

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Florida Public)	DOCKET NO. 881056-EI
Utilities Company for rate increase)	ORDER NO. 21671
in Fernandina Beach Division.)	ISSUED: 8/3/89
)	

Pursuant to Notice, a Prehearing Conference was held on July 20, 1989, in Tallahassee, Florida, before Commissioner John T. Herndon, Prehearing Officer.

APPEARANCES: WILLIAM E. EATON, Esquire, Suite 301, Flagler Court Building, 215 Fifth Street, West Palm Beach, Florida 33401
On behalf of the Florida Public Utilities Company.

STEVEN BURGESS, Esquire, and AVIS PAYNE, Class B. Practitioner, Office of Public Counsel, c/o Florida House of Representatives, The Capitol, Tallahassee, Florida 32399-1300
On behalf of the Citizens of the State of Florida.

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

WILLIAM H. HARROLD, Esquire, Florida Public Service Commission, General Counsel's Office, Tallahassee, Florida 32399-0861
Appearing as Counsel to the Commissioners.

PREHEARING ORDER

BY THE COMMISSION:

On February 17, 1989, Florida Public Utilities Company (FPUC, utility or company) filed its petition for a rate increase of \$908,662 per annum for its Fernandina Beach Division. FPUC claimed a current pro forma return on investment of 6.67% and requested a return of 9.63%. In 1988, the Commission approved an historic test year ended September 30, 1988, and an attrition year ending September 30, 1990.

DOCUMENT NUMBER-DATE

07858 AUG -3 1989

FPSC-RECORDS/REPORTING

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FPUC's proposed permanent rate schedules were suspended under Florida Statutes 366.06(3), pending the outcome of a formal hearing. Interim relief of \$456,195 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 Fernandina Beach, Florida, on June 12, 1989. None of the utility's customers appeared at the hearing.

At the time of the prehearing conference on July 20, 1989, the utility modified its position and requested an annual increase of \$890,806, which it calculated would return 9.65% on its rate base.

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

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.

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<u>Witness</u>	<u>Subject Matter</u>	<u>Issues</u>
<u>FPUC</u>		
1. Robert S. Jackson	Cost of Common Equity Capital	9, 47
2. William R. Hopkins	Cost of Service	72
3. Gordon O. Jerauld	Rate Design, Rebuttal to Exhibits 212-215	51, 52, 70, 71, 73-90
4. Darryl L. Troy	Accounting/Revenue Requirement (Direct and Rebuttal), Rebuttal to Dittmer Supplemental Testimony	3-8, 12-27, 29, 32-35, 40-46, 50, 53-59, 62, 63, 66-69
5. Jack English	Divisional Operations	52
6. George M. Bachman	Utility Plant, Reserve and Depreciation	1, 2, 28, 36-38, 60, 61
7. Cheryl M. Portner	Current & Deferred Income Taxes	10, 11, 30, 31, 39, 48, 49, 64, 65
<u>OPC</u>		
8. James R. Dittmer	Adjustments to Operating Income and Rate Base	20, 21, 29, 37-39, 41, 42, 48, 52, 53, 55, 56, 60-63, 65
<u>Staff</u>		
9. Janice Yecco	Cost of Capital	9, 12, 47, 48, 50

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EXHIBIT LIST

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>FPUC</u>		
101	Jackson	Cost of Capital
102	Hopkins	Cost Study Report
103	Jerauld	Rate Schedules (MFR 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-8b)
108	Troy	Rate of Return Schedules (MFR Section D)
109	Troy	Miscellaneous Schedules (MFR Section F)
110	Troy	Rebuttal Exhibits: Sched. A-C (Composite)

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EXHIBIT LIST

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>FPUC</u>		
111	Portner	Deferred Tax Exhibits A, B, C, D & E with Corrections
112	Bachman	MFR Plant, Reserve and Depreciation Schedules Included Above
201	Dittmer	Schedule A: Revenue Deficiency Summary
202	Dittmer	Schedule B: Rate Base Summary
203	Dittmer	Schedule B-1: 1989 Gross Plant-in-Service
204	Dittmer	Schedule B-2: Attrition Year Accumulated Depreciation
205	Dittmer	Schedule B-3: Working Capital Development
206	Dittmer	Schedule C: Operating Income Summary
207	Dittmer	Schedule C-1: Summary Historic Year Operating Income Adjustments
208	Dittmer	Schedule C-1a: Eliminate Non-recurring Test Year Expenses

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EXHIBIT LIST

<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>FPUC</u>		
209	Dittmer	Schedule C-1b: Amortize Power Supply Study over Five Year Years
210	Dittmer	Schedule C-1c: Normalize Maintenance of Station Equipment
211	Dittmer	Schedule C-1d: Historic Year Income Taxes
212	Dittmer	Schedule C-2: Summary Attrition Year Operating Income Adjustments
213	Dittmer	Schedule C-2a, p1: Residential Usage Per Customer Adjustment
214	Dittmer	Schedule C-2a, p2: Adjust Other Class Attrition Year Revenues
215	Dittmer	Schedule C-2a, p3: Normalization of GSLD Billing Demands
216	Dittmer	Schedule C-2b, p1: Attrition Year O&M Expenses; Pension Expense Adjustment; Amortization of Rate Case Expense; and Normalization of Insurance Expense
217	Dittmer	Schedule C-2c: Attrition Year Depreciation Expense

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<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>FPUC</u>		
218	Dittmer	Schedule C-2d: Attrition Year Taxes Other Than Income
219	Dittmer	Schedule C-2e: Attrition Year Income Tax Expense
220	Dittmer	Schedule D-1: Historic Year Cost of Capital
221	Dittmer	Schedule D-2, pl: Attrition Year Cost of Capital
222	Dittmer	Sched. C-2f: Amortization of Excess Deferred Taxes (Supplemental)
<u>Staff</u>		
301	Yecco	JY 1: Comparison of Bond Yields
302	Yecco	JY 2: Monthly Average Bond Yields
303	Yecco	JY 3: Interest and Inflation Rates
304	Yecco	JY 4: AA/Aa Rated Electric Utilities Investment Risk Characteristics
305	Yecco	JY 5: DCF Model Equation

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<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>Staff</u>		
306	Yecco	JY 6: Non-Constant Growth Annually Compounded DCF Model
307	Yecco	JY 7: Non-Constant Growth Annually Compounded DCF Analysis for AA/Aa Electric Index
308	Yecco	JY 8: Estimated Monthly Risk Premiums
309	Yecco	JY 9: Risk Premium Model and Analysis
310	Yecco	JY 10: Comparison of FPUC to the S&P Financial Benchmarks for BBB rated Electric Utilities
311	Yecco	JY 11: Comparative Size, Index vs. FPUC
312	Yecco	JY: 12: Bond Yield Differentials
313	Yecco	JY 13: Summary of Cost of Equity Analysis
314	Hopkins	Street and Outdoor Lighting Maintenance Charges (Staff Data Request Item No. 7)

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<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>Staff</u>		
315	Hopkins	O&M and A&G Allocated to Street and Outdoor Lighting (Staff Data Request Item No. 3)
316	Hopkins	Individual Street and Outdoor Lighting Pole Maintenance Charges (Staff Data Request Item No. 8)
317	Hopkins	Uniform Street and Outdoor Lighting Pole Maintenance Charges (Staff Data Request Item No. 9)
318	Hopkins	Fuel Cost Breakout (Staff's 2nd Set Interrogatories #27; WRH: Staff Prepared Exhibit - Effect of Allocation of Purchased Power Demand Charges on 12 CP for all Rate Classes (Composite)
319	Hopkins	Revised Cost of Service Study - Staff's 1st Request for Production of Documents
320	Hopkins	Unit Costs at Proposed Rates for Revised Cost of Service Study
321	Hopkins	Revised MFR Schedule Ef-12

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<u>Exhibit Number</u>	<u>Witness</u>	<u>Description</u>
<u>Staff</u>		
322	Hopkins	Staff's Second Set of Interrogatories #15
323	Hopkins	Staff's Second Set of Interrogatories #16
324	Hopkins	Staff's Second Set of Interrogatories #25
325	Hopkins	Staff's Second Set of Interrogatories #22
326	Jerauld	Response to Staff's First Set of Data Requests #6
327	Troy	Development of Service Charges (Staff Data Request Item #1)
328	English Troy	Street and Outdoor Lighting cost Study (Staff Data Request Item #2)

PARTIES' STATEMENTS OF BASIC POSITIONS

STAFF: FPUC should be granted approval to raise its rates by \$547,157 annually, rather than \$909,466 as requested. An annual increase of \$ 547,157 will yield a fair return of 9.18% 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.

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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 6.86% and represents that a return of 6.86% 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 \$890,806 per annum, which amount will allow a return of 9.65% 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.

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?

The appropriate amount of Plant-in-Service for the test year is \$14,636,555, which includes CWIP-Completed not Classified of \$660,241.

- *2. STIPULATED ISSUE: What are the appropriate test year rate base deductions?

The appropriate rate base deductions are \$4,004,980. This consists of \$3,487,943, Accumulated Depreciation and \$517,037, Customer Advances for Construction.

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3. ISSUE: The company has included \$17,262 for prepaid pension expense in current assets in its calculation of working capital. Is this appropriate?

STAFF: Yes. It is appropriate to include prepaid pension expense in current assets when calculating working capital.

FPUC: Yes. (Troy)

OPC: Public Counsel's Office position is that prepaid pension expense should not be included in the determination of working capital allowance for ratemaking purposes. Working capital should be reduced by \$17,262. (Office Adjustment)

4. ISSUE: Should net fuel and conservation overrecoveries of \$266,950 and \$8,037 respectively, be included as a reduction to test year working capital?

STAFF: Yes. Consistent with current Commission policy, working capital should be reduced by the overrecoveries.

FPUC: No. Overrecoveries and underrecoveries are non-recurring in nature due to the true-up provision in the fuel and ECCR clauses. The company does not protect over/underrecoveries, but a matching of revenues and expenses. (Troy)

OPC: Yes. Working capital should be reduced by \$274,987 to include fuel and conservation net overrecoveries. (Office Adjustment)

- *5. STIPULATED ISSUE: Should test year working capital be reduced \$44,146 to correct errors in the calculation of:

Accumulated Provision for Uncollectibles	\$ 4,585
Temporary Facilities	914
Accounts Payable	<u>38,647</u>
Total	\$44,146

Yes. Working capital should be reduced \$44,146 to correct the errors.

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*6. STIPULATED ISSUE: Should \$2,530 in Fuel Stock be removed from test year working capital to eliminate the cost of diesel fuel written off?

Yes. Working capital should be reduced \$2,530.

7. ISSUE: What is appropriate test year working capital allowance?

STAFF: \$238,338 after making the above adjustments.

FPUC: \$515,852 after making the above adjustments. (Troy)

OPC: \$221,076. This is calculated by taking Public Counsel's witness Dittmer's adjusted working capital amount of \$515,852 and adjusting for Public Counsel's additional adjustments to working capital, as noted in office positions above.

8. ISSUE: What is the appropriate test year rate base? (Schedule 1)

STAFF: The appropriate test year rate base is \$10,869,913.

FPUC: \$11,147,427. (Troy)

OPC: \$10,852,651.

TEST YEAR COST OF CAPITAL

9. ISSUE: What is the cost of common equity?

STAFF: The cost of common equity is 12.70%. (Yecco)

FPUC: 13.5%. (Jackson)

OPC: Public Counsel's preliminary position on the appropriate cost of equity is 13.35%, which is the cost rate authorized for the Marianna Division. Public Counsel will adopt staff's cost rate of 12.70% as supported by the testimony of staff witness Janice Yecco.

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- *10. STIPULATED ISSUE: What is the appropriate balance of accumulated deferred income taxes for 1988?

The accumulated deferred tax balance should be \$1,595,425 on a 13 month average basis.

- *11. STIPULATED ISSUE: What is the appropriate balance of accumulated deferred income tax credits (ITC) for 1988?

