

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of CENTRAL FLORIDA)	DOCKET NO. 891179-GU
GAS CO. and PLANT CITY NATURAL GAS)	ORDER NO. 22475
CO., divisions of Chesapeake)	ISSUED 1-29-90
Utilities, Corp., for rate increase)	
_____)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER

ORDER SUSPENDING PROPOSED PERMANENT RATES
AND AUTHORIZING INTERIM INCREASES

BY THE COMMISSION:

On November 15, 1989, Central Florida Gas Company and Plant City Natural Gas Company petitioned the Florida Public Service Commission for authority to consolidate their Natural Gas Tariffs and for an increase in rates. Both Companies are public utilities as defined by Florida law and we regulate their rates, charges and services.

Central Florida Gas and Plant City Natural Gas operate as divisions of Chesapeake Utilities Corporation and are petitioning to merge the companies for all rate and regulatory matters including the consolidation of: 1) Natural Gas Tariffs, 2) Rate Schedules, 3) Accounting Records, 4) Depreciation Rates, 5) Purchased Gas Adjustments, 6) Conservation Programs and 7) Annual Reports, among others. The two companies have requested permanent rate increases totalling \$1,315,496.

Section 366.06(3), Florida Statutes, imposes an affirmative obligation upon this Commission to decide within sixty (60) days of filing whether to withhold consent to all or part of a utility's proposed permanent rate increase. If the Commission withholds consent to the implementation of the new rate schedules, it must deliver to the utility a reason or written statement of good cause for withholding consent.

Upon review of the petitions and the rate increases proposed therein, we find that the proposed rate schedules must be suspended pending the outcome of a formal hearing. We deem it necessary to withhold consent to the operation of the new

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rate schedules, to require further review of the underlying data and calculations and to require additional support and information in proceedings to be held in this docket.

INTERIM RELIEF

For interim purposes, the Companies have filed two separate petitions. Our calculation of interim relief is based on two separate increases. Each company has its own rate base, net operating income, and capital structure. In the rate case filing, the historic data have been provided for each company separately.

Rate Base, Central Florida Gas

Central Florida Gas has requested an interim test year rate base of \$8,686,350.

Based upon the calculation and adjustments made by Staff, we find that the appropriate interim test year rate base for Central Florida Gas is \$8,565,849. Discussed below are the Company's and Staff's adjustments used to determine the interim rate base of \$8,565,849. (see Schedule 1 and 1A)

Adjustment 1: Acquisition Adjustment - The Company made an adjustment of \$252,478 to eliminate the net disallowed portion of Acquisition Adjustment. This adjustment was incorrectly made. The correct adjustment is to reduce Acquisition Adjustment by \$309,422 and Accumulated Amortization by \$63,560. This adjustment is consistent with the Company's last rate case.

Adjustment 2: Accumulated Amortization - The Company made an adjustment to correct an accounting error in Accumulated Amortization which we accept.

Adjustment 3: Accumulated Depreciation-Environment Charges/Pending - The Company inadvertently included \$9,282 for pending environmental clean-up costs. Since pro forma adjustments are not allowable in historic base year rate base calculations, we made an adjustment to eliminate this reserve.

Adjustment 4: Cash - The Company made an adjustment to Cash in working capital to eliminate bad debt payments from a bankrupt customer subsequent to receiving an insurance claim.

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These payments were placed in an interest bearing escrow account for repayment to the insurance company. We accept the Company's adjustment to reduce Cash by \$80,957.

Adjustment 5: Customer Accounts Receivable/Gas - The Company inadvertently booked its unbilled revenues in Accounts Receivable for the months of December 1988 and January 1989. Therefore, the Company made an adjustment to reclassify its unbilled revenue in the correct account. We accept the Company's adjustment to reduce Customer Accounts Receivable-Gas by \$16,606.

Adjustment 6: Unbilled Revenue - The Company made an adjustment to increase Unbilled Revenue to the 13-month average of \$70,890 as shown in NOI Schedule C-4. However, the Company did not book its unbilled revenue until December 1988. Since it is our practice to allow unbilled revenue only if the Company actually booked it, we reject the increase to Unbilled Revenue. Based on Staff's calculation of Unbilled Revenue, the 13-month average should be \$43,444; therefore, an adjustment was made to increase Unbilled Revenue by \$10,576.

Adjustment 7: Receivable-Associated Companies - The Company made an adjustment of \$2,877,549 to eliminate non-utility accounts receivable from working capital. We accept this Company adjustment.

Adjustment 8: Prepayments-Insurance - The Company made an adjustment of \$4,426 to increase prepayments for insurance coverage which were booked subsequent to the historic base year. We reject this adjustment since the booking of the insurance and its related accounts payable occurred in August 1989, which is outside of the historic base year.

Adjustment 9: Deferred Rate Case - While rate case expense is allowed in the net operating income calculation, our practice is to disallow deferred rate case expense in the working capital calculation. In the Company's last rate case, the unamortized portion of deferred rate case expense was disallowed in working capital. Therefore we made an adjustment of \$58,766 to eliminate deferred rate case expense from working capital.

Adjustment 10: Deferred Debits-Conservation - The Company made an adjustment of \$46,075 to eliminate conservation related overrecovery. Since this amount is addressed in the Energy

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Conservation Cost Recovery (ECCR) Docket, we accept this adjustment.

Adjustment 11: Deferred Annuity - The Company made an adjustment of \$6,858 to eliminate an annuity bought by the parent company for its prior owners contingent on the buy out agreement. We accept this adjustment since the annuity is not compensation for current services to the company.

Adjustment 12: Employee Benefits/Pensions - The Company made an adjustment to increase deferred employee pensions by \$9,569 to show the effect of pension contributions being greater than expenses in the historic base year. Since this account is netted against the pension reserve in Deferred Credits, we accept this adjustment.

Adjustment 13: Unrecovered Gas Cost - The Company made an adjustment to eliminate unrecovered gas cost overrecovery of \$290,364. Since this amount is addressed through the Purchased Gas Adjustment (PGA) Docket, we accept this adjustment.

Adjustment 14: Accounts Payable - The Company made adjustments to Accounts Payable to eliminate a late payment to FGT and to allocate accounts payable from its parent company. We do not accept the adjustment of \$81,214 to eliminate a late payment of the FGT bill. The Company contended that the late payment was an unusual circumstance and made an adjustment to reduce Accounts Payable. However, while the late payment may be an abnormal circumstance, the ratepayers should not be held liable for the Company's error.

The working capital calculation should reflect the amounts actually on the books and therefore what actually occurred in the historic base year. We do not agree with this portion of the adjustment and therefore reject the Company's adjustment of \$81,214. We accept the adjustment to increase Accounts Payable for the allocation from the parent company of \$3,065.

Adjustment 15: Customer Deposit Refund - The Company made an adjustment of \$30 to eliminate the customer deposit refund clearing account. This amount is addressed in capital structure, therefore we accept this adjustment.

Adjustment 16: Customer Deposits/Accounts Payable - The Company made an adjustment to eliminate Customer Deposits-Accounts Payable from the working capital

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calculation. Since Customer Deposits are included in the capital structure, we accept this adjustment of \$271,565.

Adjustment 17: Meter Deposit Refund Checks - The Company inadvertently included the inactive deposit account, Meter Deposit Refund Checks, in its working capital calculation. Since this inactive deposit account should be addressed in the capital structure calculation, we made an adjustment of \$987 to decrease the Company's liabilities.

Adjustment 18: Taxes Accrued/Income - The Company made an adjustment of \$180,470 to eliminate payment of income taxes by the parent from the working capital calculation. We accept this adjustment for interim purposes.

Adjustment 19: Customer Advances for Construction - The Company made an adjustment to eliminate Customer Advances For Construction from the working capital calculation. Since these advances are included as a deduction from Plant-in-Service in the rate base calculation, we accept this adjustment of \$58,450.

Adjustment 20: All Sun Deferred Credit - The Company made an adjustment of \$80,957 to eliminate the bad debt payment from a bankrupt customer, as discussed in rate base Adjustment 3. We accept this adjustment to reduce Deferred Credits by \$80,957.

Adjustment 21: Customer Deposits on Equipment Lease Contracts - The Company made an adjustment of \$47 to eliminate non-utility equipment lease deposits from working capital. Since non-utility items are not allowable for rate making purposes, we accept the Company's adjustment.

