncollectible Accounts	(0.143800)	(0.143800)	(0.143800)
4				
5	Gross Receipts Tax	(1.500000)	(1.500000)	(1.500000)
6				
7	Regulatory Assessment Fee	(0.125000)	(0.125000)	(0.125000)
8				
9	Net Before Income Taxes	98.231200	98.231200	98.231200
10				
11	State Income Tax Rate	5.5000%	5.5000%	5.5000%
12				
13	State Income Tax	5.402716	5.402716	5.402716
14				
15	Net Before Federal Income Taxes	92.828484	92.828484	92.828484
16				
17	Federal Tax Rate	34.0000%	34.0000%	34.0000%
18				
19	Federal Income Tax	31.561685	31.561685	31.561685
20				
21	Net Operating Income	61.266799	61.266799	61.266799
22		*****	*****	*****
23				
24	Net Operating Income Multiplier	1.6322	1.6322	1.6322
25		*****	*****	*****

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 32

SCHEDULE 4

500-C



COMPANY: FLORIDA PUBLIC UTILITIES CO.  
 DOCKET NO.: 880558-EI  
 TEST YEAR: DECEMBER 31, 1987

COMPARATIVE REVENUE REQUIREMENTS

SCHEDULE 5

LINE NO.	DESCRIPTION [1]	COMPANY FILING [2]	COMPANY STIPULATION [3]	STAFF RECOMMENDATION [4]	PUBLIC COUNSEL [5]
1	Adjusted Jurisdictional Rate Base	\$7,926,477	\$7,926,477	\$7,926,477	\$7,914,361
2					
3	Required Rate of Return	9.27%	9.27%	8.84%	8.52%
4					
5					
6	Required Net Operating Income	734,784	734,784	700,701	674,304
7					
8	Adjusted Achieved Test Year				
9	Jurisdictional Net Operating Income	444,324	465,077	472,300	465,071
10					
11	Jurisdictional NOI Deficiency	290,460	269,707	228,401	209,233
12					
13	Revenue Expansion Factor	1.632200	1.632200	1.632200	1.632200
14					
15	Revenue Increase - Test Year	474,089	440,216	372,795	341,509
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					

ORDER NO. 20896  
 DOCKET NO. 880558-EI  
 PAGE 33

500-D

COMPANY:  
DOCKET NO.:  
TEST YEAR:

FLORIDA PUBLIC UTILITIES CO. - HAWAIIA  
880558-E1  
DECEMBER 31, 1987

COMPARATIVE RATE BASES  
ATTRITION YEAR

LINE NO.	ADJ. NO.	ISSUE NO.	DESCRIPTION	COMPANY FILING			STAFF RECOMMENDATION		PUBLIC COUNSEL		
				SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
1			PLANT IN SERVICE		13450479					-112477	
2			COMMON PLANT ALLOCATED		175519						
3			ACQUISITION ADJUSTMENT		3691						
4											
5											
6											
7											
8											
9											
10											
11											
12											
13			Total plant in service	0	13629689	0	13629689	0	13629689	-112477	13517212
14											
15			DEDUCTIONS:								
16			DEPRECIATION RESERVE-PLANT IN SERVICE		4340048					26632	
18			DEPRECIATION RESERVE-COMMON PLANT		83447						
19			ACCU. AMORT.-ACQUISITION ADJ.		3691						
20			CUSTOMER ADVANCES FOR CONST.		19475						
21											
22											
23											
24											
25			Total depreciation reserve	0	446661	0	446661	0	446661	26632	473293
26											
27											
28			Net plant in service	0	9183028	0	9183028	0	9183028	-139199	9043919
29											
30											
31			CONSTRUCTION WORK IN PROGRESS		0						
32											
33											
34											
35											
36											
37											
38			Total CNIP	0	0	0	0	0	0	0	0
39											
40											
41			PROPERTY HELD FOR FUTURE USE		0						
42											
43											
44											
45			Total prop. held for future use.	0	0	0	0	0	0	0	0
46											
47											
48											
49											
50											