The accumulated ITC balance should be \$653,144 on a 13 month average basis. This includes 3% ITC of \$9,725 and post 1970-ITC of \$643,409.

12. ISSUE: What is the weighted average cost of capital including the proper components, amounts, and cost rates for the test year ended 9/30/88?

STAFF: The weighted average cost of capital for the test year is 8.97%. (Schedule 2) (Yecco)

FPUC: 9.40%.

OPC: 9.07%.

TEST YEAR NOI

- *13. STIPULATED ISSUE: What is the appropriate amount of test year operating revenue?

The appropriate test year operating revenue is \$2,796,431, which excludes \$10,617,266 in Fuel and Conservation revenue and includes \$2,643 for unbilled revenues.

- *14. STIPULATED ISSUE: Should Operation and Maintenance expenses be increased \$12,660 to reallocate the correct amount of transportation expenses to the electric operations?

Yes. Expenses should be increased \$12,660.

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- *15. STIPULATED ISSUE: Should Operation and Maintenance expenses be increased \$6,324 to remove the effects of Out of Period Payroll expenses?

Yes. Expenses should be increased \$6,324.

- *16. STIPULATED ISSUE: Should an adjustment of \$1,100 be made to remove charitable contributions from expenses?

Since Commission policy is to disallow charitable contributions, expenses should be reduced \$1,100.

- *17. STIPULATED ISSUE: Should an adjustment be made to test year Uncollectible Expense?

The company's adjustment reducing expenses \$6,670 should be further increased \$1,212.

- *18. STIPULATED ISSUE: Should \$2,990 related to the non-recurring write-off of fuel inventory be removed from expenses?

Yes. Reduce expenses \$2,990.

- *19. STIPULATED ISSUE: Should the company amortize the Power Supply Study, Account 923, over a five year period in lieu of the proposed four year amortization?

Yes. The company should reduce the annual amortization by \$2,270 for the test year.

20. ISSUE: The company made an adjustment to increase Account 592 by \$19,610. This adjustment was made to annualize the total amount included in the test year to a ten year average. Is this appropriate?

STAFF: No. The adjustment should be reduced \$15,388 to remove transformer rewinds which occurred in 1980 and 1981. Future rewinds should be capitalized.

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FPUC: Agree with Staff. (Troy)

OPC: No. This adjustment was made to annualize the total amount included in the test year to a ten (10) year average. It is not appropriate to make annualizing adjustments to the test year expense and then trend that account by certain inflation factors to an attrition year expense amount. The company adjustment also annualized into the test year expenses that were incurred in 1981 for rewinding two distribution transformers. To include such an extraordinary item in test year expenses is not appropriate. O&M expenses should be reduced by \$19,610 to reverse the company's adjustment.

21. ISSUE: Should the company remove the Transmission and Distribution system grounding costs from test year Accounts 593 and 594?

STAFF: Yes. The company should remove \$4,301 from Account 593 and \$6,992 from Account 594. Future costs of this nature should be capitalized.

FPUC: No. The total costs of pole relocation and system grounding during 1987 and 1988 totaled \$80,275 and should be amortized over five years. (Troy)

OPC: Yes. O&M expenses should be reduced by \$11,293.

22. ISSUE: Should expenses be reduced to remove \$4,762 of distribution pole relocation cost from Account 593.1 for the test year?

STAFF: Yes. The total cost of \$23,812 occurred in 1987. The company proposes a five year amortization in the amount of \$4,762 per year and does not project additional pole relocations in the future.

FPUC: No. The total costs of pole relocation and system grounding during 1987 and 1988 totaled \$80,275 and should be amortized over five years. (Troy)

OPC: Yes. The company proposes amortization of a non-recurring cost. The requested amortization should not be allowed. O&M expenses should be reduced by \$4,762. (Office position)

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- *23. STIPULATED ISSUE: Should the company reduce Account 595 by \$10,000 for the rebuilding of large transformer cabinets?

Yes. The expense associated with the rebuild of these transformers should be capitalized and amortized over the useful life.

- *24. STIPULATED ISSUE: Should the company reduce Account 586 by \$15,000 to account for an error in the forecast of meter charges?

Yes. The base used in the forecast contained errors in the meter charges.

- *25. STIPULATED ISSUE: Should an adjustment be made to normalize test year O & M expenses for retrospective insurance refunds?

Yes. Expenses should be reduced \$7,527 which represent a five year average of retrospective insurance refunds allocated to the Fernandina Beach electric operations.

- *26. STIPULATED ISSUE: Should an adjustment be made to test year O & M expenses to remove the non-recurring expense associated with the employee newsletter?

Yes. Expenses should be reduced \$2,000.

27. ISSUE: What is the appropriate amount of test year O & M expense?

STAFF: The appropriate amount of test year O & M expenses is \$1,088,213 after making the above adjustments.

FPUC: \$1,111,796, after making the above adjustments.
(Troy)

OPC: \$1,083,991.

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

The appropriate amount of depreciation expense is \$550,514 after allocating \$5,314 to the water operation and increasing expense \$11,131 for the allocated portion related to the general office building.

29. ISSUE: What is the appropriate amount of Taxes-Other?

STAFF: \$277,129 after increasing property taxes \$15,961 to correct the annual accrual to actual expense.

FPUC: Agree with Staff. (Troy)

OPC: \$261,168.

30. ISSUE: What is the appropriate current income tax expense for 1988?

STAFF: Current income tax expense for 1988 should be \$321,014. This reflects an adjustment of \$20,129 for the tax effect of other staff adjustments, and an interest reconciliation and synchronization adjustment of \$(8,659).

FPUC: Current income tax expense for 1988 should be \$321,675. This reflects an adjustment of \$11,254 for the tax effect of other company adjustments and an interest reconciliation and synchronization adjustment of \$877. (Portner)

OPC: \$337,267, excluding ITC Amortization of negative \$34,128.

- *31. STIPULATED ISSUE: What is the appropriate deferred income tax expense for 1988?

Deferred income tax expense should be \$(203,135) (\$24,873 state and \$178,262 federal).

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

STAFF: The appropriate amount of test year Operating Expenses is \$2,007,607.

FPUC: \$2,031,851. (Troy)

OPC: \$1,995,677.

33. ISSUE: What is the appropriate test year net operating income? (Schedule 3)

STAFF: The appropriate test year net operating income is \$788,824.

FPUC: \$764,580. (Troy)

OPC: \$800,754.

- *34. STIPULATED ISSUE: What is the appropriate expansion factor to be used in calculating the 1988 revenue deficiency? (Schedule 4)

1.6326, which allows for the rate change of regulatory assessment fees to 1/8 of 1%.

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

STAFF: \$303,665.

FPUC: \$462,482. (Troy)

OPC: \$299,714.

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ATTRITION YEAR RATE BASE

36. ISSUE: Should attrition year Plant-in-Service be reduced to adjust for overbudgeting?
- STAFF: Yes. Reduce Plant-in-Service by \$511,595.
- FPUC: No. The company should be on budget by the end of the first projection year. (Bachman)
- OPC: Yes. Plant-in-service should be reduced by \$439,574.
37. ISSUE: What is the appropriate amount to be included in the attrition year Plant-in-Service?
- STAFF: The appropriate amount of Plant-in-Service for the attrition year is \$16,717,621.
- FPUC: \$17,229,216. (Bachman)
- OPC: \$16,789,642.
38. ISSUE: Should attrition year Accumulated Depreciation be increased to adjust for underbudgeting?
- STAFF: Yes. Increase Accumulated Depreciation by \$67,681.
- FPUC: No adjustment is necessary. (Bachman)
- OPC: Yes. Accumulated depreciation should be increased by \$75,819.
39. ISSUE: What are the appropriate attrition year rate base deductions?
- STAFF: The appropriate attrition year rate base deductions are \$4,991,619. This consists of \$4,360,330 Accumulated Depreciation and \$631,289 Customer Advances.
- FPUC: The attrition year rate base deductions should total \$4,923,938, which consists of \$4,292,649 Accumulated Depreciation and \$631,289 Customer Advances. (Bachman)

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OPC: The attrition year rate base deductions should total \$4,999,757. \$4,368,468 Accumulated Depreciation and \$631,289 Customer Advances.

40. ISSUE: Should net fuel and conservation overrecoveries of \$313,800 and \$9,447 respectively, be included as a reduction to attrition year working capital?

STAFF: Yes. Consistent with current Commission policy, working capital should be reduced by the overrecoveries.

FPUC: No. Commission policy does not permit a projection of overrecoveries on a recurring basis. (Troy)

OPC: Public Counsel will accept staff's adjustment to include \$323,277 as fuel and conservation overrecoveries in the attrition year working capital.

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

STAFF: No. Unamortized rate case expense should be excluded from the calculation of working capital. This would reduce the company's originally requested working capital by \$61,191.

FPUC: Yes. The \$61,191 should remain in working capital. (Troy)

OPC: No. Attrition year working capital should be decreased by \$61,191.

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

STAFF: The appropriate amount of storm damage reserve to be included in working capital is \$1,331. This would require an adjustment increasing working capital by \$17,969.

FPUC: The appropriate amount of storm damage reserve to be included in working capital is \$19,300. (Troy)

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OPC: \$0. Working capital should be increased by \$19,300 to remove the company's accrual for storm damage reserve.

43. ISSUE: The company has included \$27,884 for prepaid pension expense in the attrition year working capital. Is this appropriate?

STAFF: Yes. It is appropriate to include prepaid pension expense in the attrition year working capital. Working capital should be increased by \$3,395 to recognize the projected negative pension expense.

FPUC: Yes. (Troy)

OPC: No. Prepaid pension expense should not be included in working capital allowance. Working capital should be reduced by \$27,884. (Office Position)

44. ISSUE: Should attrition year working capital be reduced \$44,477 to correct errors in the calculation of:

Accumulated Provision for Uncollectibles	\$ 4,717
Accounts Payable	39,760
Total	\$44,477

STAFF: Yes. Working capital should be reduced \$44,477 to correct the errors.

FPUC: Working capital should be reduced \$39,760 to correct the error.

OPC: Attrition Year Working Capital should be adjusted to reflect the corrections of errors made in Accounts Payable and Accumulated Provision for Uncollectibles in the test year. The trending effect of these test year adjustments are included in the attrition year trending adjustment.

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

STAFF: The appropriate working capital allowance is \$183,978 after making the above adjustments.

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FPUC: \$592,738. (Troy)

OPC: \$186,139.

46. ISSUE: What is the appropriate attrition year rate base? (Schedule 6)

STAFF: The appropriate attrition year rate base is \$11,909,980.

FPUC: \$12,898,016. (Troy)

OPC: \$11,976,024.

ATTRITION YEAR COST OF CAPITAL

47. ISSUE: What is the cost of common equity?

STAFF: The cost of common equity is 12.70%. (Yecco)

FPUC: 13.50% (Jackson)

OPC: Agree with Staff.

48. ISSUE: What is the appropriate balance of accumulated deferred income taxes for 1990?

STAFF: The accumulated deferred tax balance should be \$1,544,301 on a 13 month average basis. (Yecco)

FPUC: Agree with Staff. (Portner)

OPC: \$1,513,883, which includes an adjustment for the write back of excess deferred taxes.

- *49. STIPULATED ISSUE: What is the appropriate balance of accumulated deferred income tax credits (ITC) for 1990?

The accumulated ITC balance should be \$594,943 on a 13 month average basis. This includes 3% ITC of \$7,505 and post-1970 ITC of \$587,438.

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50. ISSUE: What is the weighted average cost of capital including the proper components, amounts, and cost rates for the attrition year ended 9/30/90? (Schedule 7)

STAFF: The weighted average cost of capital for the attrition year is 9.18%. (Yecco)

FPUC: 9.65%. (Troy)

OPC: 9.16%.

ATTRITION YEAR NOI

- *51. STIPULATED ISSUE: Should attrition year revenues be increased to adjust for unbilled revenues?