Adjustment 22: Accumulated Deferred Income Tax - The Company made an adjustment of \$651,307 to remove Accumulated Deferred Income Tax to the capital structure. Since this amount is addressed in the capital structure calculation, we accepted this adjustment.

Adjustment 23: Deferred Investment Tax Credit - The Company made an adjustment of \$481,321 to remove Deferred Investment Tax Credit to the capital structure. Since this amount is addressed in the capital structure calculation, we accepted this adjustment.

Adjustment 24: Health Insurance Reserve - The Company made an adjustment of \$14,204 to increase its health insurance reserve based on documentation received from its insurance

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administrator. Although the Company made this adjustment for regulatory purposes, the journal entry was never made on the Company's books. Based on the fact the entry was not made, and therefore was not included in the historic base year's records, we reject the Company's adjustment of \$14,204. This adjustment is further discussed in Net Operating Income Adjustment 33.

Adjustment 25: Self-Insurance Reserve - The Company made an adjustment of \$40,800 to increase its Self-Insurance Reserve for excess liability deductibles. The Company contends this adjustment was made for regulatory ratemaking purposes to show what would have appeared on its books had the journal entry been made. Based on the fact this amount was not recorded on the Company's books and records during the historic base year, we do not accept this adjustment and reverse the increase to the Self-Insurance Reserve of \$40,800.

NET OPERATING INCOME, CENTRAL FLORIDA GAS

The Company proposed an interim test year net operating income of \$722,968 for Central Florida Gas Company. Based upon the calculations and adjustments made by Staff, we find that the appropriate interim test year net operating income for Central Florida Gas Company is \$748,947. Discussed below are the Company's and Staff's adjustments used to determine the interim test year net operating income.

Adjustment 26: Removal of Fuel Revenues, Cost of Gas, and Related Taxes - The Company eliminated the impact of fuel revenues, cost of gas, interest, and pipeline refunds. However, the Company failed to remove the revenue related taxes. Since fuel-related items are recovered through the Purchased Gas Adjustment Clause, we accept the Company's elimination of fuel revenues of \$14,349,226, cost of gas of \$14,349,226, interest of \$25,357, and pipeline refunds of \$25,357. We have made an additional reduction to Revenues and Taxes Other Than Income of \$227,623 for the effect of fuel related taxes.

Adjustment 27: Unbilled Revenues - The Company made an adjustment to incorporate the affect of unbilled revenues for the fiscal year ended June 30, 1989. We have reviewed the Company's calculation and accept the reduction to revenues of \$57,007.

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Adjustment 28: Refund to Customer/Gross Receipts Tax - We required the Company to refund gross receipts tax inadvertently collected from a customer. (Commission Order No. 20133) The Company made the refund and journalized the refund by debiting Revenue and crediting Accounts Receivable. Although the refund actually applied to the period October 1983 through September 1988, the Company did not make a prior period adjustment. For regulatory purposes, the Company has increased the historic base year revenues by \$1,507 to negate the effect of the refund. Although we do not agree with the Company's accounting treatment of this prior period item, we accept the adjustment on the basis that it will produce the appropriate level of historic base year revenues.

Adjustment 29: Refund to Customer/Fast Meter - The Company made a refund in November 1988 for billing charges caused by a fast meter. Although the refund actually applied to the period April 1986 through July 1988, the Company did not make a prior period adjustment. For regulatory purposes, the Company increased the historic base year revenues by \$16,152 to negate the effect of the refund. Although we do not agree with the Company's accounting treatment of this prior period item, we accept the adjustment on the basis that it will produce the appropriate level of historic base year revenues.

Adjustment 30: Payroll - The Company made an adjustment of \$26,517 to eliminate a portion of the President's salary. This adjustment is consistent with the Company's last rate case and is accepted.

Adjustment 31: Reclassification and Accounting Errors - The Company has increased expenses by \$3,860 for various accounting errors and reclassifications. We have reviewed the reclassifications and error corrections and accept them as appropriate.

Adjustment 32: Out of Period Items - The Company has reduced expenses by \$1,559 to eliminate out-of-period items. Since these items are outside the historic base year period, we accept this adjustment as appropriate.

Adjustment 33: Health Insurance Reserve - The Company made an adjustment to increase health insurance expense by \$10,879. The Company made this adjustment because documentation received from its insurance administrator

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revealed that the reserve was insufficient to cover potential claims. The Company has not actually made a journal entry to increase the reserve or expense but has included this amount for regulatory purposes. Based on the fact that this adjustment is not on the books and records of the Company and is not within the historic base year period, we have rejected the Company's adjustment of \$10,879. (See Also Adjustment 24)

Adjustment 34: Audit Accrual - The Company reduced expenses by \$473 to eliminate an overaccrual of audit fees. We accept this adjustment as appropriate.

Adjustment 35: Corporate Overhead - The Company reduced expenses by \$11,227 to eliminate a portion of corporate overhead allocated from the parent company. The Company adjusted the overhead for various reclassifications, out of period entries, and miscellaneous accounting errors. We have reviewed the entries and accept the Company's adjustment.

Adjustment 36: Corporate Rent Allocation - The Company included \$32,089 of expense relating to an allocation of its parent's rent expense. (The parent company is located in Dover, Delaware.) The inclusion of this expense is not consistent with the Company's last rate case and is not accepted.

Adjustment 37: Acquisition Adjustment - The Company removed \$20,628 of amortization expense related to the portion of the acquisition adjustment that was denied by the Commission. This adjustment is consistent with the Company's last rate case order and is accepted.

Adjustment 38: FICA - The Company made an adjustment to reduce FICA expense by \$20. The Company made this adjustment based on a variance between the actual FICA expense versus a calculated FICA expense. The Company made a calculation of FICA expense to incorporate the effect of the salary adjustment addressed in Adjustment 30. We recalculated the FICA expense applying the same methodology used in the Company's last rate case. (Actual FICA expense less the related FICA reduction for the portion of the President's salary that was eliminated. Adjustment 30) Based on our calculation, FICA expense should have been reduced by \$1,196. We have made an adjustment of \$1,176 (\$1,196 - \$20) to correct the FICA expense.

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Adjustment 39: State Unemployment Tax - The Company made an adjustment to increase Taxes Other Than Income by \$206 to eliminate an accounting error. We have reviewed the adjustment and accept it as appropriate.

Adjustment 40: Federal Income Tax - The Company reduced Federal Income Tax by \$68,266 for the effect of various reclassifications, out of period items, and miscellaneous accounting errors. We accept this adjustment for interim purposes. We made an additional adjustment of \$14,183 to show the effect of the NOI adjustments addressed above.

Adjustment 41: State Income Tax - The Company increased State Income Tax by \$20,085 for the effect of various reclassifications, out-of-period items, and miscellaneous accounting errors. We accept this adjustment for interim purposes. We made an additional adjustment of \$14,183 to show the effect of the NOI adjustments addressed above.

Adjustment 42: Deferred Income Tax - The Company calculates deferred income taxes at December 31 of each year. Since the Company's historic base year period ended June 30, 1989, an adjustment was necessary to update deferred taxes. We accept the Company's adjustment to increase deferred tax expense by \$54,630.

RATE OF RETURN, CENTRAL FLORIDA GAS

The Company has proposed an overall rate of return of 9.72 percent for Central Florida Gas Company to be applied to its rate base in the determination of interim rate relief for the test year ending June 30, 1989. The Company calculated this overall rate of return using 12.90 percent as the required rate of return on equity. The 12.90 percent is the bottom of the range of its last authorized return on equity.

The authorized return on equity of 12.90 percent along with the current cost of the Company's other sources of capital, were applied to the capital components approved in the last rate case. We believe that the overall rate of return of 9.72 percent is appropriate for interim purposes.

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INTERIM RELIEF, CENTRAL FLORIDA GAS

The Company requested \$197,771 in interim relief for Central Florida Gas Company for the test period ending June 30, 1989. This would have allowed the company to earn an overall rate of return of 9.72 percent. Based on the previously discussed adjustments, we have determined the interim rate base to be \$8,565,849 (Schedule 1), and the net operating income to be \$748,947 (Schedule 2). Applying a 9.72 percent overall rate of return (Schedule 3), the Company is entitled to \$136,340 in interim relief (Schedule 4).

