

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for a rate)	DOCKET NO. 910778-GU
increase by West Florida Natural)	ORDER NO. 25522
Gas Company.)	ISSUED: 12/23/91
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The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 SUSAN F. CLARK
 J. TERRY DEASON
 BETTY EASLEY

ORDER SUSPENDING PROPOSED PERMANENT
 RATES AND AUTHORIZING INTERIM INCREASES

BY THE COMMISSION:

West Florida Natural Gas Company (West Florida or the Company) had its last rate case in 1988 (Docket No. 871255-GU). In that case, the Company initially requested an increase of \$1,109,227. During the case, in compliance with Order No. 19750, West Florida Natural Gas Company filed revised direct testimony and schedules addressing three issues: refinancing of outstanding debt; reconciliation of capital structure on a pro rata basis; and the cost of the environmental clean-up of a prior manufactured gas plant site located in WFNG's Ocala Division. The revised schedules were designed to generate an additional \$705,407 for a total revenue increase of \$1,814,634. We granted a permanent increase of \$1,518,271 based on a cost of equity of 13.50% and an overall rate of return of 11.06% (Order No. 21054).

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 petition 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 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.

DOCUMENT NUMBER-DATE

12632 DEC 23 1991

FPSC-RECORDS/REPORTING

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INTERIM RELIEF

The Company has requested an interim test year rate base of \$16,728,466. We find that the appropriate interim test year rate base is \$16,574,112. Discussed below are the adjustments made to properly state the appropriate interim test year rate base of \$16,574,112. (Schedule 1 and 1A).

Adjustment 1. Plant-In-Service - The Company made an adjustment to remove other property on customer premises from rate base. Since a similar adjustment was made in the Company's last rate case, we agree with this adjustment. Also, we order the utility plant to be reduced by \$1,461,232, the accumulated depreciation to be reduced by \$842,764, and the related depreciation expense to be reduced by \$120,278.

Adjustment 2. Plant-In-Service - The Company made an adjustment to remove non-utility property related to house piping from rate base. Since a similar adjustment was made in the Company's last rate case, we agree with this adjustment. Also, we order the utility plant to be reduced by \$202,495, the accumulated depreciation to be reduced by \$49,288, and the related depreciation expense to be reduced by \$20,249.

Adjustment 3. Plant-In-Service - The Company made an adjustment to eliminate the non-utility propane plant from rate base. This adjustment is consistent with the Company's last rate case. We agree with this adjustment. Also, we order the utility plant to be reduced by \$127,996 and the accumulated depreciation to be reduced by \$70,807. Since, the Company failed to make the corresponding adjustment to the related depreciation expense, we order the depreciation expense to be reduced by \$3,870.

Adjustment 4. Plant-In-Service - The Company made an adjustment to remove non-utility common plant items from rate base. Since non-utility items are not allowable for rate making purposes, we accept these adjustments. Also, we order the utility plant to be reduced by \$119,037, the accumulated depreciation to be reduced by \$33,493, and the related depreciation expense to be reduced by \$8,951.

Adjustment 5. Acquisition Adjustment - The Company made an adjustment in the amount of \$3,269,298 to remove acquisition adjustments from the rate base calculation. However, in the Company's last rate case, an acquisition adjustment in the amount of \$465,716 was allowed for rate making purposes. Commission Order No. 21054 ordered this acquisition adjustment be removed from Account 399, "Other Tangible Property," and properly recorded in

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Account 114 "Gas Plant Acquisition Adjustments." However, since the Company made this adjustment during the historic base year of this rate case, we order the following adjustment for interim purposes:

	<u>Plant-in-Service</u>	<u>Accumulated Amortization</u>
Account 399	(\$143,297)	(\$108,144)
Account 114	\$465,716	\$247,170

The Company also failed to include amortization expense for a portion of the historic base year, and therefore, we order the related amortization expense to be increased by \$8,730.

Adjustment 6. Plant-In-Service - The Company included in rate base, an accounting error booked in Mains. Consistent with the last rate case, we order a correcting entry to reduce utility plant and accumulated depreciation by \$175,307 and \$21,804, respectively. The Company properly reduced depreciation expense by \$4,336, and we accept this adjustment.