ORDER NO. 20896  
DOCKET NO. 880558-E1  
PAGE 34

SCHEDULE 6  
PAGE 1 OF 2

500-E

COMPANY: FLORIDA PUBLIC UTILITIES CO. - MIAMI  
 DOCKET NO.: 880558-EI  
 TEST YEAR: DECEMBER 31, 1987

COMPARATIVE RATE BASES  
 ATTRITION YEAR

LINE NO.	ADJ. NO.	ISSUE NO.	DESCRIPTION	COMPANY FILING		STAFF RECOMMENDATION		PUBLIC COUNSEL	
				SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
51			NUCLEAR FUEL (NET)		0				
52									
53									
54									
55			Total nuclear fuel	0	0	0	0	0	0
56									
57									
58			Net utility plant	0	9183020	0	9183020	0	9183020
59								-139109	9043919
60									
61			WORKING CAPITAL		47200	0			
62									
63			25 PREPAID PENSION			1200		1144	-33000
64			26 UNAMORTIZED RATE CASE EXPENSE			4900		-71900	-71900
65			27 STORM DAMAGE RESERVE					-600	10450
66			35 UNAMORTIZED DEPRECIATION STUDY					9186	0
67			37 TRENDS EFFECTS					1350	-1014
68									
69									
70									
71									
72									
73									
74									
75									
76									
77									
78									
79									
80			Total working capital	0	47200	6100	53300	-60792	0
81									-92264
82									-68664
83			TOTAL RATE BASE	0	9230220	6100	9236320	-60792	9183020
									-234373
									8995055

ORDER NO. 20896  
 DOCKET NO. 880558-EI  
 PAGE 35

SCHEDULE 6  
 PAGE 2 OF 2

500-1

COMPANY: FLORIDA PUBLIC UTILITIES CO. - NARIANNA  
 DOCKET NO.: 880558-EI  
 TEST YEAR: DECEMBER 31, 1987

COMPARATIVE NET OPERATING INCOME  
 ATTRITION YEAR

LINE NO.	ADJ. NO.	ISSUE NO.	DESCRIPTION	COMPANY FILING				COMPANY STIPULATION		STAFF		PUBLIC COUNSEL	
				SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
1			REVENUE FROM SALES OF ELECTRICITY		2714670								
2			30 UNBILLED REVENUES					1661		1661		1661	
3			30 CORRECT ERROR					-159		-159		-159	
4													
5													
6													
7													
8			Total sales of electricity	0	2714670	0	2714670	1502	2716172	1502	2716172	1502	2716172
9													
10													
11			OTHER OPERATING REVENUES		62970								
12													
13													
14													
15													
16			Total other operating revenues	0	62970	0	62970	0	62970	0	62970	0	62970
17													
18													
19			Total operating revenues	0	2777640	0	2777640	1502	2779142	1502	2779142	1502	2779142
20													
21													
22			OPERATING EXPENSES:										
23			OPERATION & MAINTENANCE		1749881								
24			31 PROPERTY INSURANCE EXPENSE					-425		-425		-425	
25			32 PROVISION FOR PROPERTY INSURANCE							-14250		-36750	
26			33 PENSION EXPENSE					-2328		-2328		-8526	
27			34 RATE CASE EXPENSE					2463		-12715		-12715	
28			35 DEPRECIATION STUDY					2625		2625		0	
29			37 TREND EFFECTS					-40282		-40282		-69316	
30													
31													
32													
33													
34													
35													
36													
37			Total operation & maintenance	0	1749881	0	1749881	-37947	1711934	-66875	1683006	-127226	1622655
38													
39													
40													
41			DEPRECIATION AND AMORTIZATION		455083						455083		
42			39 DIFFERENCES DUE TO LOWER PLANT IN SERVICE									-3820	
43													
44													
45													
46													
47													
48			Total depreciation and amortization	0	455083	0	455083	0	455083	0	455083	-3820	451263
49													
50													