Yes. Attrition year revenues should be increased by \$2,145.

52. ISSUE: What is the appropriate amount of attrition year operating revenue?

STAFF: \$2,879,192, which includes \$2,145 in unbilled revenues and \$15,050 in other operating revenues.

FPUC: Agree with Staff. (Jerauld)

OPC: \$2,979,396. This includes an adjustment for the projection KWH sales in the attrition year.

53. 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. \$17,300 (\$173,000 over 10 years)

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

OPC: No. Historical experience does not indicate any need for accrual of a property insurance reserve. The company has not experienced any property damages in excess of \$10,000 in at least the past ten years.

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- *54. STIPULATED ISSUE: What is the appropriate amount of pension expense for 1990?

Pension expense for the attrition year is (\$3269)

55. ISSUE: What is the proper level of rate case expense to be included in operating expenses?

STAFF: \$15,486 (\$77,432 over 5 years). O&M expenses should be reduced by \$10,325.

FPUC: \$25,811. (\$77,432 over 3 years) (Troy)

OPC: The company's projected rate case expense of \$77,432 should be amortized over 5 years. \$15,486 should be included in the attrition year expenses. O&M expenses should be reduced by \$10,325.

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

STAFF:

TREND BASIS	Projection years		
		9/30/89	9/30/90
No Trend Basis	0	0.00%	0.00%
Inflation only	1	104.90%	109.52%
Customer Growth	2	103.91%	107.33%
Payroll Increases	3	104.31%	109.53%
Sales / KWH	4	103.46%	102.72%
Revenues / \$	5	101.57%	102.88%
Plant	6	106.47%	108.45%
Inflation X Customer Growth	7	109.00%	117.55%
Payroll X Customer Growth	8	108.39%	117.56%
Other	9		VARIOUS

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FPUC:

TREND BASIS	Projection years		
	Key	September 30	
		1989	1990
No Trend Basis	0	0.00%	0.00%
Inflation only	1	105.00%	109.62%
Customer Growth	2	103.91%	107.33%
Payroll Increases	3	104.38%	109.70%
Sales / KWH	4	103.46%	102.72%
Revenues / \$'s	5	101.57%	102.88%
Plant - Net	6	108.18%	115.74%
Inflation X Customer Growth	7	109.11%	117.66%
Payroll X Customer Growth	8	108.46%	117.74%
Other	9	VARIOUS	

OPC:

TREND BASIS	Projection years		
	Key	September 30	
		1989	1990
No Trend Basis	0	0.00%	0.00%
Inflation only	1	105.00%	109.62%
Customer Growth	2	103.91%	107.33%
Payroll Increases	3	104.38%	109.70%
Payroll Increases (eff. 2-17)	4	104.31%	109.53%
Revenues / \$	5	101.57%	106.47%
Payroll Increases (eff. 3-17)	6	104.29%	109.47%
Inflation X Customer Growth	7	109.11%	117.66%
Payroll X Customer Growth	8	108.46%	117.74%
Other	9	VARIOUS	
Accepted Co. Projection	10		

*57. STIPULATED ISSUE: Should the attrition year O&M expenses be adjusted for the effect of changing the trend factors?

Yes.

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- *58. STIPULATED ISSUE: Should attrition year O&M expense be reduced to reflect a reduction in the company's insurance premiums for various liability policies?

Yes. Attrition year O&M expenses should be reduced by \$10,306.

59. ISSUE: What is the appropriate amount of attrition year O&M expenses? (Schedule 8)

STAFF: \$1,239,064.

FPUC: \$1,308,931. (Troy)

OPC: \$1,221,242.

60. ISSUE: Should attrition year depreciation expenses be reduced to adjust for the lower level of Plant-in-Service recommended?

STAFF: Yes. Reduce expenses by \$22,152

FPUC: No adjustment is necessary. (Bachman)

OPC: Yes.

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

STAFF: \$603,626

FPUC: \$625,778. (Bachman)

OPC: \$610,194.

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

STAFF: Yes. Increase Taxes-Other by \$1,226.

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FPUC: Yes. Increase Taxes-Other by \$1,226.

OPC: Yes. Public Counsel's adjustment of \$1,210 is included in the total projection adjustment to Taxes-Other).

63. ISSUE: What is the appropriate amount of Taxes-Other for the 1990 attrition year?

STAFF: \$297,351.

FPUC: \$311,264. (Troy)

OPC: \$287,077. Taxes Other Than Income Taxes should be reduced by \$7,044.

64. ISSUE: What is the appropriate current income tax expense for 1990?

STAFF: Current income tax expense should be \$39,457. This reflects an adjustment of \$41,916 for the tax effect of other staff adjustments, and an interest reconciliation and synchronization adjustment of \$7,030.

FPUC: Current income tax expense should be (\$7,307). This reflects an adjustment of \$2,053 for the tax effect of other company adjustments, and an interest reconciliation and synchronization adjustment of \$129. (Portner)

OPC: \$258,583.

65. ISSUE: What is the appropriate deferred income tax expense for 1990?

STAFF: Deferred income tax expense should be \$(26,958). This reflects a reduction of \$6,811 (\$230 state and \$6,581 federal) for the writeback of excess deferred taxes.

FPUC: Agree with Staff. (Portner)

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OPC: \$(185,123) Federal
 (24,873) State
 \$(209,996)

This includes a reduction of \$6,861 for the writeback of excess deferred income taxes.

66. ISSUE: What is the appropriate attrition year NOI? (Schedule 9)

STAFF: \$758,193

FPUC: \$699,025. (Troy)

OPC: \$843,837.

*67. STIPULATED ISSUE: What is the appropriate expansion factor to be used in calculating the attrition year 1990 revenue requirements? (Schedule 10)

1.6326.

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

STAFF: \$243,492. (Test year increase \$303,665; total increase \$547,147.)

FPUC: \$428,324. (Test year increase \$462,482; total increase \$890,806.) (Troy)

OPC: \$113,606. (Test year increase \$299,714; total increase \$413,320).

69. ISSUE: Should any portion of the \$456,195 interim increase granted by Order No. 21211 issued on May 9, 1989 be refunded?

STAFF: A refund should be ordered if it is necessary to reduce the rate of return during the pendency of the

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DOCKET NO. 881056-EI
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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.

FPUC: Only if final dollar relief is less than the \$456,195 that was authorized for interim relief. (Troy)

OPC: A refund may be appropriate based on the Commission's final decision on this case.

- *70. STIPULATED ISSUE: Should FPUC be required to file, within 30 days after the date of the final order in this docket, a description of all entries of adjustments to its future annual reports, rate of return reports, published financial statements and books and records which will be required as a result of the Commission's findings in this rate case?

Yes. The utility should be required to fully describe the entries and adjustments which will be either recorded or used in preparing reports submitted to the Commission.

RATES

71. ISSUE: Are the company's estimated revenues for 1990 from sales of electricity based upon reasonable forecasts of customer, KW and KWH billing determinants by rate class?

STAFF Yes. The forecasting methodology and adjustments made by the company are reasonable. The adjustment made by Public Counsel to the RS class forecast is inconsistent with the methodology used and accepted for all other classes. Public Counsel's adjustment to the GSLD class ignores the correction for a non-recurring increase in billing units due to the outage of a cogenerator's facilities.

FPUC: Agree with Staff.

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

Yes, with the exception of the omission of (1) a direct assignment of wire to the OL classes for lights which required the installation of a pole and (2) the allocation of any secondary distribution demand-related costs to the GS class. A revision of the company's cost of service study, which corrects these problems, should be approved for use in this docket.

73. 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 close to parity. Because of the great disparity in class rate of return indices at present rates, the Commission should deviate from its policy of not lowering a class's rates and not giving any class an increase greater than 1.5 times the system average percentage increase with purchased power costs.

The rates of the GS and GSLD classes should be lowered because their rates of return at present rates are approximately three times the system average. The rates of those classes with negative rates of return (OL and OL-2) should be increased to the extent necessary for the classes to have nonnegative rates of return. The remainder of the increase should be spread to the other rate classes with rates of return below the system average (RS, SL-2 and CSL) such that the three classes receive the same percentage increase in total revenues (based on estimated purchase power costs) and to SL-2. The SL-2 class, whose rate of return at present rates is above the system average, should receive an increase sufficient to bring its rate of return to the system average at proposed rates.

FPUC: The increase should be spread among the rate classes in a manner that moves those classes that presently are the most deficient towards parity. Because this is the first rate filing for the Fernandina Beach Division and the first time that a fully allocated cost of

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service study has been made, the results show a wide disparity in relative returns. While the company believes it desirable to bring all classes near parity, it does not consider it proper to attempt to attain that in this proceeding. No rate classes should be reduced. While the GS and GSLD classes appear to have excessive returns those rates should not be reduced at this time. To do so would result in such reductions being reallocated to the RS class in addition to the increase that already is necessary to improve the RS rate of return. Rate reductions as may appear appropriate should be considered in the next rate filing, not this current one. It should be further noted that the GSLD class received a substantial reduction in October 1987 as a result of the rate restructuring in Docket No. 861308-EI. The reduction to the GSLD class in the first 12 months of the new GSLD rate was in excess of \$710,000 (approximately 64%) in base rate revenues as compared to the prior 12 months period base revenue under the previous GSLD rate.

The OL and OL-2 rates which under present rates have negative returns should be increased to the extent necessary for them to have at least non-negative returns. The remainder of the increase should be spread to the other rate classes with rates of return below the system average (RS, SL-3 and CSL) such that those three classes receive the same percentage increase and to SL-2. The SL-2 should receive an increase sufficient to bring its return to the system average at proposed rates.

OPC: No position.

- *74. 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 to class revenues due to unbilled revenues should be made. The adjustment should be spread across classes which are cycle billed proportional to the increase or decrease in base revenues.

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

Yes. The RST rate is not cost based. There is no customer charge for the costs of additional meters and timers required under the rate. Furthermore, the company has no data to support the level of cost savings attributable to load management of water heaters.

- *76. STIPULATED ISSUE: The company presently has a RS-1 rate schedule for residential service and a RS-2 rate schedule for residential service customers with electric water heating having an automatic thermostatic control and the customer's entire use of electricity is taken through a single meter. The company proposes to combine the two rate schedules. Is this appropriate?

Yes. The company initially offered the RS-2 rate to promote usage of water heaters controlled by automatic thermostats. Presently, the RS-2 nonfuel energy charge is lower than the RS-1 nonfuel energy charge and the RS-2 rate is not available to residents who heat their water with other forms of energy. The RS-2 rate does not promote gas and solar water heating; therefore, offering the RS-2 rate is a discriminatory practice and does not promote conservation.

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

	<u>PRESENT</u>	<u>COMPANY PROPOSED</u>	<u>UNIT COST</u>	<u>STAFF PROPOSED</u>
RS	\$ 2.50	\$ 5.00	\$ 6.73	\$ 7.00
GS	4.00	6.00	10.44	10.00
GSD	15.00	25.00	37.53	38.00
GSLD	300.00	300.00	476.20	475.00

What are the appropriate customer charges?

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STAFF: The customer charges should be set as close as possible to the customer unit cost at the class recommended rate of return.

FPUC: Except for the RS rate class customer charges should be set approximately at the level of customer unit cost at the class recommended rate of return. The RS class customer charge should be set not to exceed \$6.00 in this proceeding due to the fact that the present rate is only \$2.50 (\$2.91 under interim rates) and increasing the charge above \$6.00 would be excessive for small usage residential customers. The company proposes the following customer charges:

	<u>PRESENT</u>	<u>COMPANY</u>		
		<u>INTERIM</u>	<u>POSITION</u>	
RS		\$ 2.50	\$ 2.91	\$ 6.00
GS		4.00	4.66	10.00
GSD		15.00	17.46	38.00
GSLD		300.00	349.29	475.00

OPC: No position.

