

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Application for a rate increase by City Gas Company of Florida.) DOCKET NO. 940276-GU
) ORDER NO. PSC-94-0957-FOF-GU
) ISSUED: August 9, 1994
)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER SUSPENDING PROPOSED RATE
SCHEDULES AND GRANTING INTERIM RATE RELIEF

BY THE COMMISSION:

1. Suspension of Proposed Rates

City Gas Company of Florida, an operating division of NUI Corporation, (City Gas or the Company) filed its petition for a permanent rate increase and minimum filing requirements on May 20, 1994. The Company has requested an increase of \$8,594,727 in additional annual revenues based on a 13-month average rate base of \$106,204,953 for a projected test year ending September 30, 1995. The requested overall rate of return is 7.94% and the requested return on equity (ROE) is 12.25%.

The Company's request requires further study and review. Therefore, pursuant to Section 366.06(4), Florida Statutes, the proposed new rates and charges are hereby suspended to allow the Commission and intervenors sufficient time to adequately investigate the request for permanent rate relief.

City Gas has also requested \$1,193,525 in interim relief in accordance with Section 366.071, Florida Statutes.

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2. Interim Rate Base

City Gas has proposed an interim test year rate base of \$74,976,656, at a 7.67% cost of capital (ROE=10.00%). The interim test year is the period ended September 30, 1993. Upon review of the Company's interim filing, it is found that the appropriate interim test year rate base is \$73,655,543. The adjustments made by the Company in the current filing, are consistent with the adjustments made in its 1990 rate case (Order Nos. 24013 and 24925), except as noted below. (Attachments 1 and 1a)

Adjustment 1, Allocation to Nonutility Operations

In Order No. 24013, the Commission approved adjustments to allocate plant, working capital and expenses to nonutility operations. In this case, the Company made adjustments to reduce plant by \$1,003,977, accumulated depreciation by \$87,380, depreciation expense by \$17,357, working capital by \$43,007, and A&G expenses by \$156,183. However, these adjustment amounts are identical to those made in the last case. Applying the factors approved in Order No. 24013 to the 1993 interim test year amounts results in a more reasonable and accurate allocation. Based on the above, plant shall be reduced by an additional \$261,879, accumulated depreciation by an additional \$86,625, depreciation expense by an additional \$8,996, working capital by an additional \$16,071, and A&G expenses by an additional \$104,593.

Adjustment 2, Deferred Piping Allowance in Working Capital

In Order No. 24925, an adjustment to working capital was made to remove the costs of free appliances and cash incentives given to contractors and developers. It is inappropriate to recover these costs from the general body of ratepayers through base rates. Deferred piping allowance amortization attributable to free appliances and cash incentives were likewise removed from the revenue requirement. The Company did not make the same adjustment in the current rate case, because the ordered adjustment was recorded in 1991. However, for the interim year, working capital includes amounts for free appliances and for amortization of those appliances which should be removed to be consistent with the last case. Therefore, the 13-month average balance of Account 186, Miscellaneous Deferred Debits, shall be reduced by \$312,966 for free appliances, and the related amortization shall be reduced by \$34,056.

Adjustment 3, Error in Removing Conservation Revenues and Expenses from Working Capital

The Company included \$129,187 in working capital which represents the 13-month average of unrecovered conservation expense. The Company made an adjustment to remove only \$111,017 from working capital for this expense item instead of the correct amount or \$129,187. Therefore, working capital shall be reduced by \$18,170 to correct the error.

Adjustment 4, American Gas Association (AGA) Dues

In the Company's last rate case, the Commission authorized the removal of 42% of prepaid AGA dues and 42% of the AGA dues expense, since this percentage related to lobbying activities and advertising that were not informational or educational in nature. For the 1993 interim test year, the Company made an expense adjustment to remove \$16,603, the identical amount disallowed in the 1990 case. The Company did not make an adjustment to working capital to remove the prepaid AGA dues. The percentage applied in the 1990 case was based on the 1989 NARUC Audit Report on the Expenditures of the American Gas Association. Using the 1993 NARUC Audit and the methodology used in the last rate case, the updated percent of dues that should be disallowed is 40%. Applying 40% to the 1993 interim test year amounts, working capital shall be reduced by \$1,257 for prepaid dues and expenses shall be increased by \$273. These reductions are consistent with adjustments made in rate cases involving other gas companies.

3. Interim Test Year Net Operating Income

For the interim test year, City Gas has proposed net operating income of \$5,013,973. It is found that the appropriate net operating income is \$5,407,098. The adjustments to net operating income made by the Company in this filing are consistent with the adjustments made in its last rate case, except as noted below. (Attachments 2 and 2a)

Adjustment 5, Rate Case Expense

City Gas made an adjustment to remove \$19,400 in rate case amortization expenses based on Order No. 24013. The Company included \$256,800 in 1993 expenses, however to be consistent with Order No. 24013, only \$118,432 in rate case amortization expense should be allowed. The Company contends that, due to the heavy burden imposed by additional discovery and by its Motion for Reconsideration, the \$413,500 in estimated expenses applied in its

last rate case was found to be inadequate. The total expense for the 1990 case was \$767,507, however, this amount was not considered in the case because a full accounting of expenses was not completed until after the Order and the additional expenses had not been approved by the Commission for recovery. The \$256,800 the Company included in 1993 expenses reflects the amortization of the \$767,507. Since Order No. 24013 authorizes the amortization of only \$118,432, the difference of \$118,968 (i.e. \$256,800 - \$118,432 - \$19,400) shall be disallowed for interim.

Adjustment 6, Employee Stock Ownership Plan (ESOP) Contributions

In City Gas' last rate case, the Commission disallowed \$207,878 of the contributions made by the Company to the ESOP during the test period. The disallowed amount was equal to the amount the ESOP trust fund was paying each year for the principal and interest on the trust fund loan.