Adjustment 7. Customer Advances for Construction - The Company included Customer Advances for Construction in its working capital calculation. We made an adjustment to include Customer Advances for Construction in the amount of \$258 as a line item deduction to rate base and thus, eliminate this item from the working capital calculation. This adjustment is consistent with the Company's last rate case.

Adjustment 8. Cash - The Company made an adjustment to remove Cash in the amount of \$251,991 from the working capital calculation. Since this adjustment is consistent with the last rate case, we accept this adjustment.

Adjustment 9. Accounts Receivable - Other - The Company made an adjustment in the amount of \$251,672 to Other Accounts Receivable to remove non-utility accounts receivable related to jobbing from working capital. We accept this adjustment and further reduce this account by \$104,720 to remove purchased gas (PGA) related accounts receivable and additional non-utility related receivables.

Adjustment 10. Accounts Receivable - Gas - We made an adjustment in the amount of \$27,917 to eliminate non-utility related receivables from accounts receivable. This adjustment is consistent with the last rate case Order, and we order its disallowance from working capital.

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Adjustment 11. Receivable - Associated Company - The Company made an adjustment to eliminate non-utility related accounts receivable associated with its non-utility operations. Since this adjustment is consistent with the last rate case, we accept this adjustment as appropriate and order a reduction to working capital of \$5,944,487.

Adjustment 12. Inventory Merchandise - The Company made an adjustment to inventory in its working capital calculation to eliminate non-utility related merchandise. Since non-utility items are not allowable for rate making purposes, we accept this adjustment and order working capital to be reduced by \$26,026.

Adjustment 13. Notes Receivable - We made an adjustment in the amount of \$4,683 to remove interest bearing notes receivable from working capital. This adjustment is consistent with the Company's last rate case and we order the amount to be disallowed.

Adjustment 14. Clearing Account - We made an adjustment to correct a company error included in the clearing account. The Company included an erroneous amount in its working capital calculation. A reduction of \$34,002 is ordered to adjust this account to its per book amount.

Adjustment 15. Unamortized Debt Expense - The Company made an adjustment of \$685,055 to remove unamortized debt expense to the capital structure. Since this adjustment is addressed in the capital structure calculation, we accept this adjustment.

Adjustment 16. Unamortized Rate Case - While rate case expense is allowed in the net operating income calculation, prior Commission 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 \$12,922 to eliminate deferred rate case expense from working capital.

Adjustment 17. Notes Payable - The Company made an adjustment of \$618,077 to remove notes payable to the capital structure. Since this adjustment is addressed in the capital structure calculation, we accept this adjustment.

Adjustment 18. Accounts Payable - Associated Company - The Company made an adjustment to eliminate non-utility related accounts payable associated with its non-utility operations. Since

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this adjustment is consistent with the last rate case, we accept this adjustment as appropriate and order an adjustment of \$618,077 thereby increasing working capital.

Adjustment 19. Customer Deposits - The Company made an adjustment of \$704,760 to remove customer deposits to the capital structure. Since this adjustment is addressed in the capital structure calculation, we accept this adjustment.

Adjustment 20. Inactive Deposits - The Company made an adjustment, consistent with the last rate case, to remove inactive deposits from the working capital calculation. We accept this adjustment as appropriate.

Adjustment 21. Miscellaneous Current Liabilities - The Company made an adjustment of \$19,800 to remove a pension liability related to a former owner. This amount was previously recorded on the Company's affiliated non-utility company. We accept this adjustment as appropriate for interim purposes.

Adjustment 22. Other Deferred Credit - The Company made adjustments in the amount of \$2,170,815 to remove Deferred Income Tax and Investment Tax Credits to the capital structure. Since these adjustments are addressed in the capital structure calculation, we accept these adjustments.

Net Operating Income

The Company proposes an interim test year net operating income of \$1,476,744. We find that the appropriate net operating income is \$1,287,058. Discussed below are the Company's adjustments and any additional adjustments made by us to determine the interim test year net operating income. (Schedule 2).

Adjustment 23. Unbilled Revenue - The Company made an adjustment to incorporate the effect of unbilled revenues for the fiscal year ended June 30, 1991. We have reviewed the Company's calculation and accept the reduction to revenues of \$27,145.

Adjustment 24. Sales Tax Discounts - The Company made an adjustment of \$2,460 to increase revenues for sales tax discounts earned. This adjustment is consistent with the Company's last rate order. We accept this adjustment.