78. ISSUE: What should demand charges be?

STAFF: Demand charges for GSD should remain at their current level of \$1.77 while GSLD demand charges should decrease to \$1.11 per KW.

FPUC:

	<u>PRESENT</u>	<u>COMPANY</u>		
		<u>INTERIM</u>	<u>POSITION</u>	
GSD	\$1.77/KW	\$2.06/KW	\$2.50/KW	
GSLD	1.70/KW	1.98/KW	1.68/KW(1)	

(1) Based on increasing the GSLD customer charge to \$475.00 per month with no revenue reduction to the GSLD class.

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OPC: No position.

- *79. STIPULATED ISSUE: The current GSD and GSLD rate schedules have minimum charges equal to the customer charge plus the demand charge for the minimum KW to take service on the rate schedule. Is this minimum charge provision appropriate?

The minimum charge provision, which is actually a minimum billing demand provision, is appropriate for GSLD customers but should be eliminated for GSD customers. The minimum billing demand charge penalizes GSD customers whose maximum demands happen to fall near the class break point although such customers do not necessarily impose a proportionately larger cost burden on the utility. On the other hand, billing under the GSLD rate schedule is optional for customers willing to contract for a minimum of 5,000 KW per month. A customer whose demands fall near the GSLD class break point has the option to remain in the GSD class and be billed on actual demands.

- *80. STIPULATED ISSUE: The company proposes to reduce the term of service on GSD from 1 or 2 years to 1 or more years. Is this change appropriate?

Yes. 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.

81. ISSUE: Should the power factor percentage goal used in the power factor clause be raised from 80% to 85%?

STAFF: The company presently requires its GSLD customers to maintain a 90% power factor goal. The power factor goal for the company's GSD class should also be 90% so that customers with potentially poor power factors within that class of service would be billed for any excess KVAR on an equitable basis with customers in the GSLD class.

FPUC: Yes, for the GSD Rate Schedule only.

OPC: No position.

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- *82. STIPULATED ISSUE: The company proposes to eliminate its provision for a primary voltage discount of 15 cents per kilowatt from the GSD rate class. Is this appropriate?

No. The company should retain the primary voltage discount clause and compute the transformer ownership discount based on the allocated line transformer costs to the GSD rate class.

83. ISSUE: What should the primary voltage discount be?

STAFF: \$0.44.

FPUC: No position at this time. FPUC anticipates having a position prior to hearing.

OPC: No position.

- *84. 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?

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.

- *85. 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%.

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*86. STIPULATED ISSUE: Should the company be required to develop standby/ supplemental rates to be made available to potential cogenerators taking service under the GSD rate class?

Yes. The company should be required to develop and implement standby/supplemental rates applicable to cogenerators who would otherwise take service under the GSD rate class. This rate schedule should be designed in the same manner as ordered for the Marianna Division in Docket No. 880558-EI, and should be submitted within three months of the date of the final rate order in this proceeding.

*87. STIPULATED ISSUE: The company's proposal for service charges are summarized as follows:

	<u>PRESENT</u>	<u>COST</u>	<u>PROPOSED</u>
Initial Connect	\$ 0	\$13.02	\$13.00
Reestablish Service to Inactive Account	0	11.39	11.00
Temporary Disconnect then Reconnect	0	20.31	20.00
Reestablish Active Service	0	8.29	8.00
Reconnect After Disconnect for Nonpayment	3.00	17.70	15.00
Connect and Disconnect Temporary Service	0	23.51	20.00

Are the company's proposed service charges appropriate?

Yes. The company's proposed service charges should be approved as they appear to be cost based. (MFR Schedule E-10, Data Request No. 1)

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- *88. STIPULATED 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? (Company has a new rate Schedule CSL).

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 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.

- *89. STIPULATED ISSUE: The company presently has a rate schedule (MS) for miscellaneous municipal service. The company proposes to eliminate this rate. Is this appropriate?

Yes. The MS rate schedule should be eliminated and the City of Fernandina Beach should be required to take service on the applicable GS or GSD rate schedule.

- *90. STIPULATED ISSUE: FPUC purchases 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 for all classes except for the GSLD class, which are recovered on an actual cost basis. 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?

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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-recovery 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 the April 1, 1990, six-month fuel period in the fuel docket, and not at the time that the permanent base rates become effective in this rate proceeding.

In the future, when the level of FPUC's purchased power demand charge is changed, the class-specific KWH charges for purchased power demand costs should be adjusted to reflect the change and be effective at the beginning of the next six-month fuel period.

STIPULATED ISSUES

The prehearing officer approved stipulations between the parties on the following issues: 1, 2, 5, 6, 10, 11, 13-19, 23-28, 31, 34, 49, 51, 54, 58, and 67. The prehearing officer further approved stipulations between Staff and FPUC, which were not contested by the Office of Public Counsel, on the following issues: 70, 72, 74-76, 79, 80, 82, 84-90.

MOTIONS

There are no pending motions.

Based on the foregoing, it is

ORDERED by Commissioner John T. Herndon that these proceedings shall be governed by this order unless modified by the Commission.

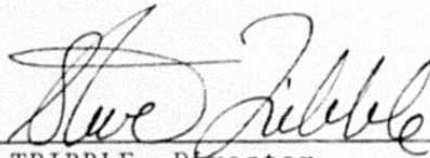
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By ORDER of Commissioner John T. Herndon, as Prehearing Officer, this 3rd day of AUGUST, 1989.

JOHN T. HERNDON, Commissioner
and Prehearing Officer

(S E A L)

MER

by 

STEVE TRIBBLE, Director
Records and Reporting

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COMPANY: FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
 DOCKET NO.: 881056-EI
 TEST YEAR: SEPTEMBER 30, 1988

COMPARATIVE RATE BASES

SCHEDULE 1
 19-Jul-87
 08:11 AM

CO. LINE ADJ. ISSUE NO. NO. NO.	DESCRIPTION	COMPANY FILING			COMPANY STIPULATIONS AND REVISIONS			STAFF RECOMMENDATION		PUBLIC COUNSEL	
		SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
1	PLANT IN SERVICE		\$13,980,771								
2	1 COMMON PLANT ALLOCATED-LOCAL OFFICE (WATER)			(171,153)							
3	1 COMMON PLANT ALLOCATED-GENERAL OFFICE			166,696							
4	ACQUISITION ADJUSTMENT		0								
5											
6											
7											
8											
9											
10											
11											
12											
13	Total plant in service	0	13,980,771	(4,457)	13,976,314	0	13,976,314	0	13,976,314	0	13,976,314
14											
15	DEDUCTIONS:										
16	ACCUM. DEPR. UTILITY PLANT		3,478,515								
17	1 COMMON PLANT ALLOCATED-LOCAL OFFICE (WATER)			(55,630)							
18	1 COMMON PLANT ALLOCATED-GENERAL OFFICE			65,058							
19	ACCUM. AMORT.-ACQUISITION ADJ.		0								
20	CUSTOMER ADVANCES FOR CONSTRUCTION		547,915								
21	2 CORRECT ERROR			(30,878)							
22											
23											
24											
25	Total depreciation reserve	0	4,026,430	(21,450)	4,004,980	0	4,004,980	0	4,004,980	0	4,004,980
26											
27											
28	Net plant in service	0	9,954,341	16,993	9,971,334	0	9,971,334	0	9,971,334	0	9,971,334
29											
30											
31	CONSTRUCTION WORK IN PROGRESS		660,241								
32											
33											
34											
35											
36											
37											
38	Total CWIP	0	660,241	0	660,241	0	660,241	0	660,241	0	660,241
39											
40											
41	PROPERTY HELD FOR FUTURE USE										
42											
43											
44											
45	Total prop. held for future use	0	0	0	0	0	0	0	0	0	0
46											
47											
48											
49											

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CO. LINE NO. ADJ. NO. ISSUE NO.	DESCRIPTION	COMPANY FILING				COMPANY STIPULATIONS AND REVISIONS		STAFF RECOMMENDATION		PUBLIC COUNSEL	
		SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
50											
51	NUCLEAR FUEL (NET)										
52											
53											
54											
55	Total nuclear fuel	0	0	0	0	0	0	0	0	0	0
56											
57											
58	Net utility plant	0	10,614,582	16,993	10,631,575	0	10,631,575	0	10,631,575	0	10,631,575
59											
60											
61	WORKING CAPITAL		560,001								
62											
63	NET FUEL OVERRECOVERY							(266,950)		(266,950)	
64	NET CONSERVATION OVERRECOVERY							(8,037)		(8,037)	
65	ACCUM. PROV. FOR UNCOLL. - ERROR					(4,585)		(4,585)		(4,585)	
66	TEMPORARY FACILITIES - ERROR					(914)		(914)		(914)	
67	ACCOUNTS PAYABLE - ERROR					(38,647)		(38,647)		(38,647)	
68	FUEL STOCK							(2,530)		(2,530)	
69	PREPAID PENSION									(17,262)	
70											
71											
72											
73											
74											
75											
76											
77											
78											
79											
80	Total working capital	0	560,001	0	560,001	(44,146)	515,855	(321,663)	238,338	(338,925)	221,076
81											
82											
83	TOTAL RATE BASE	0	11,174,583	16,993	11,191,576	(44,146)	11,147,430	(321,663)	10,869,913	(338,925)	10,852,651

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COMPANY: FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
 DOCKET NO.: 881056-EI
 TEST YEAR: SEPTEMBER 30, 1988

COMPARISON OF COST OF CAPITAL POSITIONS

SCHEDULE 2
 Page 3 of 3
 19-Jul-89
 10:45:45 AM

LINE NO.	COMPONENT	COMPANY FILING				COMPANY ADJUSTED			
		AMOUNT	RATIO	COST RATE	WEIGHTED COST	AMOUNT	RATIO	COST RATE	WEIGHTED COST
1	Long Term Debt	3,691,010	32.90%	9.79%	3.23%	3,691,010	32.90%	9.79%	3.23%
2	Short Term Debt	1,008,932	9.02%	8.20%	0.74%	1,008,932	9.02%	8.20%	0.74%
3	Preferred Stock	151,340	1.35%	4.75%	0.06%	151,340	1.35%	4.75%	0.06%
4	Customer deposits	535,239	4.78%	8.80%	0.42%	535,239	4.78%	8.80%	0.42%
5	Common Equity	3,556,486	31.70%	13.50%	4.29%	3,556,486	31.70%	13.50%	4.29%
6	Accumulated Deferred Income Taxes	1,595,425	14.26%	0.00%	0.00%	1,595,425	14.26%	0.00%	0.00%
7	Deferred ITC - Zero Cost	9,735	0.09%	0.00%	0.00%	9,735	0.09%	0.00%	0.00%
8	Deferred ITC - Weighted Cost	643,409	5.75%	11.47%	0.66%	643,409	5.75%	11.47%	0.66%
9									
10		11,191,576	100.00%		9.4064%	11,191,576	100.00%		9.4064%
11									
12									
13									
14									
15									
16									
17									
18									
19									
20	Long Term Debt	3,828,998	35.23%	9.79%	3.45%	3,691,010	32.90%	9.79%	3.23%
21	Short Term Debt	970,332	8.93%	8.20%	0.73%	1,008,932	9.02%	8.20%	0.74%
22	Preferred Stock	162,240	1.49%	4.75%	0.07%	151,340	1.35%	4.75%	0.06%
23	Customer deposits	535,239	4.92%	8.80%	0.44%	535,239	4.78%	8.80%	0.42%
24	Common Equity	3,124,535	28.74%	12.70%	3.65%	3,556,486	31.70%	12.70%	4.04%
25	Accumulated Deferred Income Taxes	1,595,425	14.68%	0.00%	0.00%	1,595,425	14.26%	0.00%	0.00%
26	Deferred ITC - Zero Cost	9,735	0.09%	0.00%	0.00%	9,735	0.09%	0.00%	0.00%
27	Deferred ITC - Weighted Cost	643,409	5.92%	10.62%	0.63%	643,409	5.75%	11.40%	0.66%
28									
29		10,869,913	100.00%		8.9681%	11,191,576	100.00%		9.1482%
30									