For interim purposes, City Gas removed the same amount (i.e., \$207,878) that was disallowed in the last case rather than the updated amount which is appropriate to the interim test year. Because the trust fund loan was renegotiated at a lower interest rate, the equivalent amount which should be removed for interim purposes is \$198,469. Consequently, the Company's ESOP contribution adjustment shall be reduced by \$9,409 (\$207,878 less \$198,469) and allowable ESOP contributions shall be increased by that same amount .

Adjustment 7, Executive Leased Automobiles

In Order No. 24013, the Commission approved the reduction of expenses for luxury cars leased for company executives. The yearly lease expense for the cars was compared to the yearly lease expense for a Buick LeSabre and the excess was disallowed. The Company currently leases one Jaguar, one Cadillac Eldorado, two Cadillac Sevilles, and two Buick LeSabres. In this case, the Company made an adjustment to remove \$12,816, the identical amount disallowed in the 1990 rate case. The adjustment should reflect the 1993 interim test year conditions and amounts. In the last case, the Jaguar was used by City Gas' President. The Jaguar now being leased is now used by the parent company's chairman when he is in Florida. Since no logs were available to determine usage, 100% of the yearly lease payment on the Jaguar shall be disallowed. Additionally, 55.77% of the yearly lease payment on the Cadillac Eldorado, which totals \$8,597 shall be disallowed since it is used by a senior vice president who works part time as discussed in Adjustment 8 below.

Adjustment 8, Executive Salary

Consistent with Order No. 24013, the Company made an adjustment reducing expenses by \$46,627 to reflect the part-time status of a senior vice president. However, this is the identical amount of the adjustment made in the 1990 rate case. The adjustment should reflect the 1993 interim test year amounts. The Company included \$78,500 in expenses for the salary of the senior vice president. Based on the percentage calculated in the last rate case, 55.77% of the salary should be disallowed. Applying 55.77% to the \$78,500 salary results in a reduction to expenses of \$43,779. However, the Company removed \$46,627. Therefore, expenses shall be increased by \$2,848.

Adjustment 9, Auto Insurance

City Gas made a \$210,143 adjustment in September 1993 to reduce auto insurance expense. The reduction was based on a summary of open claims furnished by the Company's insurance carrier and resulted in a negative expense of \$36,826 and a reserve balance of \$218,000 at the end of September 1993.

In the Company's interim filing, an adjustment was made for \$210,143 to reverse the adjustment recorded in September 1993, resulting in a positive expense level of \$173,317. This adjustment is inappropriate because a similar adjustment was not made in the Company's last rate proceeding. Therefore, expenses shall be reduced by \$210,143 and the reserve balance shall be reduced by \$16,165.

Adjustment 9, Liability Insurance

City Gas made a \$175,894 adjustment in September 1993 to reduce its liability insurance expense. The reduction was based on a summary of open claims furnished by the Company's insurance carrier and resulted in a negative expense of \$115,894 and a reserve balance of \$52,000.

In preparing its interim filing, the Company made an adjustment similar to that made for auto insurance, to correct prior year over accruals, which resulted in a positive expense of \$55,000. The Company's adjustment shall not be allowed for the same reasons as discussed under the auto insurance adjustment. Therefore, expenses shall be reduced by \$175,894 and the reserve balance shall be reduced by \$13,530.

Adjustment 10, Advertising Expense

In Order No. 24013, an adjustment was made to remove \$3,641 in promotional and image-enhancing advertising expenses. The Company did not make a similar adjustment in this docket, based on immateriality. However, so that the filing in this case is consistent with the last case, Account 930.1 shall be reduced by \$4,200 to remove promotional and image-enhancing advertising such as sponsorship of golf tournaments.

Adjustment 11, Employee Activity Costs

Consistent with Order 24013, the Company made an adjustment of \$21,191 to remove the costs for employee activities such as picnics, Christmas parties, and awards. However, this is the identical amount of the adjustment in that Order. The adjustment should reflect the 1993 interim test year amounts which total \$39,850. Therefore, an additional \$18,659 shall be disallowed.

Adjustment 12, Bad Debt Expense

City Gas made a \$293,000 adjustment in September 1993 reducing the bad debt expense to eliminate the 1992 over accrual that resulted from Hurricane Andrew. After this adjustment was made, the Company's Bad Debt Expense for the test year was a negative \$40,938 with a reserve balance at the end of September 1993 of only \$21,764.

In the Company's interim filing, an adjustment was made for \$177,500 to reverse, in part, the adjustment recorded in September 1993 adjustment which resulted in a positive expense level of \$136,562. This adjustment is inappropriate because a similar adjustment was not made in the Company's last rate proceeding. Therefore, expenses shall be reduced by \$177,500 and the reserve balance shall be reduced by \$13,654.

Adjustment 13, Office Rent

In City Gas' last rate case, the Commission made an adjustment to reduce rent expense for excessive lease payments associated with the lease of office buildings in Hialeah. In the current case, the Company made an adjustment of \$118,696 to reduce rent expense using the same dollar amount used in the 1990 case. Based upon updated 1993 information, an adjustment shall be made to further reduce rent expense by \$141,750.

Adjustment 14, Deferred Hurricane Expenses

City Gas deferred as an extraordinary property loss \$895,200 in emergency costs incurred by the Company in restoring service to customers following Hurricane Andrew. The Company has requested that these costs be amortized over a three-year period and be included in its projected test year operating expense. For the interim test year, the Company included the deferred costs in working capital.

According to the Uniform System of Accounts prescribed by the Commission, the Company should have formally requested authorization to record the hurricane related expenses in Account 182.1 Extraordinary Property Losses. In addition, the Company should have requested the accounts to be charged for the write-off and the write-off period. Because the Company failed to make such requests, the deferral shall be disallowed.

City Gas incurred \$586,915 in expenses in August and September of 1992 and the balance of \$308,286 in the test year ended September 1993. A review of the Company's September 1992 Earnings Surveillance Report indicates that the Company could have expensed \$586,915 in 1992 and maintained earnings within its authorized zone of reasonableness. In addition, the \$308,286 in expenses should be expensed in the interim test year. Therefore, test year expenses shall be increased by \$308,286 and working capital shall be reduced by \$840,744, the deferred amount.