RATE BASE, PLANT CITY NATURAL GAS

Plant City Natural Gas has requested an interim test year rate base of \$1,262,919. Based upon the calculations and adjustments made by Staff, we find that the appropriate interim test year rate base for Plant City Natural Gas is \$1,250,202. Discussed below are the Company's and Staff's adjustments used to determine the interim rate base of \$1,250,202 (see Schedules 5 and 5A).

Adjustment 1: Plant-in-Service - During the Company's last investigation of apparent excess earnings, Docket No. 860314-GU, Staff and the Company stipulated to a final excess earnings of \$16,117.50 in Order No. 16821. Inherent in the final stipulated amount were several adjustments to the Company's books, one adjustment being leasehold improvements booked in Account 390, Structures and Improvements. The Company agreed to remove leasehold improvements in the amount of \$6,287 and its related accumulated amortization. The leasehold improvement should have been amortized over the life of the lease instead of the company's amortization of 10 years.

However, the Company has inadvertently failed to remove the leasehold improvement for this current rate case. Therefore, we have made an adjustment to reduce Plant-in-Service by \$6,287 and Accumulated Amortization by \$3,701. This adjustment will be addressed in the Company's full rate case.

Adjustment 2: Accumulated Amortization - The Company made an adjustment to correct an accounting error in Accumulated Amortization. We accept this correcting entry of \$17.

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Adjustment 3: Unbilled Revenue - The Company made an adjustment to decrease Unbilled Revenue to the 13-month average of \$10,872 as shown on NOI Schedule C-4. We believe this adjustment is appropriate and therefore accept the company's adjustment of \$6,427.

Adjustment 4: Receivable Associated Companies - The Company made an adjustment of \$738,371 to eliminate non-utility accounts receivable from working capital. We accept this company adjustment.

Adjustment 5: Prepayments/Postage and Misc. - The Company made an adjustment to correct an accounting error in Prepayments - Postage and Misc. We accept this correcting entry of \$8.

Adjustment 6: Prepayments/Insurance - The Company made an adjustment of \$1,404 to increase prepayments for insurance coverage which was booked subsequent to the historic base year. We do not accept this adjustment since the booking of the insurance and its related Accounts Payable occurred in August 1989, which is outside of the historic base year.

Adjustment 7: Employee Benefits/Pensions - The Company made an adjustment to increase deferred employee pensions by \$1,335 to show the effect of pension contributions being greater than expenses in the historic base year. Since this account is netted against the pension reserve in Deferred Credits, we accept this adjustment.

Adjustment 8: Unrecovered Gas Cost - The Company made an adjustment to eliminate unrecovered gas cost overrecovery of \$89,210. Since this amount is addressed through the Purchased Gas Adjustment (PGA) Docket, we accept this adjustment.

Adjustment 9: Accounts Payable - The Company made adjustments to Accounts Payable to eliminate a late payment to FGT and to allocate accounts payable from its parent company. We do not accept the adjustment of \$11,801 to eliminate a late payment of the FGT bill. The Company contends that the late payment was an unusual circumstance and made an adjustment to reduce Accounts Payable. We believe that although the late payment may be an abnormal circumstance, the ratepayers should not be held liable for the Company's error.

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The working capital calculation should reflect the amounts actually on the books and therefore what actually occurred in the historic base year. We do not agree with this portion of the adjustment and therefore reject the Company's adjustment of \$11,801. We accept the adjustment to increase Accounts Payable for the allocation from the parent company of \$5,133.

Adjustment 10: Customer Deposits/Accounts Payable - The Company made an adjustment to eliminate Customer Deposits-Accounts Payable from the working capital calculation. Since Customer Deposits are included in the capital structure, we accept this adjustment of \$50,461.

Adjustment 11: Meter Deposit Refund Checks - The Company inadvertently included the inactive deposit account, Meter Deposit Refund Checks, in its working capital calculation. Since this inactive deposit account should be addressed in the capital structure calculation, we have made an adjustment of \$592 to decrease the Company's liabilities.

Adjustment 12: Taxes Accrued/Income - The Company made an adjustment of \$9,690 to reflect the company's increased tax liability. We accept this adjustment for interim purposes.

Adjustment 13: Customer Advances for Construction - The Company made an adjustment to eliminate Customer Advances For Construction from the working capital calculation. Since these advances are included as a deduction from Plant-in-Service in the rate base calculation, we accept this adjustment of \$16,500.

Adjustment 14: Accumulated Deferred Income Tax - The Company made an adjustment of \$15,286 to remove Accumulated Deferred Income Tax to the capital structure. Since this amount is addressed in the capital structure calculation, we accept this adjustment.

Adjustment 15: Deferred Investment Tax Credit - The Company made an adjustment of \$83,043 to remove Deferred Investment Tax Credit to the capital structure. Since this amount is addressed in the capital structure calculation, we accept this adjustment.

Adjustment 16: Health Insurance Reserve - The Company made an adjustment of \$3,666 to increase its health insurance reserve based on documentation received from its insurance administrator. Although the Company made this adjustment for

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regulatory purposes, the journal entry was never made on the Company's books. Based on the fact the entry was not made, and therefore was not included in the historic base year's records, we have rejected the Company's adjustment of \$3,666. This adjustment is further discussed in Net Operating Income Adjustment 23.

NET OPERATING INCOME, PLANT CITY NATURAL GAS

Plant City Natural Gas has requested an interim test year net operating income of \$20,569. Based upon the calculations and adjustments made by Staff, we find that the appropriate interim test year net operating income for Plant City Natural Gas Company is \$27,869. Discussed below are the Company's and Staff's adjustments used to determine the interim net test year operating income (see Schedule 6).

Adjustment 17: Removal of Fuel Revenues, Cost of Gas, and Related Taxes - The Company eliminated the impact of fuel revenues, cost of gas, and interest. However, the Company failed to remove the revenue related taxes. Since fuel-related items are recovered through the Purchased Gas Adjustment Clause, we accept the Company's elimination of fuel revenues of \$2,099,487, cost of gas of \$2,099,487, and interest of \$8,428. We have made an additional reduction to revenues and taxes of \$35,098 for the effect of fuel related taxes.

Adjustment 18: Unbilled Revenues - The Company made an adjustment to incorporate the effect of unbilled revenues for the fiscal year ended June 30, 1989. We have reviewed the Company's calculation and accept the reduction to revenues of \$25,274.

Adjustment 19: Refund to Customer/Fast Meter - The Company made a refund in April 1989 for billing charges caused by a fast meter. Although the refund actually applied to the period February 1988 through April 1989, the Company did not make a prior period adjustment. For regulatory purposes, the Company has increased the historic base year revenues by \$1,060 to negate the effect of the refund. Although we do not agree with the Company's accounting treatment of this prior period item, we accept the adjustment on the basis that it will produce the appropriate level of historic base year revenues.

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Adjustment 20: Payroll - The Company made an adjustment of \$25,005 to eliminate a portion of the President's salary. We accept this adjustment as appropriate.

Adjustment 21: Reclassification and Accounting Errors - The Company has reduced expenses by \$1,339 for various accounting errors and reclassifications. We have reviewed the reclassifications and error corrections and accept them as appropriate.

Adjustment 22: Out of Period Items - The Company has reduced expenses by \$18,661 to eliminate out-of-period items. Since these items are outside the historic base year period, we accept this adjustment as appropriate.

Adjustment 23: Health Insurance Reserve - The Company made an adjustment to increase health insurance expense by \$2,671. The Company made this adjustment because documentation received from its insurance administrator revealed that the reserve was insufficient to cover potential claims. The Company has not actually made a journal entry to increase the reserve or expense but has included this amount for regulatory purposes. Based on the fact that this adjustment is not on the books and records of the Company and is not within the historic base year period, we have reversed the Company's adjustment of \$2,671.

Adjustment 24: Audit Accrual - The Company reduced expenses by \$4,598 to eliminate an overaccrual of audit fees. We accept this adjustment as appropriate.

Adjustment 25: Corporate Overhead - The Company reduced expenses by \$2,142 to eliminate a portion of corporate overhead allocated from the parent company. The Company adjusted the overhead for various reclassifications, out of period entries, and miscellaneous accounting errors. We have reviewed the entries and accept the Company's adjustment.

Adjustment 26: Corporate Rent Allocation - The Company included \$4,722 of expense relating to an allocation of its parent's rent expense. (The parent company is located in Dover, Delaware.) The inclusion of this expense is not consistent with the Company's last rate case and is not accepted by Staff.

