

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval) DOCKET NO. 910873-GU
of initial rates to be estab-) ORDER NO. PSC-92-0105-PCO-GU
lished by Sebring Gas System,) ISSUED: 03/27/92
a division of Coker Fuels,)
Inc.)
_____)

Pursuant to Notice, a Prehearing Conference was held on March 23, 1992, in Tallahassee, Florida, before Commissioner Susan F. Clark, as Prehearing Officer.

APPEARANCES:

NORMAN H. HORTON, Jr., Esquire, 2700 Blair Stone Road,
Tallahassee, Florida 32314-6507.
On behalf of Sebring Gas System, Inc.

MARY ANNE BIRCHFIELD, Esquire, Florida Public Service
Commission, 101 E. Gaines Street, Tallahassee, Florida
32399-0863
On behalf of the Commission Staff.

PREHEARING ORDER

I. CASE BACKGROUND

On April 30, 1991, Sebring Gas System (Sebring), a division of Coker Fuels, Inc., filed a Petition for Issuance of Order Declaring Jurisdiction. We issued an Order Declaring Jurisdiction over Sebring Gas System on July 5, 1991 (Order No. 24761 in Docket No. 910537-GU). On June 4, 1991, Sebring filed a Petition to Resolve Territorial Dispute, and we opened Docket No. 910653-GU. We resolved Sebring's territorial dispute with Peoples Gas System by Order No. 25809, issued February 25, 1992.

Because Sebring is now under our jurisdiction, the Utility requested that we establish initial rates for the company. Accordingly, we opened Docket No. 910873-GU. In Order No. 25456, issued December 9, 1991, we established initial rates for Sebring.

DOCUMENT NUMBER-DATE

03036 MAR 27 1992

FPSC-RECORDS/REPORTING

Finally, we note that we issued Order No. 25618 on January 21, 1992 (Docket No. 920050-GU), wherein we authorized Sebring's name change from Sebring Gas System, a division of Coker Fuels, to Sebring Gas System, Inc.

II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 366.093(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 366.093, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 366.093, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.

- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to the Court Reporter shall be retained in the Commission Clerk's confidential files.

III. PREFILED TESTIMONY AND EXHIBITS

Testimony of all witnesses to be sponsored by the parties has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all

parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

IV. ORDER OF WITNESSES

<u>Witness</u>	<u>Appearing For</u>	<u>Date</u>	<u>Issues #</u>
<u>Direct</u>			
Jerry H. Melendy, Jr.	Sebring	3/30/92	3,4,13,17
Barry K. Asmus	Sebring	3/30/92	all

V. BASIC POSITIONS

SEBRING: The initial rates and schedules filed by the company should be approved. Additionally, the rate base, capital structure and costs of capital as modified by Sebring are reasonable and should be approved. If the Commission treats as expenses costs which Sebring has capitalized in the initial filing then the initial rates should be adjusted to recognize the additional expenses.

STAFF: Staff's analysis has shown that rates higher than those requested would be needed to allow the utility to earn a rate of return comparable to the rest of the industry. The company, in its filing, did not request a return on equity and Staff does not believe it would be appropriate to grant a higher initial rate than was requested. Therefore, the initial rates filed by Sebring should be approved.

VI. ISSUES AND POSITIONS

RATE BASE

ISSUE 1: Should adjustments be made to Accumulated Depreciation and Depreciation Expense to reflect the appropriate amount of depreciation for the projected test year ending December 31, 1993?

SEBRING: Sebring would not take exception to an adjustment to Accumulated Depreciation and Depreciation Expense except to the extent that the Staff Rate Base does not include Organization Costs which is addressed in issues 3, 4 and 15 below. It is the position of Sebring that the Rate Base should include these costs. After consideration of issues 1, 2, 5, 6, and 8, the appropriate adjustment to Accumulated Depreciation is an increase of \$264,885 as of December 31, 1993 for a total Accumulated Depreciation of \$708,351 at that date. The appropriate adjustment to Depreciation Expense, for the projected test year ending December 31, 1993, is an increase of \$2,531 for a total Depreciation Expense in the amount of \$56,420. However, for purposes of this case Sebring would not take exception to the adjustments stated in Staff's position.

STAFF: Yes. Adjustments in the amount of \$264,543 should be made to increase Accumulated Depreciation and \$3,711 to increase Depreciation Expense.

ISSUE 2: What are the appropriate initial depreciation rates to be used by Sebring Gas System, Inc.?

SEBRING: Sebring does not take exception to the depreciation rates as reflected in Attachment 7.

STAFF: The appropriate initial depreciation rates are reflected in Attachment 7.

ISSUE 3: Should adjustments be made to Account 301 Organization Costs, Accumulated Amortization, and the related Amortization Expense to eliminate company rate case expenses?

SEBRING: No. Removal of Organization Costs from the Rate Base is inappropriate. The costs incurred by Sebring are not rate case-related expenses but are expenses associated with initiation of regulated operations. Those expenses are appropriately categorized as Organization Costs and are appropriately included in Rate Base and amortized as proposed by Sebring. This treatment of these costs is consistent with the System of Accounts prescribed by FERC as adopted by this Commission for natural gas utilities. If organization costs are treated as expenses then initial rates should be adjusted to afford the opportunity to recover these expenses.

STAFF: No. Agree with Company that these expenses are associated with initial rates and therefore appropriately included in Organization Costs. However, adjustments should be made increasing Organization Costs by \$15,304, Accumulated Amortization by \$255, and the related Amortization Expense by \$510, to include additional costs related to the filing for initial rates.

ISSUE 4: Should adjustments be made to Account 301 Organization Costs and the related Accumulated Amortization to eliminate non-recurring expenses related to a territorial dispute?

SEBRING: Sebring believes the expenses incurred with regard to the territorial dispute are appropriately included as Organization Costs as resolution of the dispute directly affects the scope of operations of Sebring and provides benefits to the Company's customers. However, for purposes of this case Sebring would not take exception to the Staff position.

STAFF: Yes. Adjustments in the amount of \$10,981, \$610, and \$366 should be made to Account 301 Organization Costs, Accumulated Amortization, and the related Amortization Expense respectively, to eliminate non-reoccurring

expenses related to a territorial dispute in Docket No. 910653-GU. With the inclusion of these adjustments, the total appropriate Organization Costs to be include in the projected test year ending December 31, 1993 is \$130,804.

ISSUE 5: Should adjustments be made to Plant-in-Service, Accumulated Depreciation, and Depreciation Expense to eliminate plant items which were double accounted by the Company?

SEBRING: Sebring does not take exception to this adjustment.