Adjustment 15, Property Taxes

In City Gas' 1990 rate case, the Company did not allocate any property taxes to nonutility operations. To correct this oversight, the Commission allocated a portion of property taxes to nonutility operations based on common plant allocation factors.

In the interim filing of this proceeding, the Company omitted the property tax adjustment made by the Commission in the last case. To correct this omission, property taxes shall be reduced by \$6,391. The reduction is based on 1993 costs and the common plant allocation factors found to be appropriate in the Company's last case. Updated factors will be available and used for final rates, if applicable.

Adjustment 16, Payroll Taxes

In the interim filing, the Company did not reduce payroll taxes when reducing payroll. Therefore, based on the disallowances of payroll of \$49,670 (nonutility) and \$43,779 (one-half of part-time executive), payroll taxes shall be reduced by \$7,149. The \$49,670 is the amount of nonutility payroll which is embedded in the nonutility A&G expenses discussed in Adjustment 1 and the \$43,779 is the amount of executive salary discussed in Adjustment 8. This payroll tax adjustment has been calculated consistently with the payroll tax adjustment made in Order 24013.

Adjustment 17, Income Tax Expense

For the interim test year, the Company's adjustments to income tax expense are found to be consistent with the findings made in its last case. Consequently, the only income tax expense adjustments which are necessary result from the previously discussed Adjustments 1-16 to City Gas's schedules of rate base, net operating income and cost of capital. To recognize the income tax effect of those adjustments, income tax expense shall be increased by \$302,955. A tabulation follows.

Increase/(decrease) for other Staff recommended revenue and expense adjustments	\$261,935
Increase/(decrease) for interest reconciliation adjustment	41,020
Increase/(decrease) for parent debt adjustment	-0-
	<u>\$302,955</u>

4. Overall Rate of Return

City Gas has proposed an interim return on equity of 10.00% and an overall rate of return of 7.67%. The appropriate interim return on equity is 10.00%, however based on the capital structure and the adjustments discussed below, the appropriate overall rate of return for interim purposes is 7.56%. (Attachment 3)

For interim rates, the Company filed a 13-month average capital structure for the year ended September 30, 1993. Consistent with its last rate case, the Company removed an amount equal to the acquisition adjustment, \$12,051,775, specifically from equity. Also consistent with the last case, the Commission has removed an amount for non-utility common plant and non-utility working capital, \$29,688, specifically from common equity. The Company advised that the correct balance for customer deposits is \$5,269,714; therefore, an adjustment shall be made to reflect this amount. Based on a correction to interim working capital that reversed a deferral, common equity and deferred taxes shall be reduced accordingly. In the 1990 case, deferred taxes and investment tax credits were not specifically identified with rate base. Therefore, the remaining adjustments to reconcile capital structure to rate base shall be allocated on a pro rata basis over all sources of capital.

The Commission established the Company's current authorized return on equity at 11.00% by Order No. PSC-93-1820-FOF-GU, dated December 22, 1993. For interim purposes, the Company has used 10.00% for the return on equity, which is the low end of the range for the authorized return on equity. Based on revisions to Rule 25-7.083(5), F.A.C., the interest rate on customer deposits has decreased by 2%. The Company filed a 7.78% for customer deposits, however, pursuant to the rule change, the Company agrees that the appropriate interest rate for customer deposits is 5.78%.

5. Interim Increase

City Gas has requested an interim increase of \$1,193,525. For the reasons set forth below, it is found that the interim increase granted shall be \$260,179. (Attachment 5)

The \$1,193,525 in interim relief requested by the Company would have allowed the Company to earn an overall rate of return of 7.67%. Based on the previously discussed adjustments, the appropriate interim rate base is \$73,655,543 and the net operating income is \$5,407,098. Applying a 7.56% overall rate of return to these amounts, the Company is entitled to \$260,179 in interim relief.

6. Interim Increase to be Held Subject to Refund Under a Corporate Undertaking

Section 366.071(2)(c), Florida Statutes, requires the Commission to determine whether a corporate undertaking may be filed in lieu of a bond. It is normal Commission practice to allow utilities to hold the interim increases subject to refund under a corporate undertaking. There are not any factors in this case that would warrant a departure from this practice. This is also consistent with the Commission's order in City Gas' last interim filing (Order No. 23159 in Docket No. 891175-GU). Therefore, it is found that interim revenues shall be collected subject to refund with interest, and City Gas shall file an appropriate undertaking.

7. Allocation of Interim Increase

Any interim increase should be calculated and applied in accordance with Rule 25-7.040, Florida Administrative Code. Rule 25-7.040 specifies that the amount of interim relief granted is to be applied uniformly across the board to all rates classes' base rates, exclusive of fuel costs and is to be collected on a cents-per-therm basis. Based on the findings herein, the interim relief granted shall be collected as shown in Attachments 6-8.

The interim rates shall be made effective for all meter readings taken on or after thirty days from the date of this Order.

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 Commission staff for approval prior to its use.

It is therefore,

ORDERED by the Florida Public Service Commission that the rate schedules filed by City Gas Company of Florida on May 20, 1994, providing for a permanent increase in its rates and charges in the amount of \$8,594,727 are hereby suspended pending public hearings and a final order in this case. It is further

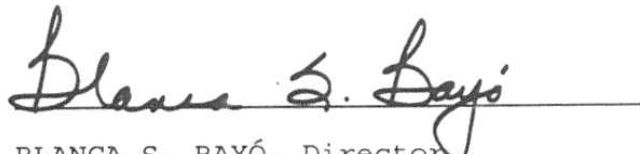
ORDERED that the Request for Interim Increase filed by City Gas Company of Florida is granted in part. City Gas is authorized to increase its rates and charges, on an interim basis and in conformity with this Order, to generate additional revenues of \$260,179. It is further

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ORDERED that the interim increase authorized herein shall be reflected on bills rendered for meter readings taken on or after 30 days from the date of the Commission's decision. It is further

ORDERED that the interim rates approved herein are collected subject to refund, with interest, upon filing an appropriate corporate undertaking.