ORDER NO. 20896  
 DOCKET NO. 880558-EI  
 PAGE 36

SCHEDULE 7  
 PAGE 1 OF 3

500-G

500-H

COMPANY: FLORIDA PUBLIC UTILITIES CO. - MIAMI  
 DOCKET NO.: 880558-EI  
 TEST YEAR: DECEMBER 31, 1987

COMPARATIVE NET OPERATING INCOME  
 ATTRITION YEAR

CO. LINE NO.	ADJ. ISSUE NO.	DESCRIPTION	COMPANY FILING				COMPANY STIPULATION		STAFF		PUBLIC COUNSEL	
			SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
51		DECOMMISSIONING		0								
52							0		0			
53												
54												
55												
56		Total decommissioning	0	0	0	0	0	0	0	0	0	
57												
58												
59		TAXES OTHER THAN INCOME		210394								
60	40	INCREASE IN REGULATORY ASSESSMENT FEE					1177		1177		1177	
61	41	TREND EFFECTS					-1017		-1017		-4019	
62												
63												
64		N/A Effect of other adjustments										
65												
66												
67		Total taxes other than income	0	210394	0	210394	160	210554	160	210554	-2842	
68												
69												
70		INCOME TAXES CURRENTLY PAYABLE		-24048								
71												
72												
73												
74												
75		N/A Interest expense reconciliation										
76	42	Effect of other adjustments					8086		19630		82620	
77												
78		Total income taxes - current	0	-24048	0	-24048	8086	-15762	19630	-4418	82620	
79												
80												
81		DEFERRED INCOME TAXES (NET)	0	-10936								
82									-10013		-54872	
83												
84												
85												
86												
87												
88												
89		Total deferred income taxes (net)	0	-10936	0	-10936	0	-10936	-10013	-21751	-54872	
90												
91												
92		INVESTMENT TAX CREDIT (NET)		-21989								
93												
94												
95												
96												
97												
98												
99		Investment tax credit (net)	0	-21989	0	-21989	0	-21989	0	-21989	-21989	
100												

ORDER NO. 20896  
 DOCKET NO. 880558-EI  
 PAGE 37

SCHEDULE 7  
 PAGE 2 OF 3

COMPANY: FLORIDA PUBLIC UTILITIES CO. - MARIANNA  
 DOCKET NO.: 880558-E1  
 TEST YEAR: DECEMBER 31, 1987

COMPARATIVE NET OPERATING INCOME  
 ATTRITION YEAR

CO. LINE NO.	ADJ. NO.	ISSUE NO.	DESCRIPTION	COMPANY FILING		COMPANY STIPULATION		STAFF		PUBLIC COUNSEL	
				SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
101											
102			(GAIN)/LOSS ON SALE								
103											
104											
105											
106											
107											
108											
109											
110											
111			Total (gain)/loss on sale	0		0	0	0	0	0	0
112											
113											
114			Total operating expenses	0	2358385	0	2358385	-29701	2328684	-37700	2300983
115											
116			Net operating income	0	419255	0	419255	31203	450458	39402	478637
117											
118											

ORDER NO. 20896  
 DOCKET NO. 880558-E1  
 PAGE 38

SCHEDULE 7  
 PAGE 3 OF 3

500-I

500-5

Schedule C-140 (Projections)

**STAFF POSITION**  
**NON-FUEL OPERATION AND MAINTENANCE EXPENSES**  
**ATTRITION YEAR DECEMBER 31, 1989**

Page 1 of 9

FLORIDA PUBLIC SERVICE COMMISSION

EXPLANATION: For the projected test years, provide projected and prior year data by primary account.

Type of Data Shown:  
 Historic Test Year Ended 12/31/87  
 Projection Years 1988 and 1989

COMPANY: FLORIDA PUBLIC UTILITIES  
 HAWAIIAN DIVISION

Witness: TROY

DOCKET NO.: 880558-EI

ORDER NO. 20896  
 DOCKET NO. 880558-EI  
 PAGE 39

	TREND BASIS	PROJECTION YEARS	
		1988	1989
1			
2			
3			
4			
5	No Trend Basis	0	0.00%
6	Inflation only	1	104.10%
7	Customer Growth	2	101.87%
8	Payroll Increases	3	102.81%
9	Sales / kWh	4	97.82%
10	Revenues / \$	5	101.56%
11	Plant	6	107.27%
12	Inflation & Customer Growth	7	106.05%
13	Payroll & Customer Growth	8	104.73%
14	Other	9	112.16%
15			
16			
17			
18			

ACCT NO.	OPERATION EXPENSES PRIMARY ACCOUNTS	TEST YEAR 1987	PROJECTION YEARS		TREND BASIS	1988	1989
			1988	1989			
<b>HYDRAULIC POWER GENERATION</b>							
24	538 Electric Expenses						
25	Payroll Trended	2,041	2,548	2,703	3	102.81%	107.95%
26	Non Payroll Trended	765	796	833	1	104.10%	108.89%
27	Other Trended	0	0	0	0	0.00%	0.00%
29	Total	2,806	2,894	3,036			
31	539 Misc Mdr Per Gen Exp						
32	Payroll Trended	2,568	2,640	2,772	3	102.81%	107.95%
33	Non Payroll Trended	670	697	720	1	104.10%	108.89%
34	Other Trended		0	0	0	0.00%	0.00%
36	Total	3,238	3,337	3,502			
38	Subtotal	6,044	6,231	6,538			