ORDER NO. 21671
 DOCKET NO. 881056-EI
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COMPANY: FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
 DOCKET NO.: 881056-E1
 TEST YEAR: SEPTEMBER 30, 1988

COMPARATIVE NET OPERATING INCOME

SCHEDULE J
 19-Jul-89
 08:11 AM

CO. LINE NO.	ADJ. NO.	ISSUE NO.	DESCRIPTION	COMPANY FILING			COMPANY STIPULATIONS AND REVISIONS			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		13,390,882								
2	4		FUEL & CONSERVATION REVENUES			(10,617,266)							
3	5		ADJ. FOR UNBILLED REVENUES			2,643							
8			Total sales of electricity	0	13,390,882	(10,614,623)	2,776,259	0	2,776,259	0	2,776,259	0	2,776,259
11			OTHER OPERATING REVENUES		20,172								
16			Total other operating revenues	0	20,172	0	20,172	0	20,172	0	20,172	0	20,172
19			Total operating revenues	0	13,411,054	(10,614,623)	2,796,431	0	2,796,431	0	2,796,431	0	2,796,431
21			OPERATING EXPENSES:										
22			OPERATING & MAINTENANCE		11,664,299								
23	4		FUEL & CONSERVATION EXP.			(10,464,954)							
24	6		TRANSPORTATION EXPENSE-WATER			12,660							
25	7		ACCRUED PAYROLL			6,324							
26	8		ELIMINATE CHARITABLE CONTRIBUTION			(1,100)							
27	9		UNCOLLECTIBLE ACCOUNTS EXPENSE			(6,670)		(1,212)		(1,212)		(1,212)	
28	10		ELIMINATE NON-RECURRING FUEL EXPENSE			(2,990)							
29	11		POWER SUPPLY STUDY			(34,046)							
30	12		MAINTENANCE OF STATION EQUIP.			19,610		(2,270)		(2,270)		(2,270)	
31	13		POLE RELOCATION COSTS			4,762		(15,388)		(15,388)		(19,610)	
32	14		SYSTEM GROUNDING PROJECT-O/H CONDUCTORS & U/G LINES			(24,333)				(4,762)		(4,762)	
33	16		MAINT. OF LINE TRANSFORMERS			(15,897)				(11,293)		(11,293)	
34			METER EXPENSE - ERROR					(10,000)		(10,000)		(10,000)	
35			INSURANCE REFUNDS					(15,000)		(15,000)		(15,000)	
36			EMPLOYEE NEWSLETTER					(7,527)		(7,527)		(7,527)	
37								(2,000)		(2,000)		(2,000)	
38			Total operation & maintenance	0	11,664,299	(10,506,634)	1,157,665	(53,397)	1,104,268	(69,452)	1,088,213	(73,674)	1,003,991
41			DEPRECIATION AND AMORTIZATION		544,697								
42	1		COMMON PLANT ALLOCATED-LOCAL OFFICE(WATER)			(5,314)							
43	1		COMMON PLANT ALLOCATED-GENERAL OFFICE			11,131							
48			Total depreciation and amortization	0	544,697	5,817	550,514	0	550,514	0	550,514	0	550,514

172 ORDER NO. 5.21691
 DOCKET NO. 881056-E1
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COMPANY: FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
 DOCKET NO.: 001056-EI
 TEST YEAR: SEPTEMBER 30, 1988

COMPARATIVE NET OPERATING INCOME

SCHEDULE J
 19 Jul 89
 00:11 AM

LINE NO.	ADJ. NO.	ISSUE NO.	DESCRIPTION	COMPANY FILING		COMPANY STIPULATIONS AND REVISIONS		STAFF		PUBLIC COUNSEL	
				SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
51			DECOMMISSIONING								
52											
53											
54											
55											
56			Total decommissioning	0	0	0	0	0	0	0	0
57											
58											
59			TAXES OTHER THAN INCOME		430,095						
60	1		COMMON PLANT ALLOCATED-LOCAL OFFICE (WATER)			(743)					
61	1		COMMON PLANT ALLOCATED-GENERAL OFFICE			4,482					
62	4		FUEL & CONSERVATION			(172,666)					
63			CORRECT ACCRUAL OF PROPERTY TAXES					15,961		15,961	
64											
65			N/A Effect of other adjustments								
66											
67			Total taxes other than income	0	430,095	(168,927)	261,160	15,961	277,129	15,961	277,129
68											
69											
70			INCOME TAXES CURRENTLY PAYABLE	0	283,124						
71	17		VARIOUS ADJUSTMENTS ABOVE			24,931					
72	18		OUT OF PERIOD ADJUSTMENT			27,561		12,131		20,129	27,723
73	19		INTEREST RECONCILIATION			(26,072)				(8,659)	
74											
75			N/A Interest expense reconciliation								
76			N/A Effect of other adjustments								
77											
78			Total income taxes - current	0	283,124	26,420	309,544	12,131	321,675	11,470	321,014
79											
80											
81			DEFERRED INCOME TAXES (NET)	0	(195,175)						
82	18		OUT OF PERIOD ADJUSTMENT			(7,960)					
83											
84											
85											
86											
87											
88											
89			Total deferred income taxes (net)	0	(195,175)	(7,960)	(203,135)	0	(203,135)	0	(203,135)
90											
91											
92			INVESTMENT TAX CREDIT (NET)		23,521						
93	18		OUT OF PERIOD ADJUSTMENT			(15,521)					(8,000)
94											
95											
96			AMORTIZATION OF ITC		(34,128)						
97											
98											
99			Total investment tax credit (net)	0	(10,607)	(15,521)	(26,128)	0	(26,128)	0	(26,128)
100											

ORDER NO. 21671
 DOCKET NO. 881056-EI
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COMPANY: FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
 DOCKET NO.: 881056-EI
 TEST YEAR: SEPTEMBER 30, 1988

COMPARATIVE NET OPERATING INCOME

SCHEDULE J
 19-Jul-89
 08:11 AM

LINE NO.	CO. ADJ. NO.	ISSUE NO.	DESCRIPTION	COMPANY FILING		COMPANY STIPULATIONS AND REVISIONS		STAFF		PUBLIC COUNSEL			
				SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	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	12,716,433	(10,666,805)	2,049,628	(25,305)	2,024,323	(42,021)	2,007,607	(53,951)	1,995,677
115													
116													
117			Net operating income	0	694,621	52,182	746,803	25,305	772,108	42,021	788,824	53,951	800,754
118													

ORDER NO. 21671
 DOCKET NO. 881056-EI
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COMPANY:
DOCKET NO.:
TEST YEAR:

FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
881056-EI
SEPTEMBER 30, 1988

COMPARISON OF
REVENUE EXPANSION FACTORS

SCHEDULE 4
19-Jul-89
10:45 AM

ORDER NO. 21671
DOCKET NO. 881056-EI
PAGE 47

LINE NO.	DESCRIPTION	COMPANY	STAFF	PUBLIC COUNSEL
1	Revenue Requirement	100.000000	100.000000	100.000000
2				
3	Uncollectible Accounts	(0.168000)	(0.168000)	(0.168000)
4				
5	Gross Reciepts Tax	(1.500000)	(1.500000)	(1.500000)
6				
7	Regulatory Assessment Fee	(0.125000)	(0.125000)	(0.125000)
8				
9	Net Before Income Taxes	98.207000	98.207000	98.207000
10				
11	State Income Tax Rate	5.5000%	5.5000%	5.5000%
12				
13	State Income Tax	5.401385	5.401385	5.401385
14				
15	Net Before Federal Income Taxes	92.805615	92.805615	92.805615
16				
17	Federal Tax Rate	34.0000%	34.0000%	34.0000%
18				
19	Federal Income Tax	31.553909	31.553909	31.553909
20				
21	Net Operating Income	61.251706	61.251706	61.251706
22		=====	=====	=====
23				
24	Net Operating Income Multiplier	1.632608	1.632608	1.632608
25		=====	=====	=====

COMPANY: FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
 DOCKET NO.: 881056-EI
 TEST YEAR: SEPTEMBER 30, 1988

COMPARATIVE REVENUE REQUIREMENTS

SCHEDULE 5
 19-Jul-89
 10:45 AM

LINE NO.	DESCRIPTION [1]	COMPANY AS FILED [2]	COMPANY ADJUSTED [3]	STAFF RECOMMENDATION [4]	PUBLIC COUNSEL [5]
1	Adjusted Jurisdictional Rate Base	\$11,191,576	\$11,147,430	\$10,869,913	\$10,852,651
2					
3	Required Rate of Return	9.4064%	9.4064%	8.9681%	9.1310%
4					
5					
6	Required Net Operating Income	1,052,726	1,048,574	974,824	990,956
7					
8	Adjusted Achieved Test Year				
9	Jurisdictional Net Operating Income	746,803	772,108	788,824	800,754
10					
11	Jurisdictional NOI Deficiency	305,923	276,466	186,000	190,202
12					
13	Revenue Expansion Factor	1.6326	1.6326	1.6326	1.6326
14					
15	Revenue Increase - Test Year	499,453	451,360	303,665	310,525
16	Rounding Difference	661			(1)
17					
18					
19	Total Revenue Increase	500,114	451,360	303,665	310,524
20					
21					
22					
23					
24					
25					
26					

COMPANY: FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
 DOCKET NO.: 881056-EI
 TEST YEAR: SEPTEMBER 30, 1966

CONVASCATIVE RATE RISES
 ADJUSTION YEAR

LINE NO.	ADJ. NO.	ISSUE NO.	DESCRIPTION	PLANT		CONSTRUCTION		COMPANY EVALUATIONS AND REVISIONS		STAFF RECOMMENDATION		PUBLIC COUNSEL	
				ORIGINAL	ADJUSTED	ORIGINAL	ADJUSTED	TERRITORIAL ADJUSTED	ADJUSTMENTS	TERRITORIAL ADJUSTED	ADJUSTMENTS	TERRITORIAL ADJUSTED	ADJUSTMENTS
1			PLANT IN SERVICE										
2	1		COMMON PLANT ALLOCATED-LOCAL OFFICE (WATER)						(194,912)				
3	1		COMMON PLANT ALLOCATED-GENERAL OFFICE						207,942				
4			DEPRECIATION										
5			ACQUISITION ADJUSTMENT		0						(511,595)		(439,574)
6													
7													
8													
9													
10													
11													
12													
13			Total plant in service	0	17,216,271	12,945	17,229,216	0	17,229,216	(511,595)	16,717,621	(439,574)	16,789,642
14													
15			DEDUCTIONS:										
16			ACCUM. DEPR. UTILITY PLANT		4,299,265								
17	1		COMMON PLANT ALLOCATED-LOCAL OFFICE (WATER)						(63,275)				
18	1		COMMON PLANT ALLOCATED-GENERAL OFFICE						56,659				
19			PROJECTIONS								67,681		75,819
20			ACCUM. AMORT.-ACQUISITION ADJ.		0								
21			CUSTOMER ADVANCES FOR CONSTRUCTION		631,269								
22													
23													
24													
25			Total depreciation reserve	0	4,930,554	(6,616)	4,923,938	0	4,923,938	67,681	4,991,619	75,819	4,999,757
26													
27													
28			Net plant in service	0	12,285,717	19,561	12,305,278	0	12,305,278	(529,276)	11,726,002	(515,393)	11,789,885
29													
30													
31			CONSTRUCTION WORK IN PROGRESS		0								
32													
33													
34													
35													
36													
37													
38			Total CWIP	0	0	0	0	0	0	0	0	0	0
39													
40													
41			PROPERTY HELD FOR FUTURE USE										
42													
43													
44													
45			Total prop. held for future use	0	0	0	0	0	0	0	0	0	0
46													
47													
48													
49													

COMPANY: FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
 DOCKET NO.: 881056-EI
 TEST YEAR: SEPTEMBER 30, 1988