By ORDER of the Florida Public Service Commission, this 9th day of August, 1994.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)
MRC/VDJ:bmi

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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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 Civil 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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ATTACHMENT 1
 JULY 07, 1994
 INTERIM

CITY GAS COMPANY
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 COMPARATIVE AVERAGE RATE BASES
 TYE 9/30/93

ADJ NO	TOTAL PER BOOKS	JURIS. ADJUST.	COMPANY AS FILED COMPANY ADJUSTED	JURIS. ADJUST.	STAFF ADJ. JURIS.
	PLANT IN SERVICE				
	UTILITY PLANT				
			112,196,151		
	ADJUSTMENT TO REMOVE ARTWORK (38,828)				
1	COMMON PLANT ALLOCATED		(1,003,977)		
0		(261,879)			
	ACQUISITION ADJUSTMENT		18427063		
	ADJ. TO REMOVE NUI ACQ. ADJ. (18,296,508)				
0	PROPERTY HELD FOR FUTURE USE			0	
0	CONSTRUCTION WORK IN PROGRESS		2,359,436		
	TOTAL PLANT				
(18,335,336)	113,643,337	(261,879)	113,381,458	131,978,673	
	ACCUM. DEPREC. & AMORT.				

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ACCUM DEPR - UTILITY PLANT			41,933,606
1 ACCUM DEPR - COMMON PLANT			(87,380)
	(86,625)		
ACCUM AMORT ACQUISITION ADJ.			3,024,722
ADJ. TO REMOVE NUI ACQ. ADJ. AMORT			
(2,690,800)			
CUSTOMER ADVANCES FOR CONST			70,052
ADJ. TO REMOVE CUSTOMER ADVS FOR CONST			
(70,052)			
TOTAL ACCUM. DEPRECIATION & AMORT.			44,941,000
(2,760,852)	42,180,148	(86,625)	42,093,523
NET UTILITY PLANT			87,037,673
(15,574,484)	71,463,189	(175,254)	71,287,935
WORKING CAPITAL		(10,919,424)	14,432,891
\$3,513,467	(1,145,859)	2,367,608	
TOTAL RATE BASE			\$76,118,249
(\$1,141,593)	\$74,976,656	(\$1,321,113)	\$73,655,543

CITY GAS COMPANY
 DOCKET NO. 940276-GU
 COMPARATIVE WORKING CAPITAL COMPONENTS
 TYE 9/30/93

ATTACHMENT 1A
 JULY 07, 1994
 INTERIM

ADJ NO	COMPANY AS FILED			STAFF		
	TOTAL PER BOOKS	JURIS. ADJUST.	COMPANY ADJUSTED	JURIS. ADJUST.	ADJ. JURIS.	
	(10,919,424)					
	WORKING CAPITAL					
	Other Special Funds	(11,182)				
	A/R-Mdse, Job & Other	(230,235)				
	Accum Prov Uncoll-Nonutility	15,790				
	Receivable - Assoc. Co.	(790,036)				
	Materials & Supplies	(1,040)				
	Merchandise	(208,640)				
	Stores Expense	18,333				
	Unamortized Rate Case	(218,544)				
	Conservation	(111,017)		(18,170)		
3	Notes Payable	1,376,923				
	Accounts Payable	1,195				
	Notes Pay - Assoc Co	9,678,615				
	Accts Pay - Assoc Co	223,196				
	Customer Deposits	5,269,714				
1	Staff Allocation to M & J	(43,007)		(16,071)		
	PGA/Flex Overrecovery	(537,174)				
2	Deferred Piping Allowance			(312,966)		
4	AGA Dues			(1,257)		
9	Out of Period Adj. - GPL Insurance			16,165		
9	Out of Period Adj. - Auto Insurance			13,530		
12	Accum Prov Uncoll-Bad Debt Expense			13,654		
14	Deferred Hurricane Expenses			(840,744)		
	TOTALS	<u>(\$10,919,424)</u>	<u>\$14,432,891</u>	<u>\$3,513,467</u>	<u>(\$1,145,859)</u>	<u>\$2,367,608</u>

CITY GAS COMPANY
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COMPARATIVE NOIs
TYE 9/30/93