Supporting Schedules:

Recan Schedules:

774/SMC148

SCHEDULE 8  
 PAGE 1 OF 9

ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1987	PROJECTION YEARS 1988	1989	TREND BASIS		
1	OTHER POWER SUPPLY						
2							
3							
4	557 Other Expenses						
5	Payroll Trended	0	0	0	0	0.00%	0.00%
6	Non Payroll Trended	24	25	26	1	104.10%	100.00%
7	Other Trended		0	0	0	0.00%	0.00%
8							
9	Total	24	25	26			
10							
11	Subtotal	24	25	26			
12							
13							
14							
15	DISTRIBUTION EXPENSES						
16							
17	580 Operation Supervision/Engr						
18	Payroll Trended	46,333	47,437	50,019	3	102.81%	107.95%
19	Non Payroll Trended	14,802	15,409	16,118	1	104.10%	100.00%
20	Other Trended		0	0	0	0.00%	0.00%
21							
22	Total	61,137	63,046	66,137			
23							
24	582 Station Expenses						
25	Payroll Trended	71	73	77	3	102.81%	107.95%
26	Non Payroll Trended	67	70	73	1	104.10%	100.00%
27	Other Trended		0	0	0	0.00%	0.00%
28							
29	Total	138	143	150			
30							
31	583 Operation of Overhead Line						
32	Payroll Trended	24,826	26,000	27,845	8	104.73%	112.16%
33	Non Payroll Trended	1,710	1,813	1,935	7	106.05%	115.19%
34	Other Trended		0	0	0	0.00%	0.00%
35							
36	Total	26,536	27,813	29,780			
37							
38	584 Underground Line Exp						
39	Payroll Trended	0	0	0	0	0.00%	0.00%
40	Non Payroll Trended	131	139	148	7	106.05%	115.19%
41	Other Trended		0	0	0	0.00%	0.00%
42							
43	Total	131	139	148			
44							
45							
46							
47							
48							
49							
50							

ORDER NO. 20896  
 DOCKET NO. 880558-EI  
 PAGE 40

SCHEDULE 8  
 PAGE 2 OF 9

500-K



500-L

Schedule C-16b (Projections)

ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1987	PROJECTION YEARS 1988	1989	TREND BASIS		
585	Street Lighting/Signal Sys						
	Payroll Trended	1.183	1.239	1.327	8	104.73%	112.16%
	Non Payroll Trended	3.107	3.295	3.515	7	106.05%	113.14%
	Other Trended		0	0	0	0.00%	0.00%
	Total	4.290	4.534	4.842			
586	Meter Expenses						
	Payroll Trended	61.701	64.619	69.704	8	104.73%	112.16%
	Non Payroll Trended	25.769	27.328	29.155	7	106.05%	113.14%
	Other Trended		0	0	0	0.00%	0.00%
	Total	87.470	91.947	98.859			
587	Customer Install Exp						
	Payroll Trended	3.066	3.211	3.439	8	104.73%	112.16%
	Non Payroll Trended	1.931	2.048	2.185	7	106.05%	113.14%
	Other Trended		0	0	0	0.00%	0.00%
	Total	4.997	5.259	5.624			
588	Misc Distr Expense						
	Payroll Trended	29.553	30.951	33.147	8	104.73%	112.16%
	Non Payroll Trended	7.991	8.474	9.041	7	106.05%	113.14%
	Other Trended		0	0	0	0.00%	0.00%
	Total	37.544	39.425	42.188			
589	Rents						
	Payroll Trended	0	0	0	0	0.00%	0.00%
	Non Payroll Trended	1.349	1.362	1.376	9	101.00%	102.00%
	Other Trended		0	0	0	0.00%	0.00%
	Total	1.349	1.362	1.376			
	Subtotal	223.592	233.668	248.604			