STAFF: Yes. The following adjustments should be made to eliminate utility plant items that were included twice in the company's MFRs:

<u>Account</u>	<u>Plant-in-Service</u>	<u>Accumulated Depreciation Expense</u>	
376.02	(\$70,417)	\$574	(\$2,254)
380.02	(10,869)	254	(413)
Total	<u>(\$81,286)</u>	<u>\$828</u>	<u>(\$2,667)</u>

ISSUE 6: Should adjustments be made to Plant-in-Service, Accumulated Depreciation, and Depreciation Expense for overprojections in the company's budget?

SEBRING: Sebring does not take exception to this adjustment.

STAFF: Yes. The following adjustments should be made to reduce overprojections caused by timing differences in the company's budget?

<u>Account</u>	<u>Plant-in-Service</u>	<u>Accumulated Depreciation Expense</u>	
381	(\$ 4,784)	\$1,253	(\$ 188)
382	(1,576)	(24)	(14)
384	(1,576)	(171)	(37)
Total	<u>(\$ 7,936)</u>	<u>\$1,448</u>	<u>(\$ 239)</u>

ISSUE 7: Should adjustments be made to Account 374.02 Land Rights to reflect a revision to the company's projected railroad crossings?

SEBRING: Sebring does not take exception to this adjustment.

STAFF: Yes. Account 374.01 Land Rights should be increased by \$19,425 to reflect a revision to the company's projected railroad crossings.

ISSUE 8: Should adjustments be made to increase Account 392.01 Autos, Accumulated Depreciation, and the related Depreciation Expense to reflect a revision to the company's projected capital expenditures?

SEBRING: Sebring does not take exception to this adjustment.

STAFF: Yes. Account 392.01 Autos should be increased by \$3,528, Accumulated Depreciation should be increased by \$944, and the related Depreciation Expense should be increased by \$462 to reflect a revision to the company's projected capital expenditures in this account.

ISSUE 9: What is the appropriate amount of projected test year working capital allowance for the year?

SEBRING: Sebring agrees with the concept but the calculation of the amount itself may vary depending upon resolution of some of the previous issues. The appropriate Working Capital Allowances at December 31, 1993 is \$34,509.

STAFF: The appropriate working capital allowance should be \$34,134. This amount was calculated using the company's methodology of 1/8 of O&M expenses. Although this is not the Commission normal practice, Staff realizes the unique circumstances in this case, and accepts this methodology. Using this derivation, an adjustment of \$34,510 is necessary to reflect Staff's adjustments to the O&M expenses.

ISSUE 10: What is the appropriate amount of projected test year rate base for the year ended December 31, 1993? (This is a calculation based on the resolution of the preceding rate base issues.)

SEBRING: The appropriate amount of Rate Base is \$1,088,251.

STAFF: The appropriate amount of projected test year rate base is \$1,055,175.

NET OPERATING INCOME

ISSUE 11: Should adjustments be made to remove gas related revenues and the cost of gas from the projected test year NOI calculation?

SEBRING: Sebring does not take exception to this adjustment.

STAFF: Yes. Gas revenues in the amount of \$272,140 and cost of gas expense in the amount of \$272,140 should be removed from the projected test year NOI calculation.

ISSUE 12: Should revenues be removed from the NOI calculation for Sebring Gas System, Inc. in the projected test year?

SEBRING: With the understanding that the intention is to remove revenue from the projected case because there are no final rates approved, Sebring would not take exception to the Staff position.

STAFF: Yes. To determine the appropriate cost to serve for Sebring Gas System, Inc., revenues should be removed from the NOI calculation. Since there are no final rates approved, Sebring will have no revenues for the revenue requirement calculation.

ISSUE 13: Should an adjustment be made to remove billboard advertising in the projected test year?

SEBRING: Sebring believes an allowance for advertising is appropriate given that this is a new utility and advertising will potentially attract new customers. The amount proposed is reasonable and should be included. Given the unique circumstances of this case, Sebring would not take exception to the Staff position provided that this action does not serve as precedent when reviewing expenses or earnings of Sebring in the future.

STAFF: Yes. Account 913 should be reduced by \$3,000 to remove billboard advertising in the projected test year. The company has not demonstrated that the projected advertising meets Commission criteria for acceptance as a base rate recoverable expense.

ISSUE 14: Should an adjustment be made to eliminate lease related expenses which are included in the lease agreement?

SEBRING: Sebring does not take exception to this adjustment.

STAFF: Yes. An adjustment in the amount of \$937 should be made to the company's O&M expenses to eliminate lease related expenses which are included in the lease agreement.

ISSUE 15: Should expenses be increased to include the amortization of rate case expenses which were capitalized in Account 301, Organization Costs?

SEBRING: No. See the discussion in issue 3 above.

STAFF: No. See Issue 3.

ISSUE 16: What is the appropriate amount of the projected test year net operating loss for the year ending December 31, 1993? (This is a calculation based on the resolution of the preceding NOI issues.)

SEBRING: The projected test year operating loss is \$344,302.

STAFF: The appropriate projected test year net operating loss is \$340,182.

COST OF CAPITAL

ISSUE 17: What is the appropriate cost of long-term debt for Sebring Gas System, Inc.?

SEBRING: The appropriate cost for long term debt of Sebring Gas is a five year average of prime + 2. In previous cases when prime was much higher, rather than recognizing the prime rate at the time of the case the Commission utilized a five year average of prime using the argument that since prime varies this would be a better picture rather than using the higher rate at a particular date. Sebring would suggest that the same argument would be applicable in this case when prime is at the lowest it has been in over 15 years. Using a five year average acknowledges that the prime fluctuates and that an average would probably be more appropriate than a rate at a particular date as the Staff has proposed. For purposes of this case, Sebring would not take exception to the staff position that 10.1% is the cost of long term debt.

STAFF: The appropriate cost for long-term debt for Sebring Gas System, Inc. is 10.1%.

ISSUE 18: What is the appropriate rate of return on common equity for Sebring Gas System, Inc.?

SEBRING: Sebring believes that the appropriate cost of equity to be 13% as included in the initial filing. Sebring concurred with the 12.5% for purposes of this case and feels an analysis of conditions specifically related to this company would support at least 12.5%. However, to resolve this issue, Sebring would not take exception to utilizing 12% as the cost of equity to be utilized in calculating the overall cost of capital.

STAFF: The appropriate rate of return on common equity for Sebring Gas System, Inc. is 12.00% ± a range of 100 basis points.

ISSUE 19: What is the weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the projected test year ending December 31, 1993?

SEBRING: The appropriate weighted average Cost of Capital is 11.75% using 12.5% as the cost of equity. Sebring agrees that the overall rate of return is 10.86% using 12% as the return on equity.

