

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

NOVEMBER 30, 2004

RE: Docket No. 040270-GU - Application for rate increase by Sebring Gas System, Inc.

Issue 1: Is Sebring's projected test period for the 12 months ending December 31, 2005 appropriate?

Recommendation: Yes. With the adjustments recommended by staff in the following issues, the 2005 test year is appropriate.

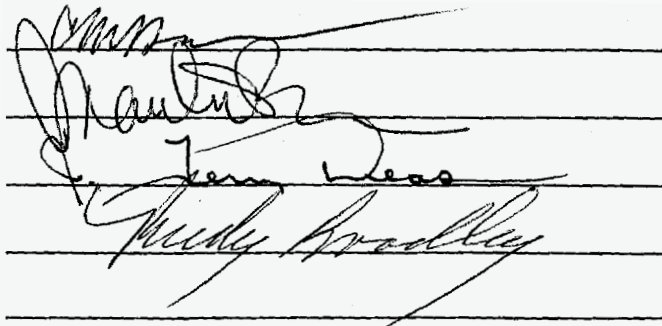
APPROVED

COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING



REMARKS/DISSENTING COMMENTS:

DOCUMENT NUMBER:
12682 NOV:
FPSC-COMMISSION

VOTE SHEET

NOVEMBER 30, 2004

Docket No. 040270-GU - Application for rate increase by Sebring Gas System, Inc.

(Continued from previous page)

Issue 2: Are Sebring's forecasts of customer growth and therms by rate class appropriate?

Recommendation: No. The projected number of residential bills and therms by rate class as contained in the Minimum Filing Requirements, (MFR) Schedule G-2, Page 8 of 31, for the 2005 test year should be adjusted to reflect staff's disallowance of the Company's proposed Customer Residential Load Retention Program discussed in Issue 13.

APPROVED

Issue 3: Is the quality of service provided by Sebring adequate?

Recommendation: Yes. Sebring's quality of service is adequate.

APPROVED

Issue 4: Is Sebring's requested Total Plant-in-Service of \$2,202,495 appropriate?

Recommendation: No. Total Plant-in-Service should be decreased by \$13,166 to \$2,189,329 to reflect the effects of two prior period adjustments and the reclassification of an expense item to plant.

APPROVED

Issue 5: Is Sebring's requested Accumulated Depreciation of \$1,070,838 appropriate?

Recommendation: No. Accumulated Depreciation should be reduced by \$5,262 to \$1,065,576 to reflect the effects of two prior period adjustments and the reclassification of an expense item to plant.

APPROVED

VOTE SHEET

NOVEMBER 30, 2004

Docket No. 040270-GU - Application for rate increase by Sebring Gas System, Inc.

(Continued from previous page)

Issue 6: Is Sebring's requested Working Capital Allowance of \$17,122 appropriate?

Recommendation: No. Working Capital should be reduced by \$23,853 to (\$6,731).

APPROVED

Issue 7: Is Sebring's requested Rate Base of \$1,132,523 appropriate?

Recommendation: No. The recommended adjusted Rate Base is \$1,100,766.

APPROVED

Issue 8: What is the appropriate capital structure?

Recommendation: Regarding investor capital, the appropriate capital structure is 54.97% common equity and 45.03% debt. In addition, staff recommends that the Commission cap Sebring's equity ratio at 60% as a percent of investor capital.

APPROVED

Issue 9: What is the appropriate cost rate for common equity?

Recommendation: The appropriate cost rate for common equity is 11.50%, with a range of plus or minus 100 basis points.

APPROVED

VOTE SHEET

NOVEMBER 30, 2004

Docket No. 040270-GU - Application for rate increase by Sebring Gas System, Inc.

(Continued from previous page)

Issue 10: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates?

Recommendation: The appropriate weighted average cost of capital is 8.64%.

APPROVED

Issue 11: Are Sebring's estimated revenues from sales of gas by rate class at present rates for the December 2005 projected test year appropriate?

Recommendation: No. The appropriate revenues from sales of gas should be \$279,213, a reduction of \$1,526.

APPROVED

Issue 12: Are Sebring's Total Operating Revenues of \$288,074 appropriate?

Recommendation: No. The appropriate amount of Total Operating Revenues is \$286,548.

APPROVED

Issue 13: Should an adjustment be made to Account 879, Customer Service Expense?

Recommendation: Yes. Account 879, Customer Service Expense, should be reduced by \$10,000 for the 2005 projected test year.

APPROVED

VOTE SHEET

NOVEMBER 30, 2004

Docket No. 040270-GU - Application for rate increase by Sebring Gas System, Inc.

(Continued from previous page)

Issue 14: Should Account 921, Office Supplies and Expenses, be reduced for the 2005 projected test year to remove lobbying expenses?

Recommendation: Yes. Account 921, Office Supplies and Expenses, should be reduced by \$527 for the 2005 projected test year.

APPROVED

Issue 15: Should an adjustment be made to Account 921, Office Supplies and Expenses, to remove the 2005 projected cost of four Nextel telephone/radios?

Recommendation: Yes. Account 921, Office Supplies and Expenses, should be reduced by \$2,000 to remove the 2005 projected cost of the Nextel telephone/radios.

APPROVED

Issue 16: Should an adjustment be made to Account 923, Outside Services Employed?

Recommendation: Yes. Account 923, Outside Services Employed, should be reduced by \$13,187 for the 2005 projected test year.

APPROVED

Issue 17: Should an adjustment be made to Account 928, Regulatory Commission Expense?

Recommendation: Yes. Account 928, Regulatory Commission Expense, should be reduced by \$12,815 for the 2005 projected test year.