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 41

SCHEDULE 8  
PAGE 3 OF 9

1	ACCT	TEST YEAR	PROJECTION YEARS		TRENDS	
2	NO.	1987	1988	1989	BASIS	
3	-----					
4	CUSTOMER ACCOUNTS					
5	-----					
6	901	Supervision				
7		Payroll Trended	30,302	31,153	32,711	3 102.81% 107.95%
8		Non Payroll Trended	8,859	9,222	9,647	1 104.10% 108.89%
9		Other Trended		0	0	0 0.00% 0.00%
10		Total	39,161	40,375	42,358	
11	-----					
12	902	Meter Reading Exp				
13		Payroll Trended	51,496	53,932	57,758	8 104.73% 112.16%
14		Non Payroll Trended	27,220	28,867	30,797	7 106.05% 113.14%
15		Other Trended		0	0	0 0.00% 0.00%
16		Total	78,716	82,799	88,555	
17	-----					
18	903	Cust Rec & Coll Exp				
19		Payroll Trended	142,148	148,872	159,425	8 104.73% 112.16%
20		Non Payroll Trended	42,652	45,232	48,256	7 106.05% 113.14%
21		Other Trended	25,864	29,599	31,293	9
22		Total	210,664	223,703	238,982	
23	-----					
24	904	Uncoll Accts				
25		Payroll Trended	0	0	0	0 0.00% 0.00%
26		Non Payroll Trended	18,506	18,795	19,496	5 101.56% 105.35%
27		Other Trended		0	0	0 0.00% 0.00%
28		Total	18,506	18,795	19,496	
29	-----					
30	905	Risc Cust Accts Exp				
31		Payroll Trended	40	41	43	3 102.81% 107.95%
32		Non Payroll Trended	15,462	16,096	16,837	1 104.10% 108.89%
33		Other Trended	0	0	0	0 0.00% 0.00%
34		Total	15,502	16,137	16,880	
35	-----					
36		Subtotal	362,549	381,809	406,271	
37	-----					
38						
39						
40						
41						
42						
43						
44						
45						
46						
47						
48						
49						
50						
51						
52						

500-N

Schedule C-16b (Projections)

1	ACCT	TEST YEAR	PROJECTION YEARS		TREND		
2	NO.	1987	1988	1989	BASIS		
3	PRIMARY ACCOUNTS						
4							
5	<u>CUSTOMER SERVICE &amp; INFORMATION</u>						
6							
7							
8	910	Misc Cust Svc & Info Exp					
9		Payroll Treated	0	0	0	0	0.00% 0.00%
10		Non Payroll Treated	35	37	40	7	106.05% 113.14%
11		Other Treated		0	0	0	0.00% 0.00%
12		Total	35	37	40		
13		Subtotal	35	37	40		
14							
15							
16							
17							
18		<u>SALES</u>					
19							
20	912	Demonstr & Selling Exp					
21		Payroll Treated	1,198	1232	1,293	3	102.81% 107.95%
22		Non Payroll Treated	286	298	311	1	104.10% 108.89%
23		Other Treated		0	0	0	0.00% 0.00%
24		Total	1,484	1,530	1,604		
25		Subtotal	1,484	1,530	1,604		
26							
27	913	Advertising Exp					
28		Payroll Treated	0	0	0	0	0.00% 0.00%
29		Non Payroll Treated	679	707	739	1	104.10% 108.89%
30		Other Treated		0	0	0	0.00% 0.00%
31		Total	679	707	739		
32		Subtotal	679	707	739		
33							
34							
35							
36							
37		<u>ADMINISTRATIVE &amp; GENERAL EXPENSES</u>					
38							
39	920	Admin & Gen Exp					
40		Payroll Treated	139,687	143,612	150,792	3	102.81% 107.95%
41		Non Payroll Treated		0	0	0	0.00% 0.00%
42		Other Treated		1,420	3,256	9	
43		Total	139,687	145,032	154,048		
44							
45							
46							
47							
48							
49							
50							
51							
52							