STAFF: The appropriate weighed average cost of capital for the projected test year ending December 31, 1993 is 10.86%.

REVENUE REQUIREMENT

ISSUE 20: What is the appropriate revenue tax expansion factor for Sebring Gas System, Inc.?

SEBRING: Sebring does not take exception with the revenue tax expansion factor proposed by Staff.

STAFF: The appropriate revenue tax expansion factor to be used for the portion of the revenue requirement not subject to income tax is 1.0038. The appropriate revenue expansion factor to be used for the portion of the revenue requirement that is subject to income tax is 1.6094.

ISSUE 21: Based upon assumptions in its MFRs, Sebring Gas System, Inc.'s requested rates would provide revenues of \$422,795 for the projected test year ending December 31, 1993. Is that the appropriate level of revenues?

SEBRING: Sebring agrees that the MFRs project \$422,795 as test year revenues which is appropriate for this case.

STAFF: Yes. Although Staff calculations yield higher total revenues than requested by Sebring, those calculations are based on assumed cost levels. There is neither operating experience nor audited base period data to support the accuracy of Staff's calculations.

COST OF SERVICE

ISSUE 22: What should the miscellaneous service charges be?

SEBRING: Sebring does not take exception to the Staff's recommendation.

STAFF: The following miscellaneous service charges should be approved:

Residential Connection	\$25.00
Commercial Connection	\$50.00
Change of Account	\$10.00
Reconnection	\$25.00
Bill Collection in lieu of disconnection	\$10.00
Returned check charge	5% or \$15.00

ISSUE 23: What should the rates and charges be for Sebring Gas System, Inc.?

SEBRING: Sebring agrees that the rates which have been proposed by the Company should be approved except that if Issues 3, 4, and 15 are resolved contrary to Sebring's position then the rates should be reviewed and increases considered.

STAFF: As proposed by the company. (See Issue 21)

Residential	
Customer Charge	\$7.00
Energy Charge cents/therm	35.50
Commercial	
Customer Charge	\$17.00
Energy Charge cents/therm	26.50

ISSUE 24: What amount, if any, of the interim/initial revenues collected by the rates granted by Order No. 25456 issued on December 9, 1991 should be refunded?

SEBRING: Sebring agrees with the Staff position.

STAFF: Based on Staff's final analysis, Sebring Gas System, Inc. should not refund any portion of its interim/initial revenues granted by Order 25456.

VII. EXHIBIT LIST

<u>Witness</u>	<u>Proffered By</u>	<u>I.D. No.</u>	<u>Description</u>
Melendy/ Asmus	Sebring	SEB-1	MFRs
Melendy	Sebring	SEB-2	Service Area and Location of Lines
Melendy/ Asmus	Staff	Staff-1	Attachments 1-8 to Prehearing Order

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

VIII. PROPOSED STIPULATIONS

There are no proposed stipulations at this time.

IX. PENDING MOTIONS

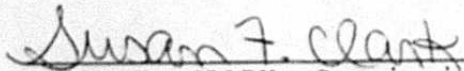
There are no pending motions at this time.

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It is therefore,

ORDERED by Commissioner Susan F. Clark, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner Susan F. Clark, as Prehearing Officer, this 27th day of MARCH, 1992.



SUSAN F. CLARK, Commissioner
and Prehearing Officer

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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 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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SEBRING GAS SYSTEM, INC.
 DOCKET NO. 910873-GU
 COMPARATIVE AVERAGE RATE BASES
 PTY 12/31/93

ATTACHMENT NO. 1
 MARCH 23, 1992

ADJ NO	COMPANY			STAFF	
	TOTAL PER BOOKS	JURIS. ADJUST.	COMPANY ADJUSTED	JURIS. ADJUST.	ADJ. JURIS.
	PLANT IN SERVICE				
	UTILITY PLANT	1,793,862			
3	ORGANIZATION COSTS - INITIAL RATES			15,304	
4	ORGANIZATION COSTS - TERRITORIAL DISPUTE			(10,981)	
5	OVERPROJECTIONS (DOUBLE ACCOUNTING)			(81,287)	
6	BUDGETING DIFFERENCES			(7,936)	
7	ACCOUNT 374.02 LAND RIGHTS			19,425	
8	ACCOUNT 392.01 AUTOS BUDGET REVISION			3,528	
	TOTAL PLANT	1,793,862	0	1,793,862	(61,947)
					1,731,915
	ACCUM. DEPREC. & AMORT.				
	ACCUM DEPR - UTILITY PLANT	443,466			
1	ADJUST. TO CORRECT DEPRECIATION			264,543	
3	ORGANIZATION COSTS - INITIAL RATES			255	
4	ORGANIZATION COSTS - TERRITORIAL DISPUTE			(610)	
5	OVERPROJECTIONS (DOUBLE ACCOUNTING)			828	
6	BUDGETING DIFFERENCES			1,448	
8	ACCOUNT 392.01 AUTOS BUDGET REVISION			944	
	TOTAL DEDUCTION	443,466	0	443,466	267,408
					710,874
	NET UTILITY PLANT	1,350,396	0	1,350,396	(329,355)
					1,021,041
9	WORKING CAPITAL	68,644	0	68,644	(34,510)
					34,134
10	TOTAL RATE BASE	\$1,419,040	\$0	\$1,419,040	(\$363,865)
					\$1,055,175

SEBRING GAS SYSTEM, INC.
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COMPARATIVE NOIs
PYE 12/31/93