ATTACHMENT 2
JULY 07, 1994
INTERIM

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ADJ NO	COMPANY AS FILED			STAFF	
	PER BOOKS	ADJUST.	COMPANY ADJUSTED	ADJUST.	ADJUSTED JURIS.
	554,660,742	(27,426,512)			
		654,817			
	<u>54,660,742</u>	<u>(26,771,695)</u>	<u>27,889,047</u>	<u>0</u>	<u>27,889,047</u>
	OPERATING REVENUES				
	Adj. Gas Cost Revenues				
	Adj. for Leased Appl. Revenue				
	OPERATING EXPENSES:				
	Adj. Out Cost of Gas	(27,323,663)		(118,968)	
	Rate Case Expense	(19,400)		9,409	
5	ESOP Contribution	(207,878)		(104,593)	
6	A & G Allocated to M & J	(156,183)		(141,750)	
1	Office Rent	(118,696)		2,848	
13	Executive Salary	(46,627)		(18,659)	
8	Employee Activities	(21,191)		273	
11	AGA Dues	(16,603)		(8,597)	
4	Executive Leased Vehicles	(12,816)		(175,894)	
7	Out-of-Period Adjustments-GPL Ins.	175,894		(210,143)	
9	Out-of-Period Adjustments-Auto Ins.	210,143		(177,500)	
9	Out-of-Period Adjustments-Bad Debts	177,500		(4,200)	
12	Advertising Expense			308,286	
10	Deferred Hurricane Expenses				
14					
	<u>42,281,533</u>	<u>(27,359,520)</u>	<u>14,922,013</u>	<u>(639,488)</u>	<u>14,282,525</u>
	TOTALS				
	DEPRECIATION & AMORTIZATION				
	Common Plant	(17,357)		(8,996)	
1	NUI Acquisition Adjustment	(614,400)		(34,056)	
2	Deferred Piping Allowance				
	<u>5,275,991</u>	<u>(631,757)</u>	<u>4,644,234</u>	<u>(43,052)</u>	<u>4,601,182</u>
	TOTALS				
	TAXES OTHER THAN INCOME				
	Remove Cost of Gas Related Taxes	(102,849)		(6,391)	
15	Property Taxes			(7,149)	
16	Payroll Taxes				
	<u>1,443,138</u>	<u>(102,849)</u>	<u>1,340,289</u>	<u>(13,540)</u>	<u>1,326,749</u>
	TOTALS				
	INCOME TAX EXPENSE				
	Tax Effect of Above	847,176	506,189	261,935	
17					
	DEFERRED INCOME TAXES				
	Out-of-Period DIT Adj.	559,287	33,246	41,020	
17	Interest Reconciliation		72,203		
	INVESTMENT TAX CREDITS				
	Parent Debt Adjustment	(10,313)	(39,250)		
	<u>1,396,150</u>	<u>572,388</u>	<u>1,968,538</u>	<u>302,955</u>	<u>2,271,493</u>
	TOTALS				
	TOTAL OPERATING EXPENSES	<u>50,396,312</u>	<u>(27,521,738)</u>	<u>22,875,074</u>	<u>(393,125)</u>
	NET OPERATING INCOME	<u>54,263,930</u>	<u>5750,043</u>	<u>55,013,973</u>	<u>55,407,098</u>

DOCKET NO. 940276-GU
 CITY GAS COMPANY OF FLORIDA
 INTERIM RATES
 TEST YEAR ENDS SEPTEMBER 30, 1993

ATTACHMENT 3

	PER BOOKS	ADJUSTMENTS		ADJUSTED	WEIGHT	COST RATE	WEIGHTED COST
		SPECIFIC	PRO RATA				
COMMON EQUITY	\$53,658,984	(\$12,605,835)	(4,137,134)	\$36,916,015	50.12%	10.00%	5.01%
LONG TERM DEBT	\$12,927,674	0	(1,302,787)	11,624,887	15.78%	9.19%	1.45%
SHORT TERM DEBT	11,055,538	0	(1,114,123)	9,941,415	13.50%	5.37%	0.72%
PREFERRED STOCK	0	0	0	0	0.00%	0.00%	0.00%
CUSTOMER DEPOSITS	5,269,714	0	(531,056)	4,738,658	6.43%	5.78%	0.37%
TAX CREDITS-ZERO COST	1,858,926	0	(187,333)	1,671,593	2.27%	0.00%	0.00%
TAX CREDITS - WEIGHTED COST	0	0	0	0	0.00%	0.00%	0.00%
ACC DEF INC TAXES-ZERO COST	10,061,403	(316,372)	(982,056)	8,762,975	11.90%	0.00%	0.00%
	<u>\$94,832,239</u>	<u>(\$12,922,207)</u>	<u>(\$8,254,489)</u>	<u>\$73,655,543</u>	<u>100.00%</u>		<u>7.56%</u>
			EQUITY RATIO	<u>63%</u>			

CITY GAS COMPANY
 DOCKET NO. 940276-GU
 NET OPERATING INCOME MULTIPLIER
 TYE 9/30/93

ATTACHMENT 4
 JULY 07, 1994

INTERIM

ADJ
 NO

DESCRIPTION

REVENUE REQUIREMENT
 GROSS RECEIPTS TAX RATE
 REGULATORY ASSESSMENT RATE
 BAD DEBT RATE
 NET BEFORE INCOME TAXES
 STATE INCOME TAX RATE
 STATE INCOME TAX
 NET BEFORE FEDERAL INCOME TAXES
 FEDERAL INCOME TAX RATE
 FEDERAL INCOME TAX
 REVENUE EXPANSION FACTOR
 NET OPERATING INCOME MULTIPLIER

COMPANY PER FILING	STAFF
100.0000%	100.0000%
0.0000%	0.0000%
0.3750%	0.3750%
0.2500%	0.2500%
99.3750%	99.3750%
5.5000%	5.5000%
5.4656%	5.4656%
93.9094%	93.9094%
34.0000%	34.0000%
31.9292%	31.9292%
61.9802%	61.9802%
1.6134	1.6134

CITY GAS COMPANY
DOCKET NO. 940276-GU
COMPARATIVE DEFICIENCY CALCULATIONS
TYE 9/30/93

ATTACHMENT 5
JULY 07, 1994
INTERIM

	<u>COMPANY AS FILED</u>	<u>STAFF</u>
RATE BASE (AVERAGE)	\$74,976,656	\$73,655,543
RATE OF RETURN	X <u>7.67%</u>	X <u>7.56%</u>
REQUIRED NOI	<u>\$5,753,724</u>	<u>\$5,568,359</u>
Operating Revenues	\$27,889,047	\$27,889,047
Operating Expenses:		
Operation & Maintenance	14,922,013	14,282,525
Depreciation & Amortization	4,644,234	4,601,182
Taxes Other Than Income Taxes	1,340,289	1,326,749
Current Income Taxes	1,968,538	2,271,493
Total Operating Expenses	<u>22,875,074</u>	<u>22,481,949</u>
ACHIEVED NOI	<u>\$5,013,973</u>	<u>\$5,407,098</u>
NET REVENUE DEFICIENCY	739,751	161,261
REVENUE TAX FACTOR	X <u>1.6134</u>	X <u>1.6134</u>
TOTAL REVENUE DEFICIENCY	<u>\$1,193,528</u>	<u>\$260,179</u>