Adjustment 25. Flex Rate Tariff - The Company made an adjustment of \$11,486 to reflect the prior period refund related to flex rate revenues above the tariff rate. Additionally, the Company included \$52,387 of flex rate revenues above the tariff

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rate in the interim test year revenues. We have made a net adjustment in the amount of \$42,901 (\$11,486-\$52,387) to remove these flex related revenues and prior period refund. For ratemaking purposes, only the tariff rate revenues are considered in order to reflect the cost in providing services to the Company's ratepayers. Accordingly, we order flex related revenues and refunds to be considered for surveillance purposes only but not for ratemaking purposes.

Adjustment 26. Removal of Fuel Revenues, Cost of Gas, and Related Taxes - The Company eliminated the impact of fuel revenues, cost of gas, and related taxes. Since fuel-related items are recovered through the Purchased Gas Adjustment (PGA) Clause, we accept the Company's elimination of fuel revenues of \$8,033,036, cost of gas of \$8,011,006, and related taxes of \$22,030.

Adjustment 27. Removal of Conservation Revenues and Expenses - The Company eliminated the impact of conservation revenues, expenses, and related taxes. Conservation-related items are recovered through the Energy Conservation Cost Recovery (ECCR) clause. We accept the Company's elimination of conservation revenues of \$231,924; however, the Company erred in its elimination of conservation expenses and conservation related taxes. The Company made an erroneous adjustment to expenses in the amount of \$231,924 while the actual expenses were \$227,328. Therefore, we made an additional adjustment of \$4,596 to reflect the actual conservation related expenses. The Company also made an adjustment to taxes for conservation revenues. Since these revenues are removed net of taxes, this adjustment is not appropriate. We made an adjustment of \$75 to Taxes Other Than Income to eliminate an erroneous adjustment to this account.

Adjustment 28. Removal of Prior Rate Case Amortization Expense - The Company made an adjustment of \$30,172 to remove the amortization expense related to the previous rate case. Since this adjustment is consistent with the Company's last rate order, we accept this adjustment.

Adjustment 29. Removal of Non-Utility Advertising - The Company removed \$13,856 from the interim test year operating and maintenance expense related to non-utility advertising. Since non-utility items are not recoverable expenses, we accept this adjustment to advertising expenses.

Adjustment 30. Out-Of-Period Adjustments - The Company made several out-of-period adjustments totaling \$49,105 to operating and maintenance expenses. Since these adjustments have not been audited by Staff and are not consistent with the last rate case, we

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do not accept these adjustments for interim purposes. These adjustments will be addressed in detail during the course of the full rate case. We order an adjustment of \$49,105 to eliminate these out-of-period adjustments from operating expenses.

Adjustment 31. Removal of Non-Utility Related Expenses - The Company made several adjustments to various operating and maintenance expenses totaling \$201,564. These adjustments relate to non-utility business meals, sales commissions, salary allocations, dues, etc. which are consistent with the last rate case. Since non-utility items are not recoverable expenses, we accept these adjustments of \$3,526, \$15,224, \$157,964, \$5,152, and \$19,698.

Adjustment 32. Out-of-Period Depreciation and Amortization - The Company made adjustments of \$20,540 relating to Commission related depreciation and amortization expenses. We have reviewed these regulatory related adjustments, we and accept these adjustments for interim purposes.

Adjustment 33. Removal of Non-Utility Related Taxes - The Company made adjustments of \$8,403 and \$6,640 to remove non-utility related taxes from Taxes Other Than Income. Since non-utility items are not recoverable expenses and have been removed consistent with the Company's last rate case, we accept this adjustment to other taxes.

Adjustment 34. Out-of-Period Intangible Property Tax - The Company made an out-of-period adjustment of \$2,889 to intangible property tax. Since this adjustment has not been audited by Staff and does not appear consistent with the last rate case, we do not accept this adjustment for interim purposes. This adjustment will be addressed in detail during the course of the full rate case. We order an adjustment of \$2,889 to eliminate this out-of-period adjustment from property tax.

Adjustment 35. Removal of Non-Utility Related Property Taxes - The Company made an adjustment to reduce property taxes by \$6,901. This adjustment coincides with Adjustment 4, non-utility common plant allocations. This adjustment is consistent with the Company's last rate order. We accept this adjustment.