ATTACHMENT 2
MARCH 23, 1992

ADJ NO	COMPANY			STAFF	
	PER BOOKS	ADJUST.	COMPANY ADJUSTED	ADJUSTS.	ADJUSTED JURIS.
	694,935				
11	ADJUST FUEL REVENUE	0		(272,140)	
12	ADJ TO ZERO OUT REVENUE	0		(422,795)	
	TOTALS	0	694,935	(694,935)	0
	OPERATING EXPENSES:				
11	ADJUST COST OF GAS	0		(272,140)	
13	ADVERTISING			(3,000)	
14	LEASED RELATED EXPENSES			(937)	
15	RATE CASE AMORTIZATION			0	
	TOTALS	0	549,148	(276,077)	273,071
	DEPRECIATION & AMORTIZATION		53,889		
1	ADJUST TO CORRECT DEPRECIATION			3,711	
3	INITIAL RATES AMORTIZATION			510	
4	TERRITORIAL DISPUTE AMORT.			(366)	
5	OVERPROJECTIONS (DOUBLE ACCOUNTING)			(2,667)	
6	BUDGETING DIFFERENCES			(239)	
8	ACCOUNT 392.01 AUTOS			462	
	TOTALS	0	53,889	1,411	55,300
	TAXES OTHER THAN INCOME		11,811		
	TAXES OTHER THAN INCOME - GROWTH ADJ OUT FUEL RELATED TXS				
	TOTALS	0	11,811	0	11,811
	CURRENT INC TAXES - FEDERAL CO ADJ FOR EFFECT OF ABOVE STAFF ADJ FOR EFFECT OF ABOVE	0	0	0	0
	TOTALS	0	0	0	0
	CURRENT INC TAXES - STATE ADJ FOR EFFECT OF ABOVE STAFF ADJ FOR EFFECT OF ABOVE	0	0	0	0
	TOTALS	0	0	0	0
	DEFERRED INCOME TAXES - FED DEFERRED INCOME TAXES - ST	0	0	0	0
	TOTALS	0	0	0	0
	INTEREST RECONCILIATION PARENT DEBT ADJ	0	0	0	0
	TOTAL OPERATING EXPENSES	0	614,848	(274,666)	340,182
16	NET OPERATING INCOME	\$0	\$80,087	(\$420,269)	(\$340,182)

SEBRING GAS SYSTEM
DOCKET NO. 910873-GU
COST OF CAPITAL - 13 MONTH AVERAGE
TEST YEAR ENDED 12/31/93
STAFF POSITION

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CAPITAL COMPONENT	COMPANY ADJUSTED	STAFF ADJUSTMENTS		TOTAL ADJUSTED	RATIO	% COST RATE	% WEIGHTED COST
		SPECIFIC	PRO RATA				
COMMON EQUITY	638,568	1,940	0	640,508	45.14%	12.00	5.4164%
LONG-TERM DEBT	678,199	856	0	679,055	47.65%	10.10	4.8332%
SHORT-TERM DEBT	0	0	0	0	0.00%	0.00	0.0000%
CUSTOMER DEPOSITS	102,273	(2,796)	0	99,477	7.01%	8.65	0.6064%
DEFERRED TAXES	0	0	0	0	0.00%	0.00	0.0000%
TAX CREDITS - 0 COST	0	0	0	0	0.00%	0.00	0.0000%
TOTAL	1,419,040	0	0	1,419,040	100.00%		10.8560%

OVERALL RATE OF RETURN 10.86%
EQUITY RATIO 48.54%

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SEBRING GAS SYSTEM, INC.
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 NET OPERATING INCOME MULTIPLIER
 FYE 12/31/93

ATTACHMENT 4
 MARCH 23, 1992

DESCRIPTION	COMPANY	STAFF	
		TAXABLE REVENUES	NONTAXABL REVENUES
REVENUE REQUIREMENT		100.0000%	100.0000%
GROSS RECEIPTS TAX RATE	THIS	0.0000%	0.0000%
REGULATORY ASSESSMENT FEE	CALCULATION	0.3750%	0.3750%
NET BEFORE INCOME TAXES	WAS	99.6250%	99.6250%
STATE INCOME TAX RATE	NOT	5.5000%	
STATE INCOME TAX	PROVIDED	5.4794%	
NET BEFORE FEDERAL INCOME TAXES	BY	94.1456%	
FEDERAL INCOME TAX RATE	SEBRING	34.0000%	
FEDERAL INCOME TAXES	GAS	32.0095%	
REVENUE EXPANSION FACTOR	COMPANY	62.1361%	
NET OPERATING INCOME MULTIPLIER		1.6094%	1.0038%

SEBRING GAS SYSTEM, INC.
 DOCKET NO. 910873-GU
 COMPARATIVE DEFICIENCY CALCULATIONS
 PYE 12/31/93

ATTACHMENT 5
 MARCH 23, 1992

	<u>COMPANY</u>	<u>STAFF</u>
RATE BASE (AVERAGE)		\$1,055,175
RATE OF RETURN		X 10.8600%
REQUIRED NOI	THIS	\$114,592
LESS: ADJUSTED N.O.I.		0
N.O.I. DEFICIENCY	CALCULATION	114,592
EXPANSION FACTOR		1.6094
REVENUE DEFICIENCY SUBJECT TO INCOME TAX	WAS	<u>\$184,424</u>
	NOT	
Operating Revenues	PROVIDED	\$0
Operating Expenses:	BY	
Operation & Maintenance	SEBRING	273,071
Depreciation & Amortization	GAS	55,300
Taxes Other Than Income Taxes	COMPANY	11,811
Current Income Taxes - Federal		0
- State		0
Deferred Income Taxes		0
ITC Amortization		0
Interest Reconciliation		0
Total Operating Expenses		<u>340,182</u>
ACHIEVED NOI		(\$340,182)
NET BEFORE INCOME TAX FACTOR		1.0038 **
REVENUE DEFICIENCY NOT SUBJECT TO INCOME TAX		<u>341,475</u>
TOTAL REVENUE DEFICIENCY		<u>\$525,899</u>

* Net operating loss is excluded in order to calculate revenues subject to income tax. Since the Company experienced a net operating loss, the portion of the revenue deficiency that is subject to income taxes is the required return on rate base.

** The net operating loss is expanded by regulatory assessment fees only. Since the Company will not pay income taxes up to the break-even point of zero net operating income.

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DOCKET NO. 910873-GU

SEBRING GAS SYSTEM, INC.

ATTACHMENT 6

	<u>COMMISSION APPROVED</u> <u>INITIAL RATES</u>	<u>STAFF PROPOSED</u> <u>FINAL RATES</u>
<u>RATE SCHEDULE</u>	<u>AMOUNT</u>	<u>AMOUNT</u>
<u>RESIDENTIAL</u>		
Customer Charge	\$7.00	\$7.00
Energy Charge cents/therm	35.50	35.50
<u>COMMERCIAL</u>		
Customer Charge	\$17.00	\$17.00
Energy Charge cents/therm	26.50	26.50
<u>SERVICE CHARGES</u>	<u>AMOUNT</u>	<u>AMOUNT</u>
Initial Connection Residential	\$25.00	\$25.00
Initial Connection Commercial	\$50.00	\$50.00
Reconnection	\$25.00	\$25.00
Change of Account	\$10.00	\$10.00
Bill Collection in lieu of Disconnection		\$10.00
Returned Check Charge		5% or \$15.00