ORDER NO. 20896  
 DOCKET NO. 880558-EI  
 PAGE 43

SCHEDULE 8  
 PAGE 5 OF 9

## Schedule C-16b (Projections)

Page 6 of 9

ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1987	PROJECTION YEARS 1988	1989	TREND BASIS		
920.1	Undistributed Payroll						
	Payroll Trended	3,300	3,393	3,562	3	102.81%	107.95%
	Non Payroll Trended	0	0	0	0	0.00%	0.00%
	Other Trended		0	0	0	0.00%	0.00%
	Total	3,300	3,393	3,562			
921	Off Supply & Exp						
	Payroll Trended		0	0	0	0.00%	0.00%
	Non Payroll Trended	27,430	28,555	29,869	1	104.10%	108.89%
	Other Trended		0	0	0	0.00%	0.00%
	Total	27,430	28,555	29,869			
922	Admin Exp Trans-Cr						
	Payroll Trended	0	0	0	0	0.00%	0.00%
	Non Payroll Trended	(40,098)	(42,073)	(44,623)	9		
	Other Trended	0	0	0	0	0.00%	0.00%
	Total	(40,098)	(42,073)	(44,623)			
923	Outside Svcs Employed						
	Payroll Trended	0	0	0	0	0.00%	0.00%
	Non Payroll Trended	48,769	50,248	52,560	1	104.10%	108.89%
	Other Trended		0	2,625	9	0.00%	0.00%
	Total	48,769	50,248	55,185			
924	Property Insurance						
	Payroll Trended	0	0	0	0	0.00%	0.00%
	Non Payroll Trended	9,805	9,432	9,805	9		
	Other Trended		0	39,800	0	0.00%	0.00%
	Total	9,805	9,432	49,605			
925	Injuries & Damages						
	Payroll Trended		0	0	0	0.00%	0.00%
	Non Payroll Trended	197,920	161,952	150,216	9		
	Other Trended		0	0	0	0.00%	0.00%
	Total	197,920	161,952	150,216			

Supporting Schedules:

Recon Schedules:

274/SEMC16B

ORDER NO. 20896  
DOCKET NO. 880558-EI  
PAGE 44

SCHEDULE 8  
PAGE 6 OF 9

500-0

500-P

Schedule C-16b (Projections)

ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1987	PROJECTION YEARS 1988	1989	TREND BASIS		
926.1	Pension						
	Payroll Traded		0	0	0	0.00%	0.00%
	Non Payroll Traded	(7,735)	(11,233)	(2,328)	9		
	Other Traded		0	0	0	0.00%	0.00%
	Total	(7,735)	(11,233)	(2,328)			
926.2	Employee Benefits						
	Payroll Traded		0	0	0	0.00%	0.00%
	Non Payroll Traded	61,438	57,305	57,213	9		
	Other Traded	1,644	1,711	1,790	1	104.10%	108.89%
	Total	63,082	59,016	59,003			
928	Regulatory Costs Exp						
	Payroll Traded	0	0	0	0	0.00%	0.00%
	Non Payroll Traded	2,430	2,530	2,644	1	104.10%	108.89%
	Other Traded		0	18,322	9		
	Total	2,430	2,530	20,968			
930	Misc Gen Exp						
	Payroll Traded		0	0	0	0.00%	0.00%
	Non Payroll Traded	17,939	19,024	20,296	7	106.05%	113.14%
	Other Traded		0	0	0	0.00%	0.00%
	Total	17,939	19,024	20,296			
931	Rents						
	Payroll Traded	0	0	0	0	0.00%	0.00%
	Non Payroll Traded	21,638	21,854	22,071	9	101.00%	102.00%
	Other Traded		0	0	0	0.00%	0.00%
	Total	21,638	21,854	22,071			
	Subtotal	483,667	447,730	517,872			
	Total Operation Expense	1,078,074	1,071,737	1,181,694			

ORDER NO. 20896  
 DOCKET NO. 880558-ET  
 PAGE 45

SCHEDULE 8  
 PAGE 7 OF 9

ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1987	PROJECTION YEARS 1988	1989	TREND BASIS		
<b>MAINTENANCE EXPENSES</b>							
<b>PRIMARY ACCOUNTS</b>							
<b>HYDRAULIC POWER GENERATION</b>							
542	Maint of Structures						
	Payroll Trended	159	163	172	3	102.81%	107.95%
	Non Payroll Trended	82	85	89	1	104.10%	108.89%
	Other Trended	0	0	0	0	0.00%	0.00%
	<b>Total</b>	<b>241</b>	<b>248</b>	<b>261</b>			
543	Maint of Servers/Bases/Wireys						
	Payroll Trended	141	145	152	3	102.81%	107.95%
	Non Payroll Trended	85	88	93	1	104.10%	108.89%
	Other Trended	0	0	0	0	0.00%	0.00%
	<b>Total</b>	<b>226</b>	<b>233</b>	<b>245</b>			
544	Maint of Elec Plant						
	Payroll Trended	587	603	634	3	102.81%	107.95%
	Non Payroll Trended	136	142	148	1	104.10%	108.89%
	Other Trended	0	0	0	0	0.00%	0.00%
	<b>Total</b>	<b>723</b>	<b>745</b>	<b>782</b>			
	<b>Subtotal</b>	<b>1,190</b>	<b>1,226</b>	<b>1,288</b>			
<b>DISTRIBUTION</b>							
590	Maint Supervision/Engr						
	Payroll Trended	15,621	16,040	16,863	3	102.81%	107.95%
	Non Payroll Trended	4,536	4,722	4,939	1	104.10%	108.89%
	Other Trended	0	0	0	0	0.00%	0.00%
	<b>Total</b>	<b>20,157</b>	<b>20,762</b>	<b>21,802</b>			
593	Maint of Overhead Lines						
	Payroll Trended	169,839	177,872	190,491	8	104.73%	112.16%
	Non Payroll Trended	204,438	216,806	231,301	7	106.05%	115.14%
	Other Trended	0	0	0	9		
	<b>Total</b>	<b>374,277</b>	<b>394,678</b>	<b>421,792</b>			