Adjustment 36. Tax Effect of NOI Adjustments - The Company made adjustments to Federal Income Tax and State Income Tax in the amounts of \$126,067 and \$21,580, respectively, to reflect the tax effects of the above discussed NOI adjustments. We further made

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adjustments to Federal Income Tax and State Income Tax in the amounts of \$570 and \$98, respectively, to reflect the tax effects of our additional NOI adjustments discussed above.

Adjustment 37. Income Tax Adjustment to Reflect Estimated to Actual - The Company made an adjustment of \$94,891 to Federal Income Taxes and an adjustment of \$8,587 to State Income Taxes to reflect the jurisdictional actual income taxes from the estimated income tax amounts. The Company erred in its adjustment to Federal Income Taxes in that Investment Tax Credit (ITC) amortization was included in the adjustment to taxes. WFNG is an Option 1 company so its ITC amortization should be below-the-line. An additional adjustment for ITC amortization is also addressed in Adjustment 40, because it was accounted for twice. Thus, we removed the amortization of \$44,731 from the Company's Federal Income Tax adjustment of \$94,891.

Adjustment 38. Deferred Income Tax Expense - The Company adjusted the deferred federal and state income tax expenses to reflect the income tax expense associated with the jurisdictional operations only. For interim purposes, we accept these adjustments of \$50,733 and \$8,587, respectively.

Adjustment 39. Amortization of FASB 96 - Deferred Income Tax - The Company made an adjustment of \$5,952 to include amortization of FASB 96 in the deferred income taxes. Since this adjustment was not included in the Company's last rate case, we do not accept this adjustment as appropriate. This adjustment will be addressed in detail during the course of the full rate case.

Adjustment 40. Investment Tax Credits - WFNG is an Option 1 company so its ITC amortization should be below-the-line. The Company has included the amortization above-the-line in its Federal income tax adjustment of \$94,891. We have moved the amortization of \$44,731 from above-the-line to below-the-line here, and in Adjustment 37, because it was accounted for twice. We find that these two adjustments comprise a major portion of the additional interim rate increase that we have allowed.

Adjustment 41. Interest Reconciliation - The Company failed to calculate its interest reconciliation for jurisdictional income tax purposes. We calculated the interest reconciliation adjustment of the Company in the amount of \$96,615. This adjusts the income tax expense to reflect the interest from our adjusted capital structure. We find that this adjustment also represents a major portion of the additional interim rate increase that we have allowed.

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Rate of Return

The Company has proposed an overall rate of return of 10.91% to be applied to its rate base in the determination of interim rate relief for the test year ending June 30, 1991. The Company calculated this overall rate of return using 12.50% as the required rate of return on equity. This 12.50% is the bottom of the range of West Florida's last authorized return on equity, and we find that it is the correct rate of return to use in this instance.

The authorized return on equity of 12.50%, along with the current cost of the Company's other sources of capital, was applied to the capital components approved in the last rate case. The Company made an adjustment of \$934,841 to long term debt, an adjustment of \$20,278 to short term debt, and an adjustment of \$348,404 to common equity. Since these adjustments are related to Adjustment 1 and are consistent with the Company's last rate case, we accept these adjustments for interim purposes. We made additional adjustments to the Company's capital structure relating to Adjustments 4 and 12 as discussed above. These adjustments are also consistent with the Company's last rate case. These adjustments will be further examined through the full rate case. The Company included an incorrect amount of investment tax credits (ITC) of \$771,727 in the capital structure. To determine the appropriate capital structure, we corrected this amount to the amount reflected in the Company's balance sheet. The proper ITC amount of \$787,139 is reflected in Attachment 3.

In reconciling the capital structure to rate base, the Company made pro rata adjustments over only the per book amounts. However, pro rata adjustments should be applied after all specific adjustments have been made. The capital structure on Attachment 3 reflects this latter treatment.

Based on the proper components, amounts, and cost rates associated with the capital structure on Attachment 3, we find the overall rate of return for interim purposes to be 10.91%.