CITY GAS COMPANY
 ALLOCATION OF INTERIM INCREASE
 BASED ON 12 MONTHS ENDED: SEPTEMBER 30, 1993

ATTACHMENT: 6
 DOCKET NO. 940276-GU

ORDER NO. PSC-94-0957-FOF-GU
 DOCKET NO. 940276-GU
 PAGE 20

(1)	<u>PRESENT REVENUE</u>					<u>INTERIM INCREASE</u>		
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<u>DATE SCHEDULE</u>	<u>BILLS</u>	<u>THERM SALES</u>	<u>CUSTOMER CHARGE</u>	<u>ENERGY CHARGE</u>	<u>(4)+(5) TOTAL</u>	<u>(6)X(8) \$ INCREASE</u>	<u>(7)/(6) % INCREASE</u>	<u>(7)/(3) INCREASE CENTS PER THERM</u>
RS	995,036	19,515,920	\$5,970,216	\$6,734,163	\$12,704,379	\$122,858	0.97	0.630
GL	5,199	93,582	\$0	\$26,256	\$26,256	\$254	0.97	0.271
CS	53,086	45,882,669	\$637,032	\$8,052,409	\$8,609,441	\$84,031	0.97	0.183
IP	322	14,790,330	\$11,592	\$1,718,045	\$1,729,637	\$16,726	0.97	0.113
CI	0	0	0	0	\$0	\$0	0.00	0.000
IL	36	7,727,505	\$5,400	\$721,826	\$727,226	\$7,033	0.97	0.091
CI-LV	0	0	0	0	\$0	\$0	0.00	0.000
WHR (1)	430,920	0	\$969,570	0	\$969,570	\$9,376	0.97	2.176
CDR (1)	286,552	0	\$1,002,932	0	\$1,002,932	\$9,699	0.97	3.385
GRR (1)	21,784	0	\$108,919	0	\$108,919	\$1,053	0.97	4.835
CTS	0	0	0	0	\$0	\$0	0.00	0.000
ITS	0	0	0	0	\$0	\$0	0.00	0.000
CI-TS	0	0	0	0	\$0	\$0	0.00	0.000
ILT	12	2,157,435	\$1,800	\$201,526	\$203,326	\$1,966	0.97	0.091
CI-LVT	12	7,931,703	\$1,800	\$740,900	\$742,700	\$7,182	0.97	0.091
TOTAL	1,792,959	98,099,144	\$8,709,261	\$18,195,125	\$26,904,386	\$260,179	0.97	0.265

(1) Interim increase will be applied to the monthly leased rate.

ORDER NO. PSC-94-0957-FOF-GU
 DOCKET NO. 940276-GU
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CITY GAS COMPANY
 ALLOCATION OF INTERIM INCREASE
 BASED ON 12 MONTHS ENDED:

ATTACHMENT 7
 DOCKET NO. 940276-GU

SEPTEMBER 30, 1993

<u>RATE SCHEDULE</u>	<u>PRESENT RATE</u>	<u>INTERIM RATE INCREASE</u>	<u>PROPOSED INTERIM RATE</u>
RESIDENTIAL (RS)			\$6.00
CUSTOMER CHARGE	\$6.00	\$0.00	\$6.00
ENERGY CHARGE (cents/therm)	34.506	0.630	35.136
GAS LIGHTING (GL)			\$0.00
CUSTOMER CHARGE	\$0.00	\$0.00	\$0.00
ENERGY CHARGE (cents/therm)	28.057	0.271	28.328
COMMERCIAL (CS)			\$12.00
CUSTOMER CHARGE	\$12.00	\$0.00	\$12.00
ENERGY CHARGE (cents/therm)	17.550	0.183	17.733
INTERRUPTIBLE PREFERRED (IP)			\$36.00
CUSTOMER CHARGE	\$36.00	\$0.00	\$36.00
ENERGY CHARGE (cents/therm)	11.616	0.113	11.729
CONTRACT INTERRUPTIBLE PREFERRED (CI)			\$36.00
CUSTOMER CHARGE	\$36.00	\$0.00	\$36.00
ENERGY CHARGE (cents/therm)	11.616	0.000	11.616
INTERRUPTIBLE LARGE VOLUME (IL)			\$150.00
CUSTOMER CHARGE	\$150.00	\$0.00	\$150.00
ENERGY CHARGE (cents/therm)	9.341	0.091	9.432
CONTRACT INTERRUPTIBLE LARGE VOLUME (CI-LV)			\$150.00
CUSTOMER CHARGE	\$150.00	\$0.00	\$150.00
ENERGY CHARGE (cents/therm)	9.341	0.000	9.341
GAS WATER HEATER RENTAL (WHR)			\$2.25
MONTHLY RATE	\$2.25	\$0.00	\$2.25
GAS CLOTHES DRYER RENTAL (CDR)			\$3.50
MONTHLY RATE	\$3.50	\$0.00	\$3.50
GAS RANGE RENTAL (GRR)			\$5.00
MONTHLY RATE	\$5.00	\$0.00	\$5.00
COMMERCIAL TRANSPORTATION (CTS)			\$12.00
CUSTOMER CHARGE	\$12.00	\$0.00	\$12.00
ENERGY CHARGE (cents/therm)	17.550	0.000	17.550
INTERRUPTIBLE TRANSPORTATION (ITS)			\$36.00
CUSTOMER CHARGE	\$36.00	\$0.00	\$36.00
ENERGY CHARGE (cents/therm)	11.616	0.000	11.616
CONTRACT INTERRUPTIBLE TRANSPORTATION (CI-TS)			\$36.00
CUSTOMER CHARGE	\$36.00	\$0.00	\$36.00
ENERGY CHARGE (cents/therm)	11.616	0.000	11.616
INTERRUPTIBLE LARGE VOLUME TRANSPORTATION (ILT)			\$150.00
CUSTOMER CHARGE	\$150.00	\$0.00	\$150.00
ENERGY CHARGE (cents/therm)	9.341	0.091	9.432
CONTRACT INTERRUPTIBLE LARGE VOLUME TRANSPORTATION (CI-LVT)			\$150.00
CUSTOMER CHARGE	\$150.00	\$0.00	\$150.00
ENERGY CHARGE (cents/therm)	9.341	0.091	9.432