500-R

Schedule C-100 (Projections)

ORDER NO. 20896  
 DOCKET NO. 880558-EI  
 PAGE 47

ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1987	PROJECTION YEARS 1988	1989	TREND BASIS		
594	Maint of Underground Lines						
	Payroll Trended	281	294	315	8	104.73%	112.16%
	Non Payroll Trended	907	962	1,026	7	106.05%	113.14%
	Other Trended		0	0	0	0.00%	0.00%
	Total	1,188	1,256	1,341			
595	Maint of Line Transformers						
	Payroll Trended	10,366	10,856	11,427	8	104.73%	112.16%
	Non Payroll Trended	16,182	17,161	18,308	7	106.05%	113.14%
	Other Trended		0	0	0	0.00%	0.00%
	Total	26,548	28,017	29,735			
596	Maint of Street Lighting						
	Payroll Trended	4,747	4,972	5,324	8	104.73%	112.16%
	Non Payroll Trended	6,435	6,824	7,281	7	106.05%	113.14%
	Other Trended		0	0	0	0.00%	0.00%
	Total	11,182	11,796	12,605			
597	Maint of Meters						
	Payroll Trended	352	369	395	8	104.73%	112.16%
	Non Payroll Trended	114	121	129	7	106.05%	113.14%
	Other Trended		0	0	0	0.00%	0.00%
	Total	466	490	524			
	Subtotal	433,818	457,019	487,999			
ADMINISTRATIVE & GENERAL EXPENSES							
932	Maint of General Plant						
	Payroll Trended	1,371	1,358	1,426	3	102.81%	107.95%
	Non Payroll Trended	9,734	10,133	10,599	1	104.10%	108.89%
	Other Trended	0	0	0	0	0.00%	0.00%
	Total	11,055	11,491	12,025			
	Subtotal	11,055	11,491	12,025			
	Total Maintenance Expense	446,063	469,756	501,312			
	TOTAL O & M EXPENSES	1,524,137	1,541,475	1,683,006			