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COST OF SERVICE SUMMARY
 PROPOSED RATE DESIGN

ATTACHMENT 6

COMPANY NAME: SEBRING
 DOCKET NO. 910873-GU

	COMMERCIAL					
	TOTAL	RESIDENTIAL	COMMERCIAL	LARGE VOL.	INDUSTRIAL	INTERRUPT
PRESENT RATES (projected test year)						
GAS SALES (due to growth)	0	0	0	0	0	0
OTHER OPERATING REVENUE	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0
RATE OF RETURN	-32.24%	-42.70%	-21.10%	ERR	ERR	ERR
INDEX	1	0	0	ERR	ERR	ERR
PROPOSED RATES						
GAS SALES	508,761	311,218	197,543	ERR	ERR	ERR
OTHER OPERATING REVENUE	17,125	17,025	100	0	0	0
TOTAL	525,886	328,243	197,643	ERR	ERR	ERR
TOTAL REVENUE INCREASE	525,886	328,243	197,643	ERR	ERR	ERR
PERCENT INCREASE	ERR	ERR	ERR	ERR	ERR	ERR
RATE OF RETURN	10.86%	10.86%	10.86%	ERR	ERR	ERR
INDEX	1	1	1	ERR	ERR	ERR

COST OF SERVICE SUMMARY
 CALCULATION OF PROPOSED RATES

ATTACHMENT 6

COMPANY NAME: SEBRING
 DOCKET NO. 910873-GU

	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LARGE VOL.	INDUSTRIAL	INTERRUPT
PROPOSED TOTAL TARGET REVENUES	525,886	328,243	197,643	ERR	ERR	ERR
LESS: OTHER OPERATING REVENUE	17,125	17,025	100	0	0	0
LESS: CUSTOMER CHARGE REVENUES						
PROPOSED CUSTOMER CHARGES		\$7.00	\$17.00	\$0.00	\$0.00	\$0.00
TIMES: NUMBER OF BILLS	14,913	14,064	849	0	0	0
EQUALS: CUSTOMER CHARGE REVENUE	112,881	98,448	14,433	0	0	0
LESS: OTHER NON-THERM-RATE REVENUES						
EQUALS: PER-THERM TARGET REVENUES	395,880	212,770	183,110	ERR	ERR	ERR
DIVIDED BY: NUMBER OF THERMS	1,006,024	291,024	715,000	0	0	0
EQUALS: PER-THERM RATES (UNRNDED)		0.731109	0.256097	ERR	ERR	ERR
PER-THERM RATES (RNDED)		0.73111	0.25610	ERR	ERR	ERR
PER-THERM-RATE REVENUES	395,882	212,771	183,112	ERR	ERR	ERR
<u>SUMMARY: PROPOSED TARIFF RATES</u>						
CUSTOMER CHARGES		\$7.00	\$17.00	\$0.00	\$0.00	\$0.00
ENERGY CHARGES						
NON-GAS (CENTS PER THERM)		73.111	25.610	ERR	ERR	ERR
PURCHASED GAS ADJUSTMENT		30.460	30.460	0.000	0.000	0.000
TOTAL (INCLUDING PGA)		103.571	56.070	ERR	ERR	ERR
<u>SUMMARY: PRESENT TARIFF RATES</u>						
CUSTOMER CHARGES		\$7.00	\$17.00	\$0.00	\$0.00	\$0.00
ENERGY CHARGES						
NON-GAS (CENTS PER THERM)		35.50	26.50	0.00	0.00	0.00
PURCHASED GAS ADJUSTMENT		30.460	30.460	0.000	0.000	0.000
TOTAL (INCLUDING PGA)		65.960	56.960	0.000	0.000	0.000
<u>SUMMARY: OTHER OPERATING REVENUE</u>						
		PRESENT	REVENUE	PROPOSED	REVENUE	
		CHARGE		CHARGE		
INITIAL CONNECTION (RESIDENTIAL)		\$0.00	\$0.00	\$25.00	\$7,000.00	
INITIAL CONNECTION (COMMERCIAL)		\$0.00	\$0.00	\$50.00	\$100.00	
RECONNECTION		\$0.00	\$0.00	\$25.00	\$9,625.00	
CHANGE OF ACCOUNT		\$0.00	\$0.00	\$10.00	\$200.00	
BILL COLLECTION IN LIEU OF DISCONNECTION		\$0.00	\$0.00	\$10.00	\$200.00	

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SCHEDULE - A (COST OF SERVICE)
 CLASSIFICATION OF RATE BASE
 (Page 1 of 2: PLANT)

ATTACHMENT 6

COMPANY NAME: SEBRING
 DOCKET NO. 910873-GU

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT	0		0		100% capacity
INTANGIBLE PLANT:	119823		119823		-
PRODUCTION PLANT	0		0		-
DISTRIBUTION PLANT:					
374 Land and Land Rights	30950		30950		-
375 Structures and Improvements	0		0		-
376 Mains	650091		650091		-
377 Comp.Sta.Eq.	0		0		-
378 Meas.& Reg.Sta.Eq.-Gen	10419		10419		-
379 Meas.& Reg.Sta.Eq.-CG	53994		53994		-
380 Services	611220	611220			100% customer
381-382 Meters	148832	148832			-
383-384 House Regulators	60177	60177			-
385 Industrial Meas.& Reg.Eq.	0		0		100% capacity
386 Property on Customer Premises	0	0	0	0	ac 374-385
387 Other Equipment	6695	3507	3188	0	ac 374-386
Total Distribution Plant	1572378	823736	748642	0	1572378
GENERAL PLANT:	39715	19858	19858		50% customer, 50% capacity
PLANT ACQUISITIONS:	0		0		100% capacity
GAS PLANT FOR FUTURE USE:	0		0		-
CWIP:	0	0	0	0	dist.plant
TOTAL PLANT	1731916	843594	888322	0	1731916 checksum

ORDER NO. PSC-92-0105-PCO-GU
 DOCKET NO. 910873-GU
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SCHEDULE - A (COST OF SERVICE)
 CLASSIFICATION OF RATE BASE
 (Page 2 of 2: ACCUMULATED DEPRECIATION)