Interim Relief

The Company requested \$570,567 in interim relief for the historic base year ended June 30, 1991. This would have allowed the Company to earn an overall rate of return of 10.91%. Based on the previously discussed adjustments, we have determined the interim rate base to be \$16,574,112 (Attachment 1), and the net operating income to be \$1,287,058 (Attachment 2). Applying a 10.91% overall rate of return (Attachment 3), the Company is entitled to \$853,689 in interim relief (Attachment 4). The major

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difference in the Company's request and our allowance of interim relief is due to the Company incorrectly including ITC amortization above-the-line twice and not including an interest reconciliation in the income tax calculation.

Allocation of Interim Increase

In accordance with Rule 25-7.040, Florida Administrative Code, any interim increase 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, with the exception of the special contract rates between the Company and Arizona Chemical Company, which are limited to an energy charge of one cent per therm, for all therms over 9.2 million therms a year.

These interim rates shall be made effective for all meter readings taken on or thirty days after we voted on this matter.

The Company shall give appropriate notice to customers commencing with the first bill for service which reflects the increase authorized herein, explaining the nature, purpose and effect of the increase. A copy of the notice shall be submitted to the Bureau of Gas Regulation for approval prior to its use.

Finally, we find that interim rate increases permitted herein 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.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that consent to the rate schedules filed by West Florida Natural Gas Company on October 15, 1991, requesting permanent increases in rates and charges of \$1,930,801, is withheld, and the rate schedules are suspended pending further order of this Commission. It is further

ORDERED that the interim rates approved by this Order shall be effective for meter readings taken on or after January 2, 1992. It is further

ORDERED that West Florida Natural Gas Company shall provide each customer with notice of the interim increase as discussed in the body of this Order. It is further

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

ORDERED that West Florida Natural Gas Company be allowed an interim increase subject to modifications stated within the body of this Order. It is further

ORDERED that the appropriate interim test year rate base is \$16,574,112. It is further

ORDERED that the appropriate interim test year net operating income is \$1,287,058. It is further

ORDERED that the appropriate rate of return on equity for interim purposes is 12.50% and the overall rate of return shall be 10.91% It is further

ORDERED that the interim increase to West Florida Natural Gas Company should be \$853,689. It is further

ORDERED that any interim increase authorized shall be applied uniformly and as discussed in the body of this Order.

By ORDER of the Florida Public Service Commission, this
23rd day of DECEMBER, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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

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should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) 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 wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

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WEST FLORIDA NATURAL GAS COMPANY
DOCKET NO. 910778-GU
COMPARATIVE AVERAGE RATE BASES
TYE 6/30/91

SCHEDULE NO. 1
DECEMBER 3, 1991
INTERIM

ADJ NO	COMPANY			STAFF	
	TOTAL PER BOOKS	JURIS. ADJUST.	COMPANY ADJUSTED	JURIS. ADJUST.	ADJ. JURIS.
	PLANT IN SERVICE				
	UTILITY PLANT				
	24,469,953				
1		(1,461,232)			
2		(202,495)			
3		(127,996)			
4		(119,037)			
5	3,269,298	(3,269,298)		465,716	
5				(143,297)	
6				(175,307)	
	13,320				
	<u>27,752,571</u>	<u>(5,180,058)</u>	<u>22,572,513</u>	<u>147,112</u>	<u>22,719,625</u>
	ACCUM. DEPREC. & AMORT.				
	ACCUM DEPR - UTILITY PLANT				
	7,901,227				
1		(842,764)			
2		(49,288)			
3		(70,807)			
4		(33,402)			
5	815,796	(815,796)		247,170	
4	1,147	(91)			
5				(108,144)	
6				(21,804)	
7				258	
	<u>8,718,170</u>	<u>(1,812,148)</u>	<u>6,906,022</u>	<u>117,480</u>	<u>7,023,502</u>
	NET UTILITY PLANT				
	<u>19,034,401</u>	<u>(3,367,910)</u>	<u>15,666,491</u>	<u>29,632</u>	<u>15,696,123</u>
	WORKING CAPITAL				
	<u>(801,589)</u>	<u>1,863,564</u>	<u>1,061,975</u>	<u>(183,986)</u>	<u>877,989</u>
	<u>\$18,232,812</u>	<u>(\$1,504,346)</u>	<u>\$16,728,466</u>	<u>(\$154,354)</u>	<u>\$16,574,112</u>