SCHEDULE 8  
 PAGE 9 OF 9

COMPANY: [REDACTED]  
 DOCUMENT NO.: 880558-E1  
 TEST YEAR: DECEMBER 31, 1987

COMPARISON OF COST OF CAPITAL POSITIONS  
 ATTENTION YEAR

LINE NO.	COMPONENT	COMPANY FILING				COMPANY ADJUSTED			
		AMOUNT	RATIO	COST RATE	WEIGHTED COST	AMOUNT	RATIO	COST RATE	WEIGHTED COST
1	Long Term Debt	3443610	39.47%	9.81%	3.87%	3443610	39.47%	9.81%	3.87%
2	Short Term Debt	577955	6.26%	9.00%	0.56%	577955	6.26%	10.30%	0.64%
3	Preferred Stock	115237	1.25%	4.75%	0.06%	115237	1.25%	4.75%	0.06%
4	Customer deposits	410440	4.45%	5.97%	0.27%	410440	4.45%	8.44%	0.38%
5	Common Equity	2668746	28.91%	13.50%	3.90%	2668746	28.91%	13.50%	3.90%
6	Accumulated Deferred Income Taxes	1420411	15.39%	0.00%	0.00%	1420411	15.39%	0.00%	0.00%
7	Deferred ITC - Zero Cost	11609	0.13%	0.00%	0.00%	11609	0.13%	0.00%	0.00%
8	Deferred ITC - Weighted Cost	382220	4.14%	11.25%	0.47%	382220	4.14%	11.25%	0.47%
9									
10		9230220	100.00%		9.13%	9230220	100.00%		9.32%
11		*****	*****		*****	*****	*****		*****
12									
13									
14									
15									
16									
17									
18									
19									
20	Long Term Debt	3624970	39.47%	9.81%	3.87%	3520282	39.30%	9.02%	3.86%
21	Short Term Debt	575000	6.26%	10.30%	0.64%	558393	6.27%	8.13%	0.51%
22	Preferred Stock	114648	1.25%	4.75%	0.06%	111336	1.24%	4.75%	0.06%
23	Customer deposits	408342	4.45%	8.26%	0.37%	410440	4.58%	8.95%	0.41%
24	Common Equity	2661350	28.98%	12.85%	3.72%	2578115	28.79%	12.30%	3.54%
25	Accumulated Deferred Income Taxes	1406897	15.32%	0.00%	0.00%	1384387	15.44%	0.00%	0.00%
26	Deferred ITC - Zero Cost	11550	0.13%	0.00%	0.00%	11609	0.13%	0.00%	0.00%
27	Deferred ITC - Weighted Cost	380265	4.14%	10.93%	0.45%	382220	4.27%	10.76%	0.46%
28									
29		9183050	100.00%		9.12%	8957082	100.00%		8.84%
30		*****	*****		*****	*****	*****		*****

ORDER NO. 20896  
 DOCKET NO. 880558-E1  
 PAGE 48

SCHEDULE 9

500-5



COMPANY:  
DOCKET NO.:  
TEST YEAR:

FLORIDA PUBLIC UTILITIES CO. - MARI  
880558-E1  
DECEMBER 31, 1987

COMPARISON OF  
REVENUE EXPANSION FACTORS  
ATTRITION YEAR

LINE NO.	DESCRIPTION	COMPANY	STAFF	PUBLIC COUNSEL
1	Revenue Requirement	100.000000	100.000000	100.000000
2				
3	Uncollectible Accounts	(0.143800)	(0.143800)	(0.143800)
4				
5	Gross Receipts Tax	(1.500000)	(1.500000)	(1.500000)
6				
7	Regulatory Assessment Fee	(0.125000)	(0.125000)	(0.125000)
8				
9	Net Before Income Taxes	98.231200	98.231200	98.231200
10				
11	State Income Tax Rate	5.5000%	5.5000%	5.5000%
12				
13	State Income Tax	5.402716	5.402716	5.402716
14				
15	Net Before Federal Income Taxes	92.828484	92.828484	92.828484
16				
17	Federal Tax Rate	34.0000%	34.0000%	34.0000%
18				
19	Federal Income Tax	31.561685	31.561685	31.561685
20				
21	Net Operating Income	61.266799	61.266799	61.266799
22				
23				
24	Net Operating Income Multiplier	1.632205	1.632205	1.632205
25				

ORDER NO. 20896  
DOCKET NO. 880558-E1  
PAGE 49

SCHEDULE 10

500-7

COMPANY: FLORIDA PUBLIC UTILITIES CO. - HARI COMPARATIVE REVENUE REQUIREMENTS  
 DOCKET NO.: 880558-EI ATRITION YEAR  
 TEST YEAR: DECEMBER 31, 1987

ORDER NO. 20896  
 DOCKET NO. 880558-EI  
 PAGE 50

LINE NO.	DESCRIPTION (1)	COMPANY ADJUSTED (3)	STAFF RECOMMENDATION (4)	PUBLIC COUNSEL (5)
1	Adjusted Jurisdictional Rate Base	89,236,320	89,183,020	88,995,855
2				
3	Required Rate of Return	9.32%	9.12%	8.84%
4				
5				
6	Required Net Operating Income	840826	837492	795593
7				
8	Adjusted Achieved Test Year			
9	Jurisdictional Net Operating Income	450430	478657	526897
10				
11	Jurisdictional NOI Deficiency	410360	358835	248696
12				
13	Revenue Expansion Factor	1.632205	1.632205	1.632205
14				
15	Total Revenue Increase	669804	585693	438568
16				
17				
18				
19	1987 Test Year Increase	440216	372795	341509
20				
21	1989 Increase	229588	212898	97059
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				

SUMMARY

25	1987 Test Year Increase	440216	372795	341509
26	Schedule No.			
27				
28	1989 Increase - Line 21	229588	212898	97059
29				
30	Total Increase- Line 15	669804	585693	438568
31				

SCHEDULE 11

500-4