ATTACHMENT 6

COMPANY NAME: SEBRING
 DOCKET NO. 910873-GU

	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT:	0	0	0	0	related plant
INTANGIBLE PLANT:	7343	0	7343	0	rel.plant account
PRODUCTION PLANT	0		0		
DISTRIBUTION PLANT:					
375 Structures and Improvements	0	0	0	0	--
376 Mains	200865	0	200865	0	--
377 Compressor Sta. Eq.	0	0	0	0	--
378 Meas. & Reg. Sta. Eq.-Gen	3359	0	3359	0	--
379 Meas. & Reg. Sta. Eq.-CG	9469	0	9469	0	--
380 Services	383071	383071	0	0	--
381-382 Meters	58979	58979	0	0	--
383-384 House Regulators	25501	25501	0	0	--
385 Indust. Meas. & Reg. Sta. Eq.	0	0	0	0	--
386 Property on Customer Premises	0	0	0	0	--
387 Other Equipment	854	447	407	0	--
Total A.D. on Dist. Plant	682098	467998	214100	0	682098 checksum
GENERAL PLANT:	21433	10717	10717	0	general plant
PLANT ACQUISITIONS:	0	0	0	0	plant acquisitions
RETIREMENT WORK IN PROGRESS:	0	0	0	0	distribution plant
TOTAL ACCUMULATED DEPRECIATION	710874	478715	232159	0	710874 checksum
NET PLANT (Plant less Accum.Dep.)	1021042	364879	656163	0	1021042 checksum
less: CUSTOMER ADVANCES	0	0	0		50% cust 50% cap
plus: WORKING CAPITAL	34134	24938	8206	991	oper. and maint. exp.
equals: TOTAL RATE BASE	1055176	389817	664369	991	1055176 checksum

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SCHEDULE - B (COST OF SERVICE)
 CLASSIFICATION OF EXPENSES
 (Page 1 of 2)

ATTACHMENT 6

COMPANY NAME: SEBRING
 DOCKET NO. 910873-GU

OPERATIONS AND MAINTENANCE EXPENSES	TOTAL	CUSTOMER	CAPACITY	COMMODITY	CLASSIFIER
LOCAL STORAGE PLANT:	0	0	0	0	ac 301-320
PRODUCTION PLANT	0		0		100% capacity
DISTRIBUTION:					
870 Operation Supervision & Eng.	24960	24960	0	0	ac 871-879
871 Dist. Load Dispatch	0	0	0	0	100% capacity
872 Compr. Sta. Lab. & Ex.	0	0	0	0	ac 377
873 Compr. Sta. Fuel & Power	0	0	0	0	100% commodity
874 Mains and Services	0	0	0	0	ac376+ac380
875 Meas. & Reg. Sta. Eq. -Gen	0	0	0	0	ac 378
876 Meas. & Reg. Sta. Eq. -Ind.	0	0	0	0	ac 385
877 Meas. & Reg. Sta. Eq. -CG	0	0	0	0	ac 379
878 Meter and House Reg.	13370	13370	0	0	ac381+ac383
879 Customer Instal.	0	0	0	0	ac 386
880 Other Expenses	6794	4249	2545	0	ac 387
881 Rents	0	0	0	0	100% capacity
885 Maintenance Supervision	0	0	0	0	ac886-894
886 Maint. of Struct. and Improv.	0	0	0	0	ac375
887 Maintenance of Mains	36349	0	36349	0	ac376
888 Maint. of Comp. Sta. Eq.	0	0	0	0	ac 377
889 Maint. of Meas. & Reg. Sta. Eq. -G	0	0	0	0	ac 378
890 Maint. of Meas. & Reg. Sta. Eq. -I	0	0	0	0	ac 385
891 Maint. of Meas. & Reg. Sta. Eq. -CG	0	0	0	0	ac 379
892 Maintenance of Services	23243	23243	0	0	ac 380
893 Maint. of Meters and House Reg.	0	0	0	0	ac381-383
894 Maint. of Other Equipment	1423	555	868	0	ac387
Total Distribution Expenses	106139	66377	39762	0	106139 che
CUSTOMER ACCOUNTS:					
901 Supervision	0	0			100% customer
902 Meter-Reading Expense	15600	15600			-
903 Records and Collection Exp.	37347	37347			-
904 Uncollectible Accounts	4800			4800	100% commodity
905 Misc. Expenses	0	0			100% customer
Total Customer Accounts	57747	52947	0	4800	
(907-910) CUSTOMER SERV. & INFO. EXP.	0	0			-
(911-916) SALES EXPENSE	1515	1515			-
(932) MAINT. OF GEN. PLANT	0	0	0	0	general plant
(920-931) ADMINISTRATION AND GENERAL	107671	78662	25884	3125	0 O&M excl. A&G
TOTAL O&M EXPENSE	273072	199501	65646	7925	273072 che

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SCHEDULE - B (COST OF SERVICE)
 CLASSIFICATION OF EXPENSES
 (Page 2 of 2)

ATTACHMENT 6

COMPANY NAME: SEBRING
 DOCKET NO. 910873-GU

DEPRECIATION AND AMORTIZATION EXPENSE:	TOTAL	CUSTOMER	CAPACITY	COMMODITY	REVENUE	CLASSIFIER
Depreciation Expense	51310	18336	32974	0		net plant
Amort. of Other Gas Plant	3990		3990			100% capacity
Amort. of Property Loss	0		0			100% capacity
Amort. of Limited-term Inv.	0	0	0	0		intangible plan
Amort. of Acquisition Adj.	0	0	0	0		intan/dist/gen
Amort. of Conversion Costs	0			0		100% commodity
Total Deprec. and Amort. Expense	55300	18336	36964	0	0	55300 che
TAXES OTHER THAN INCOME TAXES:						
Revenue Related	1973				1973	100% revenue
Other	11811	4221	7590	0		net plant
Total Taxes other than Income Taxes	13784	4221	7590	0	1973	
REV.CRODT TO COS(NEG.OF OTHR OPR.REV)	-17125	-17125				100% customer
RETURN (REQUIRED NOI)	114592	42334	72150	108		rate base
INCOME TAXES	69138	25542	43531	65	0	return(noi)
<hr/>						
TOTAL OVERALL COST OF SERVICE	508761	272809	225862	8097	1973	508761 che

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SCHEDULE - C (COST OF SERVICE)
 DEVELOPMENT OF ALLOCATION FACTORS

ATTACHMENT 6

COMPANY NAME: SEBRING
 DOCKET NO. 910873-GU

CUSTOMER COSTS	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LARGE VOL.	INDUSTRIAL	INTERRUPT
No. of Customers	1243	1172	71	0	0	0
Weighting	NA	1	2	0	0	0
Weighted No. of Customers	1314	1172	142	0	0	0
Allocation Factors	1	0.892272554	0.10772744	0	0	0
CAPACITY COSTS						
Peak & Avg. Month Sales Vol. (therms)	92218	26677	65541	0	0	0
Allocation Factors	1	0.289281918	0.71071808	0	0	0
COMMODITY COSTS						
Annual Sales Vol. (therms)	1006024	291024	715000	0	0	0
Allocation Factors	1	0.289281369	0.71071863	0	0	0
REVENUE-RELATED COSTS						
Tax on Cust. Cap. & Commod.	1900	1163	738	ERR	ERR	ERR
Allocation Factors	1	0.611718269	0.38828173	ERR	ERR	ERR

