

State of Florida



ORIGINAL

Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: May 15, 2003
TO: Kay Flynn, Division of the Commission Clerk & Administrative Services
FROM: Dale Mailhot, Division of Economic Regulation *DM*
RE: Docket No. 030363 -GU - Florida Public Utilities Company - Document for Docket File

Attached is an original one page document (and a copy) that was submitted by Florida Public Utilities Company.

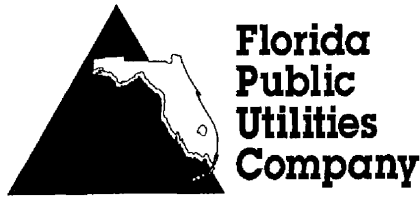
Please include this document in the docket file and have it scanned.

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FPSC-COMMISSION CLERK



P.O. Box 3395
West Palm Beach, FL 33402-3395

April 24, 2003

Mr. Timothy Devlin
Florida Public Service Commission
2540 Shumard Oak Blvd
Tallahassee, FL 32399-0950

Dear Mr. Devlin:

Florida Public Utilities Company's Consolidated Natural Gas Division (FPUC) seeks approval by the Florida Public Service Commission (FPSC) through confirmation of our treatment of the \$1,500,000 early contract termination fee from our new Gas Transportation Agreement with the City of Lake Worth as operating revenues for the calendar year 2003 in account "Other Gas Revenue 495". We would also like the FPSC to consider allowing any excess earnings in the year 2003, which may primarily result from recognition of this fee, to be disposed of through additional accruals to our environmental reserves.

We feel that the fee is appropriate to be credited to "Other Gas Revenue 495" because it relates to a portion of that agreement which provided for a cash-out settlement to Florida Public Utilities Company for changing the primary terms of our original agreement with Lake Worth Generation. As a result of this treatment, we are currently expecting over earnings of approximately \$700,000-\$1,000,000 for 2003.

Based on our environmental expert's projection of future environmental costs, our existing funds are currently deficient by over \$2,000,000 and accordingly, we request permission to accrue excess 2003 earnings into this environmental fund. This allowance to accrue any excess to the environmental reserve will reduce the future impact to rate payers at our next rate proceeding which will increase base rates to provide for an adequate environmental reserve.

We respectfully request your approval confirming our treatment of the \$1,500,000 fee in account "Other Gas Revenue 495" and to allow any potential Natural Gas 2003 excess earnings, up to the maximum of \$2,000,000 be accrued and placed in our environmental reserves. If you require any additional information, please contact me at (561) 838-1725 or email me at cmmartin@fpuc.com.

Sincerely,

A handwritten signature in black ink that reads "Cheryl M. Martin". The signature is written in a cursive style.

Cheryl M. Martin
Controller

cc: George Bachman
Jack English
Chuck Stein
Office of Public Counsel
SJ 45-69 2003 NG OE

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REGULATORY SERVICE
REGULATION