COMPARATIVE RATE BASES
 ATTRITION YEAR

SCHEDULE
 20-Ju
 07:4

LINE NO.	ADJ. NO.	ISSUE NO.	DESCRIPTION	COMPANY FILING			COMPANY STIPULATIONS AND REVISIONS		STAFF RECOMMENDATION		PUBLIC COUNSEL		
				SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
50													
51			NUCLEAR FUEL (NET)										
52													
53													
54													
55			Total nuclear fuel	0	0	0	0	0	0	0	0	0	
56													
57													
58			Net utility plant	0	12,285,717	19,561	12,305,278	0	12,305,278	(579,276)	11,726,002	(515,393)	11,78
59													
60													
61			WORKING CAPITAL		630,725								
62													
63			NET FUEL & CONSERVATION										
64			OVERRECOVERY							(323,247)		(323,277)	
65			UNAMORTIZED RATE CASE EXPENSE							(61,191)		(61,191)	
66			STORM DAMAGE RESERVE							17,969		19,300	
67			PREPAID PENSION					3,395		3,395		(27,004)	
68			TREND AND APPLICATION OF FACTORS					(41,382)		(39,196)		(51,534)	
69			ACCUM. PROV. FOR UNCOLL. - ERROR							(4,717)			
70			ACCOUNTS PAYABLE - ERROR							(39,760)			
71													
72													
73													
74													
75													
76													
77													
78													
79													
80			Total working capital	0	630,725	0	630,725	(37,987)	592,738	(446,747)	183,978	(444,586)	18
81													
82													
83			TOTAL RATE BASE	0	12,916,442	19,561	12,936,003	(37,987)	12,898,016	(1,026,023)	11,909,980	(959,979)	11,97

ORDER NO. 21671
 DOCKET NO. 881056-EI
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COMPANY: FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
 DOCKET NO.: 881056-EI
 TEST YEAR: SEPTEMBER 30, 1988

COMPARISON OF COST OF CAPITAL POSITIONS
 ATTRITION YEAR

SCHEDULE 7
 Page 3 of 3
 20-Jul-89
 07:45:37 AM

LINE NO.	COMPONENT	COMPANY FILING				COMPANY ADJUSTED			
		AMOUNT	RATIO	COST RATE	WEIGHTED COST	AMOUNT	RATIO	COST RATE	WEIGHTED COST
1	Long Term Debt	4,890,353	37.80%	9.82%	3.71%	4,887,730	37.90%	9.82%	3.72%
2	Short Term Debt	1,444,507	11.17%	10.00%	1.12%	1,443,732	11.19%	10.00%	1.12%
3	Preferred Stock	154,732	1.20%	4.75%	0.06%	154,649	1.20%	4.75%	0.06%
4	Customer deposits	584,480	4.52%	8.47%	0.38%	584,480	4.53%	8.47%	0.38%
5	Common Equity	3,690,160	28.53%	13.50%	3.85%	3,688,181	28.59%	13.50%	3.84%
6	Accumulated Deferred Income Taxes	1,576,828	12.19%	0.00%	0.00%	1,544,301	11.97%	0.00%	0.00%
7	Deferred ITC - Zero Cost	7,505	0.06%	0.00%	0.00%	7,505	0.06%	0.00%	0.00%
8	Deferred ITC - Weighted Cost	587,438	4.54%	11.28%	0.51%	587,438	4.55%	11.28%	0.51%
9									
10		12,936,003	100.00%		9.6320%	12,898,016	100.00%		9.6557%
11		*****	*****		*****	*****	*****		*****
12									
13									
14									
15									
16									
17									
18									
19									
20	Long Term Debt	4,700,607	39.47%	9.81%	3.87%	4,612,614	37.52%	9.82%	3.68%
21	Short Term Debt	1,388,044	11.65%	10.00%	1.17%	1,362,469	11.06%	10.00%	1.11%
22	Preferred Stock	148,817	1.25%	4.75%	0.06%	145,944	1.19%	4.75%	0.06%
23	Customer deposits	584,480	4.91%	8.47%	0.42%	584,480	4.75%	8.47%	0.40%
24	Common Equity	2,948,788	24.76%	12.70%	3.14%	3,488,584	28.31%	12.70%	3.60%
25	Accumulated Deferred Income Taxes	1,544,301	12.97%	0.00%	0.00%	1,513,883	12.31%	0.00%	0.00%
26	Deferred ITC - Zero Cost	7,505	0.06%	0.00%	0.00%	7,505	0.06%	0.00%	0.00%
27	Deferred ITC - Weighted Cost	587,438	4.93%	10.68%	0.53%	587,438	4.78%	10.95%	0.52%
28									
29		11,909,980	100.00%		9.1836%	12,294,917	100.00%		9.3696%
30		*****	*****		*****	*****	*****		*****

ORDER NO. 21671
 DOCKET NO. 881056-EI
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ORDER NO. 21671
DOCKET NO. 881056-EI
PAGE 52

NON-FUEL OPERATION AND MAINTENANCE EXPENSES
ATTRITION YEAR SEPTEMBER 30, 1990

SCHEDULE 8
Page 1 of 13

Schedule C-16b (Projections)

FLORIDA PUBLIC SERVICE COMMISSION
COMPANY: FLORIDA PUBLIC UTILITIES
FERNANDINA BEACH DIVISION
DOCKET NO.: 881056-EI

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

1
2
3
4
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32

TREND BASIS		PROJECTION YEARS	
		9/30/89	9/30/90
No Trend Basis	0	10.00%	0.00%
Inflation only	1	104.90%	109.52%
Customer Growth	2	103.91%	107.33%
Payroll Increases	3	104.31%	109.53%
Sales / KWH	4	103.46%	102.72%
Revenues / \$	5	101.57%	102.88%
Plant	6	106.47%	108.45%
Inflation X Customer Growth	7	109.00%	117.55%
Payroll X Customer Growth	8	108.39%	117.56%
Other	9	VARIOUS	

Supporting Schedules:

Recap Schedules:

356/SCHC16B

ORDER NO. 21671
 DOCKET NO. 881056-EI
 PAGE 53

Schedule C-16b (Projections)

ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1988	PROJECTION YEARS 1989	PROJECTION YEARS 1990	TREND BASIS		
1	TRANSMISSION EXPENSES						
2	-----						
3							
4	562 Station Expenses						
5	Payroll Trended	8,747	9,124	9,581	3	104.31%	109.53%
6	Non Payroll Trended	3,287	3,448	3,600	1	104.90%	109.52%
7	Other Trended		0	0	0	0.00%	0.00%
8							
9	Total	12,034	12,572	13,181			
10	-----						
11	Total Transmission Expenses	12,034	12,572	13,181			
12	-----						
13							
14	DISTRIBUTION EXPENSES						
15	-----						
16	580 Operation Supervision/Engr						
17	Payroll Trended	34,528	36,016	37,819	3	104.31%	109.53%
18	Non Payroll Trended	7,104	7,452	7,780	1	104.90%	109.52%
19	Other Trended		0	0	0	0.00%	0.00%
20							
21	Total	41,632	43,468	45,599			
22	-----						
23							
24	581 Load Dispatching						
25	Payroll Trended	262	273	287	3	104.31%	109.53%
26	Non Payroll Trended	43	45	47	1	104.90%	109.52%
27	Other Trended		0	0	0	0.00%	0.00%
28							
29	Total	305	318	334			
30	-----						
31	582 Station Expenses						
32	Payroll Trended	0	0	0	3	104.31%	109.53%
33	Non Payroll Trended	858	900	940	1	104.90%	109.52%
34	Other Trended		0	0	0	0.00%	0.00%
35							
36	Total	858	900	940			
37	-----						
38	583.1 Operation of Overhead Lines						
39	Payroll Trended	1,251	1,305	1,370	3	104.31%	109.53%
40	Non Payroll Trended	1,450	1,521	1,588	1	104.90%	109.52%
41	Other Trended		0	0	0	0.00%	0.00%
42							
43	Total	2,701	2,826	2,958			
44	-----						
45	Subtotal	45,496	47,512	49,831			
46	-----						
47							

(1) INCLUDES PRO FORMA ADJUSTMENTS

Supporting Schedules:

Recap Schedules:

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Schedule C-16b (Projections)

1	ACCT		TEST YEAR	PROJECTION YEARS		TREND		
2	NO.	PRIMARY ACCOUNTS	1988	1989	1990	BASIS		
5	583.2	Removing & Resetting Transformers						
6		Payroll Trended	14,346	15,550	16,865	8	108.39%	117.56%
7		Non Payroll Trended	(24,525)	(26,732)	(28,829)	7	109.00%	117.55%
8		Other Trended		0	10	0	0.00%	0.00%
10		Total	(10,179)	(11,182)	(11,964)			
12	584.2	Underground Line Expenses-Buried						
13		Payroll Trended	3,657	3,964	4,299	8	108.39%	117.56%
14		Non Payroll Trended	994	1,083	1,168	7	109.00%	117.55%
15		Other Trended		0	10	0	0.00%	0.00%
17		Total	4,651	5,047	5,467			
19	585	Street Lighting & Signal System Expense						
20		Payroll Trended	93	101	109	8	108.39%	117.56%
21		Non Payroll Trended	37	40	43	7	109.00%	117.55%
22		Other Trended		0	10	0	0.00%	0.00%
24		Total	130	141	152			
26	586	Meter Expenses						
27		Payroll Trended	33,749	35,204	36,965	3	104.31%	109.53%
28		Non Payroll Trended	4,234	4,441	4,637	1	104.90%	109.52%
29		Other Trended	(15,000)	(15,647)	(16,430)	3	104.31%	109.53%
31		Total	22,983	23,998	25,173			
33	587	Customer Installations Expenses						
34		Payroll Trended	10,798	11,704	12,694	8	108.39%	117.56%
35		Non Payroll Trended	2,689	2,931	3,161	7	109.00%	117.55%
36		Other Trended		0	10	0	0.00%	0.00%
38		Total	13,487	14,635	15,855			
40		Subtotal	76,568	80,151	84,514			

Supporting Schedules:

Recap Schedules:

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1	ACCT		TEST YEAR	PROJECTION YEARS		TREND		
2	NO.	PRIMARY ACCOUNTS	1988	1989	1990	BASIS		
4	588.1	Distribution Maps & Records						
5		Payroll Trended	11,984	12,989	14,088	8	108.39%	117.56%
6		Non Payroll Trended	3,412	3,719	4,011	7	109.00%	117.55%
7		Other Trended		0	0	0	0.00%	0.00%
9		Total	15,396	16,708	18,099			
11	588.2	Other Dist Office Supply & Expense						
12		Payroll Trended	3,400	3,685	3,997	8	108.39%	117.56%
13		Non Payroll Trended	11,596	12,640	13,631	7	109.00%	117.55%
14		Other Trended		0	0	0	0.00%	0.00%
16		Total	14,996	16,325	17,628			
17	588.3	Miscellaneous Distribution Office Labor						
22		Payroll Trended	13,568	14,706	15,951	8	108.39%	117.56%
23		Non Payroll Trended	0	0	0	0	0.00%	0.00%
24		Other Trended		0	0	0	0.00%	0.00%
25		Total	13,568	14,706	15,951			
25	589	Rents						
26		Payroll Trended	0	0	0	0	0.00%	0.00%
27		Non Payroll Trended	410	430	449	1	104.90%	109.52%
28		Other Trended		0	0	0	0.00%	0.00%
30		Total	410	430	449			
32		Total Distribution Expenses	120,938	128,320	136,641			
36		CUSTOMER ACCOUNTS						
38	901	Supervision						
39		Payroll Trended	22,750	23,731	24,918	3	104.31%	109.53%
40		Non Payroll Trended	3,147	3,301	3,447	1	104.90%	109.52%
41		Other Trended		0	0	0	0.00%	0.00%
43		Total	25,897	27,032	28,365			
45		Subtotal	25,897	27,032	28,365			