COST OF SERVICE SUMMARY
 RATE COMPARISON

ATTACHMENT 8

COMPANY: CITY GAS COMPANY
 DOCKET NO. 940276-GU

RATE SCHEDULE: RESIDENTIAL

PRESENT RATES

Customer Charge
 6.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	34.506

PROPOSED INTERIM RATES

Customer Charge
 6.00

Energy Charge

Beginning therms	Ending therms	cent per ther
0	0	
0	N/A	35.13

GAS COST CENTS/THERM
 24.8

THERM USAGE INCREMENT
 10

therm usage	PRESENT		PROPOSED		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	6.00	6.00	6.00	6.00	0.00	0.00	0.00
10	9.45	11.93	9.51	11.99	0.67	0.53	0.06
20	12.90	17.86	13.03	17.99	0.98	0.71	0.13
30	16.35	23.79	16.54	23.98	1.16	0.79	0.19
40	19.80	29.72	20.05	29.97	1.27	0.85	0.25
50	23.25	35.65	23.57	35.97	1.35	0.88	0.32
60	26.70	41.58	27.08	41.96	1.42	0.91	0.38
70	30.15	47.51	30.60	47.96	1.46	0.93	0.44
80	33.60	53.44	34.11	53.95	1.50	0.94	0.50
90	37.06	59.38	37.62	59.94	1.53	0.95	0.57
100	40.51	65.31	41.14	65.94	1.56	0.96	0.63
110	43.96	71.24	44.65	71.93	1.58	0.97	0.69
120	47.41	77.17	48.16	77.92	1.59	0.98	0.76
130	50.86	83.10	51.68	83.92	1.61	0.99	0.82
140	54.31	89.03	55.19	89.91	1.62	0.99	0.88
150	57.76	94.96	58.70	95.90	1.64	1.00	0.95
160	61.21	100.89	62.22	101.90	1.65	1.00	1.01
170	64.66	106.82	65.73	107.89	1.66	1.00	1.07
180	68.11	112.75	69.24	113.88	1.66	1.01	1.13
190	71.56	118.68	72.76	119.88	1.67	1.01	1.20

COST OF SERVICE SUMMARY
 RATE COMPARISON

ATTACHMENT 8

COMPANY: CITY GAS COMPANY
 DOCKET NO. 940276-GU

RATE SCHEDULE: GAS LIGHTING

PRESENT RATES

Customer Charge
 0.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	28.057

PROPOSED INTERIM RATES

Customer Charge
 0.00

Energy Charge

Beginning therms	Ending therms	cent per ther
0	0	
0	N/A	28.32

GAS COST CENTS/THERM
 24.8

THERM USAGE INCREMENT
 10

therm usage	PRESENT		PROPOSED		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	0.00	0.00	0.00	0.00	ERR	ERR	0.00
10	2.81	5.29	2.83	5.31	0.97	0.51	0.03
20	5.61	10.57	5.67	10.63	0.97	0.51	0.05
30	8.42	15.86	8.50	15.94	0.97	0.51	0.08
40	11.22	21.14	11.33	21.25	0.97	0.51	0.11
50	14.03	26.43	14.16	26.56	0.97	0.51	0.14
60	16.83	31.71	17.00	31.88	0.97	0.51	0.16
70	19.64	37.00	19.83	37.19	0.97	0.51	0.19
80	22.45	42.29	22.66	42.50	0.97	0.51	0.22
90	25.25	47.57	25.50	47.82	0.97	0.51	0.24
100	28.06	52.86	28.33	53.13	0.97	0.51	0.27
110	30.86	58.14	31.16	58.44	0.97	0.51	0.30
120	33.67	63.43	33.99	63.75	0.97	0.51	0.33
130	36.47	68.71	36.83	69.07	0.97	0.51	0.35
140	39.28	74.00	39.66	74.38	0.97	0.51	0.38
150	42.09	79.29	42.49	79.69	0.97	0.51	0.41
160	44.89	84.57	45.32	85.00	0.97	0.51	0.43
170	47.70	89.86	48.16	90.32	0.97	0.51	0.46
180	50.50	95.14	50.99	95.63	0.97	0.51	0.49
190	53.31	100.43	53.82	100.94	0.97	0.51	0.51

COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: CITY GAS COMPANY
 DOCKET NO. 940276-GU

RATE SCHEDULE: COMMERCIAL

PRESENT RATES

Customer Charge
 12.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	17.550

PROPOSED INTERIM RATES

Customer Charge
 12.00

Energy Charge

Beginning therms	Ending therms	cent per ther
0	0	
0	N/A	17.73

GAS COST CENTS/THERM
 24.8

THERM USAGE INCREMENT
 50

therm usage	PRESENT		PROPOSED		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	12.00	12.00	12.00	12.00	0.00	0.00	0.00
50	20.78	33.18	20.87	33.27	0.44	0.28	0.09
100	29.55	54.35	29.73	54.53	0.62	0.34	0.18
150	38.33	75.53	38.60	75.80	0.72	0.36	0.27
200	47.10	96.70	47.47	97.07	0.78	0.38	0.37
250	55.88	117.88	56.33	118.33	0.82	0.39	0.46
300	64.65	139.05	65.20	139.60	0.85	0.39	0.55
350	73.43	160.23	74.07	160.87	0.87	0.40	0.64
400	82.20	181.40	82.93	182.13	0.89	0.40	0.73
450	90.98	202.58	91.80	203.40	0.91	0.41	0.82
500	99.75	223.75	100.67	224.67	0.92	0.41	0.92
550	108.53	244.93	109.53	245.93	0.93	0.41	1.01
600	117.30	266.10	118.40	267.20	0.94	0.41	1.10
650	126.08	287.28	127.26	288.46	0.94	0.41	1.19
700	134.85	308.45	136.13	309.73	0.95	0.42	1.28
750	143.62	329.63	145.00	331.00	0.96	0.42	1.37
800	152.40	350.80	153.86	352.26	0.96	0.42	1.46
850	161.18	371.98	162.73	373.53	0.97	0.42	1.56
900	169.95	393.15	171.60	394.80	0.97	0.42	1.65
950	178.73	414.33	180.46	416.06	0.97	0.42	1.74