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Adjustment 27: Rent Expense - We have made an adjustment to reduce rent expense by \$5,920, to be consistent with the Company's last rate case and subsequent overearnings case.

Adjustment 28: FICA - The Company made an adjustment to reduce FICA expense by \$1,878. The Company made this adjustment based on a variance between the actual FICA expense versus a calculated FICA expense. The Company made a calculation of FICA expense to incorporate the effect of the salary adjustment addressed in Adjustment 20. We have recalculated FICA expense and have determined that FICA expense should have been increased by \$1,202. We have made an adjustment of \$3,080 (\$1,878 + \$1,202) to correct the FICA expense.

Adjustment 29: Out of Period FICA - The Company made an adjustment to decrease Taxes Other Than Income by \$985 to eliminate out of period payroll tax. We have reviewed the adjustment and accept it as appropriate.

Adjustment 30: Federal Income Tax - The Company increased Federal Income Tax by \$2,341 to correct various accounting errors. We accept this adjustment as appropriate. We have made an additional adjustment of \$3,891 to show the effect of the NOI adjustments addressed above.

Adjustment 31: State Income Tax - The Company increased State Income Tax by \$303 to correct for various accounting errors. We accept this adjustment as appropriate. We have made an additional adjustment of \$666 to show the effect of the NOI adjustments addressed above.

Adjustment 32: Deferred Income Tax - The Company calculates deferred income taxes at December 31 of each year. Since the Company's historic base year period ended June 30, 1989, an adjustment was necessary to update deferred taxes. We accept the Company's adjustment to decrease deferred tax expense by \$23,828.

RATE OF RETURN, PLANT CITY NATURAL GAS

Plant City Natural Gas has proposed an overall rate of return of 11.67 percent to be applied to its rate base in the determination of interim rate relief for the test year ending June 30, 1989. The Company calculated this overall rate of

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return using 13.70 percent as the required rate of return on equity. The 13.70 percent is the return on equity that the Company agreed to use for the purpose of applying the tax savings rule. The bottom of the range of the Company's last authorized return on equity is 15.70 percent.

The authorized return on equity of 13.70 percent along with the current cost of the Company's other sources of capital, were applied to the capital components approved in the last rate case. We believe that the overall rate of return of 11.65 percent is appropriate for interim purposes.

INTERIM RELIEF, PLANT CITY NATURAL GAS

Plant City Natural Gas has requested an interim increase of \$206,684 for the test period ending June 30, 1989. This would have allowed the Company to earn an overall rate of return of 11.67 percent. Based on the previously discussed adjustments, Staff has determined the interim rate base to be \$1,250,202 (Schedule 5), and the net operating income to be \$27,868 (Schedule 6). Applying a 11.65 percent overall rate of return (Schedule 7), the Company is entitled to \$191,961 in interim relief (Schedule 8).

ALLOCATION OF INTERIM INCREASES

Chesapeake Utilities Corporation proposes to allocate each Company's (Central and Plant) interim increase uniformly across the board to all rate classes' base rates exclusive of fuel costs based on the companies' respective proposed method of interim increases, as shown on Schedules 10 and 11. However, Chesapeake proposes to consolidate Central Florida and Plant City as the Florida Division of Chesapeake for final rates and charges. Under the companies' interim proposal, Plant City would receive a percentage increase equal to over six times that of Central Florida and the present rate disparities between Central and Plant which currently exists would be increased during the time interim rates are in effect, as shown in Schedule 12.

The interim increases (Central and Plant) should be combined to calculate a total interim increase which would then be allocated as an equal cents-per-therm increase for each rate class between both Companies as if they were one company, as

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shown in Schedules 9 and 13. Under this method, the same rate relationship which currently exists, will be maintained and will eliminate a substantial rate shock to Plant City's ratepayers.

Therefore, in accordance with Rule 25-7.040, Florida Administrative Code, any interim authorized shall be applied uniformly across the board to all rate classes' base rates exclusive of fuel costs and collected on a cents-per-therm basis, as shown on Schedule 9.

The interim rate increases granted the Central Florida Gas Company and Plant City Natural Gas Company shall be collected subject to refund, with interest, and the refund (including interest) shall be guaranteed by an appropriate corporate undertaking to be filed by the utility. The interim rate increase shall be effective for meter readings taken on or after February 1, 1990.

The utility must provide written notice to its customers beginning with the first bill which reflects the interim increase. The notice must explain the nature, purpose, and effect of the increase. The Commission's Division of Electric and Gas must approve the notice before it is given to the customers.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that consent to the rate schedules filed by Central Florida Gas Company and Plant City Natural Gas Company on November 15, 1989, designed to generate \$1,315,496 in additional revenues, is withheld, and the rate schedules are suspended pending further order of this Commission. It is further

ORDERED that Central Florida Gas Company is granted an interim award of \$136,340 in additional annual revenues and is authorized to file interim rate schedules consistent with this increase. It is further

ORDERED that Plant City Natural Gas Company is granted an interim award of \$191,961 in additional annual revenues and is authorized to file interim rate schedules consistent with this increase. It is further

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ORDERED that the additional revenues approved in this Order shall be collected subject to refund, with interest, and the companies shall file corporate undertakings guaranteeing the refunds (including interest). It is further

ORDERED that the interim rates approved by this Order shall be effective for meter readings taken on or after February 1, 1990.

ORDERED that Plant City Natural Gas Company and Central Florida Gas Company provide each customer with notice of the interim award and that such notice shall first be approved by the Division of Electric and Gas of the Florida Public Service Commission and shall accompany the first bill which reflects the interim increase.

By ORDER of the Florida Public Service Commission
this 29th day of JANUARY, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

MAP

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

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DOCKET NO. 891179-GU
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Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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CENTRAL FLORIDA GAS COMPANY
DOCKET NO. 891179-GU
COMPARATIVE AVERAGE RATE BASES
TYE 6/30/89

SCHEDULE NO. 1
DECEMBER 20, 1989
INTERIM

ADJ NO		COMPANY			STAFF	
		TOTAL PER BOOKS	JURIS. ADJUST.	COMPANY ADJUSTED	JURIS. ADJUST.	ADJ. JURIS.
	PLANT IN SERVICE					
	UTILITY PLANT	9,491,893				
1	ACQUISITION ADJUSTMENT	514,930	(252,478)		(56,944)	
	CONSTRUCTION WORK IN PROGRESS	306,756				
	TOTAL PLANT	<u>10,313,580</u>	<u>(252,478)</u>	<u>10,061,102</u>	<u>(56,944)</u>	<u>10,004,158</u>
	ACCUM. DEPREC. & AMORT.					
	ACCUM. DEPR. - PLANT	1,352,291				
1,2	ACCUM. AMORTIZATION	120,890	35		(63,560)	
	CUSTOMER ADV. FOR CONST.	58,450				
3	ENVIRONMENT CHARGES-PEND				9,282	
	TOTAL DEDUCTION	<u>1,531,630</u>	<u>35</u>	<u>1,531,665</u>	<u>(54,278)</u>	<u>1,477,387</u>
	NET UTILITY PLANT	<u>8,781,950</u>	<u>(252,513)</u>	<u>8,529,437</u>	<u>(2,666)</u>	<u>8,526,771</u>
	WORKING CAPITAL	<u>(4,751,904)</u>	<u>4,908,817</u>	<u>156,913</u>	<u>(117,835)</u>	<u>39,078</u>
	TOTAL RATE BASE	<u>\$4,030,046</u>	<u>\$4,656,304</u>	<u>\$8,686,350</u>	<u>(\$120,501)</u>	<u>\$8,565,849</u>

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CENTRAL FLORIDA GAS COMPANY
DOCKET NO. 891179-GU
COMPARATIVE WORKING CAPITAL COMPONENTS
TYE 6/30/89