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WEST FLORIDA NATURAL GAS COMPANY
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 COMPARATIVE WORKING CAPITAL COMPONENTS
 TYE 6/30/91

SCHEDULE NO. 1A
 DECEMBER 3, 1991
 INTERIM

ADJ NO	COMPANY			STAFF	
	TOTAL PER BOOKS	JURIS. ADJUST.	COMPANY ADJUSTED	JURIS. ADJUST.	ADJ. JURIS.
	WORKING CAPITAL	(801,589)			
8	CASH		(251,991)		
9	ACCTS REC - MDS, JOBBING, OTHER		(251,672)	(104,720)	
10	ACCTS. RECEIVABLE - GAS			(27,917)	
11	RECEIVABLE ASSOC. COMPANY		(5,944,487)		
12	MERCHANDISE - LEASED WATERHEATERS		(26,026)		
13	NOTES RECEIVABLE			(4,683)	
14	CLEARING ACCOUNT			(34,002)	
15	UNAMORTIZED DD&E.		(685,055)		
16	UNAMORTIZED RATE CASE			(12,922)	
17	NOTES PAYABLE		618,077		
18	ACCOUNTS PAYABLE - ASSOC. COMPANY		5,499,754		
19	CUSTOMER DEPOSITS		704,760		
20	INACTIVE DEPOSITS		9,589		
21	MISC. CURRENT LIABILITIES		19,800		
22	OTHER DEFERRED CREDIT		2,170,815		
7	CUSTOMER ADVANCES FOR CONST.			258	
	TOTALS	<u>(\$801,589)</u>	<u>\$1,863,564</u>	<u>\$1,061,975</u>	<u>(\$183,986)</u>
					<u>\$877,989</u>

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WEST FLORIDA NATURAL GAS COMPANY
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COMPARATIVE NOIs
TYE 6/30/91

ATTACHMENT 2
DECEMBER 3, 1991
INTERIM

ADJ NO	COMPANY			STAFF		
	PER BOOKS	ADJUST.	COMPANY ADJUSTED	ADJUSTS.	ADJUSTED JURIS.	
	OPERATING REVENUES	\$14,677,981				
23	UNBILLED REVENUES		(27,145)			
24	SALES TAX DISCOUNTS		2,460			
25	FLEX RATE TARIFF		(11,486)	(40,901)		
26	FUEL REVENUE		(8,033,036)			
27	CONSERVATION REVENUE		(231,924)			
	TOTALS	14,677,981	(8,301,131)	6,376,850	(40,901)	6,335,949
	OPERATING EXPENSES:	11,689,028				
26	REMOVE COST OF GAS		(8,011,006)			
28	PRIOR RATE CASE AMORTIZATION		(30,172)			
29	NON-UTILITY ADVERTISING		(13,856)			
30	OUT-OF-PERIOD ADJUSTMENTS		49,105	(49,105)		
31	NON-UTILITY SALES PROMOTIONS		(3,526)			
31	NON-UTILITY BUSINESS MEALS		(15,224)			
27	CONSERVATION EXPENSE		(231,924)	4,596		
31	NON-UTILITY OPERATION & MAINTENANCE		(157,964)			
31	NON-UTILITY MISC. GENERAL		(5,152)			
31	NON-UTILITY DUES & SUBSCRIPTIONS		(19,698)			
	TOTALS	11,689,028	(8,439,417)	3,249,611	(44,509)	3,205,102
	DEPRECIATION & AMORTIZATION	1,213,087				
4	COMMON PLANT ALLOCATION		(8,951)			
1	OTHER PROPERTY ON CUSTOMER PREMISES		(120,278)			
2	HOUSE PIPING - CUSTOMER PREMISES		(20,249)			
3	OCALA AIR PLANT			(3,870)		
5	ACQUISITION ADJUSTMENT		(79,645)	8,730		
32	OUT-OF-PERIOD ADJUSTMENTS		20,540			
6	INVENTORY ADJUSTMENT		(4,336)	(1,449)		
	TOTALS	1,213,087	(212,919)	1,000,168	3,411	1,003,579
	TAXES OTHER THAN INCOME	569,312				
26	FUEL REVENUE EFFECT		(22,030)			
27	CONSERVATION EXPENSE EFFECT		(75)	75		
33	PAYROLL TAXES		(8,403)			
33	OTHER TAXES		(6,640)			
34	OUT-OF-PERIOD INTANG PROPERTY		2,889	(2,889)		
35	PROPERTY TAXES - NON-UTILITY		(6,901)			
	TOTALS	569,312	(41,160)	528,152	(2,814)	525,338
	CURRENT INC TAXES - FEDERAL	59,146				
36	FED TAX EFFECT OF ABOVE		126,067			
37 40	FEDERAL ADJUST. TO ACTUAL		(94,891)	44,731		
36	STAFF TAX EFFECT OF ABOVE			570		
	TOTALS	59,146	31,176	90,322	45,301	135,623
	CURRENT INC TAXES - STATE	10,125				
36	STATE TAX EFFECT OF ABOVE		21,580			
37	STATE ADJUST. TO ACTUAL		(8,587)			
36	STAFF TAX EFFECT OF ABOVE			98		
	TOTALS	10,125	12,993	23,118	98	23,216
38	DEFERRED INCOME TAXES - FED	50,733				
39	AMORTIZATION OF FASB 96		(5,952)	5,952		
38	DEFERRED INCOME TAXES - ST	8,685				
	TOTALS	59,418	(5,952)	53,466	5,952	59,418
40	INVESTMENT TAX CREDITS	(44,731)		44,731	0	
41	INTEREST RECONCILIATION			96,615	0	
	TOTAL OPERATING EXPENSES	13,555,385	(8,655,279)	4,900,106	148,785	5,048,891
	NET OPERATING INCOME	\$1,122,596	\$354,148	\$1,476,744	(\$189,686)	\$1,287,058