APPROVED

VOTE SHEET

NOVEMBER 30, 2004

Docket No. 040270-GU - Application for rate increase by Sebring Gas System, Inc.

(Continued from previous page)

Issue 18: Should an adjustment be made to the projected 2005 O&M Expenses to remove the payroll taxes?

Recommendation: Yes. Projected 2005 O&M Expenses should be reduced by \$12,738 to remove the payroll taxes.

APPROVED

Issue 19: Is Sebring's O&M Expense of \$321,779 appropriate?

Recommendation: No. Sebring's O&M Expense should be reduced by \$51,267 to \$270,512.

APPROVED

Issue 20: Is Sebring's Depreciation and Amortization Expense of \$64,755 appropriate?

Recommendation: No. The appropriate level of Depreciation and Amortization Expense for the projected test year is \$64,318, to reflect staff's analysis in Issues 4, 5, and 15.

APPROVED

Issue 21: Is Sebring's Taxes Other Than Income of \$7,117 appropriate?

Recommendation: No. The appropriate amount of Taxes Other Than Income is \$19,058, an increase of \$11,941.

APPROVED

VOTE SHEET

NOVEMBER 30, 2004

Docket No. 040270-GU - Application for rate increase by Sebring Gas System, Inc.

(Continued from previous page)

Issue 22: Is Sebring's Income Tax Expense of (\$41,158) appropriate?

Recommendation: No. The appropriate amount of income tax expense is \$0.

APPROVED

Issue 23: Are Sebring's Total Operating Expenses of \$352,493 appropriate?

Recommendation: No. Total Operating Expenses should be increased by \$1,395 to \$353,888 for the 2005 projected test year.

APPROVED

Issue 24: Is Sebring's Net Operating Income of (\$64,419) appropriate?

Recommendation: No. Sebring's Net Operating Income of \$(64,419) should be decreased by \$2,921 to (\$67,340) for the projected 2005 test year.

APPROVED

Issue 25: What is the appropriate test year revenue expansion factor and the appropriate net operating income multiplier?

Recommendation: The appropriate revenue expansion factor is 99.50000% and the appropriate net operating income multiplier is 1.0050.

APPROVED

VOTE SHEET

NOVEMBER 30, 2004

Docket No. 040270-GU - Application for rate increase by Sebring Gas System, Inc.

(Continued from previous page)

Issue 26: Is Sebring's requested annual operating revenue increase of \$234,641 appropriate?

Recommendation: No. The appropriate annual operating revenue increase for the projected 2005 test year is \$163,262.

APPROVED

Issue 27: What is the appropriate cost of service methodology to use to allocate costs to the rate classes?

Recommendation: The appropriate methodology is contained in Attachment 6 of staff's November 18, 2004 memorandum.

APPROVED

Issue 28: If the Commission grants a revenue increase to Sebring, how should the increase be allocated to the rate classes?

Recommendation: Staff's recommended allocation of the revenue increase to the rate classes is contained in Attachment 6, page 16 of 16, of staff's memorandum.

APPROVED

VOTE SHEET
NOVEMBER 30, 2004
Docket No. 040270-GU - Application for rate increase by Sebring Gas System, Inc.

(Continued from previous page)

Issue 29: What are the appropriate Customer Charges?

Recommendation: Staff's recommended customer charges are as follows:

<u>Rate Class</u>	<u>Staff Recommended Customer Charge</u>
Transportation Service 1 (TS-1)	\$9.00
Transportation Service 2 (TS-2)	\$12.00
Transportation Service 3 (TS-3)	\$35.00
Transportation Service 4 (TS-4)	\$150.00
Transportation Service 5 (TS-5)	\$500.00

APPROVED

Issue 30: What are the appropriate per therm Transportation Charges?

Recommendation: Staff's recommended per therm Transportation Charges are contained in Attachment 7, page 1, of their November 18, 2004 memorandum.

APPROVED

Issue 31: Is Sebring's proposed new Third Party Supplier (TPS) rate schedule and associated charge appropriate?

Recommendation: Yes.

APPROVED

VOTE SHEET

NOVEMBER 30, 2004

Docket No. 040270-GU - Application for rate increase by Sebring Gas System, Inc.

(Continued from previous page)

Issue 32: Is Sebring's proposal to replace its existing Residential, General Service and General Service Large Volume rate classes with five new volumetric rate classes appropriate?

Recommendation: Yes.

APPROVED

Issue 33: Is Sebring's proposal to lower the annual therm eligibility threshold from 100,000 to 50,000 therms for its Alternate Fuel, Interruptible, Special Contract and Individual Transportation Service Customers appropriate?

Recommendation: Yes.

APPROVED

Issue 34: What is the appropriate effective date for Sebring's revised rates and charges?

Recommendation: The revised rates and charges should become effective for meter readings on or after 30 days following the date of the Commission vote approving the rates and charges.

APPROVED

Issue 35: Should any portion of the \$97,211 interim increase granted by Order No. PSC-04-0860-PCO-GU, issued September 2, 2004, be refunded to the customers?

Recommendation: No portion of the \$97,211 interim increase should be refunded.

APPROVED

VOTE SHEET

NOVEMBER 30, 2004

Docket No. 040270-GU - Application for rate increase by Sebring Gas System, Inc.

(Continued from previous page)

Issue 36: Should Sebring be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records that will be required as a result of the Commission's findings in this rate case?

Recommendation: Yes. To ensure that the utility adjusts its books in accordance with the Commission's decision, Sebring should provide proof, within 90 days of the consummating order finalizing this docket, that the adjustments for all the applicable FERC USOA primary accounts have been made to its annual report, rate of return reports, and its books and records.

APPROVED

Issue 37: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.

APPROVED