SCHEDULE NO. 1A
DECEMBER 20, 1989
INTERIM

ADJ NO	COMPANY			STAFF		
	TOTAL PER BOOKS	JURIS. ADJUST.	COMPANY ADJUSTED	JURIS. ADJUST.	ADJ. JURIS.	
	WORKING CAPITAL	(4,751,904)				
4	CASH		(80,957)			
5	CUST. ACCTS. REC.- GAS		(16,606)			
6	UNBILLED REVENUE		38,022	(27,446)		
7	RECEIVABLE ASSOC. COMPANIES		2,877,549			
8	PREPAYMENTS-INSURANCE		4,426	(4,426)		
9	DEFERRED RATE CASE			(58,766)		
10	CONSERVATION		46,075			
11	DEFERRED ANNUITY		(6,858)			
12	EMPLOYEE BENEFITS-PENSION		9,569			
13	UNRECOVERED GAS COSTS		290,364			
14	ACCOUNTS PAYABLE		78,149	(81,214)		
15	CUST. DEPOSITS-REFUND		(30)			
16	CUST. DEPOSITS-ACCTS. PAYABLE		271,565			
17	METER DEPOSITS REFUND CHECKS			(987)		
18	TAXES ACCRUED-INCOME		180,470			
19	CUST. ADV. FOR CONST.		58,450			
20	ALL SUN DEFERRED CREDIT		80,957			
21	CUST DEPOST ON EQ LEASE CONT		47			
22	ACCUM. DEF. INCOME TAX		651,307			
23	DEF INVESTMENT TAX CREDIT		481,321			
24	HEALTH INSURANCE RESERVE		(14,204)	14,204		
25	SELF INSURANCE RESERVE		(40,800)	40,800		
	TOTALS	<u>(\$4,751,904)</u>	<u>\$4,908,816</u>	<u>\$156,913</u>	<u>(\$117,835)</u>	<u>\$39,078</u>

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CENTRAL FLORIDA GAS COMPANY
DOCKET NO. 891179-GU
COMPARATIVE NOIs
TYE 6/30/89

SCHEDULE 2
DECEMBER 30, 1989
INTERIM

ADJ NO	COMPANY			STAFF	
	PER BOOKS	ADJUST.	COMPANY ADJUSTED	ADJUSTS.	ADJUSTED JURIS.
	OPERATING REVENUES	\$18,501,440			
26	FUEL REV ADJUSTMENT		(14,349,226)		
27	CHANGE IN NET UNBILLED		(57,007)		
28	REFUND TO ST. CLOUD		1,507		
29	REFUND TO KAPLAN		16,152		
26	ADJ FOR TAXES - OTHER			(227,623)	
	TOTALS	<u>18,501,440</u>	<u>(14,388,574)</u>	<u>4,112,866</u>	<u>(227,623)</u>
					<u>3,885,243</u>
	OPERATING EXPENSES:	16,601,546			
26	REMOVE COST OF GAS		(14,349,226)		
26	ELIMINATE INTEREST ON COG		(25,357)		
26	PIPELINE ADJUSTMENT		(15,891)		
30	ADJ FOR OFFICER SALARY		(26,517)		
31	RECLASS & ACCT ERRORS		3,860		
32	ADJ OUT OF PERIOD ITEMS		(1,559)		
	ADJ HEALTH INSUR RESERVES		10,879	(10,879)	
	ADJUST AUDIT ACCRUAL		(473)		
	ADJ FOR CORP OVERHEAD		(11,227)		
36	ADJ OUT CORPORATE RENT			(32,089)	
	TOTALS	<u>16,601,546</u>	<u>(14,415,511)</u>	<u>2,186,035</u>	<u>(42,968)</u>
					<u>2,143,067</u>
	DEPRECIATION & AMORTIZATION	446,088			
37	ACQUISITION ADJUSTMENT		(20,628)		
	TOTALS	<u>446,088</u>	<u>(20,628)</u>	<u>425,460</u>	<u>0</u>
					<u>425,460</u>
	TAXES OTHER THAN INCOME	488,868			
38	ADJ FICA FOR ABOVE		(20)	(1,176)	
39	ADJ FOR ACCT ERROR		206		
26	ADJ FOR FUEL TAXES			(227,623)	
	TOTALS	<u>488,868</u>	<u>186</u>	<u>489,054</u>	<u>(228,799)</u>
					<u>260,255</u>
	CURRENT INC TAXES - FEDERAL	287,582			
40	ADJ TO FED INCOME TAX		(68,266)		
	ADJ FOR THE EFFECT OF ABOVE		15,223	14,183	
	TOTALS	<u>287,582</u>	<u>(53,043)</u>	<u>234,539</u>	<u>14,183</u>
					<u>248,722</u>
	CURRENT INC TAXES - STATE	17,457			
41	ADJ TO ST INCOME TAX		20,085		
	ADJ FOR THE EFFECT OF ABOVE		2,605	2,428	
	TOTALS	<u>17,457</u>	<u>22,690</u>	<u>40,147</u>	<u>2,428</u>
					<u>42,575</u>
	DEFERRED INCOME TAXES - FED	(3,541)			
	DEFERRED INCOME TAXES - ST	(10,975)			
	ADJ TO DEFERRED - ST & FED		54,630		
	TOTALS	<u>(14,516)</u>	<u>54,630</u>	<u>40,114</u>	<u>0</u>
					<u>40,114</u>
	INTEREST RECONCILIATION		(25,451)	(25,451)	1,554
	TOTAL OPERATING EXPENSES	<u>17,827,025</u>	<u>(14,437,127)</u>	<u>3,389,898</u>	<u>(253,602)</u>
	NET OPERATING INCOME	<u>\$674,415</u>	<u>\$48,553</u>	<u>\$722,968</u>	<u>(\$481,225)</u>
					<u>\$748,947</u>

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CENTRAL FLORIDA GAS COMPANY
 COST OF CAPITAL
 FOR YEAR ENDED JUNE 30, 1989
 DOCKET 891179-GU

SCHEDULE NO. 3
 DECEMBER 20, 1989
 INTERIM

CAPITAL COMPONENTS	AVERAGE	PER BOOKS	COMPANY ADJUSTMENTS	STAFF SPECIFIC	STAFF PRORATA	ADJUSTED	RATIO	COST	WEIGHTED
					ADJUSTMENTS			RATE (%)	COST (%)
LONG TERM DEBT - IRB		0	2,293,269		(32,070)	2,261,199	26.40%	8.34%	2.20%
LONG TERM DEBT - OTHER		0	209,023		(2,923)	206,100	2.41%	10.58%	0.25%
SHORT TERM DEBT		0	467,541		(6,538)	461,003	5.38%	11.08%	0.60%
CUSTOMER DEPOSITS		271,535	0	987	(3,811)	268,711	3.14%	8.48%	0.27%
DIVISION CAPITAL		4,088,495	224,244		(60,311)	4,252,428	49.64%	12.90%	6.40%
DEFERRED INCOME TAXES		651,307	(385)		(9,103)	641,819	7.49%	0.00%	0.00%
TAX CREDITS - ZERO COST		481,321	0		(6,731)	474,590	5.54%	0.00%	0.00%
ACCTS REC - ASSOC COMPANIES		2,877,549	(2,877,549)		0	0	0.00%	0.00%	0.00%
TOTAL AVERAGE		8,370,207	316,143	987	(121,488)	8,565,849	100.00%		9.72%

(1) Staff specific adjustment relates to adjustment number 17.

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CENTRAL FLORIDA GAS COMPANY
DOCKET NO. 891179-GU
INTERIM REVENUE INCREASE
TYE 6/30/89

SCHEDULE 4
DECEMBER 20, 1989
INTERIM

	COMPANY	STAFF
RATE BASE (AVERAGE)	\$8,686,350	\$8,565,849
RATE OF RETURN	X 9.7200%	X 9.7200%
REQUIRED NOI	<u>\$844,313</u>	<u>\$832,601</u>
Operating Revenues	\$4,112,866	\$3,885,000
Operating Expenses:		
Operation & Maintenance	2,186,035	2,143,067
Depreciation & Amortization	425,460	425,460
Taxes Other Than Income Taxes	489,054	260,255
Current Income Taxes - Federal	234,539	248,722
- State	40,147	42,575
Deferred Income Taxes	40,114	40,114
Interest Reconciliation	(25,451)	(23,897)
Total Operating Expenses	<u>3,389,898</u>	<u>3,136,296</u>
ACHIEVED NOI	<u>\$722,968</u>	<u>\$748,947</u>
NOI DEFICIENCY (Required - Achieved)	\$121,345	\$83,654
NOI MULTIPLIER	X 1.6298	X 1.6298
REVENUE INCREASE	<u>\$197,771</u>	<u>\$136,340</u>

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PLANT CITY NATURAL GAS
DOCKET NO. 891179-GU
COMPARATIVE AVERAGE RATE BASES
TYE 6/30/89