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SCHEDULE - D (COST OF SERVICE)
 ALLOCATION OF RATE BASE TO CUSTOMER CLASSES

ATTACHMENT 8

COMPANY NAME: SEBRING
 DOCKET NO. 910873-GU

RATE BASE BY CUSTOMER CLASS	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LARGE VOL.	INDUSTRIAL	INTERRUPT
DIRECT AND SPECIAL ASSIGNMENTS:						
Customer						
Meters	89853	80173	9680	0	0	0
House Regulators	34676	34676	0	0	0	0
Services	228149	203571	24578	0	0	0
All Other	37139	33138	4001	0	0	0
Total	389817	351558	38258	0	0	0
Capacity						
Industrial Meas. & Reg. Sta. Eq.	0	0	0	ERR	ERR	ERR
Meas. & Reg. Sta. Eq. - Gen.	7060	2042	5018	0	0	0
Mains	449226	129953	319273	0	0	0
All Other	208083	60195	147888	0	0	0
Total	664369	192190	472179	ERR	ERR	ERR
Commodity						
Account #	0	0	0	0	0	0
Account #	0	0	0	0	0	0
Account #	0	0	0	0	0	0
All Other	991	287	704	0	0	0
Total	991	287	704	0	0	0
TOTAL	1055176	544035	511141	ERR	ERR	ERR

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SCHEDULE - E (COST OF SERVICE)
 ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES
 (Page 1 of 2)

ATTACHMENT 6

COMPANY NAME: SEBRING
 DOCKET NO. 910873-GU

	TOTAL RESIDENTIAL	COMMERCIAL	COMMERCIAL LARGE VOL.	INDUSTRIAL	INTERRUPT
Customer	0	0	0	0	0
Capacity	0	0	0	0	0
Commodity	0	0	0	0	0
Revenue	0	0	0	0	0
Total	0	0	0	0	0
OPERATIONS AND MAINTENANCE EXPENSE: DIRECT AND SPECIAL ASSIGNMENTS:					
Customer					
878 Meters and House Regulators	13370	11930	1440	0	0
893 Maint. of Meters & House Reg.	0	0	0	0	0
874 Mains & Services	0	0	0	0	0
892 Maint. of Services	23243	20739	2504	0	0
All Other	162888	145341	17548	0	0
Total	199501	178009	21492	0	0
Capacity					
876 Measuring & Reg. Sta. Eq. - 1	0	0	0	ERR	ERR
890 Maint. of Meas. & Reg. Sta. Eq.-1	0	0	0	ERR	ERR
874 Mains and Services	0	0	0	0	0
887 Maint. of Mains	36349	10515	25834	0	0
All Other	29297	8475	20822	0	0
Total	65646	18990	46656	ERR	ERR
Commodity					
Account #	0	0	0	0	0
Account #	0	0	0	0	0
Account #	0	0	0	0	0
All Other	7925	2292	5632	0	0
Total	7925	2292	5632	0	0
TOTAL O&M	273072	199292	73780	ERR	ERR
DEPRECIATION EXPENSE:					
Customer	18336	16361	1975	0	0
Capacity	32974	9539	23435	0	0
Total	51310	25900	25410	0	0
AMORT. OF GAS PLANT:					
Capacity	3990	1154	2836	0	0
AMORT. OF PROPERTY LOSS:					
Capacity	0	0	0	0	0
AMORT. OF LIMITED TERM INVEST.					
Capacity	0	0	0	0	0
AMORT. OF ACQUISITION ADJ.:					
Customer	0	0	0	0	0
Capacity	0	0	0	0	0
Total	0	0	0	0	0
AMORT. OF CONVERSION COSTS:					
Commodity	0	0	0	0	0

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COMPANY NAME: SEBRING DOCKET NO. 910873-GU	SCHEDULE - E (COST OF SERVICE) ALLOCATION OF COST OF SERVICE TO CUSTOMER CLASSES (Page 2 of 2)					ATTACHMENT 6
	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LARGE VOL.	INDUSTRIAL	INTERRUPT
TAXES OTHER THAN INCOME TAXES:						
Customer	4221	3766	455	0	0	0
Capacity	7590	2196	5395	0	0	0
Subtotal	11811	5962	5849	0	0	0
Revenue	1973	1207	766	ERR	ERR	ERR
Total	13784	7169	6615	ERR	ERR	ERR
RETURN (NOI)						
Customer	42334	38179	4155	0	0	0
Capacity	72150	20872	51279	ERR	ERR	ERR
Commodity	108	31	76	0	0	0
Total	114592	59082	55510	ERR	ERR	ERR
INCOME TAXES						
Customer	25542	23035	2507	0	0	0
Capacity	43531	12593	30938	ERR	ERR	ERR
Commodity	65	19	46	0	0	0
Total	69138	35647	33491	ERR	ERR	ERR
REVENUE CREDITED TO COS:						
Customer	-17125	-17025	-100	0	0	0
TOTAL COST OF SERVICE:						
Customer	272609	242326	30483	0	0	0
Capacity	225882	65344	160538	ERR	ERR	ERR
Commodity	8097	2342	5755	0	0	0
Subtotal	506788	310011	196777	ERR	ERR	ERR
Revenue	1973	1207	766	ERR	ERR	ERR
Total	508761	311218	197543	ERR	ERR	ERR

ORDER NO. PSC-92-0105-PCO-GJ
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SCHEDULE - F (COST OF SERVICE)
 DERIVATION OF REVENUE DEFICIENCY

ATTACHMENT 6

COMPANY NAME: SEBRING
 DOCKET NO. 910873-GU

COST OF SERVICE BY CUSTOMER CLASS	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LARGE VOL.	INDUSTRIAL	INTERRUPT
CUSTOMER COSTS	272,809	242,326	30,483	0	0	0
CAPACITY COSTS	225,882	65,344	160,538	ERR	ERR	ERR
COMMODITY COSTS	8,097	2,342	5,755	0	0	0
REVENUE COSTS	1,973	1,207	766	ERR	ERR	ERR
TOTAL	508,761	311,218	197,543	ERR	ERR	ERR
less: REVENUE AT PRESENT RATES (in the attrition year)	0	0	0	0	0	0
equals: GAS SALES REVENUE DEFICIENCY	508,761	311,218	197,543	ERR	ERR	ERR
plus: DEFICIENCY IN OTHER OPERATING REV.	17,125	17,025	100	0	0	0
equals: TOTAL BASE-REVENUE DEFICIENCY	525,886	328,243	197,643	ERR	ERR	ERR

UNIT COSTS:						
Customer	18.293367	17.230204	35.905068	ERR	ERR	ERR
Capacity	2.449434	2.449434	2.449434	ERR	ERR	ERR
Commodity	0.008049	0.008049	0.008049	ERR	ERR	ERR