COST OF SERVICE SUMMARY
 RATE COMPARISON

COMPANY: CITY GAS COMPANY
 DOCKET NO. 940276-GU

RATE SCHEDULE: INTERRUPTIBLE

PRESENT RATES

Customer Charge
 36.00

Energy Charge

Beginning therms	Ending therms	cents per therm
0	0	0
0	N/A	11.616

PROPOSED INTERIM RATES

Customer Charge
 36.00

Energy Charge

Beginning therms	Ending therms	cent per ther
0	0	
0	N/A	11.72

GAS COST CENTS/THERM
 24.8

THERM USAGE INCREMENT
 2000

therm usage	PRESENT		PROPOSED		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	36.00	36.00	36.00	36.00	0.00	0.00	0.00
2000	268.32	764.32	270.58	766.58	0.84	0.30	2.26
4000	500.64	1,492.64	505.16	1,497.16	0.90	0.30	4.52
6000	732.96	2,220.96	739.74	2,227.74	0.93	0.31	6.78
8000	965.28	2,949.28	974.32	2,958.32	0.94	0.31	9.04
10000	1,197.60	3,677.60	1,208.90	3,688.90	0.94	0.31	11.30
12000	1,429.92	4,405.92	1,443.48	4,419.48	0.95	0.31	13.56
14000	1,662.24	5,134.24	1,678.06	5,150.06	0.95	0.31	15.82
16000	1,894.56	5,862.56	1,912.64	5,880.64	0.95	0.31	18.08
18000	2,126.88	6,590.88	2,147.22	6,611.22	0.96	0.31	20.34
20000	2,359.20	7,319.20	2,381.80	7,341.80	0.96	0.31	22.60
22000	2,591.52	8,047.52	2,616.38	8,072.38	0.96	0.31	24.86
24000	2,823.84	8,775.84	2,850.96	8,802.96	0.96	0.31	27.12
26000	3,056.16	9,504.16	3,085.54	9,533.54	0.96	0.31	29.38
28000	3,288.48	10,232.48	3,320.12	10,264.12	0.96	0.31	31.64
30000	3,520.80	10,960.80	3,554.70	10,994.70	0.96	0.31	33.90
32000	3,753.12	11,689.12	3,789.28	11,725.28	0.96	0.31	36.16
34000	3,985.44	12,417.44	4,023.86	12,455.86	0.96	0.31	38.42
36000	4,217.76	13,145.76	4,258.44	13,186.44	0.96	0.31	40.68
38000	4,450.08	13,874.08	4,493.02	13,917.02	0.96	0.31	42.94

COST OF SERVICE SUMMARY
 RATE COMPARISON

ATTACHMENT 8

COMPANY: CITY GAS COMPANY
 DOCKET NO. 940276-GU

RATE SCHEDULE: INTERRUPTIBLE LARGE VOLUME

PRESENT RATES			PROPOSED INTERIM RATES		
Customer Charge 150.00			Customer Charge 150.00		
Energy Charge			Energy Charge		
Beginning therms	Ending therms	cents per therm	Beginning therms	Ending therms	cent per ther
0	0	0	0	0	
0	N/A	9.341	0	N/A	9.43

GAS COST CENTS/THERM 24.8 THERM USAGE INCREMENT 5000

therm usage	PRESENT		PROPOSED		percent increase w/o fuel	percent increase with fuel	Dollar Increase
	monthly bill w/o fuel	monthly bill with fuel	monthly bill w/o fuel	monthly bill with fuel			
0	150.00	150.00	150.00	150.00	0.00	0.00	0.00
5000	617.05	1,857.05	621.60	1,861.60	0.74	0.25	4.55
10000	1,084.10	3,564.10	1,093.20	3,573.20	0.84	0.26	9.10
15000	1,551.15	5,271.15	1,564.80	5,284.80	0.88	0.26	13.65
20000	2,018.20	6,978.20	2,036.40	6,996.40	0.90	0.26	18.20
25000	2,485.25	8,685.25	2,508.00	8,708.00	0.92	0.26	22.75
30000	2,952.30	10,392.30	2,979.60	10,419.60	0.92	0.26	27.30
35000	3,419.35	12,099.35	3,451.20	12,131.20	0.93	0.26	31.85
40000	3,886.40	13,806.40	3,922.80	13,842.80	0.94	0.26	36.40
45000	4,353.45	15,513.45	4,394.40	15,554.40	0.94	0.26	40.95
50000	4,820.50	17,220.50	4,866.00	17,266.00	0.94	0.26	45.50
55000	5,287.55	18,927.55	5,337.60	18,977.60	0.95	0.26	50.05
60000	5,754.60	20,634.60	5,809.20	20,689.20	0.95	0.26	54.60
65000	6,221.65	22,341.65	6,280.80	22,400.80	0.95	0.26	59.15
70000	6,688.70	24,048.70	6,752.40	24,112.40	0.95	0.26	63.70
75000	7,155.75	25,755.75	7,224.00	25,824.00	0.95	0.26	68.25
80000	7,622.80	27,462.80	7,695.60	27,535.60	0.96	0.27	72.80
85000	8,089.85	29,169.85	8,167.20	29,247.20	0.96	0.27	77.35
90000	8,556.90	30,876.90	8,638.80	30,958.80	0.96	0.27	81.90
95000	9,023.95	32,583.95	9,110.40	32,570.40	0.96	0.27	86.45