WEST FLORIDA NATURAL GAS COMPANY
 COST OF CAPITAL
 FOR YEAR ENDED JUNE 30, 1991
 DOCKET 910778-GU

SCHEDULE NO. 3
 DECEMBER 3, 1991
 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	7,613,462	(934,841)	(107,094)	(1,168,289)	5,403,237	32.60%	12.37%	4.03%
SHORT TERM DEBT	618,077	(20,278)	(8,694)	(104,731)	484,374	2.92%	10.98%	0.32%
CUSTOMER DEPOSITS	704,760	0	0	(125,293)	579,467	3.50%	7.92%	0.28%
COMMON EQUITY	10,619,347	(348,404)	(149,376)	(1,799,417)	8,322,150	50.21%	12.50%	6.28%
DEFERRED INCOME TAXES	1,383,673	0	0	(245,990)	1,137,683	6.86%	0.00%	0.00%
TAX CREDITS - ZERO COST	787,139	0	0	(139,938)	647,201	3.90%	0.00%	0.00%
TOTAL AVERAGE	21,726,458	(1,303,523)	(265,164)	(3,583,659)	16,574,112	100.00%		10.91%

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ORDER NO. 25522
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WEST FLORIDA NATURAL GAS COMPANY
 DOCKET NO. 910778-GU
 COMPARATIVE DEFICIENCY CALCULATIONS
 TYE 6/30/91

ATTACHMENT 4
 DECEMBER 3, 1991
 INTERIM

	<u>COMPANY</u>	<u>STAFF</u>
RATE BASE (AVERAGE)	\$16,728,466	\$16,574,112
RATE OF RETURN REQUIRED NOI	X 10.9100% <u>\$1,825,076</u>	X 10.9100% <u>\$1,808,236</u>
Operating Revenues	\$6,376,850	\$6,335,949
Operating Expenses:		
Operation & Maintenance	3,249,611	3,205,102
Depreciation & Amortization	1,000,168	1,003,579
Taxes Other Than Income Taxes	528,152	525,338
Current Income Taxes - Federal	90,322	135,623
- State	23,118	23,216
Deferred Income Taxes	53,466	59,418
ITC Amortization	(44,731)	0
Interest Reconciliation	0	96,615
Total Operating Expenses	4,900,106	5,048,891
ACHIEVED NOI	<u>\$1,476,744</u>	<u>\$1,287,058</u>
NET REVENUE DEFICIENCY	348,332	521,178
REVENUE TAX FACTOR	1.638	1.638
TOTAL REVENUE DEFICIENCY	<u>\$570,567</u>	<u>\$853,689</u>