Supporting Schedules:

Recap Schedules:

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Schedule C-16b (Projections)

ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1988	PROJECTION YEARS 1989	1990	TREND BASIS			
902	Meter Reading Exp							
	Payroll Trended	22,490	24,377	26,439	8	108.39%	117.56%	
	Non Payroll Trended	9,685	10,557	11,385	7	109.00%	117.55%	
	Other Trended		0	0	0	0.00%	0.00%	
	Total	32,175	34,934	37,824				
903	Customer Records & Collection Expenses							
	Payroll Trended	85,310	92,468	100,290	8	108.39%	117.56%	
	Non Payroll Trended	50,292	54,818	59,118	7	109.00%	117.55%	
	Other Trended		0	0	0	0.00%	0.00%	
	Total	135,602	147,286	159,408				
904	Uncoll Accts							
	Payroll Trended	0	0	0	0	0.00%	0.00%	
	Non Payroll Trended	22,531	22,885	23,180	5	101.57%	102.88%	
	Other Trended	(1,212)	(1,231)	(1,247)	5	101.57%	102.88%	
	Total	21,319	21,654	21,933				
905	Misc Cust Accts Exp							
	Payroll Trended	0	0	0	8	108.39%	117.56%	
	Non Payroll Trended	10,440	11,380	12,272	7	109.00%	117.55%	
	Other Trended	0	0	0	0	0.00%	0.00%	
	Total	10,440	11,380	12,272				
	Total Customer Accounts	225,433	242,286	259,802				
CUSTOMER SERVICE & INFORMATIONAL EXPENSES								
906	Conservation - Common Expense							
	Payroll Trended	0	0	0	0	0.00%	0.00%	
	Non Payroll Trended	533	581	627	7	109.00%	117.55%	
	Other Trended		0	0	0	0.00%	0.00%	
	Total	533	581	627				
	Total Customer Service & Information	533	581	627				

Supporting Schedules:

Recap Schedules:

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Schedule C-16b (Projections)

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ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1988	PROJECTION YEARS 1989	1990	TREND BASIS		
SALES							
912	Demonstrating & Selling Expense						
	Payroll Trended	1,185	1,236	1,298	3	104.31%	109.53%
	Non Payroll Trended	254	277	299	7	109.00%	117.55%
	Other Trended		0	0	0	0.00%	0.00%
	Total	1,439	1,513	1,597			
913.4	Other Info/Instr/Consumer Adv						
	Payroll Trended	0	0	0	0	0.00%	0.00%
	Non Payroll Trended	2,946	3,211	3,463	7	109.00%	117.55%
	Other Trended		0	0	0	0.00%	0.00%
	Total	2,946	3,211	3,463			
	Total Sales Expenses	4,385	4,724	5,060			
ADMINISTRATIVE & GENERAL EXPENSES							
920	Administrative & General Salaries						
	Payroll Trended	110,392	115,150	120,912	3	104.31%	109.53%
	Non Payroll Trended	0	0	0	0	0.00%	0.00%
	Other Trended	505	2,329	2,464	9		VARIOUS
	Total	110,897	117,479	123,376			
921	Office Supplies & Expenses						
	Payroll Trended	95	99	104	3	104.31%	109.53%
	Non Payroll Trended	26,677	27,984	29,217	1	104.90%	109.52%
	Other Trended		0	0	0		
	Total	26,772	28,083	29,321			
	Subtotal	137,669	145,562	152,697			

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1	ACCT		TEST YEAR	PROJECTION YEARS		TREND		
2	NO.	PRIMARY ACCOUNTS	1988	1989	1990	BASIS		
4								
5	922	Administrative Expense Transferred-Credit						
6		Payroll Trended	0	0	0	0	0.00%	0.00%
7		Non Payroll Trended	(61,799)	(65,485)	(68,958)	9		VARIOUS
8		Other Trended		0	0	0	0.00%	0.00%
9								
10		Total	(61,799)	(65,485)	(68,958)			
11								
12	923.1	Supervisory Fees						
13		Payroll Trended	0	0	0	0	0.00%	0.00%
14		Non Payroll Trended	5,746	8,300	9,025	9		VARIOUS
15		Other Trended		0	0	0	0.00%	0.00%
16								
17		Total	5,746	8,300	9,025			
18								
19	923.2	Legal Fees and Expenses						
20		Payroll Trended	0	0	0	0	0.00%	0.00%
21		Non Payroll Trended	4,819	3,340	3,632	9		VARIOUS
22		Other Trended	0	0	0	0	0.00%	0.00%
23								
24		Total	4,819	3,340	3,632			
25								
26	923.3	Outside Services-Other						
27		Payroll Trended	0	0	0	0	0.00%	0.00%
28		Non Payroll Trended	53,724	49,049	53,336	9		VARIOUS
29		Other Trended	(4,270)	(4,270)	(4,270)	9		VARIOUS
30								
31		Total	49,454	44,779	49,066			
32								
33	924	Property Insurance						
34		Payroll Trended	0	0	0	0	0.00%	0.00%
35		Non Payroll Trended	11,393	11,340	11,636	9		VARIOUS
36		Other Trended	0	0	17,300	9		VARIOUS
37								
38		Total	11,393	11,340	28,936			
39								
40	925.1	Injuries & Damages						
41		Payroll Trended	0	0	0	0	0.00%	0.00%
42		Non Payroll Trended	138,313	139,112	132,893	9		VARIOUS
43		Other Trended	(7,527)	(7,527)	(17,833)	9		VARIOUS
44								
45		Total	130,786	131,585	115,060			
46								
47		Subtotal	278,068	279,421	289,458			
48								
49								
50								
51								
52								

Supporting Schedules:

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ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1988	PROJECTION YEARS 1989	1990	TREND BASIS		
926.1	Employee Pensions						
	Payroll Trended	0	0	0	0	0.00%	0.00%
	Non Payroll Trended	(9,094)	(2,319)	0	9		VARIOUS
	Other Trended		0	(3,269)	9		VARIOUS
	Total	(9,094)	(2,319)	(3,269)			
926.2	Employee Benefits						
	Payroll Trended	0	0	0	0	0.00%	0.00%
	Non Payroll Trended	40,706	41,258	40,874	9		VARIOUS
	Other Trended	0	0	0	0	0.00%	0.00%
	Total	40,706	41,258	40,874			
928	Regulatory Commission Exp						
	Payroll Trended	0	0	0	0	0.00%	0.00%
	Non Payroll Trended	1,372	1,439	1,503	1	104.90%	109.52%
	Other Trended		0	15,486	9		VARIOUS
	Total	1,372	1,439	16,989			
930.1	Institutional/Goodwill Advertising						
	Payroll Trended	0	0	0	0	0.00%	0.00%
	Non Payroll Trended	704	700	700	9		VARIOUS
	Other Trended		0	0	0	0.00%	0.00%
	Total	704	700	700			
930.2	Miscellaneous General Expenses						
	Payroll Trended	25	0	0	0	0.00%	0.00%
	Non Payroll Trended	15,633	17,040	18,377	7	109.00%	117.55%
	Other Trended		0	0	0	0.00%	0.00%
	Total	15,658	17,040	18,377			
930.22	Industry Association Dues						
	Payroll Trended	0	0	0	0	0.00%	0.00%
	Non Payroll Trended	366	399	430	7	109.00%	117.55%
	Other Trended		0	0	0	0.00%	0.00%
	Total	366	399	430			
	Subtotal	327,780	337,938	363,559			

Supporting Schedules:

Recap Schedules:

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Schedule C-16b (Projections)

ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1988	PROJECTION YEARS 1989	PROJECTION YEARS 1990	TREND BASIS		
931	Rents	0	0	0	0	0.00%	0.00%
	Payroll Trended	453	475	496	1	104.90%	109.52%
	Non Payroll Trended		0	0	0	0.00%	0.00%
	Other Trended						
	Total	453	475	496			
	Total Administrative & General Expenses	328,233	338,413	364,055			
	Total Operation Expenses	691,556	726,896	779,365			

Supporting Schedules:

Recap Schedules:

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Schedule C-16b (Projections)

ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1988	PROJECTION YEAR 1989	PROJECTION YEAR 1990	TREND BASIS
MAINTENANCE EXPENSES					
PRIMARY ACCOUNTS					
TRANSMISSION EXPENSES					
570	Maintenance of Station Equipment				
	Payroll Trended	1,315	1,372	1,440	3
	Non Payroll Trended	9,538	10,005	10,440	1
	Other Trended		0	0	0
	Total	10,853	11,377	11,880	
571	Maintenance of Overhead Lines				
	Payroll Trended	252	263	270	3
	Non Payroll Trended	17,909	18,787	19,610	1
	Other Trended		0	0	0
	Total	18,161	19,050	19,880	
573	Maintenance of Miscellaneous Transmission Plant				
	Payroll Trended	0	0	0	
	Non Payroll Trended	1,578	1,655	1,720	
	Other Trended		0	0	
	Total	1,578	1,655	1,720	
	Transmission Expenses	30,592	32,082	33,500	

Supporting Schedules:

Recap Schedules

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Schedule C-16b (Projections)

ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1988	PROJECTION YEARS 1989	1990	TREND BASIS			
DISTRIBUTION EXPENSES								
590	Maintenance Supervision & Engineering							
	Payroll Trended	11,167	111,648	12,231	3	104.31%	109.53%	
	Non Payroll Trended	1,947	2,042	2,132	1	104.90%	109.52%	
	Other Trended		0	0	0	0.00%	0.00%	
	Total	13,114	113,690	14,363				
591	Maintenance of Structures							
	Payroll Trended	1,270	1,325	1,391	3	104.31%	109.53%	
	Non Payroll Trended	518	543	567	1	104.90%	109.52%	
	Other Trended		0	0	0	0.00%	0.00%	
	Total	1,788	1,868	1,958				
592	Maintenance of Station Equipment							
	Payroll Trended	2,851	2,974	3,123	3	104.31%	109.53%	
	Non Payroll Trended	35,796	37,550	39,204	1	104.90%	109.52%	
	Other Trended	(15,388)	(16,142)	(16,853)	1	104.90%	109.52%	
	Total	38,647	24,382	25,474				
593.1	Maintenance of Poles/Towers/Fixtures							
	Payroll Trended	13,759	44,913	16,175	8	108.39%	117.56%	
	Non Payroll Trended	22,107	24,097	25,987	7	109.00%	117.55%	
	Other Trended	0	0	0	9		VARIOUS	
	Total	35,866	39,010	42,162				
593.2	Maintenance of Overhead Conductors							
	Payroll Trended	12,734	13,802	14,970	8	108.39%	117.56%	
	Non Payroll Trended	120,858	131,735	142,069	7	109.00%	117.55%	
	Other Trended	0	0	0	9		VARIOUS	
	Total	133,592	145,537	157,039				
593.3	Maintenance of Services							
	Payroll Trended	19,375	21,001	22,777	8	108.39%	117.56%	
	Non Payroll Trended	6,285	6,851	7,388	7	109.00%	117.55%	
	Other Trended	0	0	0	0	0.00%	0.00%	
	Total	25,660	27,852	30,165				
	Subtotal	248,667	252,339	271,161				

Supporting Schedules:

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Schedule C-16b (Projections)