ORDER NO. PSC-92-0105-PCO-GU
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SCHEDULE - G (COST OF SERVICE)
 RATE OF RETURN BY CUSTOMER CLASS
 (Page 1 of 2:PRESENT RATES)

ATTACHMENT 6

COMPANY NAME: SEBRING
 DOCKET NO. 910873-GU

	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LARGE VOL.	INDUSTRIAL	INTERRUPT
REVENUES: (projected test year)						
Gas Sales (due to growth)	0	0	0	0	0	0
Other Operating Revenue	0	0	0	0	0	0
Total	0	0	0	0	0	0
EXPENSES:						
- Purchased Gas Cost	0	0	0	0	0	0
O&M Expenses	273,072	199,292	73,780	ERR	ERR	ERR
Depreciation Expenses	51,310	25,900	25,410	0	0	0
Amortization Expenses	3,990	1,154	2,836	0	0	0
Taxes Other Than Income--Fixed	11,811	5,962	5,849	0	0	0
Taxes Other Than Income--Revenue	0	0	0	0	0	0
Total Exps excl. Income Taxes	340,183	232,308	107,875	ERR	ERR	ERR
INCOME TAXES:	0	0	0	ERR	ERR	ERR
NET OPERATING INCOME:	(340,183)	(232,308)	(107,875)	ERR	ERR	ERR
<hr/>						
RATE BASE:	1,055,176	544,035	511,141	ERR	ERR	ERR
RATE OF RETURN	-0.322395	-0.427009	-0.211048	ERR	ERR	ERR
<hr/>						

ORDER NO. PSC-92-0105-PCO-GU
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SCHEDULE - G (COST OF SERVICE)
 RATE OF RETURN BY CUSTOMER CLASS
 (Page 2 of 2: PROPOSED RATES)

ATTACHMENT 6

COMPANY NAME: SEBRING
 DOCKET NO. 910873-GU

	TOTAL	RESIDENTIAL	COMMERCIAL	COMMERCIAL LARGE VOL.	INDUSTRIAL	INTERRUPT
REVENUES:						
Gas Sales	508,761	311,218	197,543	ERR	ERR	ERR
Other Operating Revenue	17,125	17,025	100	0	0	0
Total	525,886	328,243	197,643	ERR	ERR	ERR
EXPENSES:						
Purchased Gas Cost	0	0	0	0	0	0
OGM Expenses	273,072	199,292	73,780	ERR	ERR	ERR
Depreciation Expenses	51,310	25,900	25,410	0	0	0
Amortization Expenses	3,990	1,154	2,836	0	0	0
Taxes Other Than Income--Fixed	11,811	5,962	5,849	0	0	0
Taxes Other Than Income--Revenue	1,973	1,231	741	ERR	ERR	ERR
Total Expes excl. Income Taxes	342,156	233,539	108,616	ERR	ERR	ERR
PRE TAX NOI:	183,730	94,705	89,026	ERR	ERR	ERR
INCOME TAXES:	69,138	35,638	33,501	ERR	ERR	ERR
NET OPERATING INCOME:	114,592	59,067	55,525	ERR	ERR	ERR

RATE BASE:	1,055,176	544,035	511,141	ERR	ERR	ERR
RATE OF RETURN	0.108600	0.108572	0.108630	ERR	ERR	ERR

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SEBRING GAS SYSTEM, INC.
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PROPOSED DEPRECIATION RATES

ATTACHMENT 7
MARCH 23, 1992

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>STAFF</u>
376.01	MAINS - STEEL	2.00
376.02	MAINS - PLASTIC	3.20
378	MEAS & REG STATION EQUIP-GEN	2.50
379	MEAS & REG STATION EQUIP-GATE	3.10
380.01	SERVICES - STEEL	2.50
380.02	SERVICES - PLASTIC	3.80
381	METERS	3.70
382	METER & REGULATOR INST.	2.30
383	HOUSE REGULATORS	2.90
384	HOUSE REG-INST	2.20
387	OTHER EQUIPMENT	4.10
390.02	LEASEHOLD IMPROVEMENTS	2.50
392.01	AUTOS & TRUCKS (UP TO 1/2 TON)	13.10
396	POWER OPERATED EQUIPMENT	6.10

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SEBRING GAS SYSTEM, INC.
 DOCKET NO. 910873-GU
 COMPARATIVE DEFICIENCY CALCULATIONS
 PYE 12/31/93

ATTACHMENT 8
 MARCH 23, 1992

	COMPANY'S FILING	STAFF'S CALCULATION	STAFF WITH ZERO EQUITY
RATE BASE (AVERAGE)	\$1,419,040	\$1,055,175	\$1,055,175
RATE OF RETURN	X 5.64%	X 10.86%	X 5.44%
REQUIRED NOI	<u>\$80,034</u>	\$114,592	\$57,402
LESS: ADJUSTED N.O.I.		0	0
N.O.I. DEFICIENCY		114,592	57,402
EXPANSION FACTOR		1.6094	1.6094
REVENUE DEFICIENCY SUBJECT TO INCOME TAX		<u>\$184,424</u>	<u>\$92,382</u>
Operating Revenues (ADJUSTED TO ZERO)	\$0	\$0	\$0
Operating Expenses:			
Operation & Maintenance (NET OF GAS COST)	277,008	273,071	273,071
Depreciation & Amortization	53,889	55,300	55,300
Taxes Other Than Income Taxes	11,811	11,811	11,811
Current Income Taxes - Federal	0	0	0
- State	0	0	0
Deferred Income Taxes	0	0	0
ITC Amortization	0	0	0
Interest Reconciliation	0	0	0
Total Operating Expenses	<u>342,708</u>	<u>340,182</u>	<u>340,182</u>
ACHIEVED NOI	<u>(\$342,708)</u>	<u>(\$340,182)</u>	<u>(\$340,182)</u>
NET BEFORE INCOME TAX FACTOR	<u>342,708</u>	1.0038 **	1.0038 **
REVENUE DEFICIENCY NOT SUBJECT TO INCOME TAX		<u>341,475</u>	<u>341,475</u>
TOTAL REVENUE DEFICIENCY	<u>\$422,742</u>	<u>\$525,899</u>	<u>\$433,857</u>

* Net operating loss is excluded in order to calculate revenues subject to income tax. Since the Company experienced a net operating loss, the portion of deficiency that is subject to income taxes is the required return on rate base.

** The net operating loss is expanded by regulatory assessment fees only. Since the Company will not pay income taxes up to the break-even point of zero net operating income.