SCHEDULE NO. 5
DECEMBER 30, 1989
INTERIM

ADJ NO	TOTAL PER BOOKS	COMPANY		STAFF	
		JURIS. ADJUST.	COMPANY ADJUSTED	JURIS. ADJUST.	ADJ. JURIS.
	PLANT IN SERVICE				
1	UTILITY PLANT	1,468,073			(6,287)
	ACQUISITION ADJUSTMENT	117,866			
	CONSTRUCTION WORK IN PROGRESS	1,666			
	TOTAL PLANT	<u>1,587,605</u>	<u>0</u>	<u>1,587,605</u>	<u>(6,287)</u>
	ACCUM. DEPREC. & AMORT.				
1	ACCUM. DEPR. - PLANT	322,770			(3,701)
2	ACCUM. AMORTIZATION	72,968	17		
	CUSTOMER ADV. FOR CONST.	16,500			
	TOTAL DEDUCTION	<u>412,238</u>	<u>17</u>	<u>412,255</u>	<u>(3,701)</u>
	NET UTILITY PLANT	<u>1,175,367</u>	<u>(17)</u>	<u>1,175,350</u>	<u>(2,586)</u>
	WORKING CAPITAL	<u>(864,345)</u>	<u>951,914</u>	<u>87,569</u>	<u>(10,131)</u>
	TOTAL RATE BASE	<u>\$311,022</u>	<u>\$951,897</u>	<u>\$1,262,919</u>	<u>(\$12,717)</u>
					<u>\$1,250,202</u>

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PLANT CITY NATURAL GAS
DOCKET NO. 891179-GU
COMPARATIVE WORKING CAPITAL COMPONENTS
TYE 6/30/89

SCHEDULE NO 5A
DECEMBER 20, 1989
INTERIM

ADJ NO	COMPANY			STAFF	
	TOTAL PER BOOKS	JURIS. ADJUST.	COMPANY ADJUSTED	JURIS. ADJUST.	ADJ. JURIS.
	(864,345)				
		(6,427)			
		738,371			
		(8)			
		1,404		(1,404)	
6		1,335			
7		89,210			
8		6,667		(11,801)	
9		50,461			
10				(592)	
11		(9,690)			
12		16,500			
13		(15,286)			
14		83,043			
15		(3,666)		3,666	
16					
TOTALS	<u>(\$864,345)</u>	<u>\$951,914</u>	<u>\$87,569</u>	<u>(\$10,131)</u>	<u>\$77,438</u>

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PLANT CITY NATURAL GAS
DOCKET NO. 891179-GU
COMPARATIVE NOIs
TYE 6/30/89

SCHEDULE 6
DECEMBER 20, 1989
INTERIM

ADJ NO	COMPANY			STAFF	
	PER BOOKS	ADJUST.	COMPANY ADJUSTED	ADJUSTS.	ADJUSTED JURIS.
	OPERATING REVENUES	\$2,760,935			
17	FUEL REV ADJUSTMENT		(2,099,487)		
18	CHANGE IN NET UNBILLED		(25,274)		
19	METER ADJUSTMENT		1,060		
17	ADJ OUT FUEL TAXES			(35,098)	
	TOTALS	2,760,935	(2,123,701)	637,234	(35,098)
					602,136
	OPERATING EXPENSES:	2,653,933			
17	REMOVE COST OF GAS		(2,099,487)		
17	ELIMINATE INTEREST ON COG		(8,428)		
20	ADJ FOR OFFICER SALARY		(25,005)		
21	RECLASS & ACCT ERRORS		(1,339)		
22	ADJ OUT OF PERIOD ITEMS		(18,661)		
23	ADJ HEALTH INSUR RESERVES		2,671	(2,671)	
24	ADJ FOR AUDIT ACCRUAL		(4,598)		
25	ADJ FOR CORP OVERHEAD		(2,142)		
26	ADJ OUT CORP RENT			(4,722)	
27	ADJ OUT RENT EXP			(5,920)	
	TOTALS	2,653,933	(2,156,989)	496,944	(13,313)
					483,631
	DEPRECIATION & AMORTIZATION	57,081			
	TOTALS	57,081	0	57,081	0
					57,081
	TAXES OTHER THAN INCOME	90,669			
28	ADJ FICA FOR ABOVE		(1,878)	1,202	
29	ADJ FOR OUT OF PERIOD		(985)		
17	ADJ OUT FUEL TAXES			(35,098)	
	TOTALS	90,669	(2,863)	87,806	(33,896)
					53,910
	CURRENT INC TAXES - FEDERAL	(7,449)			
30	ELIMINATE ERRORS		11,615		
	ADJ FOR THE EFFECT OF ABOVE		1,988	3,891	
	TOTALS	(7,449)	13,603	6,154	3,891
					10,045
	CURRENT INC TAXES - STATE	(1,168)			
31	ELIMINATE ERRORS		303		
	ADJ FOR THE EFFECT OF ABOVE		2,393	666	
	TOTALS	(1,168)	2,696	1,528	666
					2,194
	DEFERRED INCOME TAXES - FED	(4,983)			
	DEFERRED INCOME TAXES - ST	(853)			
32	ADJ TO DEFERRED - ST & FED		(23,828)		
	TOTALS	(5,836)	(23,828)	(29,664)	0
					(29,664)
	INTEREST RECONCILIATION		(3,183)	(3,183)	254
	TOTAL OPERATING EXPENSES	2,787,230	(2,170,564)	616,666	42,398
	NET OPERATING INCOME	(\$26,294)	\$46,863	\$20,569	\$7,300
					\$27,869

PLANT CITY NATURAL GAS
 COST OF CAPITAL
 FOR YEAR ENDED JUNE 30, 1989
 DOCKET 891179-GU

SCHEDULE NO. 7
 DECEMBER 20, 1989
 INTERIM

CAPITAL
COMPONENTS

<u>AVERAGE</u>	<u>PER BOOKS</u>	<u>COMPANY ADJUSTMENTS</u>	<u>STAFF SPECIFIC</u>	<u>STAFF PRORATA ADJUSTMENTS</u>	<u>ADJUSTED</u>	<u>RATIO</u>	<u>COST RATE (%)</u>	<u>WEIGHTED COST (%)</u>
LONG TERM DEBT	0	393,949		(4,149)	389,800	31.18%	10.58%	3.30%
SHORT TERM DEBT	0	73,607		(775)	72,832	5.83%	11.08%	0.65%
CUSTOMER DEPOSITS	50,461	0	592	(538)	50,515	4.04%	8.55%	0.35%
DIVISION CAPITAL	327,522	351,455		(7,151)	671,826	53.74%	13.70%	7.35%
DEFERRED INCOME TAXES	(15,286)	(1,833)		180	(16,939)	-1.35%	0.00%	0.00%
TAX CREDITS - ZERO COST	83,043	0		(875)	82,168	6.57%	0.00%	0.00%
ACCTS REC - ASSOC COMPANIES	738,371	(738,371)		0	0	0.00%	0.00%	0.00%
TOTAL AVERAGE	1,184,111	78,807	592	(13,308)	1,250,202	100.00%		11.65%

(1) Staff specific adjustment relates to adjustment number 11.