ACCT NO.	PRIMARY ACCOUNTS	TEST YEAR 1988	PROJECTION YEARS 1989	1990	TREND BASIS		
594.1	Maintenance of Underground Lines-Duct						
	Payroll Trended	0	0	0	0	0.00%	0.00%
	Non Payroll Trended	626	682	736	7	109.00%	117.55%
	Other Trended		0	0	0	0.00%	0.00%
	Total	626	682	736			
594.2	Maintenance of Underground Lines-Buried						
	Payroll Trended	24,394	26,441	28,678	8	108.39%	117.56%
	Non Payroll Trended	43,829	47,774	51,521	7	109.00%	117.55%
	Other Trended	0	0	0	9		VARIOUS
	Total	68,223	74,215	80,199			
595.1	Maintenance of Line Transformers-O/H						
	Payroll Trended	2,745	2,975	3,227	8	108.39%	117.56%
	Non Payroll Trended	776	846	912	7	109.00%	117.55%
	Other Trended		0	0	0	0.00%	0.00%
	Total	3,521	3,821	4,139			
595.2	Maintenance of Line Transformers-Duct						
	Payroll Trended	0	0	0	8	108.39%	117.56%
	Non Payroll Trended	588	641	691	7	109.00%	117.55%
	Other Trended		0	0	0	0.00%	0.00%
	Total	588	641	691			
595.3	Maintenance of Line Transformers-Buried						
	Payroll Trended	6,848	7,423	8,051	8	108.39%	117.56%
	Non Payroll Trended	27,068	29,504	31,818	7	109.00%	117.55%
	Other Trended	(10,000)	(10,900)	(11,755)	7	109.00%	117.55%
	Total	33,916	26,027	28,114			
596	Maintenance of Street Lighting & Signal Systems						
	Payroll Trended	6,174	6,692	7,258	8	108.39%	117.56%
	Non Payroll Trended	3,256	3,549	3,827	7	109.00%	117.55%
	Other Trended		0	0	0	0.00%	0.00%
	Total	9,430	10,241	11,085			
	Subtotal	364,971	367,966	396,125			

Supporting Schedules:

Recap Schedules:

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Schedule C-16b (Projections)

1	ACCT	TEST YEAR	PROJECTION YEARS		TREND		
2	NO.	1988	1989	1990	BASIS		
3	PRIMARY ACCOUNTS						
4							
5	597	Maintenance of Meters					
6		Payroll Trended	1,647	1,785	1,936	8	108.39% 117.56%
7		Non Payroll Trended	970	1,057	1,140	7	109.00% 117.55%
8		Other Trended		0	0	0	0.00% 0.00%
9							
10		Total	2,617	2,842	3,076		
11							
12	598	Maintenance of Miscellaneous Distribution Plant					
13		Payroll Trended	4,143	4,491	4,871	8	108.39% 117.56%
14		Non Payroll Trended	6,493	7,077	7,633	7	109.00% 117.55%
15		Other Trended		0	0	0	0.00% 0.00%
16							
17		Total	10,636	11,568	12,504		
18							
19		Distribution Expenses	378,224	382,376	411,705		
20							
21							
22		ADMINISTRATIVE & GENERAL EXPENSES					
23							
24	932	Maintenance of General Plant					
25		Payroll Trended	1,848	1,928	2,024	3	104.31% 109.53%
26		Non Payroll Trended	11,382	11,940	12,466	1	104.90% 109.52%
27		Other Trended		0	0	0	0.00% 0.00%
28							
29		Total	13,230	13,868	14,490		
30							
31		Administrative & General Expenses	13,230	13,868	14,490		
32							
33							
34		Total Maintenance Expenses	422,046	428,326	459,699		
35							
36							
37		TOTAL O & M EXPENSES	1,113,602	1,155,222	1,239,064		
38							
39							
40							
41							
42							
43							
44							
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51							
52							

Supporting Schedules:

Recap Schedules:

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COMPANY: FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
DOCKET NO.: 881056-EI
TEST YEAR: SEPTEMBER 30, 1988

COMPARATIVE NET OPERATING INCOME
ATTRITION YEAR

SCHEDULE 9
19-Jul-89
10:30 AM

CO. LINE NO.	ADJ. ISSUE NO.	DESCRIPTION	COMPANY FILING				COMPANY STIPULATIONS AND REVISIONS		STAFF		PUBLIC COUNCIL	
			SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
1		REVENUE FROM SALES OF ELECTRICITY		2,861,997								
2												
3	5	ADJ. FOR UNBILLED REVENUES					2,145		2,145			2,145
4		OPC CALCULATION										100,204
5												
6												
7												
8		Total sales of electricity	0	2,861,997	0	2,861,997	2,145	2,864,142	2,145	2,864,142	102,349	2,964,346
9												
10												
11		OTHER OPERATING REVENUES		15,050								
12												
13												
14												
15												
16		Total other operating revenues	0	15,050	0	15,050	0	15,050	0	15,050	0	15,050
17												
18												
19		Total operating revenues	0	2,877,047	0	2,877,047	2,145	2,879,192	2,145	2,879,192	102,349	2,979,396
20												
21												
22		OPERATING EXPENSES:										
23		OPERATION & MAINTENANCE		1,329,387								
24		PENSION EXPENSE					(3,269)		(3,269)			0
25		RATE CASE EXPENSE							(10,325)			(10,325)
26		PROPERTY INSURANCE EXPENSE					54,050		17,300			
27		INJURIES AND DAMAGES INSURANCE							(10,306)			(10,306)
28		TREND AND APPLICATION OF FACTORS										
29		AND 1988 SPECIFIC ADJUSTMENTS					(71,237)		(83,723)			(87,514)
30												
31												
32												
33												
34												
35												
36												
37												
38		Total operation & maintenance	0	1,329,387	0	1,329,387	(20,456)	1,308,931	(90,323)	1,239,064	(103,145)	1,221,242
39												
40												
41		DEPRECIATION AND AMORTIZATION		610,376								
42	1	COMMON PLANT ALLOCATED-LOCAL OFFICE(WATER)										
43	2	COMMON PLANT ALLOCATED-GENERAL OFFICE		15,402								
44		DIFFERENCES DUE TO LOWER PLANT IN SERVICE							(22,152)			(15,584)
45												
46												
47												
48		Total depreciation and amortization	0	625,778	0	625,778	0	625,778	(22,152)	603,626	(15,584)	610,194
49												
50												

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CO. LINE NO.	ADJ. NO.	ISSUE NO.	DESCRIPTION	COMPANY FILING			COMPANY STIPULATIONS AND REVISIONS		STAFF		PUBLIC COUNSEL		
				SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	ADJUSTMENTS	JURISDICTIONAL ADJUSTED
51			DECOMMISSIONING										
52													
53													
54													
55													
56			Total decommissioning	0	0	0	0	0	0	0	0	0	
57													
58													
59			TAXES OTHER THAN INCOME		294,121								
60	1		COMMON PLANT ALLOCATED-LOCAL OFFICE (WATER)										
61	2		COMMON PLANT ALLOCATED-GENERAL OFFICE										
62			INCREASE IN REGULATORY ASSESSMENT FEE				1,226		1,226				
63			CORRECT ACCRUAL OF PROPERTY TAXES				18,472		17,310				
64			TREND AND APPLICATION OF FACTORS				(2,555)		(15,306)				
65			N/A Effect of other adjustments								(7,044)		
66													
67			Total taxes other than income	0	294,121	0	294,121	17,143	311,264	3,230	297,351	(7,044)	287,077
68													
69													
70			INCOME TAXES CURRENTLY PAYABLE										
71	17		VARIOUS ADJUSTMENTS ABOVE	0	(9,489)								
72	18		OUT OF PERIOD ADJUSTMENT				2,182		41,916				
73	19		INTEREST RECONCILIATION						7,030			268,072	
74	20		RECLASSIFY ITC										
75			N/A Interest expense reconciliation										
76			N/A Effect of other adjustments										
77													
78			Total income taxes - current	0	(9,489)	0	(9,489)	2,182	(7,307)	48,946	37,457	268,072	258,583
79													
80													
81			DEFERRED INCOME TAXES (NET)										
82	18		OUT OF PERIOD ADJUSTMENT	0	(20,147)								
83			OPC CALCULATION										
84			EXCESS WRITE BACK									(189,849)	
85							(6,811)		(6,811)				
86													
87													
88													
89			Total deferred income taxes (net)	0	(20,147)	0	(20,147)	(6,811)	(26,958)	(6,811)	(26,958)	(189,849)	(209,996)
90													
91													
92			INVESTMENT TAX CREDIT (NET)										
93	18		OUT OF PERIOD ADJUSTMENT										
94	20		RECLASSIFY TO CURRENT TAXES										
95													
96			AMORTIZATION OF ITC		(31,541)								
97													
98													
99			Total investment tax credit (net)	0	(31,541)	0	(31,541)	0	(31,541)	0	(31,541)	0	(31,541)
100													

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COMPANY: FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
 DOCKET NO.: 881056-E1
 TEST YEAR: SEPTEMBER 30, 1988

COMPARATIVE NET OPERATING INCOME
 ATTRITION YEAR

SCHEDULE 9
 19-Jul-89
 10:30 AM

CO. LINE NO.	ADJ. ISSUE NO. NO.	DESCRIPTION	COMPANY FILING				COMPANY STIPULATIONS AND REVISIONS		STAFF		PUBLIC COUNSEL	
			SYSTEM PER BOOKS	JURISDICTIONAL PER BOOKS	ADJUSTMENTS	JURISDICTIONAL ADJUSTED	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	0	0
112												
113												
114		Total operating expenses	0	2,188,109	0	2,188,109	(7,942)	2,180,167	(67,110)	2,120,999	(52,550)	2,135,559
115												
116												
117		Net operating income	0	688,938	0	688,938	10,087	699,025	69,255	758,193	154,899	843,837
118												

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COMPANY: FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
 DOCKET NO.: 881056-EI
 TEST YEAR: SEPTEMBER 30, 1988

COMPARISON OF
 REVENUE EXPANSION FACTORS
 ATTRITION YEAR

SCHEDULE 10
 20-Jul-89
 07:45 AM

LINE NO.	DESCRIPTION	COMPANY	STAFF	PUBLIC COUNSEL
1	Revenue Requirement	100.000000	100.000000	100.000000
2				
3	Uncollectible Accounts	(0.168000)	(0.168000)	(0.168000)
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	98.207000	98.207000	98.207000
10				
11	State Income Tax Rate	5.5000%	5.5000%	5.5000%
12				
13	State Income Tax	5.401385	5.401385	5.401385
14				
15	Net Before Federal Income Taxes	92.805615	92.805615	92.805615
16				
17	Federal Tax Rate	34.0000%	34.0000%	34.0000%
18				
19	Federal Income Tax	31.553909	31.553909	31.553909
20				
21	Net Operating Income	61.251706	61.251706	61.251706
22		=====	=====	=====
23				
24	Net Operating Income Multiplier	1.632608	1.632608	1.632608
25		=====	=====	=====

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COMPANY: FLORIDA PUBLIC UTILITIES CO. - FERNANDINA BEACH
 DOCKET NO.: 881056-EI
 TEST YEAR: SEPTEMBER 30, 1988

SCHEDULE 11
 19-Jul-89
 11:14 AM

COMPARATIVE REVENUE REQUIREMENTS
 ATTRITION YEAR

LINE NO.	DESCRIPTION [1]	COMPANY AS FILED [2]	COMPANY ADJUSTED [3]	STAFF RECOMMENDATION [4]	PUBLIC COUNSEL [5]
1	Adjusted Jurisdictional Rate Base	\$12,936,003	\$12,898,016	\$11,909,980	\$11,976,024
2					
3	Required Rate of Return	9.63%	9.65%	9.18%	9.37%
4					
5					
6	Required Net Operating Income	1,246,001	1,244,659	1,093,336	1,122,104
7					
8	Adjusted Achieved Test Year				
9	Jurisdictional Net Operating Income	688,938	699,025	758,193	843,837
10					
11	Jurisdictional NOI Deficiency	557,063	545,634	335,143	278,267
12					
13	Revenue Expansion Factor	1.6326	1.6326	1.6326	1.6326
14					
15	Revenue Increase	909,466	890,805	547,157	454,302
16	Rounding Difference				859
17					
18	Total Revenue Increase	909,466	890,805	547,157	455,161
19					
20					
21					
22	1988 TEST YEAR INCREASE		\$451,360	\$303,665	\$310,524
23	1990 INCREASE		439,445	243,492	144,637
24					
25	TOTAL INCREASE		\$890,805	\$547,157	\$455,161
26					

SUMMARY