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PLANT CITY NATURAL GAS
DOCKET NO. 891179-GU
INTERIM REVENUE INCREASE
TYE 6/30/89

SCHEDULE 8
DECEMBER 20, 1989
INTERIM

	<u>COMPANY</u>	<u>STAFF</u>
RATE BASE (AVERAGE)	\$1,262,919	\$1,250,202
RATE OF RETURN REQUIRED NOI	X <u>11.6700%</u> <u>\$147,383</u>	X <u>11.6500%</u> <u>\$145,649</u>
Operating Revenues	\$637,234	\$602,1
Operating Expenses:		
Operation & Maintenance	496,944	483,631
Depreciation & Amortization	57,081	57,081
Taxes Other Than Income Taxes	87,806	53,910
Current Income Taxes - Federal	6,154	10,045
- State	1,528	2,194
Deferred Income Taxes	(29,664)	(29,664)
Interest Reconciliation	(2,929)	(2,929)
Total Operating Expenses	<u>616,920</u>	<u>574,268</u>
ACHIEVED NOI	<u>\$20,314</u>	<u>\$27,868</u>
NOI DEFICIENCY (Required - Achieved)	\$127,069	\$117,781
NOI MULTIPLIER REVENUE INCREASE	X <u>1.6298</u> <u>\$206,684</u>	X <u>1.6298</u> <u>\$191,961</u>

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COMPANY: CENTRAL/PLANT COMBINED
 ALLOCATION OF INTERIM INCREASE
 BASED ON 12 MONTHS ENDED JUNE 30, 1989

SCHEDULE 9
 DOCKET NO. 891179-GU

(1)	(2)	(3)	PRESENT REVENUE			INTERIM INCREASE			(9)	
			TERM	CUSTOMER	ENERGY	(4)+(5)	(6)(X)(8)	(7)(X)(8)		(7)(X)(8)
			CHARGE	CHARGE	TOTAL	\$	%	INCREASE		
SCHEDULE	BILLS	SALES	CHARGE	CHARGE	TOTAL	INCREASE	INCREASE	PER THERM		
RESIDENTIAL	73,033	1,038,183	\$348,739	\$587,429	\$944,168	\$70,486	7.46	4.3068		
RESIDENTIAL ANNUAL	170	47,779	\$4,250	\$17,800	\$22,110	\$1,850	7.46	3.4537		
COMMERCIAL	9,339	3,911,918	\$90,798	\$695,824	\$786,620	\$58,708	7.46	1.5007		
COMMERCIAL LG. VOL.	211	1,159,383	\$2,110	\$120,924	\$123,034	\$9,182	7.46	0.7920		
INDUSTRIAL	388	8,266,519	\$8,064	\$348,862	\$354,726	\$26,474	7.46	0.5027		
INTERRUPTIBLE	307	\$8,877,388	\$69,840	\$2,094,365	\$2,168,205	\$181,820	7.46	0.2748		
TOTAL	83,448	70,899,148	\$521,799	\$3,877,064	\$4,398,893	\$328,301	7.46	0.4631		

NOTE: REVENUE ABOVE DEVOID OF FUEL

CENTRAL FLORIDA GAS COMPANY

RATE SCHEDULE

PRESENT RATES

INTERIM
RATE INCREASE

STAFF
RECOMMENDED
INTERIM RATES

RESIDENTIAL

CUSTOMER CHARGE \$5.00
 ENERGY CHARGE (cents/therm) 37.3800

\$5.00
37.3800

0
4.3068

\$5.00
41.6868

RESIDENTIAL ANNUAL

CUSTOMER CHARGE \$25.00
 ENERGY CHARGE (cents/therm) 37.3800

\$25.00
37.3800

0
3.4537

\$25.00
40.8337

COMMERCIAL

CUSTOMER CHARGE \$10.00
 ENERGY CHARGE (cents/therm) 18.0200

\$10.00
18.0200

0
1.5007

\$10.00
19.5207

COMMERCIAL LG. VOL.

CUSTOMER CHARGE \$10.00
 ENERGY CHARGE (cents/therm) 10.4300

\$10.00
10.4300

0
0.7920

\$10.00
11.2220

INDUSTRIAL

CUSTOMER CHARGE \$20.00
 ENERGY CHARGE (cents/therm) 5.1900

\$20.00
5.1900

0
0.5027

\$20.00
5.6927

INTERRUPTIBLE

CUSTOMER CHARGE \$300.00
 ENERGY CHARGE (cents/therm) 3.4300

\$300.00
3.4300

0
0.2748

\$300.00
3.7048

PLANT CITY NATURAL GAS

RATE SCHEDULE

PRESENT RATES

INTERIM
RATE INCREASE

STAFF
RECOMMENDED
INTERIM RATES

RESIDENTIAL

CUSTOMER CHARGE \$3.00
 ENERGY CHARGE (cents/therm) 29.3200

\$3.00
29.3200

0
4.3068

\$3.00
33.6268

COMMERCIAL

CUSTOMER CHARGE \$8.00
 ENERGY CHARGE (cents/therm) 16.1500

\$8.00
16.1500

0
1.5007

\$8.00
17.6507

INDUSTRIAL

CUSTOMER CHARGE \$22.00
 ENERGY CHARGE (cents/therm) 12.1000

\$22.00
12.1000

0
0.5027

\$22.00
12.6027

INTERRUPTIBLE

CUSTOMER CHARGE \$35.00
 ENERGY CHARGE (cents/therm) 4.4900

\$35.00
4.4900

0
0.2748

\$35.00
4.7648

ORDER NO. 22475
DOCKET NO. 891179-GU
PAGE 31

COMPANY: CENTRAL FLORIDA GAS COMPANY
ALLOCATION OF INTERIM INCREASE
BASED ON 12 MONTHS ENDED JUNE 30, 1989

SCHEDULE: 10
DOCKET NO. 891179-

(1)	<u>PRESENT REVENUE</u>					<u>COMPANY METHOD INTERIM INCREASE</u>			(9)
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(7)/(3)	
					(4)+(5)	(6)X(8)	(7)/(6)	INCREASE	
						\$	%	CENTS	
<u>SCHEDULE</u>	<u>BILLS</u>	<u>THERM SALES</u>	<u>CUSTOMER CHARGE</u>	<u>ENERGY CHARGE</u>	<u>TOTAL</u>	<u>INCREASE</u>	<u>INCREASE</u>	<u>PER THERM</u>	
RESIDENTIAL	63,820	1,460,381	\$319,100	\$545,890	\$864,990	\$31,353	3.62	2.1469	
RESIDENTIAL ANNUAL	170	47,779	\$4,250	\$17,860	\$22,110	\$801	3.62	1.6773	
COMMERCIAL	8,042	3,425,075	\$80,420	\$617,199	\$697,619	\$25,286	3.62	0.7383	
COMMERCIAL LG. VOL.	211	1,159,383	\$2,110	\$120,924	\$123,034	\$4,460	3.62	0.3846	
INDUSTRIAL	214	4,205,316	\$4,280	\$218,256	\$222,536	\$8,066	3.62	0.1918	
INTERRUPTIBLE	223	51,436,713	\$66,900	\$1,764,279	\$1,831,179	\$66,374	3.62	0.1290	
TOTAL	72,680	61,734,647	\$477,060	\$3,284,408	\$3,761,468	\$136,340	3.62	0.2208	

NOTE: REVENUE ABOVE DEVOID OF FUEL

<u>RATE SCHEDULE</u>	<u>PRESENT RATE</u>	<u>INTERIM RATE INCREASE</u>	<u>COMPANY PROPOSED INTERIM RATES</u>
<u>RESIDENTIAL</u>			
CUSTOMER CHARGE	\$5.00	0	\$5.00
ENERGY CHARGE (cents/therm)	37.3800	2.1469	39.5269
<u>RESIDENTIAL ANNUAL</u>			
CUSTOMER CHARGE	\$25.00	0	\$25.00
ENERGY CHARGE (cents/therm)	37.3800	1.6773	39.0573
<u>COMMERCIAL</u>			
CUSTOMER CHARGE	\$10.00	0	\$10.00
ENERGY CHARGE (cents/therm)	18.0200	0.7383	18.7583
<u>COMMERCIAL LG. VOL.</u>			
CUSTOMER CHARGE	\$10.00	0	\$10.00
ENERGY CHARGE (cents/therm)	10.4300	0.3846	10.8146
<u>INDUSTRIAL</u>			
CUSTOMER CHARGE	\$20.00	0	\$20.00
ENERGY CHARGE (cents/therm)	5.1900	0.1918	5.3818
<u>INTERRUPTIBLE</u>			
CUSTOMER CHARGE	\$300.00	0	\$300.00
ENERGY CHARGE (cents/therm)	3.4300	0.1290	3.5590

ORDER NO. 22475
 DOCKET NO. 891179-GU
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COMPANY: PLANT CITY NATURAL GAS
 ALLOCATION OF INTERIM INCREASE
 BASED ON 12 MONTHS ENDED: JUNE 30, 1989

SCHEDULE 11
 DOCKET NO. 891179-GU

(1)	<u>PRESIDENT REVENUE</u>					<u>COMPANY METHOD INTERIM INCREASE</u>			(9)
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(7)/(3)	
<u>SCHEDULE</u>	<u>BILLS</u>	<u>THERM SALES</u>	<u>CUSTOMER CHARGE</u>	<u>ENERGY CHARGE</u>	<u>TOTAL</u>	<u>\$ INCREASE</u>	<u>% INCREASE</u>	<u>INCREASE</u>	<u>CENTS PER THERM</u>
RESIDENTIAL	9,213	175,782	\$27,639	\$51,539	\$79,178	\$23,846	30.12	INCREASE	13.565
COMMERCIAL	1,297	486,843	\$10,376	\$78,625	\$89,001	\$26,804	30.12	INCREASE	5.505
INDUSTRIAL	172	1,061,203	\$3,784	\$128,406	\$132,190	\$39,811	30.12	INCREASE	3.751
INTERRUPTIBLE	84	7,440,673	\$2,940	\$334,086	\$337,026	\$101,500	30.12	INCREASE	1.361
TOTAL	10,766	9,164,501	44,739	592,656	637,395	191,961	30.12	INCREASE	24.186

NOTE: REVENUE ABOVE DEVOID OF FUEL

<u>RATE SCHEDULE</u>	<u>PRESENT RATE</u>	<u>INTERIM RATE INCREASE</u>	<u>COMPANY PROPOSED INTERIM RATES</u>
<u>RESIDENTIAL</u>			
CUSTOMER CHARGE	\$3.00	0	\$3.00
ENERGY CHARGE (cents/therm)	29.3200	13.5655	42.8855
<u>COMMERCIAL</u>			
CUSTOMER CHARGE	\$8.00	0	\$8.00
ENERGY CHARGE (cents/therm)	16.1500	5.5057	21.6557
<u>INDUSTRIAL</u>			
CUSTOMER CHARGE	\$22.00	0	\$22.00
ENERGY CHARGE (cents/therm)	12.1000	3.7515	15.8515
<u>INTERRUPTIBLE</u>			
CUSTOMER CHARGE	\$35.00	0	\$35.00
ENERGY CHARGE (cents/therm)	4.4900	1.3611	5.8511

ORDER NO. 22475
DOCKET NO. 891179-GU
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SCHEDULE: 12

DOCKET NO. 891179-GU

CENTRAL FLORIDA GAS COMPANY

COMPANY METHOD

STAFF RECOMMENDATION

AS PROPOSED

COMBINED

RATE SCHEDULEPRESENT RATESINCREASERATEINCREASERATERESIDENTIAL

CUSTOMER CHARGE	\$5.00	0	\$5.00	0	\$5.00
ENERGY CHARGE (cents/therm)	37.3800	2.1469	39.5269	4.3068	41.6868

RESIDENTIAL ANNUAL

CUSTOMER CHARGE	\$25.00	0	\$25.00	0	\$25.00
ENERGY CHARGE (cents/therm)	37.3800	1.6773	39.0573	3.4537	40.8337

COMMERCIAL

CUSTOMER CHARGE	\$10.00	0	\$10.00	0	\$10.00
ENERGY CHARGE (cents/therm)	18.0200	0.7383	18.7583	1.5007	19.5207

COMMERCIAL LG. VOL.

CUSTOMER CHARGE	\$10.00	0	\$10.00	0	\$10.00
ENERGY CHARGE (cents/therm)	10.4300	0.3846	10.8146	0.7920	11.2220

INDUSTRIAL

CUSTOMER CHARGE	\$20.00	0	\$20.00	0	\$20.00
ENERGY CHARGE (cents/therm)	5.1900	0.1918	5.3818	0.5027	5.6927

INTERRUPTIBLE

CUSTOMER CHARGE	\$300.00	0	\$300.00	0	\$300.00
ENERGY CHARGE (cents/therm)	3.4300	0.1290	3.5590	0.2748	3.7048

PLANT CITY NATURAL GAS

AS PROPOSED

STAFF RECOMMENDED

COMBINED

RATE SCHEDULEPRESENT RATESINCREASERATEINCREASERATERESIDENTIAL

CUSTOMER CHARGE	\$3.00	0	\$3.00	0	\$3.00
ENERGY CHARGE (cents/therm)	29.3200	13.5655	42.8855	4.3068	33.6268

COMMERCIAL

CUSTOMER CHARGE	\$8.00	0	\$8.00	0	\$8.00
ENERGY CHARGE (cents/therm)	16.1500	5.5057	21.6557	1.5007	17.6507

INDUSTRIAL

CUSTOMER CHARGE	\$22.00	0	\$22.00	0	\$22.00
ENERGY CHARGE (cents/therm)	12.1000	3.7515	15.8515	0.5027	12.6027

INTERRUPTIBLE

CUSTOMER CHARGE	\$35.00	0	\$35.00	0	\$35.00
ENERGY CHARGE (cents/therm)	4.4900	1.3641	5.8541	0.2748	4.7648

RATE SCHEDULE	COMPANY METHOD									STAFF METHOD						SCHEDULE: 13
	<u>PRESENT</u>			<u>AS PROPOSED</u>			<u>COMBINED</u>			DIFFERENCE OVER		DIFFERENCE OVER		DIFFERENCE OVER		DOCKET NO. 891179-GU
	CENTRAL	PLANT	vs	CENTRAL	PLANT	vs	CENTRAL	PLANT	vs	PRESENT vs	PRESENT vs	PRESENT vs	COMBINED	COMBINED	COMBINED	
	FLORIDA	CITY	PLANT	FLORIDA	CITY	PLANT	FLORIDA	CITY	PLANT	FLORIDA	CITY	FLORIDA	CITY	FLORIDA	CITY	
	<u>RATE</u>	<u>RATE</u>	<u>DIFF.</u>	<u>RATE</u>	<u>RATE</u>	<u>DIFF.</u>	<u>RATE</u>	<u>RATE</u>	<u>DIFF.</u>	<u>FLORIDA</u>	<u>CITY</u>	<u>FLORIDA</u>	<u>CITY</u>	<u>FLORIDA</u>	<u>CITY</u>	
RESIDENTIAL																
CUSTOMER CHARGE	\$5.00	\$3.00	\$2.00	\$5.00	\$3.00	\$2.00	\$5.00	\$3.00	\$2.00	0	0	0	0	0	0	
ENERGY CHARGE (cents/therm)	37.3800	29.3200	8.0600	39.5369	42.8855	-3.3486	41.6868	33.6268	8.0600	2.1469	13.5635	4.3068	4.3068	-2.1599	9.2587	
RESIDENTIAL ANNUAL																
CUSTOMER CHARGE	\$25.00	-	-	\$25.00	-	-	\$25.00	-	-	0	-	0	-	0	-	
ENERGY CHARGE (cents/therm)	37.3800	-	-	39.0573	-	-	40.8337	-	-	1.6773	3.4537	-	-	-1.7764	-	
COMMERCIAL																
CUSTOMER CHARGE	\$10.00	\$8.00	\$2.00	\$10.00	\$8.00	\$2.00	\$10.00	\$8.00	\$2.00	0	0	0	0	0	0	
ENERGY CHARGE (cents/therm)	18.0200	16.1500	1.8700	18.7583	21.6357	-2.8774	19.5207	17.6507	1.8700	0.7383	3.5057	1.5007	1.5007	-0.7623	4.0049	
COMMERCIAL LO. VOL.																
CUSTOMER CHARGE	\$10.00	-	-	\$10.00	-	-	\$10.00	-	-	0	-	0	-	0	-	
ENERGY CHARGE (cents/therm)	10.4300	-	-	10.8146	-	-	11.2220	-	-	0.3846	0.7920	-	-	-0.4074	-	
INDUSTRIAL																
CUSTOMER CHARGE	\$20.00	\$22.00	(\$2.00)	\$20.00	\$22.00	(\$2.00)	\$20.00	\$22.00	(\$2.00)	0	0	0	0	0	0	
ENERGY CHARGE (cents/therm)	5.1900	12.1000	-6.9100	5.3818	13.8315	-10.4497	5.6927	12.6027	-6.9100	0.1918	3.7315	0.5027	0.5027	-0.3109	3.2488	
INTERRUPTIBLE																
CUSTOMER CHARGE	\$300.00	\$35.00	\$265.00	\$300.00	\$35.00	\$265.00	\$300.00	\$35.00	\$265.00	0	0	0	0	0	0	
ENERGY CHARGE (cents/therm)	3.4300	4.4900	-1.0600	3.5590	5.8541	-2.2951	3.7048	4.7648	-1.0600	0.1290	1.3641	0.2741	0.2741	-0.1458	1.0493	